

2011

Corporate Social Responsibility Report



“You can’t be a leader without leading by example. This report, and the information it presents, is a summary of the company we are and the company we are striving to be. Thank you for taking time to learn more about us.”

Michael J. Ward, Chairman, President and CEO



How Tomorrow Moves

CSX is striving to be one of the world's most progressive transportation companies. With this 2011 Corporate Social Responsibility report, we are pleased to present a thorough and transparent look at how we fared in our business, social, environmental and community pursuits of the last year.

Stretching over 21,000 miles through 23 states, Washington, D.C., Quebec and Ontario, Canada, we are North America's largest Class I railroad east of the Mississippi River.

2011

Corporate Social Responsibility Report



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Overview

Our Vision:

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

When CSX crafted its vision statement many years ago, the terms **Corporate Social Responsibility** and **Sustainability** had yet to gain traction in many American companies. Yet, even without explicitly addressing those terms, our vision aspired to the fundamental ideals that guide CSR today.

The safest.

Most progressive.

Customer and employee excellence.

CSX remains as relentless as ever in our pursuit of these ideals. But we also recognize and respect that a company's efforts in these areas deserve to be measured by accepted standards of accountability, transparency and engagement.

We also believe that our financial performance cannot be the sole measurement of our company's success. CSR, sustainability and our efforts to generally improve the world we inhabit present a more comprehensive representation of our value to our shareholders, customers, communities and employees and all who interact with our company in one manner or another.

If you have any questions as you review our company, please don't hesitate to [contact us](#).

Chairman's Message

Few companies enjoy a heritage as long and storied as CSX's. With a history that stretches 185 years to America's first railroads, we have had the privilege of growing hand-in-hand with our nation.

Over the years, we have grown in size and reach. And we have grown in recognizing the responsibilities we have not only to our shareholders, customers and employees, but to the communities we touch, and to the environment that we all share.

Corporate social responsibility has been the driving force behind many innovations and advancements at CSX. For instance, we have improved our fuel efficiency by over 90 percent since 1980, and are continuing to invest in new technologies that will reduce consumption even more. This creates both economic and environmental strengths that are increasing our appeal to industries around the world while reducing our environmental impact on it.

These strengths are also becoming more critical to the future of the United States. According to the U.S. Department of Transportation, the demand for freight transportation is expected to grow 60 percent in the next thirty years.

Never have I been more confident in our ability to meet that demand, and to meet that demand the right way. That's because we have been doing a lot more than just investing billions into our physical infrastructure. We have also been investing time and resources into a wide range of programs and initiatives that are strengthening our company beyond our rails.

We are providing our workforce with greater training and career opportunities, improving safety on and around our network and working to become an even stronger steward of our environment. In every area of our company, we are relentlessly pursuing innovations that will allow us to remain the transportation provider of choice for decades to come.

We are seeing these efforts, and the hard work of the 31,000 plus women and men who power our company, produce results. 2011 was a record year for CSX with an 11 percent increase in operating income, a 24 percent increase in earnings per share and a record operating ratio of 70.9 percent.

I believe we are embarking on something truly special at CSX – a new chapter in our history that places an even greater emphasis on transparency, sustainability and leadership. That's why I'm very pleased to offer you this comprehensive Corporate Social Responsibility report.

Our goal is to stand as an example of what can be achieved by highly skilled and empowered people who are drawn together by a common and compelling vision. To be a leader, you have to lead by example – and that's what we're here to do. And we're not done yet. CSX is, and always will be, a company committed to **relentlessly pursuing excellence.**

Thank you for taking time to learn more about us.

Sincerely,



Michael J. Ward

Materiality Statement

THE ISSUES THAT MATTER

The company is committed to reporting on and addressing the issues of greatest concern to stakeholders.

To determine what is material, CSX asked its stakeholders directly through an online survey. The survey was sent to:

- Employees
- Investors
- Public & regulatory officials
- CSX management
- Suppliers
- Community partners
- Customers
- Media representatives
- Consultants

All groups were asked to rate three types of items:

1. **Broad categories of issues, such as people and the environment**
2. **Specific issues within each category**
3. **Top 5 issues of concern within a list of historically material items**

The results were consistent with previous materiality surveys and remarkably consistent across stakeholder groups in a number of areas. At the category level, stakeholders were most concerned with people issues, followed by social/community issues, economic, environmental, and strategy. It's important to note that social, economic and environmental issues were all tied—rated within four-hundredths of a point of each other.

TOP 5 MATERIAL ISSUES FOR CSX STAKEHOLDERS

- Safety
- Financial performance
- Communication
- Employee satisfaction
- Environmental and sustainability practices

Respondents were also asked to rate specific areas of interest within each category. The top three concerns within each category are listed below:



PEOPLE:

- Safety and rail security for employees
- Employee satisfaction
- Employee training



SOCIAL/COMMUNITY:

- CSX partnerships in the community
- Charitable giving by CSX
- Employee volunteerism efforts



ECONOMIC AND GOVERNANCE:

- Financial performance
- Ethical and transparent business practices
- CSX Code of Ethics



ENVIRONMENTAL:

- Hazardous materials safety
- Compliance with regulations
- Fleet fuel efficiency



STRATEGIC:

- CSX's major risks, challenges and opportunities now and in the future
- Mid-term (3-5 years) strategic plan for the company
- Long-term (5+ years) strategic plan for the company

When it comes to the top five issues, every stakeholder group named “safety and security for rail employees” as the number one issue for CSX. The company devotes significant time and resources ensuring the safety of our employees and the communities that host our rail lines. The next four issues, in rank order, were financial performance, communication, employee satisfaction, and environmental and sustainability practices. All of these areas are covered in this report.

Key Successes and Challenges – Material issues

FINANCIAL PERFORMANCE

Successes

- CSX produced record results in revenue, operating income, net earnings and earnings per share in 2011 and in seven of the last eight years.
- We saw revenue growth in all three of our major markets – merchandise, intermodal and coal.
- CSX invested more than \$2.2 billion in its network in 2011 and the company plans to invest \$2.25 billion in 2012 to better position itself to support customers in the near- and long-term.
- CSX has increased its quarterly cash dividend nine times over the last six-year period which represents a 36 percent annual growth rate.
- We repurchased \$1.6 billion of our common stock in 2011. This amount includes \$1.3 billion of the \$2 billion share repurchase authority announced in 2011 which is expected to be completed by the end of 2012.

Challenges

- Our utility coal business remains challenged by low natural gas prices, mild weather, and the regulations that seek to reduce coal as part of the nation's energy mix. That said, we continue to see broad-based revenue strength across nearly all of our markets. We are leveraging the opportunities afforded to us by stable or growing conditions in 90 percent of our business in 2012.
- CSX saw an increase in expense per gross ton mile in 2011, as the company invested in additional resources to improve service. The company remains committed to delivering incremental margin and this measurement improved in both the fourth quarter of 2011 and first quarter of 2012 while service remained at high levels.

- Our operating expenses are sensitive to fuel prices. We are implementing a series of fuel efficiency measures to mitigate the impact of rising prices on our operations.
- We have a small base of suppliers for steel-based products with few new entries into the market, and it is often difficult to change behaviors of existing suppliers. We expect that suppliers embrace principles and standards that are similar to those of CSX. As a result, we are continuing to develop relationships with new suppliers that have values consistent with ours.

SAFETY

Successes

- In 2011 we reduced our FRA train-accident rate by 20 percent since 2009 and reduced our FRA personal injury frequency by 23 percent since 2009. We believe these improvements directly result from our continued investment in employee and community safety initiatives.
- CSX is a vital part of the rail industry, which achieved a 99.99 percent success rate in the safe handling of hazardous materials.

Challenges

- Tragically, five of our employees were fatally injured during 2011. We thoroughly investigated the causes of these fatalities and are implementing corrective measures around the root causes, including programs to further safety awareness among our employees.
- We are continually improving and maintaining track, bridges, signal systems, equipment, and operations of our network to reduce accidents. However, we received some citations in 2011, and we recognize the need to improve in this area. We remain committed to investing in our network and are investing \$2.25 billion in 2012.
- We are continually working to improve the safety of our operations on all fronts, including eliminating redundant railroad crossings to further improve public safety. In 2010 and 2011, CSX closed 433 crossings. We are currently working in conjunction with the Rail Division of the U.S. Department of Transportation to upgrade the safety of remaining redundant crossings in selected states.

COMMUNITY

Successes

- CSX's corporate giving is structured around key focus areas that are directly tied to its business strategy and mission – personal safety education, community safety and the environment. We increased charitable giving by 80 percent over the previous year, to over \$8.6 million across these key focus areas.

Challenges

- We need to continue developing, aligning and integrating our CSR activities to offer greater support for our corporate goals and objectives.
- In 2011 we significantly increased our contributions to our corporate citizenship/philanthropic programs. While we are proud of our philanthropic efforts, we believe we can do better in this area. In 2012, we plan to exceed \$10 million in charitable giving.

COMMUNICATION

Successes

- We have created unique and specific avenues of communication for each of our stakeholder groups (investors, employees, customers, communities and NGOs, media, public and regulatory officials, suppliers).
- The Beyond Our Rails initiative allows us to communicate to the public through our website our efforts about safety, community, wellness, and the environment.
- Our CSX Code of Ethics acts as an essential tool to help us meet our governance commitments and expectations. All management employees receive training at least five times per year in the CSX Code of Ethics.
- As part of our “Voice of the Customer” initiative CSX teams visited approximately 5,000 customer sites in 2011, and we received our best ever customer satisfaction score.

Challenges

- The most commonly reported issues through our TellCSX Program include rough crossings, blocked crossings, horn noise, vegetation, and construction projects. By tracking these issues, CSX is able to proactively address concerns in communities, as well as continue to improve safety performance. CSX is committed to the communities in which it operates and is evaluating opportunities to address the public's concerns as quickly and efficiently as possible.
- We need to provide timely updates and easy access to information about our company and policies for our employees.
- We are currently developing a formal system for measuring the impacts of our social/community activities through key performance indicators. Being a good, productive corporate citizen is a focus for CSX. We now have the major elements of a company-wide civic strategy in place and we hope that measuring the impacts of our social/community activities will help us move forward with our corporate goals.

EMPLOYEE SATISFACTION

Successes

- We have 37 onsite health and wellness centers and 23 programs that address nutrition, physical activity, and health awareness for our employees, in order to improve our employees' quality of life, improve retention, and boost morale.
- In our recent “Voice of the Employee” survey, our employees said they are proud to work for CSX, feel their safety concerns are taken seriously, and see long-term career opportunities within the company.
- CSX continues to lead the rail industry in diversity and inclusion recognition. While CSX is a leader in the railroad industry, diversity and inclusion numbers are quite low compared to other industries. This is an area of continuous improvement as CSX recognizes the importance of developing and sustaining a strong and diverse workforce.

Challenges

- Approximately 6 percent of our employees are female and about 15 percent of our employees are minorities. CSX is working to advance efforts in diversity and equal opportunity and creating the right environment to attract, develop, and retain a diverse group of exceptional employees. We strive to be an employer of choice to all candidates.
- Only 43 percent of our employees participated in our “Voice of the Employee” survey. The survey, conducted in 2011, indicated that communication is an area needing improvement. With this feedback in mind, we are continuously working to strengthen our company-wide communication programs. We plan to use these improved communication programs to increase awareness of the “Voice of the Employee” survey and ultimately increase employee participation in future surveys.

ENVIRONMENTAL & SUSTAINABILITY PRACTICES

Successes

- CSX was the only Class I railroad named to the CDP Carbon Performance Leadership Index, and the only U.S. railroad listed on the Dow Jones Sustainability Index.
- 5.4 million gallons of fuel were saved in 2011 through employee training on Event Recorder Automated Download (ERAD) technology that provides feedback to engineers on how to improve fuel efficiency.
- We put our 30th ultra-low emissions GenSet locomotive into operation in 2011. These locomotives use up to 25 percent less fuel than other types.
- We completed 20 National Partner service days, which helped us reach the 17,000 trees planted mark for our “Trees for Tracks” program.

Challenges

- Normalized GHG emissions increased to its highest rate in the last four years. Relative to the other products that we ship, we gain the greatest fuel efficiency from transporting heavy

commodities, such as coal. In 2011 the volume of coal we shipped declined, while some of our lighter commodity shipments increased. As such, the changing mix of our business impacted our fuel efficiency. We are working hard to implement more fuel efficiency measures through investments in technological innovations and improved operational practices.

- We are aware of the high water use throughout our company. We are currently planning for improved long-term water management strategies across our major operations.

Our Stakeholders

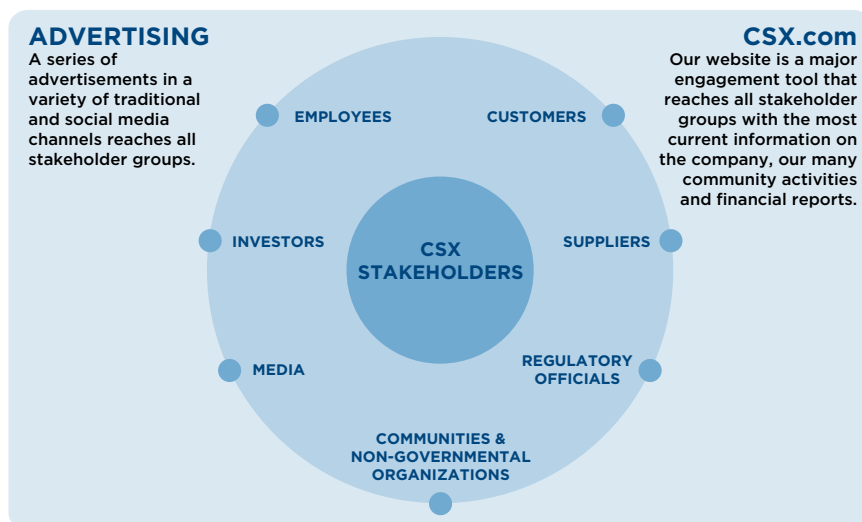
OWNERSHIP COMES IN MANY FORMS

CSX's growth as a corporate citizen incorporates the input and advice we receive from the wide range of organizations and people that have a vested interest in the success and operation of our company.

From employees and customers to shareholders, suppliers and more, we believe two-way communication with the entire universe of company stakeholders is very important to maintaining a successful operation today and in the future.

STAKEHOLDER OUTREACH OVERVIEW

CSX is committed to communicating well with all audiences. Two tools the company utilizes to reach all audiences are:



Open and on-going communication with all CSX stakeholders is an important priority for the company. To ensure that we foster healthy dialogues, we have created unique and specific avenues of communication for each stakeholder group.

Investors

- Annual reports and proxy statements
- Shareholder dialogue
- Annual shareholder meeting
- CSX investor conferences
- Earnings conference calls
- SEC filings
- Quarterly earnings materials and conference call
- DirectInvest electronic stock transaction service
- Email alerts
- Participation in conferences sponsored by research analysts

Employees

- Core Values and Code of Ethics
- Weekly voicemail message from CEO to employees
- Ethics information hotline
- Inclusion councils and groups
- Safety policies, training and certification programs
- Survey/focus groups
- Professional development/training/mentoring programs
- Performance management
- Employee Gateway intranet
- Leadership meetings
- Health & wellness programs
- Reward & recognition programs
- Training Trax learning system

Customers

- ShipCSX.com Web portal and app
- CSX account representatives
- Customer events/trade shows
- Quarterly customer service survey

- Customized training programs
- Partnerships and memberships
- Online carbon calculator to demonstrate the environmental advantages of rail
- Chemical safety excellence and customer assistance guide
- Interactive rail system map

Communities & Non-Governmental Organizations

- CSX in Action giving and employee volunteerism
- City Year Service
- Operation Lifesaver safety education campaign
- CSX Safety and Community Involvement departments
- Common Sense rail safety education campaign
- Employee Disaster Relief Fund
- Trees for Tracks program
- TellCSX reporting system
- Emergency responder training across the CSX network
- Speeches and meetings

Media

- Online media center
- Press releases
- Deskside briefings
- Interviews with company spokespeople and executives
- Special press events
- CSX Facebook, Twitter and YouTube channel (How Tomorrow Moves)
- Company-sponsored community events
- Dedicated CSX communications and media professionals
- Prearranged visits to CSX properties and facilities

Public and Regulatory Officials

- CSX participation on voluntary initiatives such as EPA Climate Leaders and SmartWaySM environmental programs
- CSX Environmental Management System
- Environmental Crime Unit
- Operation Lifesaver safety education campaign
- Secure Network Operations Workstation System, allowing security and law enforcement officials to track CSX trains
- Regulatory/legislative advocacy
- Meetings and briefing materials on industry-related topics

Suppliers

- iSupplier secure portal to manage accounts with CSX
- Competitive bid process
- Electronic commerce capabilities
- P&M Express newsletter
- Tier 1 and 2 supplier diversity reporting system
- Supplier Diversity Awards
- Internet-based supplier performance-tracking system
- Investment Recovery Program, facilitating sales and/or disposition of surplus and scrap materials
- Supplier Quality Program

Our Company

How Tomorrow Moves

As one of the country's leading transportation providers, CSX specializes in rail, intermodal and rail-to-truck transload shipments. We are dedicated to providing a safe and reliable service product that provides economic and environmental benefits for our customers and the communities we serve. This generates long-term and sustainable value for all of our stakeholders.

Headquartered in Jacksonville, Florida, and offering direct service to 23 states, Washington, D.C., Ontario and Quebec, CSX is North America's largest Class I railroad east of the Mississippi.

Our Network

CSX's 21,000-mile network is an integral part of the American economy. By connecting farmers, manufacturers, energy producers and users, ports, retailers, plants, mills and more with rail, we deliver the raw materials and finished products upon which our nation relies. The company's primary service areas are:

- East of the Mississippi River, which is home to nearly two-thirds of the U.S. population and the majority of the nation's consumption
- Major markets such as New York, Philadelphia, Boston, Baltimore, Atlanta, Miami, New Orleans, St. Louis, Memphis and Chicago
- More than 70 ocean, river and lake ports along the Atlantic and Gulf coasts, Mississippi River, Great Lakes and the St. Lawrence Seaway
- Thousands of production and distribution facilities through track connections to more than 240 short line and regional railroads

21,000 MILE NETWORK



IN 2011, CSX DELIVERED
6.5 MILLION
CARLOADS
GENERATING
\$11.7 BILLION
IN REVENUE

2/3 SERVES NEARLY
OF U.S.
POPULATION

SERVES THE MAJORITY OF
AMERICAN
CONSUMPTION

Our Markets

Our business is concentrated on three major transportation markets: merchandise, intermodal and coal. In 2011, we delivered 6.5 million carloads, generating revenue of \$11.7 billion.



MERCHANDISE

agricultural, phosphates and fertilizers, food and consumer products, chemicals, automotive, metals, forest products, emerging markets



INTERMODAL

consumer products and parcels in containers and trailers



COAL

coal, coke, iron ore

For more information on these markets, including 2011 performance figures, please visit the Markets section of this report.

Our Ownership

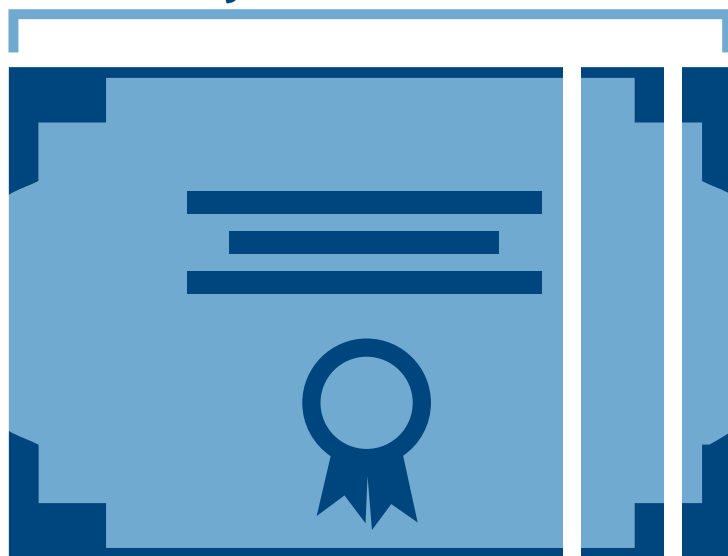
CSX is a publicly traded company listed on the New York Stock Exchange.

- A total of 1.8 billion shares of common stock are authorized, of which 1,049,157,179 shares were outstanding as of December 30, 2011.
- Each share of common stock is entitled to one vote.
- A total of 25 million shares of preferred stock are authorized, none of which is currently outstanding.

OWNERSHIP

(in MM as of 12/30/2011)

1,049.2 TOTAL



1,049,157,179 TOTAL SHARES OUTSTANDING
107,442,151 5 PERCENT+ HOLDERS
3,741,306 INSIDERS

107.4 3.7
5% PLUS INSIDERS

Our Subsidiaries

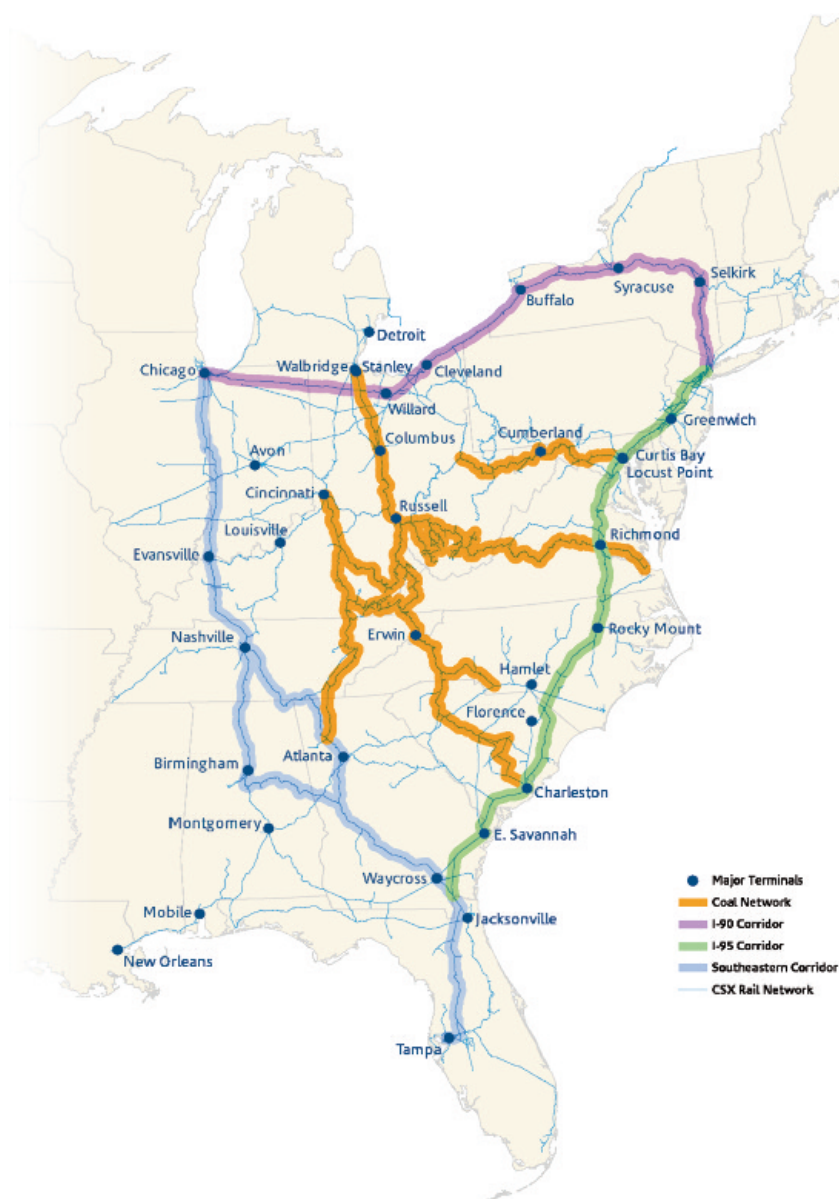
CSX Corporation's subsidiaries include the following companies as well as other subsidiaries:

- **CSX Transportation, Inc. (CSXT)** is the company's primary operating subsidiary and provides an important link to the transportation supply chain through its 21,000-route-mile rail network.
- **CSX Intermodal Terminals, Inc.** owns and operates a system of intermodal terminals, predominantly in the eastern U.S., and also performs drayage services (the pickup and delivery of intermodal shipments) for certain CSXT customers and trucking dispatch operations.
- **Total Distribution Services, Inc. (TDSI)** provides the automotive industry with distribution centers and storage locations.
- **TRANSFLO Terminal Services, Inc. (TRANSFLO)** connects non-rail served customers to the many benefits of rail transportation by transferring products from rail to trucks.
- **CSX Real Property, Inc.** is responsible for the Company's real estate sales, leasing, acquisition and management and development activities.

These companies are governed by and subject to the same rules and policies as the parent company.

CSX Rail Network

CSX serves America's transportation needs through four major corridors.



The I-90 Corridor

- Links Chicago and the Midwest to metropolitan areas in New York and New England
- Rich with double track that supports high-speed intermodal, automotive and merchandise service
- Key route for import business headed to the Chicago and population centers in the Northeast
- Critical link between ports in New York, New Jersey, and Pennsylvania and consumption markets in the Midwest
- Carries consumer goods from all three of CSX's major markets – merchandise, intermodal and coal

The I-95 Corridor

- Connects Charleston, Jacksonville, Miami and many other cities in the Southeast to the heavily populated northern cities of Baltimore, Philadelphia and New York
- Key traffic includes food and consumer products, metals and chemicals
- Only rail corridor along the eastern seaboard south of D.C. that provides access to all major Eastern ports

The Southeastern Corridor

- Runs between Chicago and markets in the Southeast
- A key route for intermodal, automotive and general merchandise traffic
- Provides direct rail service between coal reserves of the Illinois Basin and demand for coal in the Southeast

The Coal Network

- Connects the coal mining operations in the Appalachian mountain region and Illinois Basin with industrial areas in the Northeast and Mid-Atlantic
- Accesses many river, lake and deep water port facilities
- Well positioned to supply utility markets in both the Northeast and Southeast and to transport coal for export

MAJOR CSX TERMINALS	AVERAGE DAILY CARS PROCESSED
Atlanta Ga.	877
Augusta Ga.	208
Avon (Indianapolis) Ind.	1,351
Birmingham Ala.	982
Buffalo N.Y.	253
Charleston S.C.	304
Chicago Ill.	859
Cincinnati Ohio	1,336
Cleveland Ohio	320
Columbus Ohio	261
Cumberland Md.	927
Curtis Bay Md.	330
Danville Ill.	76
Detroit Mich.	239
East Savannah Ga.	433
Erwin Tenn.	462
Evansville Ind.	273
Florence S.C.	251
Greenwich Pa.	210
Hamlet N.C.	1,270
Jacksonville Fla.	451
Locust Point Md.	94
Louisville Ky.	972
Mobile Ala.	316
Montgomery Ala.	422
Nashville Tn.	1,355
New Orleans La.	642
Richmond Va.	297
Rocky Mount N.C.	576
Russell Ky.	651
Selkirk N.Y.	1,606
Stanley (Toledo) Ohio	994
Syracuse N.Y.	366
Tampa Fla.	186
Walbridge Ohio	340
Waycross Ga.	1,824
Willard Ohio	1,375
Wilmington N.C.	218
Winston Fla.	265
	24,170

Our Fleet

One of the most important strengths we can possess as a customer-focused company is a fleet capable of meeting the growing demand for rail-based transportation. While a portion of our customer base owns or leases their own railcars, CSX also maintains railcars and locomotives designed to meet the specific needs of our customers.

LOCOMOTIVES

A CSX locomotive possesses the strength to pull freight cars stretching more than a mile long and the mettle to perform in the most extreme weather conditions. CSX currently operates more than 4,000 locomotives, of which over 95 percent are owned by CSXT. The remaining locomotives are long-term leased. The fleet consists of 3,579 freight locomotives, 322 switching locomotives used in rail yards and 215 auxiliary units that are used to produce extra traction for heavy trains in hilly terrain.

Better locomotive management is the key to moving freight more efficiently; continued investment in new locomotives, the company's power source, is an on-going priority for the company. Though costly, investing in new locomotives that are more technologically advanced and fuel efficient is critical to our future success. Our fleet now includes 30 GenSet locomotives, state-of-the-art locomotives that use two or three smaller engines to operate with greater fuel efficiency and noise suppression, and reduced emissions. For more information on GenSet locomotives, please visit the Environmental section of this report.

FREIGHT CAR FLEET




On any given day, over 200,000 freight cars travel the CSX network, delivering 6.5 million carloads of products and raw materials annually. At any time over half of the railcars on the system are provided by other carriers or customers.








CSX provides specialized equipment to deliver merchandise and raw materials from the source to distributors or end users:

Gondolas make up the bulk of the CSX fleet at 37 percent, or 25,337 cars, and primarily support the metals markets. Gondolas also provide transport for woodchips and other bulk commodities. Some gondolas are equipped with special hoods for protecting products like coil and sheet steel.

Open-top hoppers represent 18 percent of CSX's fleet with 12,354 cars. These freight cars transport heavy dry bulk commodities such as coal, coke, stone, sand, ores and gravel that are resistant to weather conditions.

Boxcars account for 13 percent of the CSX fleet, or 8,659 cars, and include a variety of tonnages, sizes, door configurations and heights to accommodate a wide range of finished products, including paper, auto parts, appliances and building materials. Insulated boxcars deliver food products, canned goods, beer and wine.

LOCOMOTIVES	Number	% Of Fleet
 Freight	3,579	87%
 Switching	322	8%
 Auxiliary Units	215	5%
TOTAL	4,116	100%

RAILCAR TYPE	Number	% Of Fleet
 Gondolas	25,337	37%
 Open-top Hoppers	12,354	18%
 Boxcars	8,659	13%
 Covered Hoppers	10,987	16%
 Multi-levels	9,845	14%
 Flat Cars	1,106	2%
 Other	371	1%
TOTAL	68,659	100%

Covered hoppers, totaling 10,987 cars, or 16 percent of the CSX fleet, have a permanent roof and are segregated based upon commodity density. Lighter bulk commodities, such as grain, fertilizer, flour, salt, sugar, clay and lime are shipped in large cars called jumbo covered hoppers. Heavier commodities like cement, ground limestone and glass sand are shipped in small cube covered hoppers.

Multi-level railcars handle finished automobiles and are differentiated by the number of levels: bi-levels for large vehicles such as pickup trucks and SUVs, and tri levels for sedans and smaller automobiles. These 9,845 cars account for 14 percent of the CSX fleet.

Flat cars, totaling 1,106 cars, or 2 percent of CSX's fleet, are used for shipping intermodal containers and trailers or bulk and finished goods, such as lumber, pipe, plywood, drywall and pulpwood.

Other cars on the network include, but are not limited to, center beam cars for transporting lumber and building products. The company also has other types of equipment such as doublestack railcars, which allow for two containers to be mounted one above the other.

Containers are weather-proofed boxes used for bulk shipment of freight. CSX's equipment fleet consists of 16,403 containers.

Chassis are wheeled support framework for a container that allows it to be attached to a tractor. All of the company's 10,360 chassis are leased.

Financial Performance

SUSTAINING SUCCESS

In 2011, CSX achieved positive year-over-year volume and revenue results as demand for rail service in the markets CSX serves continued to support profitable growth.

Revenue increased 10 percent from prior year, to \$11.7 billion, with growth in all three major markets – merchandise, intermodal and coal. Ongoing emphasis on pricing above rail inflation, along with higher fuel recovery associated with the increase in fuel prices, drove revenue-per-unit increases in all markets.

Expenses increased by \$760 million, or 10 percent, from prior year. This increase was driven primarily by higher fuel prices, inflation and other labor-related costs associated with increased resource levels and training costs focused on service improvements. Although expenses increased year-over-year, CSX was able to achieve a record operating ratio of 70.9 percent due to the Company's continued focus on cost control and strong top line growth.

CONSOLIDATED INCOME STATEMENTS

(Dollars in Millions, Except Per Share Amounts)

	Fiscal Years		
	2011	2010	2009
Revenue	\$ 11,743	\$ 10,636	\$ 9,041
Expense			
Labor and Fringe	3,073	2,957	2,629
Materials, Supplies and Other	2,229	2,075	1,999
Fuel	1,668	1,212	849
Depreciation	976	947	903
Equipment and Other Rents	379	374	391
Total Expense	8,325	7,565	6,771
Operating Income	3,418	3,071	2,270
Interest Expense	(552)	(557)	(558)
Other Income - Net	22	32	34
Earnings From Continuing Operations Before Income Taxes	2,888	2,546	1,746
Income Tax Expense	(1,066)	(983)	(618)
Earnings From Continuing Operations	1,822	1,563	1,128
Discontinued Operations	—	—	15
Net Earnings	\$ 1,822	\$ 1,563	\$ 1,143
Per Common Share			
Net Earnings Per Share, Basic			
Continuing Operations	\$ 1.68	\$ 1.37	\$ 0.96
Discontinued Operations	—	—	0.01
Net Earnings	\$ 1.68	\$ 1.37	\$ 0.97
Net Earnings Per Common Share, Assuming Dilution			
Continuing Operations	\$ 1.67	\$ 1.35	\$ 0.95
Discontinued Operations	—	—	0.01
Net Earnings	\$ 1.67	\$ 1.35	\$ 0.96
Average Common Shares Outstanding (Millions)	1,083	1,143	1,176
Average Common Shares Outstanding, Assuming Dilution (Millions)	1,089	1,154	1,187
Cash Dividends Paid Per Common Share	\$ 0.45	\$ 0.33	\$ 0.29

All share and per share data were retroactively restated to reflect the three-for-one stock split effective May 31, 2011.

CONSOLIDATED BALANCE SHEETS

(Dollars in Millions)

	December 2011	December 2010	December 2009
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 783	\$ 1,292	\$1,029
Short-term Investments	523	54	61
Accounts Receivable - Net	1,129	993	995
Materials and Supplies	240	218	203
Deferred Income Taxes	182	192	158
Other Current Assets	78	106	124
Total Current Assets	2,935	2,855	2,570
Properties	33,704	32,065	30,907
Accumulated Depreciation	(8,730)	(8,266)	(7,843)
Properties - Net	24,974	23,799	23,064
Investment in Conrail	678	673	650
Affiliates and Other Companies	493	461	438
Other Long-term Assets	393	353	165
Total Assets	\$ 29,473	\$ 28,141	\$26,887
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Accounts Payable	\$ 1,147	\$ 1,046	\$967
Labor and Fringe Benefits Payable	541	520	383
Casualty, Environmental and Other Reserves	183	176	190
Current Maturities of Long-term Debt	507	613	113
Income and Other Taxes Payable	129	85	112
Other Current Liabilities	180	97	100
Total Current Liabilities	2,687	2,537	1,865
Casualty, Environmental and Other Reserves	458	502	547
Long-term Debt	8,734	8,051	7,895
Deferred Income Taxes	7,601	7,053	5,528
Other Long-term Liabilities	1,525	1,298	1,284
Total Liabilities	21,005	19,441	18,119
Shareholders' Equity:			
Common Stock, \$1 Par Value	1,049	370	393
Other Capital	6	—	80
Retained Earnings	8,275	9,087	9,090
Accumulated Other Comprehensive Loss	(875)	(771)	(809)
Noncontrolling Minority Interest	13	14	14
Total Shareholders' Equity	8,468	8,700	8,768
Total Liabilities and Shareholders' Equity	\$ 29,473	\$ 28,141	\$26,887

CONSOLIDATED CASH FLOW STATEMENTS

(Dollars in Millions)

	Fiscal Years		
	2011	2010	2009
OPERATING ACTIVITIES			
Net Earnings	\$ 1,822	\$ 1,563	\$ 1,143
Adjustments to Reconcile Net Earnings to Net Cash			
Provided by Operating Activities:			
Depreciation	976	947	903
Deferred Income Taxes	609	474	430
Contributions to Qualified Pension Plans	—	—	(250)
Other Operating Activities	(35)	52	(182)
Changes in Operating Assets and Liabilities:			
Accounts Receivable	(73)	17	91
Other Current Assets	(23)	(22)	28
Accounts Payable	84	79	(4)
Income and Other Taxes Payable	96	28	(9)
Other Current Liabilities	35	123	(111)
Net Cash Provided by Operating Activities	3,491	3,261	2,039
INVESTING ACTIVITIES			
Property Additions	(2,297)	(1,840)	(1,426)
Purchase of Short-term Investments	(492)	—	—
Proceeds from Property Dispositions	240	108	45
Other Investing Activities	(38)	(39)	9
Net Cash Used in Investing Activities	(2,587)	(1,771)	(1,372)
FINANCING ACTIVITIES			
Long-term Debt Issued	1,200	800	500
Long-term Debt Repaid	(605)	(113)	(323)
Dividends Paid	(480)	(372)	(345)
Stock Options Exercised	29	42	34
Shares Repurchased	(1,564)	(1,452)	—
Other Financing Activities	7	(132)	(173)
Net Cash Used in Financing Activities	(1,413)	(1,227)	(307)
Net Increase (Decrease) in Cash and Cash Equivalents	(509)	263	360
CASH AND CASH EQUIVALENTS			
Cash and Cash Equivalents at Beginning of Period	1,292	1,029	669
Cash and Cash Equivalents at End of Period	\$ 783	\$ 1,292	\$ 1,029
SUPPLEMENTAL CASH FLOW INFORMATION			
Interest Paid - Net of Amounts Capitalized	\$ 574	\$ 564	\$ 560
Income Taxes Paid	\$ 359	\$ 421	\$ 201

Volume and Revenue (Unaudited)

Volume (Thousands of units); Revenue (Dollars in Millions); Revenue Per Unit (Dollars)

Fiscal Years 2011 and 2010 ^(a)

	Volume			Revenue			Revenue Per Unit		
	2011	2010	% Change	2011	2010	% Change	2011	2010	% Change
<u>Agricultural</u>									
Agricultural Products	424	446	(5) %	\$ 1,048	\$ 1,056	(1) %	\$ 2,472	\$ 2,368	4 %
Phosphates and Fertilizers	321	313	3	490	465	5	1,526	1,486	3
Food and Consumer	101	102	(1)	263	245	7	2,604	2,402	8
<u>Industrial</u>									
Chemicals	462	461	—	1,596	1,485	7	3,455	3,221	7
Automotive	361	340	6	936	800	17	2,593	2,353	10
Metals	265	243	9	613	520	18	2,313	2,140	8
<u>Housing and Construction</u>									
Emerging Markets	439	418	5	672	615	9	1,531	1,471	4
Forest Products	281	265	6	684	600	14	2,434	2,264	7
Total Merchandise	2,654	2,588	3	6,302	5,786	9	2,375	2,236	6
Coal	1,533	1,573	(3)	3,709	3,267	14	2,419	2,077	17
Intermodal ^(b)	2,289	2,223	3	1,434	1,291	11	626	581	8
Other	—	—	—	298	292	2	—	—	—
Total	6,476	6,384	1 %	\$ 11,743	\$ 10,636	10 %	\$ 1,813	\$ 1,666	9 %

(a) CSX follows a 52/53 week fiscal reporting calendar and 2010 included 53 weeks. The revenue impact for the extra week was \$171 million.

(b) During 2011, CSX reduced revenue by \$18 million correcting the first nine months of 2011 intermodal revenue on certain interline business. This adjustment is presented in intermodal revenue above and is considered immaterial to the consolidated financial statements.

Volume and Revenue (Unaudited)

Volume (Thousands of units); Revenue (Dollars in Millions); Revenue Per Unit (Dollars)

Fiscal Years 2010 and 2009 ^(a)

	Volume			Revenue			Revenue Per Unit		
	2010	2009	% Change	2010	2009	% Change	2010	2009	% Change
<u>Agricultural</u>									
Agricultural Products	446	428	4 %	\$ 1,056	\$ 960	10 %	\$ 2,368	\$ 2,243	6 %
Phosphates and Fertilizers	313	289	8 %	465	373	25 %	1,486	1,291	15 %
Food and Consumer	102	100	2 %	245	233	5 %	2,402	2,330	3 %
<u>Industrial</u>									
Chemicals	461	424	9 %	1,485	1,267	17 %	3,221	2,988	8 %
Automotive	340	234	45 %	800	511	57 %	2,353	2,184	8 %
Metals	243	200	22 %	520	399	30 %	2,140	1,995	7 %
<u>Housing and Construction</u>									
Emerging Markets	418	405	3 %	615	585	5 %	1,471	1,444	2 %
Forest Products	265	258	3 %	600	547	10 %	2,264	2,120	7 %
Total Merchandise	2,588	2,338	11 %	5,786	4,875	19 %	2,236	2,085	7 %
Coal	1,573	1,553	1 %	3,267	2,727	20 %	2,077	1,756	18 %
Intermodal^(b)	2,223	1,902	17 %	1,291	1,184	9 %	581	623	(7) %
Other	—	—	—	292	255	15 %	—	—	—
Total	6,384	5,793	10 %	\$ 10,636	\$ 9,041	18 %	\$ 1,666	\$ 1,561	7 %

(a) CSX follows a 52/53 week fiscal reporting calendar and 2010 included 53 weeks. The revenue impact for the extra week was \$171 million.

(b) The revenue-per-unit decline was primarily driven by the continued impact of terminating the prior purchased transportation agreement. See the explanation for intermodal variances for further information.

Operating Statistics (Estimated)

Safety & Service Measurements	Fiscal Years		
	2011	2010	2009
FRA Personal Injury Rate	0.92	1.02	1.20
FRA Train Accident Rate	2.35	2.68	2.94
On-Time Originations	72 %	75 %	81 %
On-Time Destination Arrivals	62 %	69 %	80 %
Terminal Dwell	25.9	25.0	24.1
Cars-On-Line	206,432	210,984	216,013
Train Velocity	20.6	21.0	21.8

DEFINITIONS

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.

On-Time Originations – Percent of scheduled road trains that depart the origin yard on-time or ahead of schedule.

On-Time Destination Arrivals – Percent of scheduled road trains that arrive at the destination yard on-time to two hours late (30 minutes for intermodal trains).

Terminal Dwell – Average amount of time in hours between car arrival at and departure from the yard. It does not include cars moving through the yard on the same train.

Cars-On-Line – An average count of all cars on the network (does not include locomotives, cabooses, trailers, containers or maintenance equipment).

Train Velocity – Average train speed between terminals in miles per hour (does not include locals, yard jobs, work trains or passenger trains).

Free Cash Flow (Non-GAAP Measure)

Free cash flow is considered a non-GAAP financial measure under SEC Regulation G, *Disclosure of Non-GAAP Measures*. Management believes that free cash flow is important in evaluating the Company's financial performance. Free cash flow should be considered in addition to, rather than a substitute for, cash provided by operating activities. Free cash flow is calculated by using net cash from operations and adjusting for property additions and certain other investing activities. As described below, free cash flow before dividends decreased \$94 million to \$1.4 billion.

The following table reconciles cash provided by operating activities (GAAP measure) to free cash flow (non-GAAP measure).

	Fiscal Years		
	2011	2010	2009
(Dollars in Millions)			
Net cash provided by operating activities	\$ 3,491	\$ 3,261	\$ 2,039
Property additions ^(a)	(2,297)	(1,840)	(1,426)
Proceeds from property dispositions	240	108	45
Other investing activities	(38)	(39)	9
Free Cash Flow (before payment of dividends)	\$ 1,396	\$ 1,490	\$ 667

(a) Property additions include investments related to reimbursable public-private partnerships. These investments of approximately \$100 million in 2011 are projects that are partially or wholly reimbursed to CSX through either government grants or other funding sources such as cash received from a property sale. These reimbursements may not be fully received in a given year; therefore the timing of receipts may differ from the timing of the investment. Also, property additions for 2009 above do not include cash payments of new assets using seller financing of approximately \$160 million. These payments are shown in investing activities "other financing activities" on the consolidated cash flow statement.

2011

Corporate Social Responsibility Report



Markets

Agricultural Products

Automotive

Chemicals

Emerging Markets

Food & Consumer

Forest Products

Metals

Phosphates & Fertilizers

Intermodal

Coal

Markets

Moving Your World on Our Rails

CSX moves the raw materials and finished goods that the country relies upon, including everything from the products that drive our economy such as automobiles, metals and chemicals to the food that graces our tables. The company divides its transportation customers into three general classes: ***Merchandise, Intermodal and Coal.***

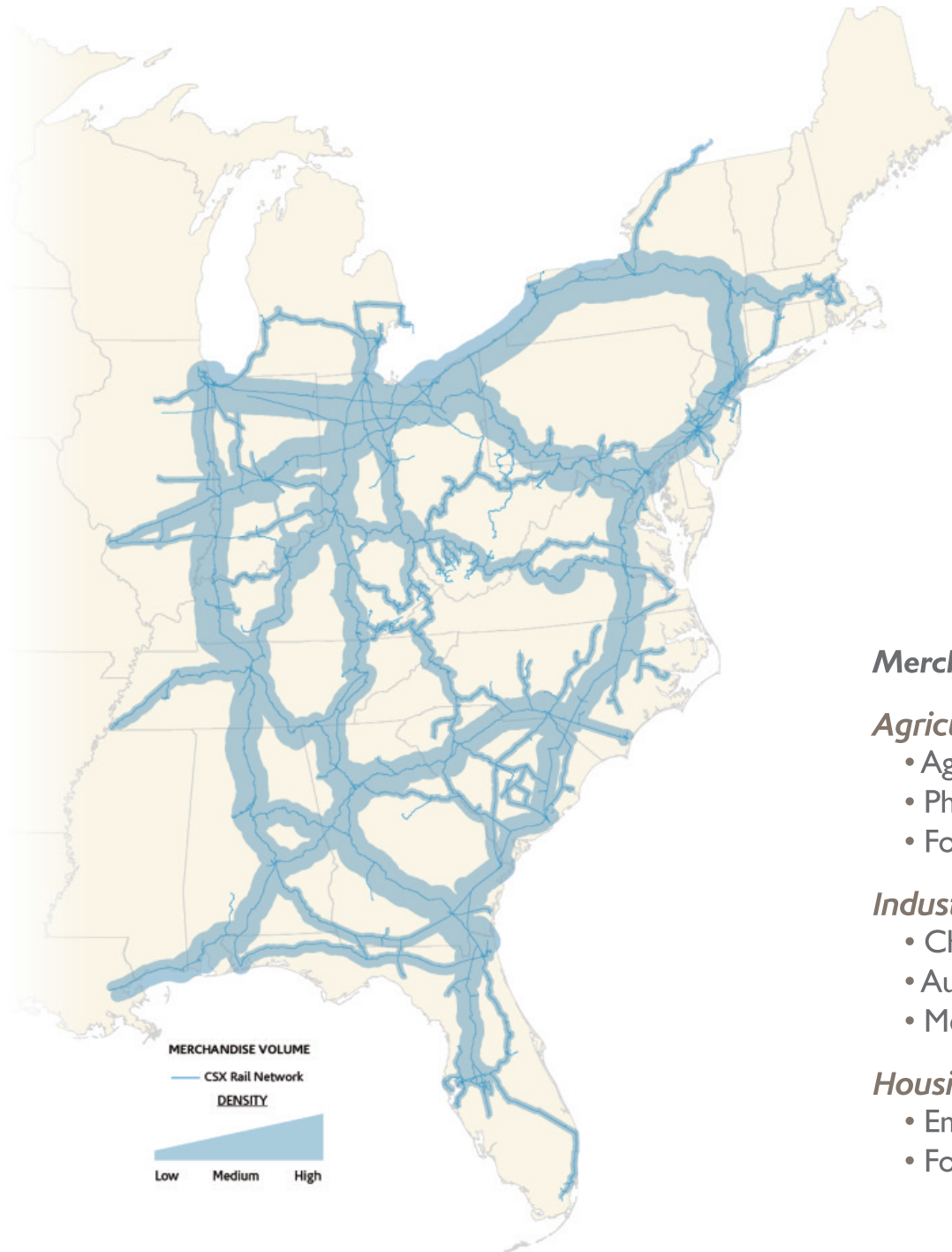
We are committed to serving all of our customers with unfailing service, capacity and innovations that build on rail's environmental and economic advantages.



Merchandise includes automotive, agricultural, chemical, phosphates and fertilizers, forest products, metals, food and consumer goods, and emerging markets. Combined, these markets shipped nearly 2.7 million carloads generating approximately 54% of the company's revenue and 41% of volume in 2011.

Intermodal customers combine rail-centric transportation with short-distance trucking solutions. Intermodal generated approximately 12% of the company's revenue and 35% of volume in 2011.

The **Coal** business generated nearly 32% of the company's revenue and 24% of volume in 2011. Roughly one of every three tons of export coal and nearly all domestic coal transported by CSX in 2011 was used for generating electricity.



Merchandise covers three primary sectors:

Agricultural

- Agricultural Products
- Phosphates & Fertilizers
- Food & Consumer

Industrial

- Chemicals
- Automotive
- Metals

Housing & Construction

- Emerging Markets
- Forest Products

Transportation Markets:
AGRICULTURAL PRODUCTS

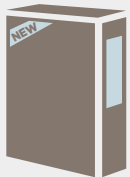
REAPING THE REWARDS

CSX moved a total of 424,000 carloads of agricultural products in 2011 for revenue of over \$1 billion – a 1 percent decrease from 2010. Growth in ethanol and soybean shipments were more than offset by lower feed shipments as a result of higher corn prices and decreased production of poultry and pork.

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

Market Strengths

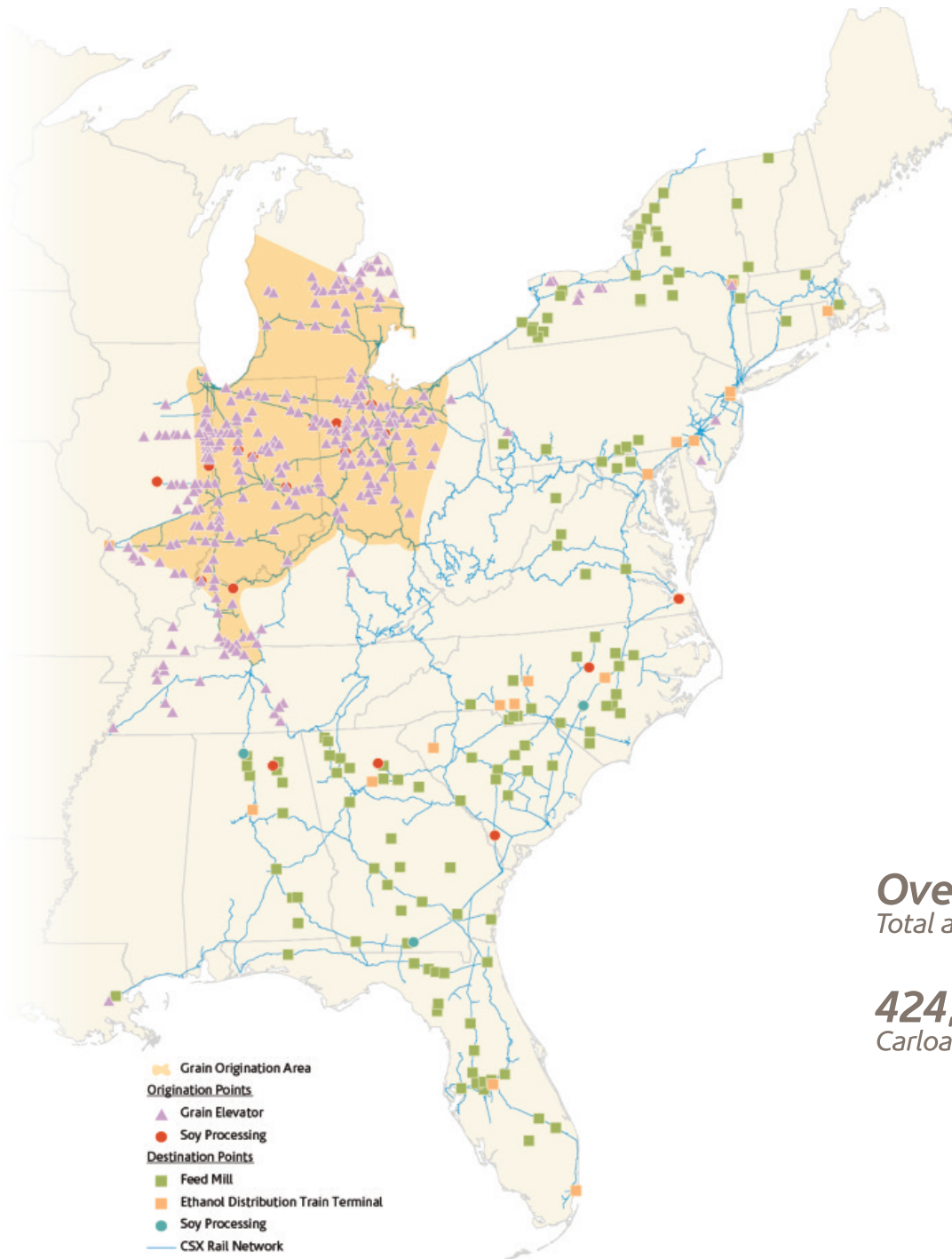
Our network is well positioned to meet the growing needs and demands of the country's agricultural sector. We currently serve:

- More than 300 grain elevators across the greater Midwest, transporting 23 million tons of grain and feed ingredients annually
- 97 feed mills in the Southeast, 42 of which are unit train capable facilities
- 47 grain processing facilities, as well as a number of bakeries and soft drink production facilities throughout the eastern United States
- 18 ethanol unit-train unloading stations throughout the eastern United States

CSX also has access to export bulk grain handling facilities in Albany, N.Y., Norfolk, Va., Brunswick, Ga. and Mobile, Ala. With a full complement of export and domestic outlets for grain, CSX has the capability to offer an array of products to agricultural shippers based on geographic location or unit size. CSX also offers additional savings on trains that our customers load, or unload, within 15 hours. These incentives reflect a focus on asset utilization in addition to larger unit size and have helped CSX invest in new car capacity within the agricultural market of our business.

Moving Forward

CSX continues to develop new facilities to serve our customers, including feed mills, ethanol unit-train unloading stations and export grain and ingredient 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.



CARLOADS (in thousands)

2009	428
2010	446
2011	424

REVENUE (\$ in millions)

2009	\$960
2010	\$1,056
2011	\$1,048

REVENUE PER UNIT

2009	\$2,243
2010	\$2,368
2011	\$2,472

Over \$1 Billion

Total agricultural revenue generated in 2011

424,000

Carloads of agricultural products shipped in 2011


Transportation Markets:
AUTOMOTIVE

DRIVING THE INDUSTRY

CSX's auto business moved a total of 361,000 units in 2011 for revenue of \$936 million – a 17 percent increase over 2010. The general U.S. economic recovery and structural changes within the auto industry are driving a recent revival of the domestic auto business and increasing demand for CSX services. Representing 8 percent of CSX's total business, the company's automotive market benefitted from the industry's overall recovery, transporting vehicles longer distances, serving new plant expansions, and successfully converting customers from truck to rail.

CSX
TRANSPORTS
OF ALL
NORTH
AMERICAN
LIGHT
VEHICLES PRODUCED

30%

A stylized illustration of a car, shown from the front, in a dark brown color.

11%

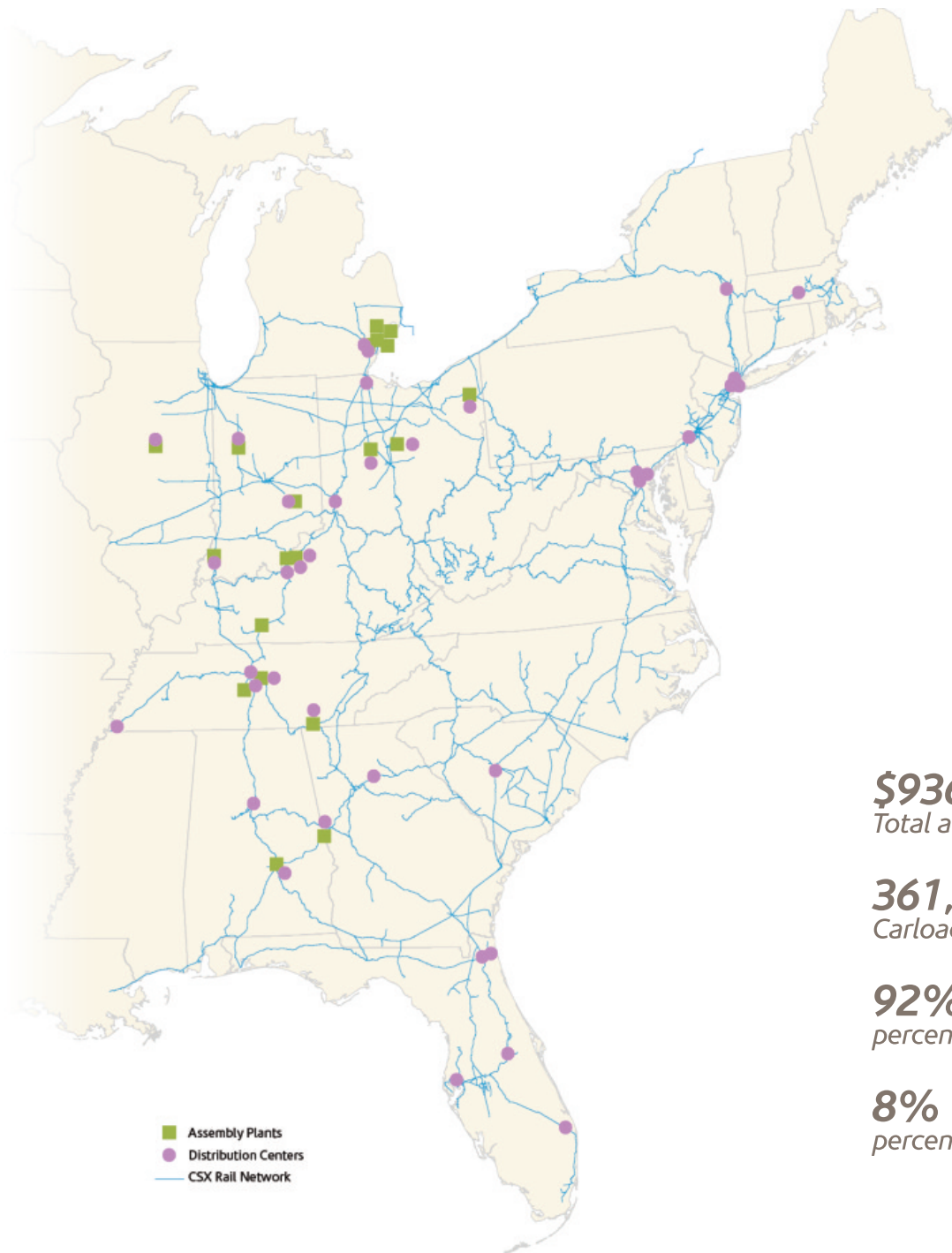
**PROJECTED
GROWTH IN U.S.
AUTO SALES IN 2012**

A stylized illustration of a hand holding a key, with the hand in dark brown and the key in light blue.

Market Strengths

CSX serves plants and assembly sites in eight states and offers manufacturers a network of 38 world-class auto distribution centers, cutting-edge inventory, facility management technology and special, multilevel and boxcar equipment. Total Distribution Services, Inc., one of CSX's subsidiaries, manages these distribution centers in 15 states east of the Mississippi.

CSX is focused on decreasing total cycle times to save our customers time, money and resources. Given our success doing so, we have forged strong relationships with both traditional domestic manufacturers like General Motors, Ford and Chrysler and the "new domestics," Honda, Nissan, Toyota, Kia, Hyundai, Subaru and Volkswagen.



CARLOADS (in thousands)



REVENUE (\$ in millions)



REVENUE PER UNIT



\$936 million

Total automotive revenue generated in 2011

361,000

Carloads of automotive products shipped in 2011

92%

percent of carloads that were vehicle shipments

8%

percent of carloads that were automotive parts shipments

CSX partners with automotive manufacturers



FORD

Brought the CSX-served Louisville, Ky., assembly plant back online in 2012 to build the next generation Ford Escape



TOYOTA

Opened a new facility in Tupelo, Miss., to manufacture the Corolla in December 2011 with CSX as a rail partner



VOLKSWAGEN

Began production at its new Chattanooga, Tenn., assembly plant in September 2011 in partnership with CSX



KIA

Opened a state-of-the-art assembly center on the CSX line in West Point, Ga., in December 2009



HONDA

Opened a new assembly center in Greensburg, Ind., in 2008 with CSX as a significant rail partner

CSX-Served Assembly Plants

Detroit, Michigan: Dodge Durango, Jeep Grand Cherokee

Sterling Heights, Michigan: Dodge Avenger, Chrysler 200

Warren, Michigan: Chrysler Ram

Dearborn, Michigan: Ford F-150, Lincoln Mark LT

Louisville, Kentucky: Ford Escape

O'Bannon, Kentucky: Ford Super Duty, Expedition, Navigator

Wayne, Michigan: Ford Focus, Ford C-Max

Bowling Green, Kentucky: Chevrolet Corvette

Lordstown, Ohio: Chevrolet Cruze

East Liberty, Ohio: Honda CR-V, Honda Crosstour

Greensburg, Indiana (via short line): Honda Civic, Acura IL

Marysville, Ohio: Honda Accord, Acura TL

Montgomery, Alabama: Hyundai Sonata, Hyundai Elantra

West Point, Georgia: KIA Sorento, Hyundai Santa Fe, KIA Optima

Normal, Illinois: Galant, Outlander Sport

Smyrna, Tennessee: Frontier, Pathfinder, Xterra, Altima, Maxima, LEAF, Infiniti JX

Lafayette, Indiana: Toyota Camry, Subaru Legacy, Tribeca, Outback

Princeton, Indiana: Highlander, Sequoia, Sienna

Chattanooga, Tennessee (via short line): Passat

Spring Hill, Tennessee: Chevrolet Equinox

Moving Forward

A number of factors helped fuel CSX's success in the automotive market in 2011: The Detroit Three continued their return to form, auto sales increased, credit availability loosened, and the average vehicle age reached all-time highs, which amplified demand for new cars among consumers. In addition, because of inventory shortages that followed the tragic Japanese tsunami and Thai floods, U.S. production levels escalated to resolve supply chain issues.

The automotive market outlook for 2012 remains bright overall, and for CSX in particular. While sensitivities to fuel prices, jobs and housing markets may impact progress, U.S. auto sales are projected to grow 11 percent in 2012. Thanks to our combination of network reach, equipment assets, service focused technology and strategically placed vehicle distribution centers, CSX will continue to have an instrumental role in serving the automotive needs of the eastern United States.

Transportation Markets:

CHEMICALS

A NEW CATALYST FOR GROWTH

CSX moved a total of 462,000 carloads of chemical commodities in 2011 for revenue of nearly \$1.6 billion – a 7 percent increase over 2010. The strength of CSX's chemicals market lies in the breadth and location of the company's network serving hundreds of chemical consumers, plastics converters, glass-manufacturing plants, chemical plants and refineries. In addition, shale gas drilling has had a positive impact on the market. In fact, shale gas drilling represents a growing opportunity for the overall chemical industry, and is creating new growth opportunities for chemical-related transportation at CSX.

CSX shipped 462,000 chemical carloads in 2011, generating nearly \$1.6 billion in revenue.

CSX's chemical market:



40% *Plastics and chemicals used to make plastics*



60% *Petroleum products, liquefied petroleum gasses, industrial chemicals, glass manufacturing products*

America's surge in shale gas drilling is providing a major growth opportunity for CSX.

Market Strengths

In addition to CSX's network strengths the company also provides the most comprehensive access to bulk 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 to justify rail carloads.

Several developments in the market have converged to make chemical transportation a growing source of opportunity and revenue for the company:

- The U.S. chemical industry is in the midst of a dramatic improvement, driven by the growth in shale gas drilling.
- As a result of shale gas drilling, the supply of natural gas (the primary raw ingredient used to produce many chemicals) is increasing at a significant pace while the cost has declined.
- This is allowing the U.S. chemical industry to be more competitive worldwide, and is expanding capacity for the first time in a decade.
- Also related to shale gas drilling, we are seeing new growth opportunities in energy-related markets like frac sand and crude oil moving to eastern refineries.

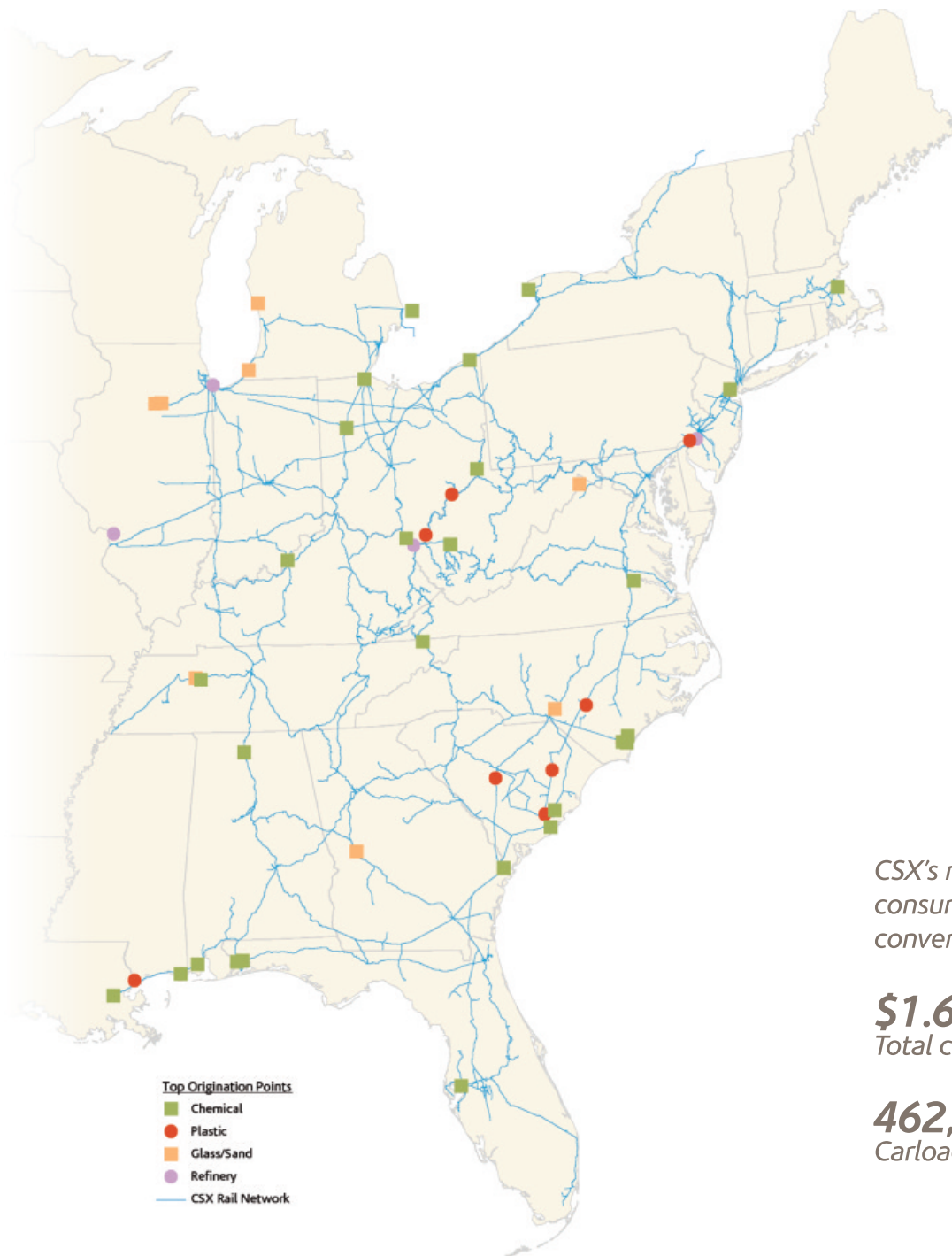
There has also been an unprecedented level of industrial development activity in the Marcellus and Utica shale region as customers seek strategic locations. In support of that activity, CSX's frac sand business has more than doubled in the last two years. The company is also well positioned to compete for opportunities presented by eastern refineries interested in receiving crude oil from the Bakken shale region in the west. Historically, crude oil en route to eastern refineries has moved through pipelines or been imported by vessel. With the abundance of low cost oil in the Bakken region, that supply model is changing. This will increase our market presence and provide future opportunities.

CSX increased its fleet of small cube covered hoppers by 50%, purchasing 900 more cars to meet the growing demand for shale-related transportation.

Moving Forward

The U.S. remains the largest chemical producer and consumer in the world. Chemical production is expected to mirror domestic economic growth, which will determine transportation volumes. Chemicals touch many end markets, including automotive, housing and consumer goods. Lower natural gas prices in the United States are having a favorable impact on domestic chemical producers, which rely on gas instead of oil for petrochemical development. As a result, the industry's global competitiveness has been elevated and U.S. exports of petrochemicals remain strong.

Based on the country's natural gas supply and recent increase of shale gas drilling, chemical transportation is expected to be a growing opportunity for the company.



CARLOADS (in thousands)

2009	424
2010	461
2011	462

REVENUE (\$ in millions)

2009	\$1,267
2010	\$1,485
2011	\$1,596

REVENUE PER UNIT

2009	\$2,988
2010	\$3,221
2011	\$3,455

CSX's network serves hundreds of chemical consumers, glass-manufacturing plants, plastics converters and refineries.

\$1.6 Billion

Total chemicals market revenue generated in 2011

462,000

Carloads of chemicals shipped in 2011

Transportation Markets: **EMERGING MARKETS**

EMERGING STRENGTH

CSX's emerging markets business moved a total of 439,000 carloads in 2011 for revenue of \$672 million – a 9% increase over 2010. It was the second straight year of improvement for this business on CSX, which endured double-digit declines in 2008 and 2009 due to the drastic reductions in construction and consumer purchasing in those years. These markets transport minerals, waste, machinery and transportation equipment – all critical bellwether industries in the United States economy.

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

Emerging markets for CSX consist of:



minerals



waste



military cargo



machinery



transportation equipment

Revenue grew 9 percent to \$672 million in 2011.

Key Drivers

Three key drivers in our emerging markets business are minerals, waste and machinery. Each segment performed strongly in 2011:

- After several years of being negatively impacted by the stalled economy and lack of new home construction, 2011 saw gains in minerals traffic, albeit from a low base, especially in construction aggregate shipments. Cement and salt also increased, with rock salt shipments buoyed by winter weather in the early part of the year.
- The company also saw an increase in municipal, construction and remediation waste shipments in 2011, due in part to clean-up efforts after Hurricane Irene and the winter storms in the Northeast.
- With respect to the machinery market, shipments increased because of considerable growth within segments of the power generation market. A significant number of boilers and turbines were shipped to replace aging equipment. In addition, CSX took on additional wind energy shipments as the market for renewable power expanded. The overall power generation market is expected to grow even further as new technology comes on line as older units are replaced.

Market Strengths

One of CSX's primary focuses in emerging markets is to help customers find new opportunities for transporting goods by rail. There are many opportunities to grow rail volume for the major commodities within this portfolio – minerals (aggregates, cement, lime, clay), waste (industrial, municipal, remediation) and machinery (agricultural, construction, power generation).

- CSX has a number of quarries, distribution yards and lime kilns along its 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 as the United States economy recovers.
- The CSX system makes it possible to move waste streams long distances to larger landfills with more competitive pricing than local disposal facilities. We serve a diverse list of waste customers, including metal processing, steel, paper, chemicals, and waste-hauling companies.
- Machinery shipments on the CSX network are typically comprised of heavy agricultural and power generation equipment. CSX is a low-cost alternative to trucking, especially when moving shipments domestically as well as those headed for export through ports along the eastern seaboard.

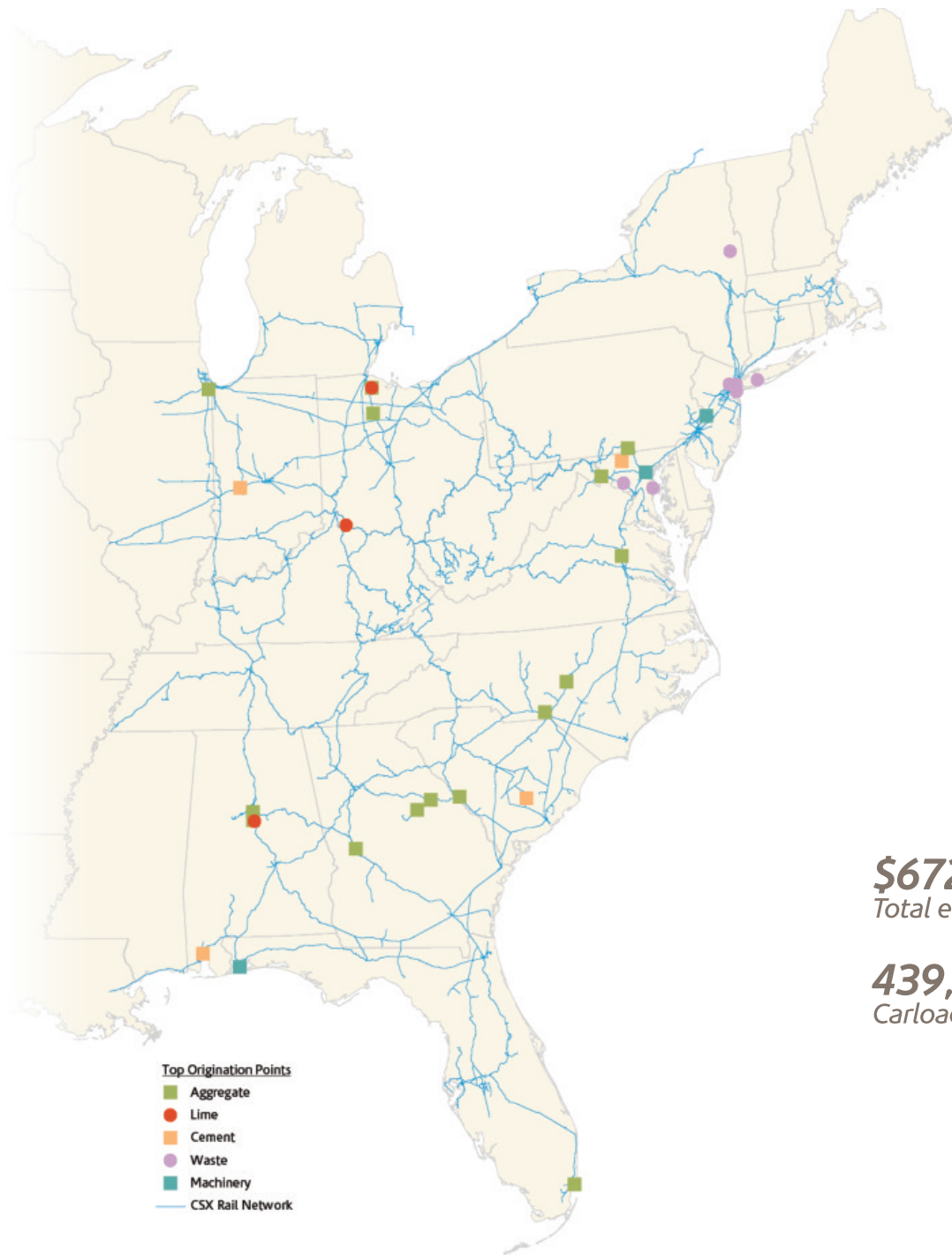
The emerging markets business of CSX continues to expand, and we're confident in each up-and-coming product's ability to bring growth to our business.

Moving Forward

Residential and commercial construction markets are still on track for recovery, and CSX is expected to benefit from the demand for cement and aggregate materials. Additionally, commercial activity in the Northeast should result in more construction and demolition debris for CSX to haul. The gradual, 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 how CSX provides an economic and environmentally friendly supply chain solution.

In the waste segment of our business, CSX has many long-term opportunities in municipal solid waste disposal projects as well as planning major remediation ventures that will keep waste moving on our lines for the next few years.

Power generation is a strong contender as major infrastructure replacement projects are developed in the future. The use of wind as alternative energy opens up new doors for moving into wind farm planning in rural areas. What's more, the transportation equipment market looks encouraging as new railcars are added to replace aging fleets.



CARLOADS (in thousands)

2009	405
2010	418
2011	439

REVENUE (\$ in millions)

2009	\$585
2010	\$615
2011	\$672

REVENUE PER UNIT

2009	\$1,444
2010	\$1,471
2011	\$1,531

\$672 Million

Total emerging markets revenue generated in 2011

439,000

Carloads shipped in 2011

Transportation Markets:
FOOD & CONSUMER

NOURISHING GROWTH

CSX's food and consumer business moved a total of 101,000 carloads in 2011 for revenue of \$263 million – a 7% increase over 2010. Strength in truckload conversion of refrigerated products and manufactured goods helped offset lower shipments of appliances resulting from continued weakness in the housing market.

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, representing more than one-third of shipments



Consumer products, including manufactured goods and appliances, making up the balance

Before they end up on the shelves of local grocery stores, fast-food establishments and other retail outlets, all kinds of food, beverage and appliances start out on our trains.

Market Strengths

CSX serves our customers with the reach and reliability of our network, plus 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 originate 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 Railex, an innovative distribution platform, to provide five-day service from the west to east coast. The refrigerated boxcars used for Railex 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 between 2012 and 2013.

Railrex provides the transport of fruits and vegetables from the producer markets in California and Washington to key consumer markets in the Northeast in five days.

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:

- As our produce service extends into the Southeast, we are making plans for additional service lanes reaching from the Southeast to the Midwest and Northeast regions.
- Imports from Mexico are expected to increase.
- "On shoring" appliance manufacturing is expected to have a positive impact on shipments during the latter part of 2012.

Overall, volume of the company's food and consumer shipments is steady, even after the economic downturn, and is poised for growth.

CARLOADS (in thousands)

2009	100
2010	102
2011	101

REVENUE (\$ in millions)

2009	\$233
2010	\$245
2011	\$263

REVENUE PER UNIT

2009	\$2,330
2010	\$2,402
2011	\$2,604

\$263 Million

Total food and consumer market revenue generated in 2011

101,000

Carloads of food and consumer products shipped in 2011

Transportation Markets: **FOREST PRODUCTS**

A GROWING STRENGTH

CSX's forest products business moved a total of 281,000 carloads in 2011 for revenue of \$684 million – a 14% increase over 2010. Volume increased primarily related to strength in shipments of pulp board and paper used in packaging for consumer products and increased shipments of building products resulting from inventory replenishments. Despite recent economic trends, forest products remain an integral, and growing, part of CSX's business.

CSX and the Forest Products Market

Just as forest products are an integral part of CSX's business, CSX is an essential part of the North American forest products market. CSX serves:

- 68 pulp and paper mills
- Numerous facilities for the production of construction materials, including those for lumber, panel, wallboard, shingles and bricks

CSX also works with numerous printing and box facilities, warehouses and distribution centers for major home improvement retailers.

CSX's extensive network and strong customer relationships make it the leading forest products transporter in the industry.

The CSX forest products business consists of two distinct categories:

- **Paper products**, including packaging products, printing paper, newsprint, wood pulp and scrap paper

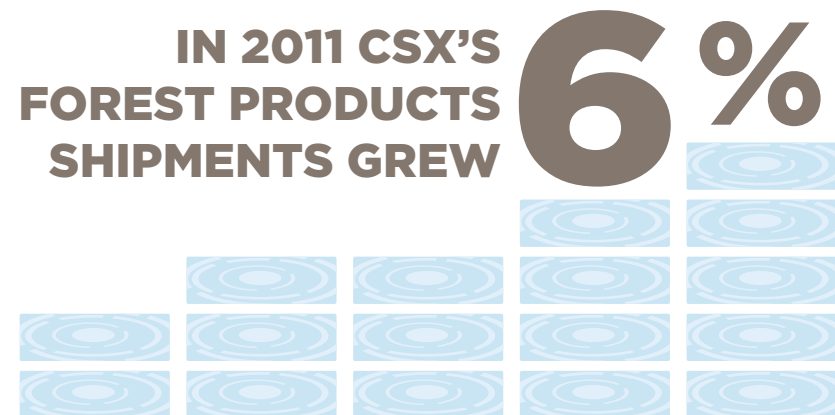


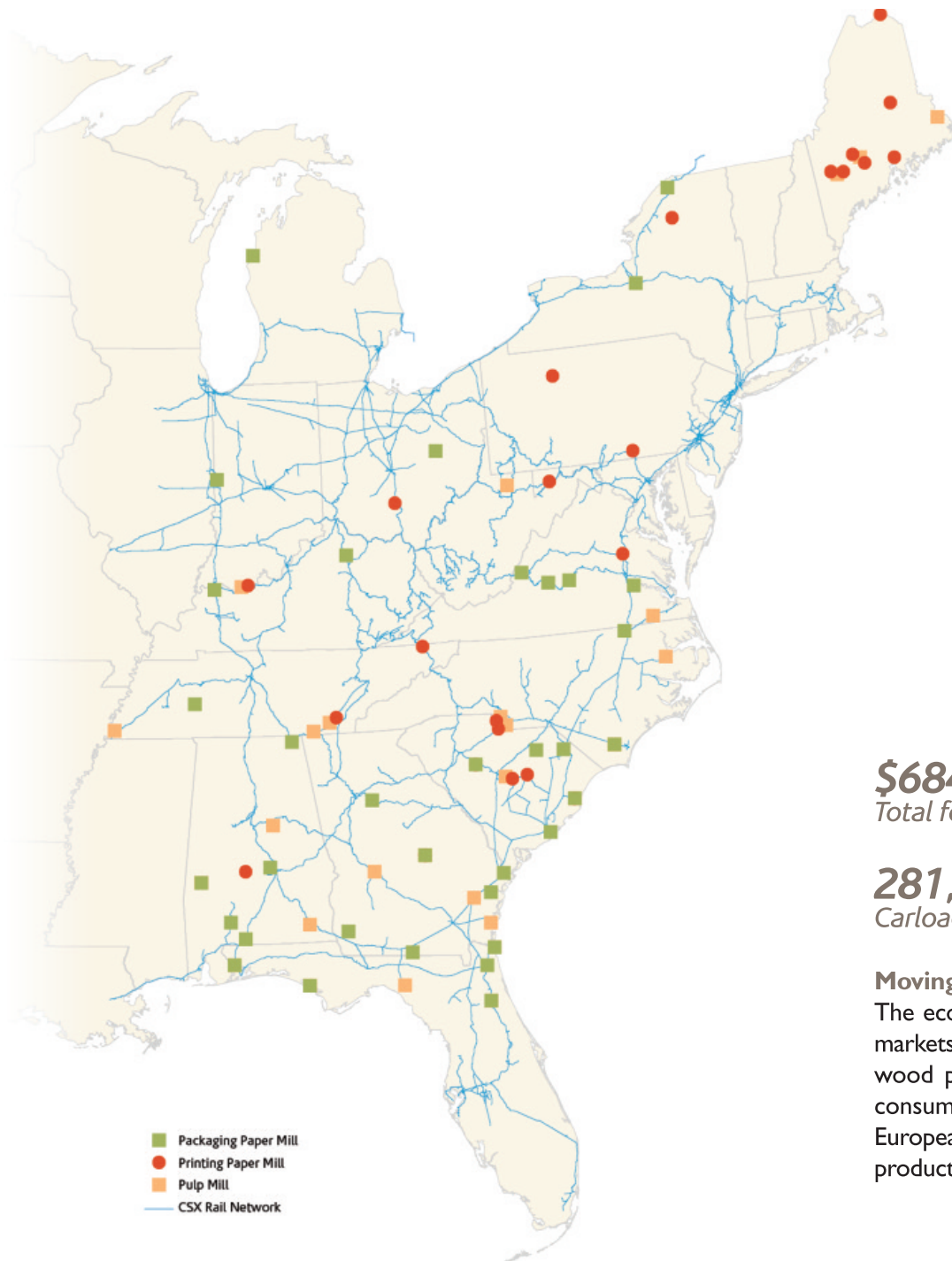
Customers include paper and pulp mills, box plants, printing facilities and newsprint producers.

- **Building products**, including lumber, panels, plasterboard, bricks and roofing materials



The primary customer base is tied to the new-home, remodeling and industrial construction industries. Wood chips, also part of this group, are used as a feedstock for both paper and wood pellet production.





CARLOADS (in thousands)

2009	258
2010	265
2011	281

REVENUE (\$ in millions)

2009	\$547
2010	\$600
2011	\$684

REVENUE PER UNIT

2009	\$2,120
2010	\$2,264
2011	\$2,434

\$684 Million

Total forest products market revenue generated in 2011

281,000

Carloads of forest products shipped in 2011

Moving Forward

The economy is continuing its slow, steady recovery and so are the markets for new-home construction materials, packaging products and wood pulp. The company also sees potential for the wood pellet consumption market in Europe, as regulation is changing the way Europeans use renewable fuels. Overall, CSX expects to see the forest product industry continue to improve.

Transportation Markets:

METALS

STRENGTHENING RESULTS

CSX's metals business moved a total of 265,000 carloads in 2011 for revenue of \$613 million – an 18% increase over 2010. This increase shows a partial recovery from the downturn in 2010 when the steel industry suffered its lowest demand in 20 years. This market is closely tied to the performance of the steel industry, which has been in recovery mode since the recent economic downturn.

56% *of metal products moved by CSX are ferrous scrap and sheet steel.*

44% *includes semi-finished products, steel plate, pipe, nonferrous products and long products like rebar and beams.*

CSX's metals business rebounded 18 percent in 2011 with total revenue of \$613 million.

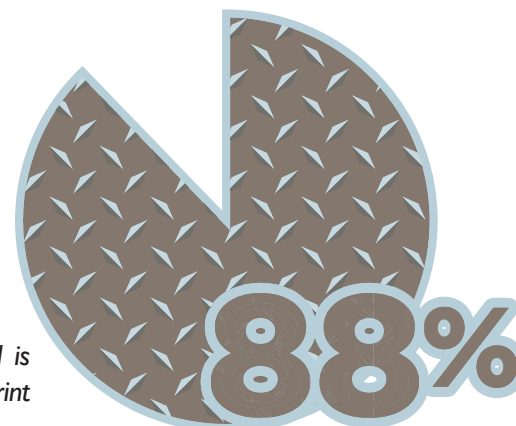
Market Strengths

Steel has long played a crucial role in the U.S. and global economies, so it's no surprise that the international steel marketplace is having a direct impact on our domestic production and demand – and transportation needs. Overall, CSX serves 500 customers and serves more metal-producing states east of the Mississippi than any other carrier. We transport:

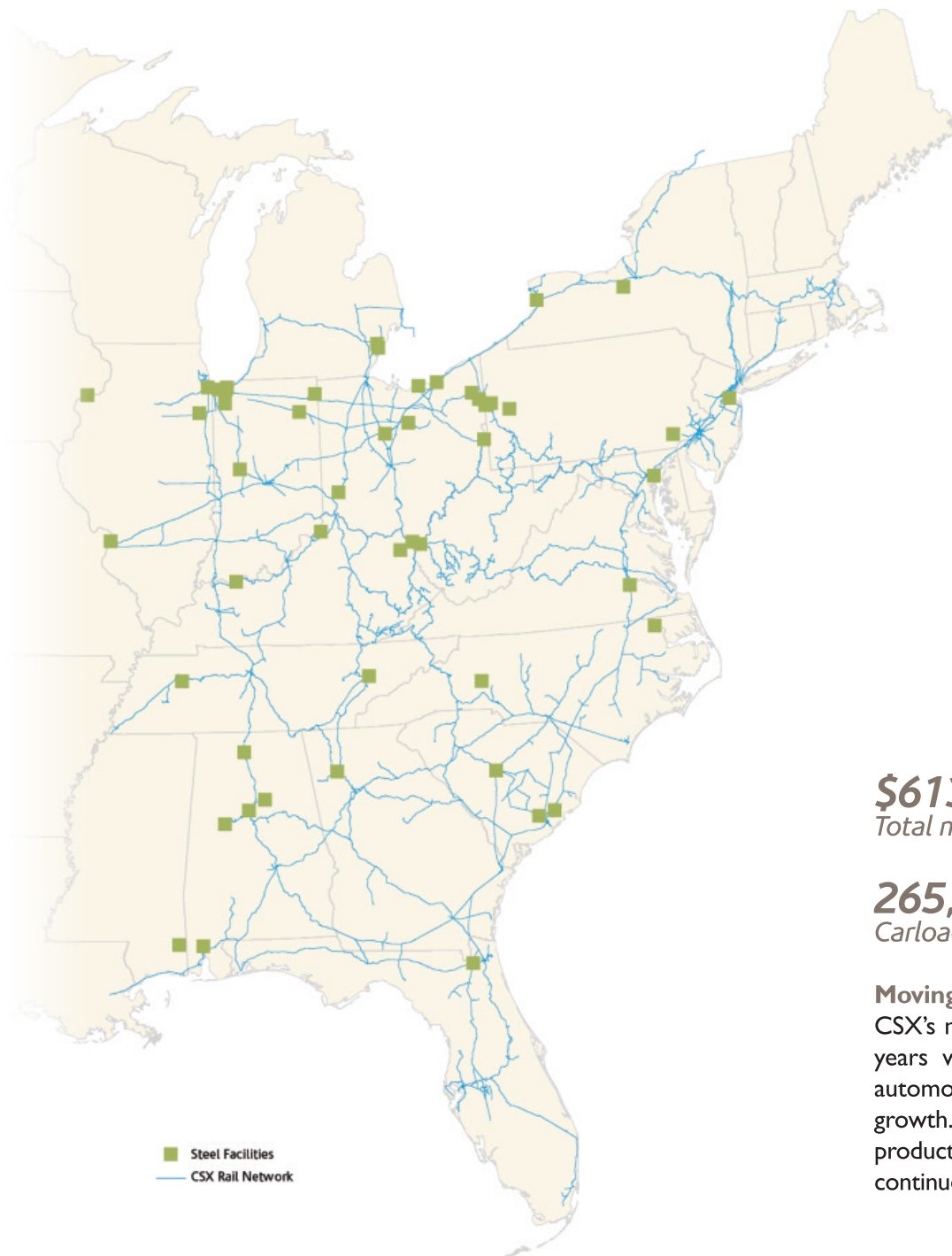
- More ferrous scrap than any other North American railroad
- Sheet steel from every major producer to processing facilities and key end-use markets
- Millions of tons of bar, coiled rod and structural steel annually for the construction industry
- Hundreds of thousands of tons per year of alumina, ferroalloy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

In fact, 88 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 expanding globally. 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. MetalNet is a specialized logistics service that connects our customers with a system of metal warehouses and transloading facilities.



88 percent of U.S. steel is produced within the footprint of CSX's network.



CARLOADS (in thousands)



REVENUE (\$ in millions)



REVENUE PER UNIT



\$613 Million

Total metals market revenue generated in 2011

265,000

Carloads of metals material shipped in 2011

Moving Forward

CSX's metals network is well positioned for growth in the coming years with domestic steel production on a steady incline with automotive, energy and equipment end-markets expected to drive growth. With our valuable customer network, strength in U.S. steel production and strong position in the metals market, CSX expects to continue to deliver growth in the market.

Transportation Markets:
PHOSPHATES & FERTILIZERS
RIPE FOR SUCCESS

In 2011, CSX's phosphate and fertilizer business moved 321,000 carloads for \$490 million in revenue – a 5 percent increase over 2010. This increase resulted from strength in shipments of domestic fertilizers and phosphate rock and a recovery in exports to Central and South America after last year's drought. With strategic access to one of the world's largest phosphate reserves, plus valuable import and domestic nitrogen production facilities, CSX plays a vital role in meeting the world's fertilizer needs.

CSX'S fertilizer market includes primary crop nutrients:



Nitrogen



Phosphate



Potash



Sulfur

With unmatched access to key product resources, CSX is the steady leader in nitrogen, phosphate and potash fertilizer transportation.

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. In 2011, CSX moved 186,000 carloads of phosphate products in intra-Bone Valley business – **a feat that would have required approximately 740,000 trucks if rail was not available.**

In total, CSX serves four phosphate mines and four processing plants in the Bone Valley, plus six port facilities. In addition CSX has access to phosphate production facilities in North Carolina and Mississippi and nitrogen production plants in Georgia, Ohio, Virginia and Ontario.

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. The company even dispatches shipments of processed phosphates and fertilizers to other railroads routed with Midwestern and Canadian receivers.

Additional strengths include:

- Service to six Tampa Bay port facilities, providing water access for exports and trans-Gulf shipments including CSX's Rockport facility at the Port of Tampa. Rockport has 100,000 tons of storage capacity and handled more than 1 million tons of phosphate exports in 2011.
- Shuttle train operations that moved almost 19 million tons of phosphate rock, other outputs and finished phosphate product within the Bone Valley, with much of the equipment in this service cycling within 36 hours

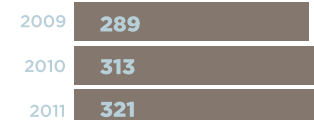
- Domestic phosphate unit-train service that travels from the Bone Valley to the Midwest within four days and the ability to handle four truckloads of dry or liquid fertilizer product with one railcar
- Access to 95 domestic fertilizer warehouses capable of handling unit trains and five nitrogen production facilities with both 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 CSX to deliver potash in unit-train and merchandise service from Saskatchewan, New Mexico and Utah to fertilizer receivers in the Midwest, Northeast and Southeast

Moving Forward

The 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. Domestic and export phosphates will continue to grow as global demand increases for corn consumption. Two deepwater nitrogen solution import terminals in Wilmington, North Carolina, and Theodore, Alabama, also provide access for CSX and our customers to sourcing that can grow the business.

The market outlook for phosphate is moderately strong, with expected growth in nitrogen, potash and phosphate markets. Continued market fundamentals that support nitrogen and phosphate import opportunities, plus new product offerings based on government regulations will provide additional rail opportunities for urea-based solutions. We are also going to continue actively developing additional port and inland facilities that will help meet projected demand, efficiency and market expansion improvements that will position the company for future growth.

CARLOADS (in thousands)



REVENUE (\$ in millions)



REVENUE PER UNIT



\$490 Million

Total phosphates and fertilizer market revenue generated in 2011

321,000

Carloads of phosphates and fertilizer shipped in 2011

Transportation Markets:

INTERMODAL

INCREASED CAPACITY, INCREASED GROWTH

CSX's intermodal business delivered 2.3 million units in 2011 for revenue of \$1.4 billion – an 11 percent increase over 2010. This increase was driven by growth in both international and domestic shipments as a result of expanded service offerings, over-the-road conversions and service and network enhancements.

Not every business in America can be directly served by rail – but many can still benefit from the economic and environmental advantages rail transportation provides. For non-rail served shippers and receivers, CSX provides fluid, intermodal service that provides customers with truck-like service on a ramp-to-ramp and door-to-door basis.

53% Domestic intermodal traffic

47% International intermodal traffic

Market Strengths

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 49 directly served terminal locations east of the Mississippi River
- Access to all major ports on the Atlantic and Gulf coasts
- Fluid network connectivity with other rail carriers to enable seamless intermodal solutions with truck-like service levels across the U.S. and into both Mexico and Canada
- Cutting-edge technologies that increase operational and service efficiencies and promote sustainable supply chains, while enhancing safety and security
- Expanded service offerings, including over 50 new origin-to-destination pairings via Northwest Ohio; new domestic and international service to and from the Louisville, Ky. market; the Liberty Corridor Freightway, which improves rail access to the ports of New York and New Jersey; and access into Mexico, with both door-to-ramp and ramp-to-door services
- Increased penetration of the freight-broker market facilitated by CSX QuickQuote, a 24-hour online quoting and tendering tool for door-to-door intermodal service
- Continued success stimulating Highway to Rail (H2R) conversions in all market segments, thanks to increasingly competitive and reliable service, a focus on customer needs, and efforts to educate the Beneficial Cargo Owners (BCO) directly on the value of intermodal
- UMAX, a domestic interline program jointly provided by CSX and Union Pacific, which provides customers with more than 30,000 containers for local shipments or transcontinental service

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 air emissions. That's why CSX and its government partners are working jointly to invest in multi-year rail infrastructure projects such as the National Gateway. Spanning multiple states, this approximately \$850 million public-private partnership will increase freight capacity and efficient intermodal travel between the Mid-Atlantic ports and Midwestern markets. In addition to 61 double-stack clearance projects, the National Gateway plans also include the construction or expansion of six intermodal terminals to serve major consumption and distribution centers. Current projects related to the National Gateway include the expansion of the Virginia Avenue Tunnel in Washington, D.C., and construction for double-stack train clearances in Ohio, West Virginia, Pennsylvania, Maryland and the District of Columbia.

CSX is working with the Commonwealth of Massachusetts to expand freight and commuter rail service. Currently, CSX provides service to and from New England. To further improve that service offering to our customers, CSX is expanding its intermodal terminal footprint in Worcester, Massachusetts, and, with the Commonwealth, is clearing the route from Worcester to the New York state line for double-stack intermodal service.

In Florida, CSX entered into a transaction with the state to help alleviate highway congestion through a new commuter rail operation known as SunRail. CSX sold the state a portion of its track for this new commuter rail service and will invest the proceeds in additional freight rail capacity and infrastructure within the state. This includes a new automotive and intermodal facility in central Florida.

For more information on the National Gateway, please visit the NationalGateway.org.

The Newest Asset in our Network

The newest asset in our network is the Northwest Ohio Intermodal facility. Opened in the first half of 2011, this innovative facility is one of the cornerstones of the National Gateway project. With cutting-edge technology and well-thought-out design, the Northwest Ohio terminal sets new standards in productivity and environmental stewardship. For more information, please visit the environmental section of this report.

UMAX is a growing interline container program the company forged in partnership with the Union Pacific Railroad in mid-2010. Today, customers enjoy unmatched access throughout the North American market, with access to more than 30,000 containers and 1,000 service lanes in the UMAX program.

Intermodal Top 10 Customers (listed in alphabetical order)

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

In 2012, CSX added Maersk to its customer list. Maersk shifted nearly all of its freight business to CSX in January 2012.

Moving Forward

CSX's domestic intermodal business has grown six years in a row – which is a trend we expect to continue as we leverage the continuing economic recovery, growth in international trade, the development of terminals in Northwest Ohio and Louisville, and the strong relationships we have with port and ocean carrier communities. We will also pursue incremental growth opportunities in new markets through door-to-door product expansion, the growth of local freight in new terminal locations, and continued expansion of the UMAX program.

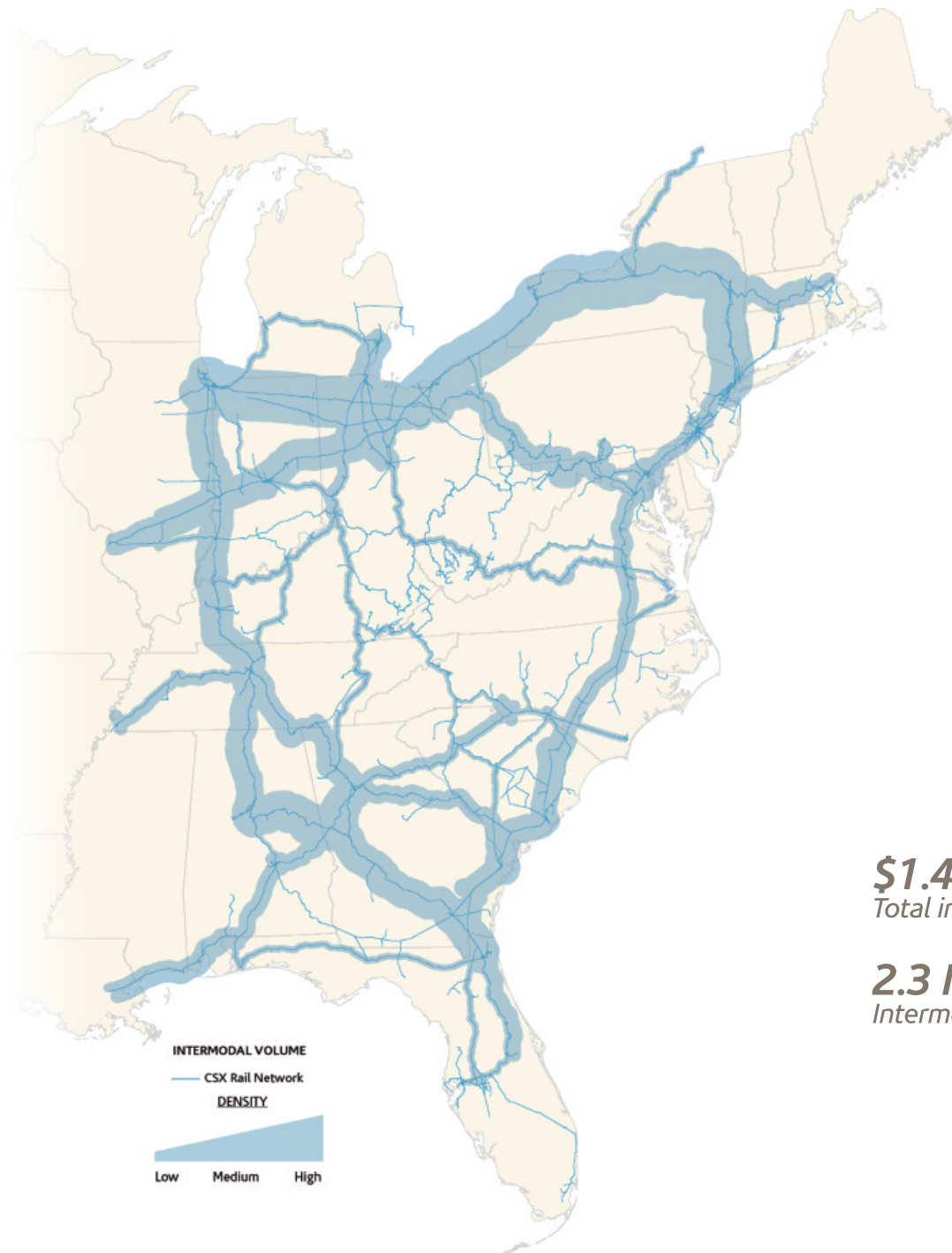
In our international business, CSX will be 100 percent aligned with the world's top three steamship lines in 2012 and have a majority alignment with four of the world's top five. As the Panama Canal capacity expands, CSX will be well positioned to receive freight all along the East and Gulf coasts, as well as freight moving cross-country from West Coast ports.

CSX provides intermodal service to major markets east of the Mississippi – scheduling more than 500 trains per week through its 49 terminals.

Intermodal Terminals

CSX directly serves 49 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. (Listed in alphabetical order by state/province).

- 1) Bessemer, Ala.
- 2) Mobile, Ala.
- 3 & 4) Jacksonville, Fl. (2)
- 5) Orlando, Fl.
- 6) Tampa, Fl.
- 7) Atlanta, Ga.
- 8) Fairburn, Ga.
- 9 & 10) Savannah, Ga. (2)
- 11) Burbank, Ill.
- 12) Chicago, Ill.
- 13) East St. Louis, Ill.
- 14) Evansville, Ind.
- 15) Indianapolis, Ind.
- 16) New Orleans, La.
- 17) Louisville, Ky
- 18) Baltimore, Md.
- 19) Boston, Mass
- 20) Pittsfield, Mass.
- 21) Springfield, Mass.
- 22) Worcester, Mass.
- 23) Detroit, Mich.
- 24) Kansas City, Mo.
- 25) Kearny, N.J.
- 26 & 27) North Bergen, N.J. (2)
- 28 & 29 & 30) New York/New Jersey Port (3)
- 31) Buffalo, N.Y.
- 32) Syracuse, N.Y.
- 33) Charlotte, N.C.
- 34) Wilmington, N.C.
- 35) Cincinnati, Ohio
- 36) Cleveland, Ohio
- 37) Columbus, Ohio
- 38) Marion, Ohio
- 39) Marysville, Ohio
- 40) North Baltimore, Ohio
- 41) Chambersburg, Pa.
- 42) Philadelphia, Pa.
- 43) Montreal, Quebec
- 44) Charleston, S.C.
- 45) Memphis, Tenn.
- 46) Nashville, Tenn.
- 47 & 48 & 49) Portsmouth, Va. (3)



CARLOADS (in thousands)



REVENUE (\$ in millions)



REVENUE PER UNIT



\$1.4 Billion

Total intermodal market revenue generated in 2011

2.3 Million

Intermodal containers shipped in 2011

Transportation Markets:

COAL

CARRYING POWER

CSX's coal business moved 1.5 million carloads in 2011 for revenue of \$3.7 billion – a 14 percent increase over 2010. Coal-related shipments generated approximately 32 percent of the company's total revenue and 24 percent of volume in 2011.

Growing customer demand in the export market played a large factor in 2011's strong results. CSX shipped 40.2 million tons of export coal in 2011, a 34 percent year-over-year increase from 2010. In total, export volumes grew from 17 percent of total coal shipments in 2010 to 23 percent in 2011.

The utility market, which transports coal to domestic electric power generation facilities, represents approximately 64 percent of the coal CSX moved in 2011. Shipments of utility coal in 2011 fell 11 percent from the prior year as electrical generation declined in the eastern U.S., natural gas prices remained low and utility stock piles were above target levels.

The balance of our coal transportation includes moving coal from producers to integrated steel and industrial customers. This part of our business was down 4 percent in 2011, mostly due to decreased demand from industrial destinations and reduced river and lake traffic.

In addition to coal, CSX also transports coke and iron ore. CSX's 2.5-million-ton coke business grew almost 8 percent in 2011 while the iron ore market remained relatively flat at 5.4 million tons.

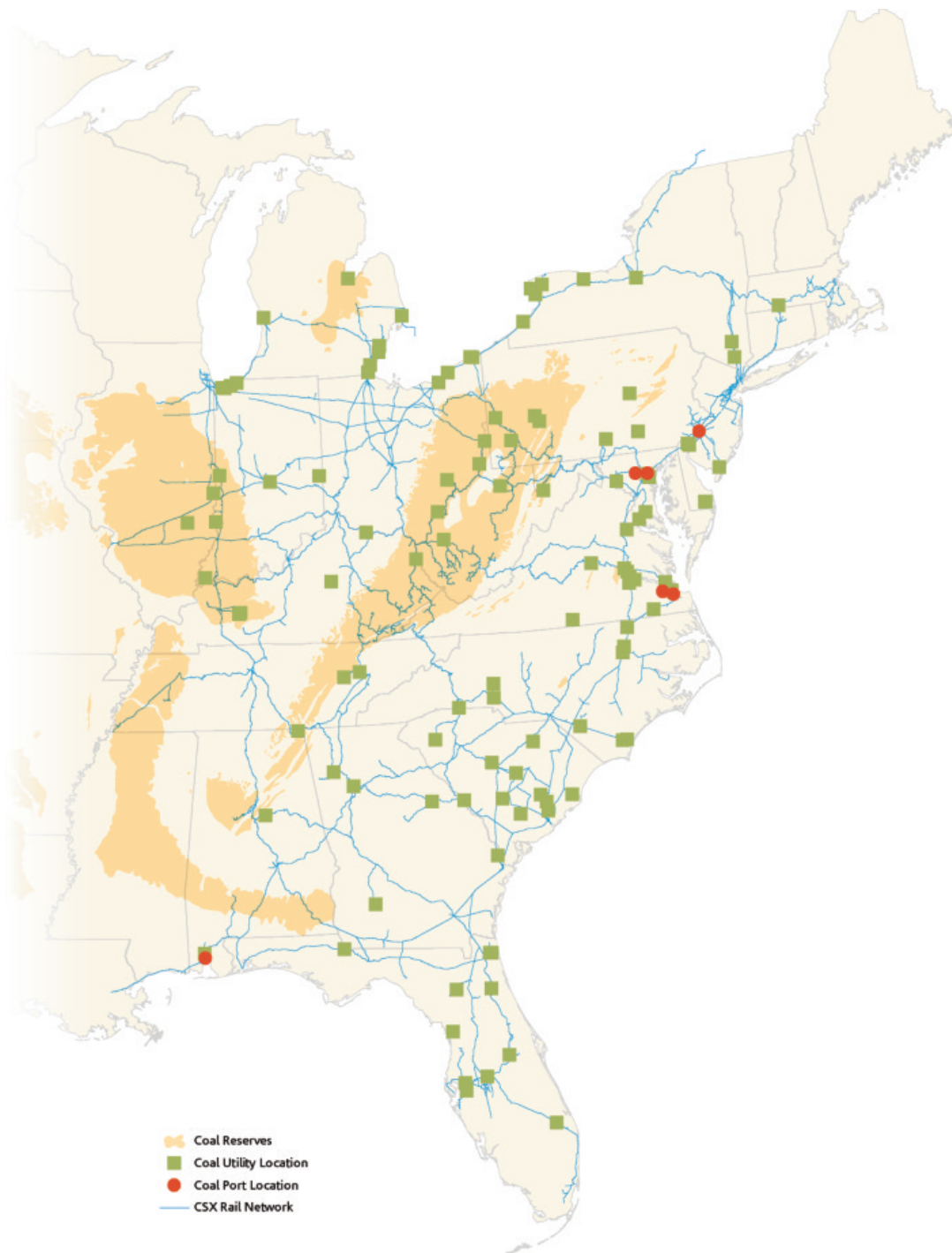
The company also made great strides in carload productivity by expanding coal car capacity and improving loading effectiveness. In 2011, initiatives to replace smaller, older cars with higher-capacity cars, the use of higher-technology batch-weigh loading systems and computer support tools to aid the customer loading process helped tons-per-car improve by an additional ton. The improved lading, combined with pricing and favorable market conditions, produced a 17 percent increase in revenue per unit versus previous years.

Market Strengths

CSX serves approximately 120 active mining operations and roughly 150 different receivers. The vast majority of the coal we move originates in the Appalachian coal fields that lie within the heart of 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 in line with their changing needs.

The CSX network:

- Is home to 120 active mining operations and 150 different coal receivers
- 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 from Colorado
- Reaches major coal export terminals at Newport News, Baltimore and Mobile; Great Lakes coal terminals at Ashtabula and Toledo; several terminals along the inland river system



Coal Top 10 Customers

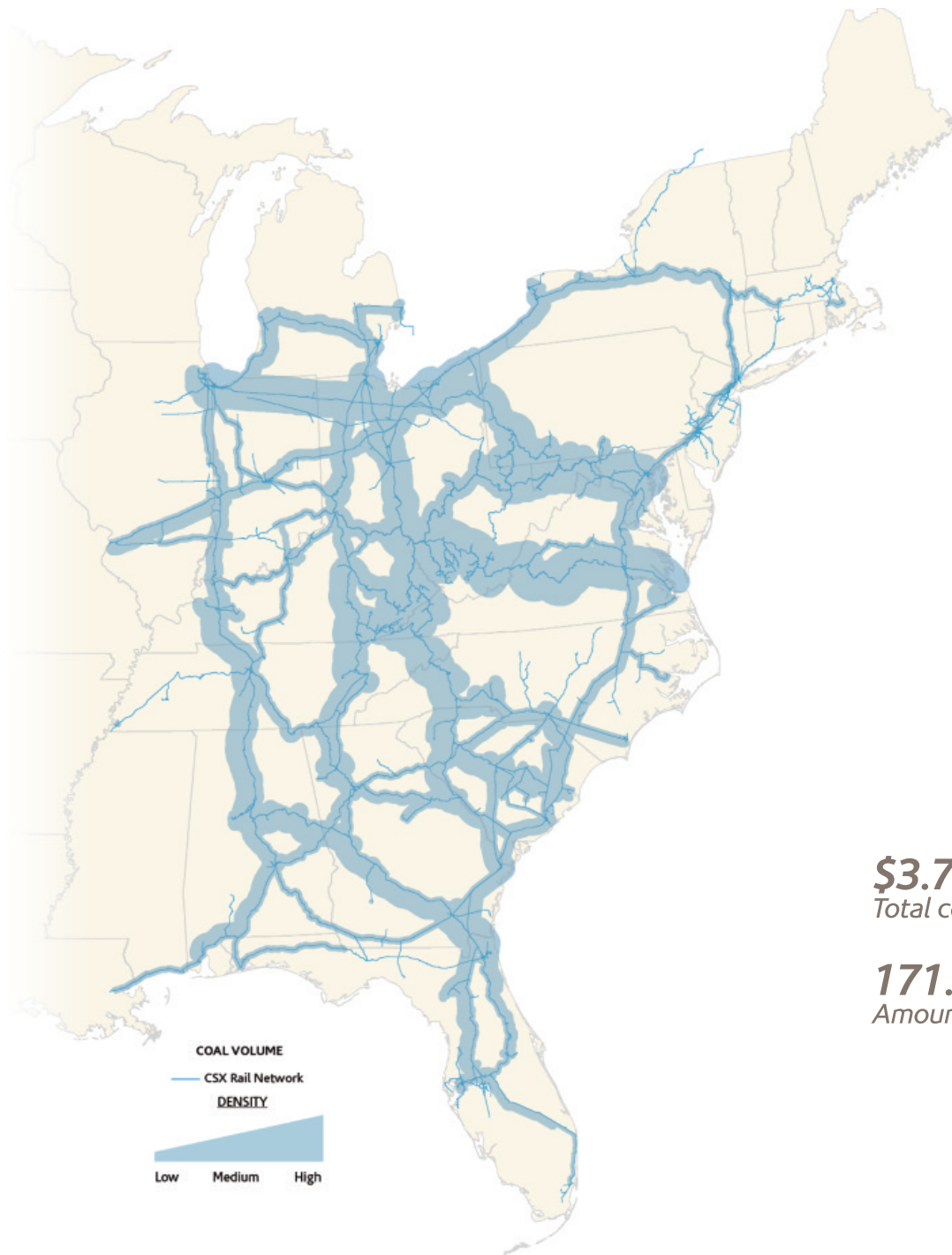
(listed in alphabetical order)

PRODUCERS

1. Alliance Resource Partners
2. Alpha Natural Resources
3. Arch Coal
4. CONSOL Energy
5. Eagle Industries
6. James River Coal
7. Patriot Coal
8. TECO Coal
9. Trinity Coal
10. Walter Energy, Inc.

RECEIVERS

1. AK Steel
2. Ameren CIPS
3. Consumers Energy
4. Duke Energy
5. First Energy
6. Genon Energy
7. South Carolina Electric & Gas
8. South Carolina Public Service Authority
9. Southern Company
10. United States Steel



CARLOADS (in thousands)

2009	1,553
2010	1,573
2011	1,533

REVENUE (\$ in millions)

2009	\$2,727
2010	\$3,267
2011	\$3,709

REVENUE PER UNIT

2009	\$1,756
2010	\$2,077
2011	\$2,419

\$3.7 billion

Total coal, coke and iron ore revenue generated in 2011

171.1 million tons

Amount of coal shipped in 2011 Performance

Moving Forward

Environmental regulation, economic growth and competition from low-priced natural gas pose some challenges to the domestic coal industry. These factors are having a particular impact on CSX's utility business, where plant closings and near-term weak demand for coal-fueled electricity is challenging business levels in the segment. 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.

In response to potential legislative and regulatory changes, producers and consumers of coal are taking great efforts to ensure that technological investments and operating disciplines make coal-fired electrical generation compatible with all environmental regulation. Coal producing companies are working with more stringent environmental compliance requirements while coal users continue to invest billions of dollars to reduce emissions of pollutants.

While growth in industrial markets will likely remain challenging, the integrated steel market for coal is forecasted to have positive growth through 2015. As for the export business, the market is projected to remain strong in 2012 and the company expects export coal tonnage to be similar to that in 2011. In the long-term, CSX expects its export business to continue to prosper, benefitting from growing coal demand in Europe, South America and Asia. CSX is well-positioned to capitalize on this market growth through our network access to large U.S. coal suppliers and multiple port facilities.

2011

Corporate Social Responsibility Report



Governance

Guided by Integrity

Our Core Values

Executive Team

Our Leadership

Our Board of Directors

Strong and Diverse

Governance Policies

Superior Principles

Public Policy & Advocacy

A Continued Evolution

Governance

At CSX, we understand that a company's actions speak louder than its words. How we meet our commitments and fulfill our expectations defines our success and distinguishes our company among our customers, competitors and constituents alike.

Living by a set of core values guides the way we treat each other and ensures that we make business decisions the right way.

Our daily behavior, and those we entrust to manage our actions in the marketplace, workplace and community, shapes our company's reputation and value as a freight transportation provider, employer, and contributing member of the local communities we serve.

Guided by Integrity

To ensure that our company stays true to our vision, and that our decisions stay true to high standards of integrity, every CSX employee, equally and without exception, is guided by a set of core values.

OUR CORE VALUES:

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

Together, these values drive our vision and purpose.

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.

Executive Team

Michael J. Ward, a 34-year veteran of the company, has served as chairman, president and chief executive officer of CSX since January 2003. Mr. Ward's distinguished railroad career has included key executive positions in nearly all aspects of the company's business, including sales and marketing, operations and finance.

Fredrik Eliasson was named executive vice president and chief financial officer in January 2012 and is responsible for management and oversight of strategic planning and finance activities, including accounting, financial planning, tax, treasury and investor relations. Mr. Eliasson previously served as vice president of sales and marketing for CSX's chemicals and fertilizer business, vice president of emerging markets, vice president of commercial finance, and vice president of financial planning and analysis.

Oscar Munoz was named executive vice president and chief operating officer in January 2012. Munoz has been the executive vice president and chief operating officer since January 2012. He manages all aspects of the company's operations including transportation, service design, customer service, engineering, mechanical and technology. Prior to his current role, Mr. Munoz served as CSX's executive vice president and chief financial officer from 2003 to 2012. Before joining CSX in 2003, Mr. Munoz held key executive positions with AT&T Consumer Services and with other consumer products companies including the Coca-Cola Company and PepsiCo Corporation.

Clarence W. Gooden has been the executive vice president and chief commercial officer since April 2004. He is responsible for generating customer revenue, forecasting business trends and developing CSX's model for future revenue growth. A member of the company for more than 40 years, Mr. Gooden has held key executive positions in both operations and sales and marketing.

Ellen M. Fitzsimmons serves as executive vice president of law and public affairs, general counsel and corporate secretary. She has served as the company's chief legal officer since December 2003. During her 20-year tenure with the company, Ms. Fitzsimmons' broad responsibilities have included key roles in legal, risk oversight, government relations, public affairs and corporate governance.

Lisa A. Mancini serves as senior vice president and chief administrative officer. She is responsible for employee compensation and benefits, labor relations, employee staffing and development activities, purchasing, real estate, aviation and facilities. Prior to joining the executive team in January 2009, she served as vice president-strategic infrastructure initiatives and as vice president-labor relations. Prior to joining CSX in 2003, Ms. Mancini served as chief operating officer of the San Francisco Municipal Railway.

On January 23, 2012, the company announced the following management changes: (i) Oscar Munoz replaced David A. Brown as Executive Vice President and Chief Operating Officer; (ii) Fredrik J. Eliasson succeeded Mr. Munoz as Executive Vice President and Chief Financial Officer.

OUR BOARD OF DIRECTORS

CSX has assembled a strong and diverse board of directors to help ensure that the company continues to make decisions in the best interest of a diverse and changing employee, customer and shareholder base.

Donna M. Alvarado has served as a CSX director since September 2006. Ms. Alvarado is the founder and current President of Aguila International, a business-consulting firm. Previously, Ms. Alvarado served as President and Chief Executive Officer of a global educational publishing company from 1989-1993. She has served on corporate boards in the manufacturing, banking, transportation, and services industries.

Senator John B. Breaux has served as a director of CSX since shortly after his retirement from the U.S. Senate in 2005. Senator Breaux held numerous leadership positions during his 14 years in the U.S. House of Representatives and 18-year tenure in the U.S. Senate, where he served on the House Public Works and Transportation Committee, the Senate Finance Committee, and the Senate Commerce Committee.

Pamela L. Carter joined the Board in June 2010. Ms. Carter is President of Cummins Distribution, a division of Cummins, Inc., a designer, manufacturer and marketer of diesel engines and related components and power systems. Ms. Carter joined Cummins in 1997 as Vice President-General Counsel and held various management positions up until her appointment as President of Cummins Distribution in 2008.

Steven T. Halverson has served as a director of CSX since September 2006. Mr. Halverson is the Chief Executive Officer of The Haskell Company, one of the largest design and construction firms in the United States. Prior to joining the Haskell Company in 1999, Mr. Halverson served as a Senior Vice President of M.A. Mortenson, a national construction firm.

Edward J. Kelly, III has served as a director of CSX since July 2002. Mr. Kelly is currently Chairman of the Institutional Clients Group at

Citigroup, Inc. He has previously served as Vice Chairman, Chief Financial Officer and Head of Global Banking at Citigroup, Inc., as well as Chief Executive Officer of Citi Alternative Investments, an integrated alternative investments platform within Citigroup, Inc.

Gilbert H. Lamphere joined the Board in July 2008. He is Chairman of the Board of FlatWorld Capital, a publicly traded private equity firm and is Managing Director of Lamphere Capital Management, a private investment firm which he founded in 1998. Mr. Lamphere brings broad railroad experience to the Board as he has previously served as a director of Canadian National Railway, Chairman of Illinois Central Railroad before its sale to Canadian National in 1998, and a director of Florida East Coast Industries.

John D. McPherson joined the Board in July 2008. He served as President and Chief Operating Officer of Florida East Coast Railway, a wholly-owned subsidiary of Florida East Coast Industries, Inc., from 1999 until his retirement in 2007. From 1993-1998, Mr. McPherson served as Senior Vice President-Operations, and from 1998-1999, he served as President and Chief Executive Officer of the Illinois Central Railroad.

Timothy T. O'Toole joined the Board in September 2008. Mr. O'Toole is currently the Chief Executive Officer of FirstGroup, plc, a leading transportation company that primarily provides rail and bus services. Mr. O'Toole previously served as the Managing Director of the London Underground from 2003 through April 2009, where he was responsible for operating and rebuilding the Tube, the world's oldest metropolitan railway.

David M. Ratcliffe has served as a director of CSX since January 2003. Mr. Ratcliffe retired from his position as Chairman, President and Chief Executive Officer of Southern Company, one of America's largest producers of electricity, in December of 2010. He had held that position since 2004. From 1999 until 2004, Mr. Ratcliffe was President and Chief Executive Officer of Georgia Power, Southern Company's largest subsidiary.

Donald J. Shepard has served as a director of CSX since January 2003. In 2008, he retired as Chairman of the Executive Board and Chief Executive Officer of AEGON N.V., one of the world's largest life insurance and pension companies.

Michael J. Ward is a 34-year veteran of the Company and has served as Chairman, President and Chief Executive Officer since January 2003. Mr. Ward's career with the Company has included key executive positions in nearly all aspects of the Company's business, including sales and marketing, operations, and finance.

Congressman J.C. Watts, Jr. is the Chairman and founder of J.C. Watts Companies, a multi-industry company headquartered in Washington, D.C., with operations in Texas and Oklahoma. He has built a diverse business organization that includes Mustang Equipment, the first African-American-owned John Deere dealership in America, as well as J.C. Watts Holdings, a private equity investment company and Watts Partners, a government and public affairs consulting company. Congressman Watts served in the U.S. House of Representatives from 1995 through 2002.

J. Steven Whisler is the retired Chairman and Chief Executive Officer of Phelps Dodge Corporation, a mining and manufacturing company, where he served in many roles from 1981 until being named Chief Executive Officer in 2000. During his tenure at Phelps Dodge, Mr. Whisler was instrumental in the implementation of its "Zero and Beyond" safety program designed to eliminate workplace injuries and its "Quest for Zero" process-improvement program designed to, among other things, eliminate environmental waste while enhancing product quality.

For more details on CSX board members, visit www.csx.com.

Governance

Size of board, year-end 2011	13
Number of independent directors on the board	12
Board composition by gender:	
Male	11
Female	2
Board member term length	One year
Separate chairman of the board and CEO	No
Presiding independent director	Yes
Independent audit committee	Yes
Independent corporate governance committee	Yes
Independent compensation committee	Yes
Formal charters for board committees	Yes
Number of board meetings held annually	At least five
Board member training/education provided annually	Yes
Annual board member elections	Yes
Code of conduct	Yes
Director stock-ownership guidelines	Yes
Review of compensation for non-management directors	At least every three years
Director resignation policy	Yes
Formal communication process for stakeholders to communicate with the board	Yes
Percentage of meetings attended by each member	At least 75%
Annual review of board independence	Yes
Annual evaluation of board functioning/performance	Yes

CSX believes in the benefits of a joint Chairman of the Board and CEO

CSX combines the roles of Chairman and Chief Executive Officer, which is balanced through the appointment of an independent Presiding Director. The Board believes that combining the positions of Chairman and Chief Executive Officer provides clarity of leadership and is in the best interests of the company and shareholders at this time. The Board believes that the use of a Presiding Director with carefully delineated duties provides appropriate independent oversight of Management.

Independent oversight has been further assured by having only one member of Management on the Board. The non-management directors regularly meet alone in executive session at Board meetings.

The Presiding Director is an independent director selected annually by the Governance Committee. Mr. Edward J. Kelly III currently serves as the Presiding Director. The duties of the Presiding Director include: (i) presiding at all meetings of the Board at which the Chairman is not present; (ii) serving as liaison between the Chairman and the independent directors; (iii) approving information, meeting agendas and meeting schedules sent to the Board; (iv) calling meetings of independent directors when appropriate; (v) pre-clearing all transactions in CSX securities by a director, the President and Chief Executive Officer, and the Senior Vice President-Law & Public Affairs, General Counsel and Corporate Secretary; and (vi) being available for direct communication with major shareholders as appropriate.

BOARD MATTERS

Director Independence

The CSX Board of Directors annually evaluates the independence of each of its directors and, acting through its Governance Committee, the performance of each of its directors. 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 would therefore impair a nominee's or director's independence.

Meetings of the Board and Executive Sessions

The CSX Board of Directors holds at least five regularly scheduled meetings each year, with additional meetings scheduled when necessary. For 2011, all members attended 75 percent or more of the meetings of the board and the meetings of the committees on which he or she served.

The non-management directors (those who are not company officers) meet alone in executive session at each board meeting. These executive sessions are chaired by the Presiding Director who is an independent director selected annually by the Governance Committee. Edward J. Kelly III currently serves as the Presiding Director.

In accordance with the CSX Corporate Governance Guidelines, the independent directors meet in executive session at least once a year.

Board Committees

The board has five standing committees, each of which operates under a written charter. The five committees are:

Audit is responsible for oversight of the integrity of the company's financial statements; the selection, independence and performance of the independent auditors; and the company's compliance with legal and regulatory requirements.

Compensation establishes and regularly reviews the company's compensation practices and policies. It reviews and approves — or recommends full board approval of — management compensation plans and performance objectives for key executives. It conducts an annual CEO performance review and reviews and approves equity-based incentive awards.

Finance provides general oversight with respect to the company's capital structure and financial matters affecting the company, including financial ratios, credit ratings, distributions to shareholders, issuance of debt securities, cash flow and the balance sheet.

Governance identifies individuals qualified to serve on the board and recommends candidates for election. It also monitors corporate governance principles, evaluates corporate structure, reviews senior management succession planning and conducts regular reviews of the effectiveness of the board as a working group.































Public Affairs has the primary function of assisting the Board of Directors by addressing significant and emerging public policy issues facing CSX, and monitoring how the Corporation's activities and practices affect its public reputation.

In addition, the board has an Executive Committee that has the authority to act for the board on most matters during intervals between regular board meetings. The Executive Committee includes the board chairman, the chairs of each standing committee and the Presiding Director.

Shareholders may also request a free copy of any of these documents by writing to CSX Corporation, Office of the Corporate Secretary, at the address below.

Shareholders who wish to communicate with the board may forward correspondence to:

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

	Audit	Compensation	Executive	Finance	Governance	Public Affairs
Ms. Donna M. Alvarado						
Senator John B. Breaux						
Ms. Pamela L. Carter						
Mr. Steven T. Halverson						
Mr. Edward J. Kelly, III (Presiding Director)						
Mr. Gilbert H. Lamphere						
Mr. John D. McPherson						
Mr. Timothy T. O'Toole						
Mr. David M. Ratcliffe						
Mr. Donald J. Shepard (Financial Expert)						
Mr. Michael J. Ward						
Congressman J.C. Watts, Jr.						
J. Steven Whisler						

Communicating With the Board

The CSX Corporate Governance Guidelines, the CSX Code of Ethics, the charters of each standing committee and the policies adopted by the board are available by [clicking here](#) or visit the Governance section of www.csxcsr.com.

Governance Policies

CSX believes in superior governance principles and practices that promote compliance with regulatory requirements and our fiduciary duties to shareholders. These practices help the company enhance long-term shareholder value. The company's governance guidelines reflect the high standards and core values that CSX employees, investors, customers, vendors, communities and regulators deserve and can expect from CSX. These guidelines can be found on www.csx.com or visit the Governance section of www.csxcsr.com.

Ethics and Compliance Program

CSX has a companywide ethics and compliance program that coordinates, implements and monitors adherence to our company values, the laws and regulations that apply to the business and company policies and procedures.

The Internal Audit & Compliance Department oversees this program under the direction of the Senior Vice President of Law and Public Affairs.

The CSX Code of Ethics

CSX offers a resource for questions regarding legal and ethical issues at CSX. The CSX Code of Ethics is applicable to all officers, directors and employees of the corporation and its subsidiaries. The CSX Code of Ethics acts as an essential tool to help the company meet its governance commitments and expectations.

CSX maintains a 24-hour ethics hotline that allows callers to report suspected misconduct, raise concerns or ask questions without fear of retaliation. All calls are investigated, and, if warranted, concerns are referred to the Audit Committee of the board.

All management employees receive training at least four times per year in the CSX Code of Ethics, which includes a test to validate their understanding of the code and how it affects daily business situations.

Reporting Mechanisms

Section 404 of the Sarbanes-Oxley Act of 2002 requires management to establish and maintain an adequate internal control structure and procedures and to assess their effectiveness on an annual basis.

Fair Competition and Antitrust Policies

CSX is fair and respectful in its dealings with all business partners and is committed to free and fair competition, competing ethically and complying with antitrust laws. The CSX Code of Ethics is explicit in its guidance for CSX employees regarding maintaining fair competition and adhering to antitrust laws.

Corrupt Practices Policy

CSX makes sure it is informed and aware of the various laws that prohibit giving or offering money or anything of value, either directly or through another party, to foreign government officials or other foreign political entities. The company adheres to the laws of each country in which it does business.

ISS Governance Risk Indicators

CSX is evaluated by ISS, an independent agency that provides research and analysis data for investors. The ISS Governance Risk Indicators (GRId) are designed to identify and evaluate a company's key governance practices across four dimensions: Audit, Board of Directors, Compensation and Shareholder Rights. Based on answers to a series of questions about companies' governance practices in each of these areas, GRId then identifies a level of concern (low, medium or high) for each of these categories. In the most recent ISS GRId analysis, CSX received a "low" level of concern rating across each of the four categories.

Public Policy and Advocacy

CSX's commitment to making further improvements and the continued evolution of our business guide our efforts as we address opportunities and challenges in policy development at local, regional and national levels.

CSX governs its actions related to public policy and advocacy as follows:

- The company conducts lobbying with government officials and others in a proper manner; senior managers must certify twice a year that the company is in full compliance with rules covering lobbying contacts and gifts to public officials. **For greater detail on our lobbyist policy, please visit the [Social: Government](#) section of this report.**
- In terms of political support, CSX is not permitted to contribute, directly or indirectly, to any federal and many state political campaigns.
- CSX's Good Government Fund is a nonpartisan political action committee that enables certain employees and their family members to aggregate and channel their political donations to support the election of state and federal candidates for public office whose philosophies and voting records align with company business objectives. **For greater detail, including access to all contributions made by the fund in 2011, please visit the [Political Contributions](#) section of this report.**
- CSX policy prohibits the gift of anything of value to members of Congress, their staffs and officials and staff of the executive branch, with very limited exceptions.
- Employees must follow company guidance when contacting any state or local government official or employee related to the business.

2011

Corporate Social Responsibility Report



Safety

In Our Company

Striving for Safer

In Our Communities

Reaching Beyond Our Rails

Security

True Safety Requires Dedicated Security

Safety

Safety is A Way of Life is one of CSX's five core values. More than a reminder to our employees, it's an on-going commitment that factors into every aspect of our company's operations. Whether it's on behalf of our employees, our customers or the communities we serve, our goal when it comes to safety is simple:

To achieve zero incidents and zero accidents.

In 2011, the company successfully reduced our number of employee injuries and accidents involving trains, and continued to invest in a growing number of company initiatives designed to improve employee safety, health and wellness, and to further reduce the potential for accidents in the communities we serve.

Even with our achievements, we recognize that safety is one area where consistent, continuous improvement must be standard operating procedure year in and year out.

In Our Company:

STRIVING FOR SAFER

CSX improved the company's overall safety performance and support programs in 2011, but also suffered a tragic loss with the deaths of five employees over the course of the year.

While statistics and our record of safe operations confirm that rail is the safest way to transport goods over land, improving the safety of our employees and maintenance along our tracks, trains, bridges, signals and operations still remains a constant and primary focus for the company. As a result, CSX's FRA Personal Injury Rate (the number of Federal Railroad Association-reportable injuries incurred per 200,000 man-hours) reached an all-time low of .92 for the year, and the train accident rate decreased for the third consecutive year.

We believe these achievements are the direct result of the investments the company has made over the years to emphasize the importance of safety in and around the workplace.

While the decrease in accidents suggests a positive trend, the loss of five employees, and the impact those losses have on their families, weigh heavily on our company. Just one loss, just one injury serves as evidence to every rank in the company that we must all do more to increase safety. To reduce and eliminate the chance of future losses, CSX has implemented additional programs to further safety and awareness for all employees.

EMPLOYEE SAFETY

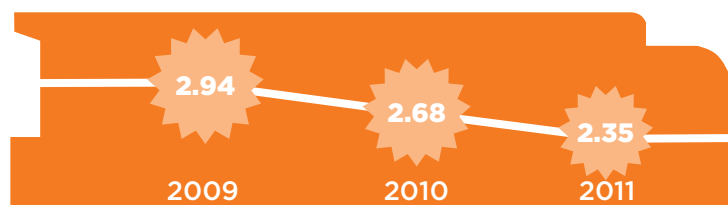
A company can only be as strong as the people it employs. Protecting and improving the short- and long-term health and safety of our employees is a top priority for the company. In order to improve the overall quality of life for our employees, we have made a significant investment in a broad range of educational and training initiatives that address both safety on the job as well as general health and wellness.

Safety on the job

Employee safety programs at CSX focus on:

- Compliance with operating and safety rules
- Correct and consistent use of all tools, personal protective equipment and established job procedures
- Understanding and reacting to changes in the work environment that can affect awareness
- Continuous education and training around safety issues inside and outside of the workplace

GETTING BETTER



FRA Train-Accident Rate

FRA train-accident rate: number of FRA-reportable train accidents per million train-miles



FRA Personal-Injury Rate

FRA personal-injury rate: number of FRA-reportable injuries per 200,000 man-hours

Two safety initiatives of note include the Health, Safety and Environment University and a Situational Awareness campaign.

Health, Safety, and Environment University

The Health, Safety, and Environment University (HSE-U) is improving worker health and safety through education. A key part of our strategy is to prevent injuries and illnesses through better hazard recognition skills. Through the University, 213 CSX managers were trained using the Occupational Safety and Health Administration (OSHA) 10-hour outreach curriculum for fundamentals of safety and health. Additionally, over 1,500 CSX managers were trained in other classroom courses and with an online program designed to increase awareness of key OSHA programs (hazard communication, emergency action plans, means of egress, and walking/ working surfaces).

Situational Awareness

Our Situational Awareness (SA) campaign was launched in 2010 to combat complacency that can take root in an environment that requires repetitive tasks. Based on proven best practices from military and civil aviation organizations, the SA campaign uses monthly safety videos, newsletters and weekly communications to stress the importance of identifying the red flags that typically precipitate an incident.

Operation RedBlock

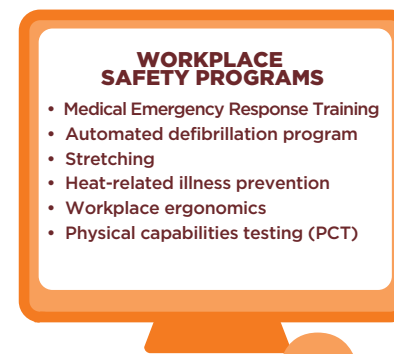
In addition to these programs, CSX's safety programs include Operation RedBlock, a peer prevention program focused on eliminating drug and alcohol use in the workplace. Led by union membership and supported by CSX, Operation RedBlock provides employees, many whose responsibilities require them to be on-call, an avenue to be released from duty if they are not in condition to report. This provides a safer environment for them, their fellow employees and the public and is recognized by the FRA as the leading drug and alcohol peer program in the industry.

In the event that an accident occurs, CSX company policy, as well as federal law, requires proper reporting of all incidents and injuries. Employees are trained on proper reporting procedures in compliance with the Occupational Safety and Health Administration's laws and regulations.

Health and Wellness

Healthier employees make for safer employees. To support the development of both, CSX has invested in 37 onsite health and wellness centers and 23 programs that address Nutrition, Physical Activity and Health Awareness.

Staying safe on the job is CSX's number one priority for employees – but aiding their general health overall is a close second. We believe that investing in health and wellness programs is a win-win for our employees and the company. It improves our employees' quality of life, increases employee retention, improves morale, and enhances the company's recruitment efforts.



Some of CSX's most innovative health and wellness offerings include:

WORKPLACE ERGONOMICS

Fitting the work area to the person is one of the most important principles of workplace ergonomics; our team provides recommendations to enhance employee workstations.

PHYSICAL CAPABILITIES TESTING (PCT)

Physical Capabilities Testing provides objective evaluations of new hires' and employees' abilities to perform aerobic and muscular work. CSX health and fitness experts assess, measure, and educate new hires and employees about the impact of physical fitness on job performance and use these measures to help assign employees to the appropriate job tasks.

WEIGHT MANAGEMENT

A healthy weight is essential to maintaining overall health. Our team assesses individual needs, develops nutrition plans, provides motivation to reach goals, and evaluates success.

WALKING WORKSTATIONS

The walking workstation offers a great way to improve and maintain health while working on daily job tasks. A few examples of tasks that CSX recommends be performed while utilizing the walking workstation include responding to emails, developing or editing presentations, working on performance management goals, and receiving telephonic health coaching.

NETWORK SAFETY

To minimize the potential for accidents along our network, CSX has developed some of the most effective programs in the rail industry, aimed at moving materials safely from origin to destination. The company's low number of incidents illustrates the level of commitment to continual improvement. As a result of these efforts and investments, CSX is regarded as a leader in one of the nation's safest industries when it comes to accident prevention.

Infrastructure Maintenance

Maintenance of our railroad infrastructure is essential for reaching zero accidents and injuries. To support those efforts, about 25 percent of our employee population, or approximately 8,200 workers, 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.

All told, the company spends more than \$1 billion annually on improving and maintaining track, bridges, signal systems, and other infrastructure. Annually we install over three million crossties, lay over 350 miles of new rail and refurbish more than 130 bridges. We also work year-round to improve grade crossings equipped with passive warning signs (i.e., crossbucks), with a program dedicated to clear-cutting trees and vegetation that obstruct motorists' views as they approach tracks.

Innovation & Advanced Engineering

Technological advancements are a core part of advancing safety at CSX. Over the last year, we have invested in a number of new and existing programs to make us a safer company, including advancements to our **Web of Detectors** and camera technology.

2011 enhancements to the **Web of Detectors**, which uses various forms of detector technology to proactively identify mechanical risks on the network, included:

Installing **Wheel Profile Detectors** across the network that combine lasers and cameras to detect any mechanical defects on each train wheel that rolls by. The Web also includes **Thermal Imaging Cameras** that monitor the heat generated during braking operations. Cold wheels can be an indication of ineffective braking while hot wheels suggest stuck brakes. And, **Machine Vision Systems** are also being installed on the network to automate the inspection process. These machines combine highly-accurate cameras with computer algorithms to categorize freight car components as trains pass by. The systems are currently used to provide 24/7 inspection of brake shoes and are being expanded to inspect coupler security in order to prevent train separations and derailments.

Acoustic Fiber Detection is a form of fiber optic technology that continuously monitors vibrations along a track to detect train defects. As a train passes along the fiber cable on a track, every wheel contact creates a unique vibration and noise that can be used to identify causes of stress. These noises can identify train presence, flat or broken wheels, dragging equipment, broken rail or hot bearings. This gives us the ability to find and correct defects at an early stage before they can become mechanical failures.

Rail Yard Cameras

Providing reliable camera systems is essential to train operations. Our cameras offer complete coverage of the drill track (a segment of rail that connects to the main railway) and can be viewed simultaneously by the switchman and terminal supervisor. We added 25 cameras to our yards over 2010 and 2011.

Hazardous Materials

As a common carrier, CSX is obligated to transport a wide variety of products and merchandise, from cars and coal to carrots and chemicals. While hazardous materials are a regular part of our freight, CSX is pleased to report a 99.99 percent industry success rate in the safe handling of hazardous materials. In fact, for every billion ton-miles of hazardous materials transported, rail has 16 times fewer accidents than trucks.

Positive Train Control

Positive Train Control (PTC) is a new technology being developed by America's freight railroads that has the potential to improve safety by preventing certain types of accidents caused by human error. PTC will work in conjunction with existing systems to add safeguards against train collisions and derailments and better protect on-track workers.

CSX is working with innovative partners to develop and deploy this new technology. To achieve that goal, we are hiring new employees throughout the network to install state-of-the-art new signal systems and to upgrade existing equipment. CSX continues to conduct extensive lab testing of the new software required to run PTC and will continue installing vital system components on the trackside and on locomotives. CSX currently estimates that the multi-year cost of implementing PTC will be at least \$1.7 billion for the company. CSX is working diligently to implement this technology on schedule and is committed to making this important safety improvement for the industry.



CSX is a vital part of the rail industry which achieved a success rate of better than 99.99 percent in safely transporting hazardous-materials carloads

In Our Communities:

PARTNERS, PROGRAMS, PROTECTION

Public safety outreach is a governing priority at CSX. We are proud to reach out beyond our rails to work closely with our employees, communities and industry partners on education and awareness efforts aimed at ending collisions, fatalities and injuries at grade crossings and railroad rights of way.

Grade Crossing Safety and Consolidation

When the public crosses railroad tracks at multiple points in their daily commute, the potential for complacency and increased incidents can rise. Eliminating these “redundant crossings” is a key safety goal for CSX. In 2010 and 2011, the company closed 433 crossings. The company is currently working in conjunction with the Federal Railroad Administration of the U.S. Department of Transportation and partnering with State Departments of Transportation, to upgrade the safety of remaining crossings in all 23 states on our network.

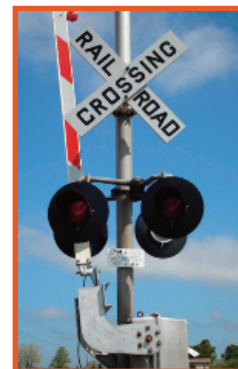
Crossing Sign Program

CSX was one of the first railroads in the United States to adopt a crossing sign program system wide. CSX's Stalled Vehicle Emergency Information Sign Program, developed in cooperation with the Federal Railroad Administration, ensures that identification signs are posted at each crossing along CSX's system. The program allows local emergency personnel as well as all drivers to quickly and accurately report vehicles stalled on a crossing directly to CSX, which enables the railroad to take action to prevent an accident.

The company is also invested in highly visible advertising campaigns to raise public awareness of the potential hazards of grade crossings and trespassing on rail property.

Beyond Our Rails

CSX is committed to actively engaging employees and non-profit organizations in programs and initiatives designed to make the world a better place, particularly when it comes to safety, community, wellness and the environment. Our efforts in these areas are regularly tracked and communicated to the public through our Beyond Our Rails initiative, which includes an easy-to-navigate, information-rich website. Visitors to the Safety section have instant access to the company's latest news and reports, safety training opportunities, safety materials and more.



Operation Lifesaver

Operation Lifesaver is a national program that provides free safety presentations to more than 1 million people each year, including community groups, children and school bus drivers. The program also provides training that reminds police officers and other first responders of the importance of rail safety. (CSX also offers police officers and first responders additional training opportunities outside of Operation Lifesaver.)

Common Sense

In addition to its core programming, CSX also teams with Operation Lifesaver, the U.S. Department of Transportation and other railroads to support Common Sense, an awareness campaign that educates the public about the risks of trespassing on railroad property.

Emergency Response

CSX provides emergency planning assistance and training to local fire, police and emergency response personnel in every community we serve. To ensure optimal adaptation, we have developed a customized training program for emergency responders and law enforcement personnel.

TRAINING FOR FIRST RESPONDERS



emergency responders
trained in CSX communities
from 2009-2011



rail safety classes offered
to emergency responders
in 2011



people trained to investigate
grade crossing collisions

TellCSX

The TellCSX program, which features a phone and email hotline, was established to give the public a forum to share their concerns. The most commonly reported issues include rough crossings, blocked crossings, horn noise, real estate questions, vegetation and construction projects. By tracking these issues, CSX is able to proactively address concerns in communities, as well as continue to improve safety performance. The TellCSX team and its volunteers also provide phone support for citizens or employees affected by significant crises, such as evacuations or natural disasters.

Play It Safe

CSX joined forces with NASCAR and NCAA basketball in 2011 to promote the company's "Play it Safe" campaign to the demographic most likely to be affected by railroad crossing incidents – 18-34 year old males.

Beginning with the season-opening Daytona 500 last February, the NASCAR partnership features an "I Brake for Trains, Play it Safe Around Railroad Tracks" bumper sticker on the Furniture Row Racing Chevrolet. The car competes in the Sprint Cup Series and is driven by 2008 Rookie of the Year Regan Smith. In addition, Smith incorporates the safety message into his media interviews and Furniture Row provides educational materials at their retail locations. The outreach is also used to reward volunteerism amongst CSX employees: employees are randomly selected from the company's **Dollars for Doers** volunteers to attend races.

In addition to the NASCAR partnership, "Play it Safe" is promoted through an NCAA basketball sponsorship, online outreach, billboards and radio commercials.

Security:

TRUE SAFETY REQUIRES DEDICATED SECURITY

With the trust our customers place in us to safeguard their freight and the responsibility we have to protect our employees and communities, security is very important at CSX.

To ensure it, the company has created numerous programs that protect our infrastructure, safeguard cargo and promote proactive dialogue with law enforcement agencies and the federal government.

CSX Police Department

At the end of 2011, the CSX Police Department consisted of 192 men and women, including 174 sworn police officers. CSX Police special agents are assigned at strategic locations across the CSX system and maintain excellent working relationships with municipal, county, state and federal law enforcement and emergency service agencies. These relationships serve as force multipliers that enhance the ability of the department to protect the public and CSX employees and to keep CSX assets secure.

In 2009, the CSX Police Department became the only freight railroad police department to achieve national accreditation through the Commission on Accreditation for Law Enforcement Agencies (CALEA). In order to obtain the accreditation, CALEA assessors evaluated more than 450 best practices and standards. Only 10 percent of law enforcement agencies receive this accreditation.

The CSX Police Department is also a participating partner in FBI Joint Terrorism Task Force operations across the system and receives continual updates on terrorism intelligence and homeland security issues. Interagency cooperation, coupled with the most up-to-date training, equipment and technology, helps keep CSX employees and physical

assets safe and secure. In addition to the field units, the CSX Police Department has several initiatives that involve highly specialized units and programs that feature cross-functional partnerships and training, including representatives of the Hazardous Materials Management and Environmental Engineering and Field Services departments:

The Rapid Response Team: Formed in 2004, the CSX Police Department's Rapid Response Team is responsible for rail counterterrorism to ensure that rail infrastructure does not become a target of domestic or foreign terrorists. The team routinely conducts Rail Counter-Terrorism Training. This training includes freight and passenger rail classes to educate state and local law enforcement officials on the unique physical surroundings and risks associated with the railroad environment. Training is carried out in a number of settings, including in actual rail yards where the team utilizes its own train dedicated to training.

The Specialized Crimes Unit (SCU): Also formed in 2004, the SCU specializes in prevention and investigation of crimes related to cargo theft and environmental crimes. While much of the SCU's work involves intermodal operations, the SCU also works to prevent and detect cargo theft and apprehend cargo thieves across all modes of rail transportation.

The Trespass Abatement Program: Nearly every crime committed against CSX and its employees begins with trespassing. The Trespass Abatement Program serves to make CSX safe and secure for its employees, customers and neighbors.



CSX PD identified and removed more than 10,000 trespassers from CSX property in 2011

Infrastructure Security Plan

Since the events of Sept. 11, 2001, CSX has developed a security plan based on the Association of American Railroads' model defined by a panel of security and railroad experts. CSX maintains that plan and works closely with national, state and local law enforcement and security organizations, including the Department of Homeland Security, the FBI Joint Terrorism Task Force, the Department of Defense and the AAR Operations Center. CSX employees, as well as contractors and consultants working on company properties, are an integral part of the infrastructure security plan.

Infrastructure Protection Unit

CSX has formed this special unit as part of a nationwide effort to prevent terrorism in the rail industry. It combines the resources of the railroad's police and hazardous-materials professionals. As part of its responsibilities, the unit collects and analyzes information that could be related to possible international or domestic terrorism. It shares the information with local, state and federal agencies.

eRailsafe Security Program

CSX's eRailsafe Security Program was implemented to enhance the physical security of employees, operations and facilities. Administered by eVERIFILE.com, Inc., a nationally known company specializing in background screening for workforces, eRailsafe requires contractors to register for their employees to undergo criminal background checks and rail safety training before identification badges will be issued to their employees to allow them onto CSX property.

Partners in Security

CSX's in-house security measures are not our only line of defense when it comes to security. In order to help ensure the maximum safety and security of our network and the communities we touch, CSX has created several public-private partnerships to arm homeland security officials with information they can use in their efforts to keep America safe from harm.

To date, these partnerships exist in 17 of our 23 states including New York, New Jersey, Kentucky, Florida, Alabama, Virginia, Mississippi, Maryland, Indiana, Ohio, Louisiana, South Carolina, North Carolina, Michigan, Illinois, West Virginia and Georgia. CSX also partners with the American Chemistry Council's Chemtrec call response center, the Transportation Security Administration's Freedom Center and the Department of Transportation Crisis Management Center. These partnerships formalize and enhance a commitment to share information, resources and strategies to provide even better protection for the communities in which CSX operates.

CSX believes that these partnerships, which were the first of their kind in the rail industry, can serve as a model and be replicated in other areas.

One of the cornerstones of our commitment is the forward-thinking SecureNOW System. With this program, CSX proactively shares access to our train and railcar monitoring system. Sharing access allows for:

- **Enhanced monitoring** so that state homeland security and law enforcement officials can identify the status of CSX trains and railcars in their state
- **Information sharing** to help security officials prepare for and, if needed, respond to emergency situations
- **Targeted security** that provides additional information about what's being carried on our rails. This gives state officials the ability to coordinate with CSX security officials and allocate law enforcement resources, if necessary, more efficiently
- **Joint training** for law enforcement and emergency responders
- **Sharing of hazardous-materials density studies** with emergency response organizations
- **Closer coordination** of law enforcement operations in and around CSX yards

2011

Corporate Social Responsibility Report



Social

Community

Moving Forward Means Giving Back

Customers

Voice of the Customer

Employees

People Make the Difference

Suppliers

Work With Us, Work Like Us

Government

Right Results The Right Way

Social

At CSX, we understand that upholding a principled mission for corporate citizenship is no longer an option; it's imperative. Operating responsibly within the corporate landscape is now an expected element of doing business. We believe we are a company that must do more than the expected.

In 2011, the company increased charitable giving by 80% over the previous year, and renewed commitments to internal and external programs and organizations that stress leadership and inclusion. The company also introduced and invested in initiatives designed to improve customer relationships, enhance our employees' professional and personal futures, and diversify our workforce.

While the company is making good progress in our social efforts, we recognize that ample room remains to achieve even more.

COMMUNITY

MOVING FORWARD MEANS GIVING BACK

Our company's success relies on the ability to build, operate and maintain our rail infrastructure in a reliable, safe and environmentally friendly manner. That ability in turn relies on the on-going support of the communities we touch. To enhance those relationships, and to share our success with those that help make them possible, CSX is pleased to support our communities with sincere and thoughtful efforts.

Once we identify and understand the charitable needs of the cities, towns and states that encompass our network, we provide support in the form of strategic community investments and the active engagement of our employees. *When dedicated volunteer service teams donate time to bettering their community, you can expect to find us hard at work alongside them.*

For a detailed recap of CSX's community outreach, including recaps of volunteer activities, donations, national partners, giving guide and more, please visit the Community section of [BeyondOurRails.org](https://www.beyondourrails.org).

CSX IS COMMITTED TO COMMUNITY.

The CSX commitment to community begins with our company vision, purpose and core value statements, which help govern all we do in our business operations and corporate citizenship outreach. Our citizenship efforts are further fueled and ordained by our Chairman,

President and CEO Michael Ward who actively demonstrates, and publicly stresses, the importance of being a socially responsible corporate citizen.

OUR COMMUNITY MISSION:

Through grassroots volunteerism and focused corporate giving, CSX is committed to strengthening the bond between our company and the citizens of the towns in which we live and work.

Why We Help

CSX works actively to strengthen the bond between the citizens of the towns we serve and our employees. Beyond being the right thing to do, these efforts also help the company enhance the positive relationships we need with communities that host our tracks and welcome our trains.

How We Help

CSX's array of philanthropic and employee volunteer engagement programs include company and foundation contributions, sponsorship support, in-kind transportation moves, in-kind donations of products and services, volunteer and board service grants and disaster recovery assistance. Employee volunteer engagement is supported at the individual level, through team events and with major volunteer service days in collaboration with our national charitable partners.

All of the company's national service days are conducted in a collaborative manner and typically include local partners as well. For example, our *Trees for Tracks* volunteer service day may include City Year's Care Force team, the Alliance for Community Trees, their local partner and local city or county partners connected with the school or park where the volunteer improvements take place.



In 2011, the company surpassed the 17,000-tree mark in its “Trees for Tracks” campaign, which aims to plant a tree for every mile in our 21,000-mile network.

Who We Help

The company’s corporate community investments and employee community engagement generally addresses core business needs and issues in different ways. This includes:

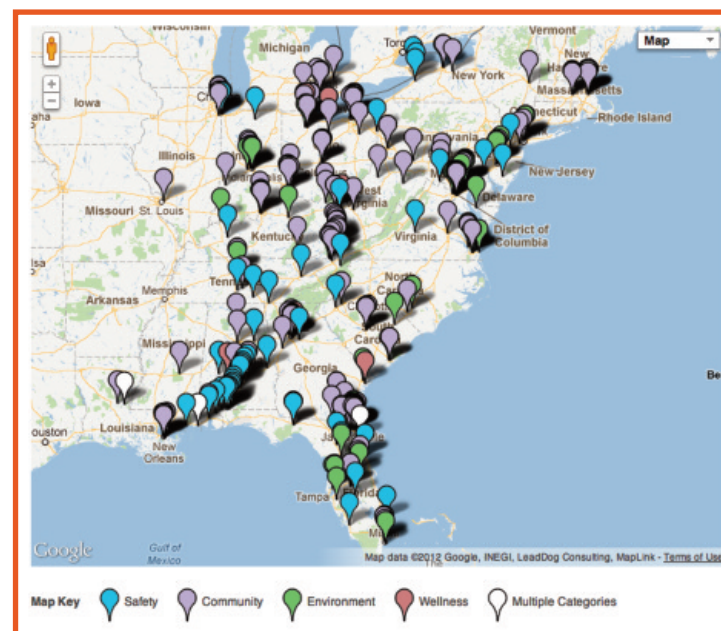
- Building trusting relationships with community leaders and relevant community organizations
- Focusing on youth leadership programs and the development of our future workforce
- Targeting environmental improvements and education in the communities where we live and work
- Championing personal / public safety and wellness with employees and the community
- Responding to disasters in a timely and meaningful way with emphasis on employee and customer needs

Our specific goals include:

- Aligning and accelerating citizenship activities to support business growth and positive reputational outcomes
- Leveraging national partnerships through outreach projects and activities
- Communicating effectively to enhance recruiting channels, and achieve stronger customer recognition and build greater awareness of the environmental benefits rail offers

Where We Help

To see the communities we serve, please visit our [interactive map](#) or visit the Social section of www.csxcsr.com.



Our corporate citizenship resources

CSX’s community investments and employee volunteers are allocated to address community objectives in a meaningful way. To help determine these allocations, CSX has a decentralized “Regional Council” governance structure that helps to identify and garner support for the most pressing community needs. The company currently employs 15 Regional Councils across the 23 states within our rail network.

Our employees work for their communities, too

We encourage our employees to get involved in their community and proactively identify opportunities for them to volunteer, particularly during non-business hours. Individual and team participation are equally recognized within our volunteer grant program whether the activity is community initiated or company sponsored.

DOLLARS FOR DOERS

For every hour an employee volunteers at an eligible non-profit organization, CSX will donate \$10 to an eligible 501(c)(3) organization of the employee's choice. Employees must volunteer at least 15 hours and can receive a contribution for up to 40 hours of volunteer work per year – up to \$400 per year!

National Partner Service Days are also heavily promoted to our employees, especially if they are located within a two-hour drive from the volunteer event or activity. In addition to promoting events to generate participation, we also promote our involvement externally to raise awareness for the issue at hand and to build goodwill for the company across all stakeholders.

The company wants senior level management employees to be involved in giving back, too. To support that effort, CSX is now offering board service training to prepare senior level managers for effective service on non-profit boards.

Applauding the effort

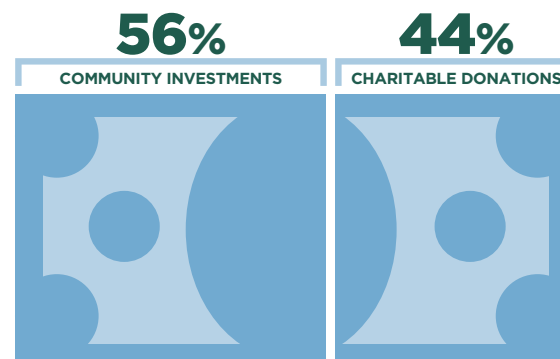
The company is pleased to support employee involvement and participation through recognition and reward programs:

Board Service Grants: Senior leadership employees have the privilege of extending board service grants to the organizations that they serve on as board members. Beyond our senior leadership, all CSX employees have the ability to qualify for a volunteer grant on behalf of the organization of their choice once they have volunteered 15 or more hours.

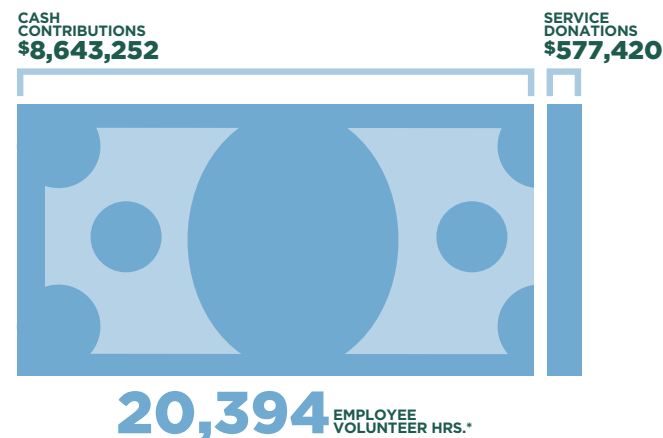
Matching Donations: The company is pleased to mirror employee donations made through our CSXCARES website. CSXCARES was created specifically to offer a charitable response mechanism for employees touched by natural disasters and other catastrophes.

Recognition: The company is diligent about recognizing employee participation by publishing photographs, distributing articles, stories and videos, sending specialized thank you cards and providing special service wear. In addition, at the end of the year, volunteer recognition certificates are issued to participating employees.

PERCENTAGE OF CORPORATE/PHILANTHROPIC CONTRIBUTIONS



TOTAL MONETARY VALUE (AT COST) OF OUR CORPORATE CITIZENSHIP/PHILANTHROPIC CONTRIBUTIONS



*Formal volunteer activity is restricted to non-working hours. However, management approved exceptions are granted for employee development/team-building exercises.

OUTREACH IN ACTION

Some of CSX's community 2011 service initiatives included:

Sponsoring safer, healthier, happier childhoods

While we continue to strive for a stronger focus on overall childhood wellness, CSX has also placed a renewed emphasis on National Safe Place and its affiliated charities.

National Safe Place

CSX is proud to be a national sponsor of Safe Place, a national 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. Safe Place creates a network of youth-friendly businesses, schools, fire stations, libraries, YMCAs and other appropriate public buildings that display the distinctive yellow and black "Safe Place" sign. In many communities, the local transit system takes part, designating buses as mobile Safe Place sites.

CSX has also connected with Dignity U Wear to help meet one of the most basic needs across our service network and beyond – the gift of new clothing to those in need. After years of providing donated rail transportation to the organization, the company and its employees both began supporting the organization through charitable funding and clothing donations which were primarily directed to school-aged children.

Dignity U Wear

Dignity U Wear is a national organization that has distributed more than 6.6 million pieces of clothing to underprivileged children in all 50 states. By fulfilling a child's basic clothing needs, Dignity U Wear helps deliver self-esteem and a chance for at-risk students to focus on schoolwork. We are proud to have partnered with the organization for more than three years through donations of time, money, clothing and transportation services.

CSX also wants children with happy home lives to also be healthy – in 2011, the company introduced a new focus on addressing childhood obesity that will be further developed in 2012.

Preserving Our Planet

Building new rail infrastructure sometimes requires the removal of trees in order to build the safest channels. **We are determined to replace the trees removed.** With our *Trees for Tracks* initiative, CSX has pledged to plant more trees than trees removed to ensure clear views and safe passage. In 2011, we surpassed the 17,000-tree mark, which means we only have 4,000 trees to go before achieving our goal of planting 21,000 trees – one tree for each mile in our network.

AC Trees

The Alliance for Community Trees (AC Trees) continues to be a major partner of CSX's *Trees for Tracks* program, providing education and expertise on tree species selection, planting schedules and maintenance programs. AC Trees, founded in 1993, is dedicated to improving the environment by planting trees in cities, towns and metropolitan areas.

Additional environmental partnerships are in place with the Conservation Fund and the Mother Nature Network, and plans are underway for a new partnership with The Nature Conservancy beginning in 2012.

In collaboration with these partners, *Trees for Tracks* programming, community investments and employee volunteers, CSX is proactively addressing many of the environmental issues that threaten the quality of life across our communities.

Providing a foundation for leadership

CSX is a firm believer in the importance of providing development programs and training opportunities for every individual in our community. Through the recognition of youth leadership initiatives and partnerships with like-minded nonprofit partners, we continue to invest in the future of our company, the rail industry and our country.

The company recently implemented Leadership Scholarship programs with the National Merit Scholarship Corporation to motivate our student population and has forged a stronger, deeper relationship with the Future Farmers of America (FFA).

The Future Farmers of America

The FFA and CSX share a common interest in leadership development, environmental and natural resources conservation and safety education. As part of our new partnership, CSX is proud to sponsor chapter leadership programs in nine states, assist in developing program curriculum for FFA members, and will participate in a variety of initiatives that range from leadership training to job interview preparation. For more details and a full list of activities CSX is developing with FFA, please visit BeyondOurRails.org or visit the Social section of www.csxcsr.com.



CSX has a very strong and collaborative relationship with City Year that extends across its service network and deep into some of the most challenged learning environments in America. In addition to its financial support for City Year teams in twelve cities, CSX teams up with Care Force, City Year's core of young leaders who help provide the project management skills necessary to transform our neighborhood partners and employee volunteers through community service.

City Year

CSX is doing our part to combat America's dropout crisis, by serving as a national leadership sponsor to City Year, an education-focused nonprofit organization that partners with public schools to help keep students in school and on track to graduate. In fact, CSX's CEO, Michael Ward, is a member of City Year's National Board of Trustees. Our role with the organization includes volunteering, financial support, Service Days where our employees join community partners to improve schools, neighborhoods and organizations in our network, and providing two trailers for the company to transport equipment. Click to play or visit the Social section of www.csxcsr.com.



Our Impact So Far

In 2011, our goal was to be more customer-centric when it came to overall service experience and community achievement recognition. Our programs benefitted from improvements in areas like Service Day registration, volunteer hour reporting, and program correspondence between organizers and volunteers. In addition, we are pleased to report that:

- We developed a 'Delivering Dignity' campaign that encouraged employees to donate new clothing to underprivileged school-aged children in the CSX network. An estimated \$110,000 in new clothing donations was collected.

- We added CSXCARES.com, a donation website that is activated when employees and members of the community require disaster relief. The company matches each donation.
- We exceeded company/employee 2010 United Way results with over \$1.8 million in contributions for CSX communities.
- We completed 20 National Partner service days, which helped our “Trees for Tracks” reach the 17,000 trees-planted mark.
- We reached an all-time high of \$218,000 in volunteer and board service grants paid out in 2011.



- We developed a number of customer-centric improvements to our programs that will enhance the overall experience and recognition for people, including creating thank you cards and pins, service certificates and more.

CSX aligns our civic activities to help accomplish both business and community objectives in the areas listed below. A formal system for measuring the impact of our contributions and activities was not in place during 2011 but is being put in place for 2012. The company is still in the process of evaluating desired corporate citizenship outcomes and the costs associated with capturing and reporting on these areas in a more structured manner.

Proposed Social/Environmental efforts include:

- Tree plantings in conjunction with the CSX Trees for Tracks initiative
- Results of volunteer clean-ups associated with company-sponsored service days Volunteer Engagement
- Safety Campaigns
- Disaster Recovery Campaigns.

Business benefits include:

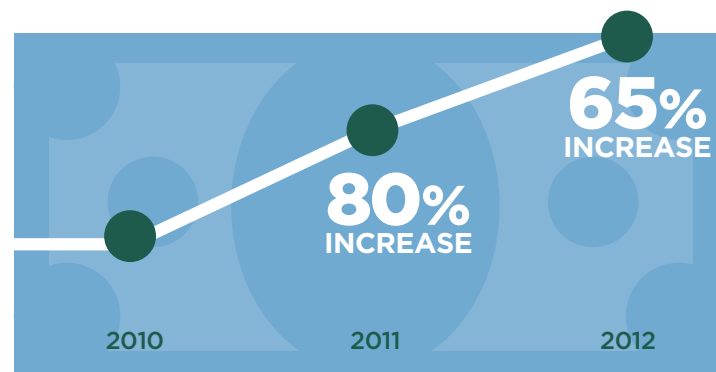
- Employee Engagement
- Training/Development
- Workforce Recruitment
- Reputation Enhancement
- Customer Service

Moving Forward

For the first time ever in 2011, CSX began providing training on CSR programs like public safety, volunteerism, employee workplace campaigns, nonprofit board service and more. The major elements of a group-wide civic strategy are now in place; a primary focus of our team as we move forward is to continue developing and aligning CSX's citizenship activities so that they offer greater support for our corporate goals and objectives in 2012 and beyond.

Being a good, productive corporate citizen is a focus for the company. We're pleased with our volunteer efforts to date, but recognize the ability – and need – to do more, particularly when it comes to reinvesting monetarily into our communities. Our intention to deliver a 65 percent increase in cash contributions in 2012 would be another step in the right direction.

As for volunteering, our employees will continue to receive praise and executive-level support for taking time to make a positive influence on our communities and the environment. We look forward to our growing stature as an upstanding corporate citizen, and plan to increase our efforts to engage and invest within our communities.



CSX's corporate giving experienced an 80 percent increase in 2011. Based on plans for increased community investments, cash contributions are expected to grow another 65 percent by the end of 2012.

CUSTOMERS

Whether it's a Fortune 100 manufacturer or a small farmer, we believe that every one of our customers should be able to count on CSX for safe, reliable transportation solutions that provide unparalleled cost efficiencies and environmental protection.

VOICE OF THE CUSTOMER

Our number one core value at CSX is ***It Starts With the Customer***. To ensure that we are providing them with the type and level of service they need, the company regularly engages in one-on-one meetings, industry conferences, formal surveys, customer councils, daily communications, ShipCSX e-tools and more through our “Voice of the Customer” initiative. We consider every interaction with our customers as an opportunity to understand them better. Technology solutions, such as Customer Relationship Management (CRM) applications and Customer Relationship Integrated Systems (CRIS), help us to collect and analyze this constant stream of customer feedback.

Over the years, we have created various teams of skilled professionals to leverage specific expertise to the benefit of our customers, including:

- **Start Up & Integration** helps new customers and existing customers expanding to new locations complete critical pre-movement activities for a smooth, error-free experience.
- **Load Engineering & Design Services** helps shippers design loading patterns that maximize capacity and minimize the potential for damage.
- **CSX Select Sites** identifies premium certified rail-served sites for companies interested in industrial development and expansion. Certification criteria includes examining size, rail access, highway proximity, workforce data, utility availability and more.

- **CSX de Mexico** is a specialized service that offers coordinated, consistent cross-border service between the U.S. and Mexico.
- **International Sales & Marketing** assists with all areas of international logistics, including stevedoring services, container stripping/stuffing, warehousing, distribution services, industrial development options, port contacts and more.

In an effort to take performance to the next level, CSX launched a satisfaction assessment program in 2002. For the past decade, customers have taken advantage of this important opportunity to share their feedback with CSX about what is and is not meeting their needs. CSX targets in excess of 2,000 surveys annually across all business units and revenue segments.

To ensure that our customers' needs are being met, we set customer satisfaction targets and goals that we regularly monitor and address. In 2011, CSX delivered its best ever customer satisfaction score, continuing an upward trend that began in 2006. More than just a survey, the satisfaction assessment program is an actionable effort on our behalf. When we receive feedback, a system of alerts promptly initiates a customer-specific response to customer-specific issues. In addition:

- Results and related analyses are reported to the appropriate departments and leadership teams on a quarterly basis to track performance.
- The information we gather allows us to support innovation and the development of new customer experience enhancements.

The Voice of the Customer survey asks customers to evaluate CSX's performance across three key areas:

Planning: Account Management, Rate Inquiry, Order Management

Service: Shipping Instructions, Local Service, Order Fulfillment, Equipment Quality

Customer Assistance: Damage Prevention, Tracking Information, Customer Service, Financial Settlement

Going forward, we must continue to identify similarities and differences across our broad, diverse customer base and then leverage those findings to tailor solutions that capitalize on the efficiency of rail transportation to better serve all of our customers.

The more we understand our customers, the better we can serve them. We realize that even though they all need rail service, not all customers are alike. Understanding their challenges makes CSX better prepared to meet their needs. That's why our teams visited approximately 5,000 customer sites as part of yet another VOC initiative during 2011. Many of the ideas that resulted from these site visits are fueling systemic changes to enhance our day-to-day interactions with our customers.

CSX has introduced a number of services over the years targeted at bringing more customers to rail by addressing their unique needs, such as:

- **RailEx**, an expedited service jointly marketed with Union Pacific, provides non-stop, coast-to-coast delivery of fresh fruits, vegetables, frozen foods, wine, juices and other temperature-sensitive commodities in refrigerated railcars.
- **TRANSFLO**, a CSX subsidiary, provides transloading and warehousing solutions for a number of specialized commodities, including metals, chemicals and more.
- **Intermodal Door-to-Door** provides a comprehensive rail-based solution, including the pick up and delivery of intermodal containers directly to/from the shipper and moving it by rail for the majority of the distance.

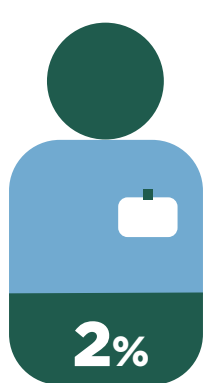
EMPLOYEES

PEOPLE MAKE THE DIFFERENCE

One of the fundamental core values at CSX is that People Make the Difference. Taking that notion one step further, we believe it's the differences in our people that enable our company to be successful. Simply put, being a diverse company that values its people makes us a better company.

CSX insists on a company-wide culture that treats employees fairly and respectfully, offers inclusion and training programs and opportunities for all while staying compliant with all labor and employment laws. It's the right thing to do, and the key to driving a culture of performance accountability.

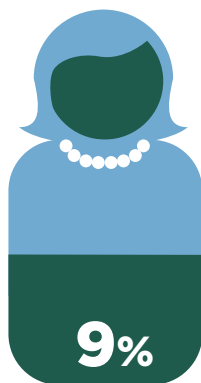
INCREASES OVER 2010 DIVERSE HIRES



2% increase in
Contract diversity



4% increase in
Management diversity



9% increase in
Management Trainee
Program diversity

Our 2011 efforts largely centered on building employee engagement, increasing diversity initiatives, and recognizing employee service. Thanks to the on-going support and efforts of everyone from our executive leadership on down, we were able to make significant progress in each of these areas.

Voice of the Employee

In order to gain a deeper understanding and create stronger relationships with our employees, CSX initiated our **Voice of the Employee** survey in 2011. The purpose of the survey was to help the company better understand what employees like most about working at CSX and to shed light on areas that need improvement.

More than 43 percent, or about 13,000 employees, participated in the survey. While the degree of employee satisfaction varied by position, CSX employees were remarkably consistent in the areas they identified as working well and the areas needing improvement.

Over 13,000 CSX employees took part in the company's **Voice of the Employee** survey. Responses showed that employees are:

VOICE OF THE EMPLOYEE SURVEY RESPONSES

- ☒ Proud to work for CSX
- ☒ Enjoy the work they do
- ☒ Feel their safety concerns are taken seriously
- ☒ See long-term career opportunities with the company
- ☐ Recognition
- ☐ Better alignment of expectations and results
- ☐ A need for more effective communication
- ☐ More engagement with senior leadership

With this feedback in mind, we are continuously working to strengthen our company-wide programs around communication and recognition. Equally as important, senior leaders are focusing on improvements at the department and local level. During 2011, CSX also conducted over 70 focus groups across the network to gain additional feedback from employees regarding how CSX can become an even better place to work and an even more successful company.

Honoring the Miles

One of our major initiatives in 2011 was aimed squarely at doing a better job of recognizing employee contributions to the company. Our new employee service award program, **Honoring the Miles**, was created to recognize the career milestones of union and management employees who reach 5, 10, 20, 30, 40, 50, and 60 years of service, plus retirement. We recognize that it is the commitment and dedication of our people over the long haul that creates our company's success, so we are excited about this new opportunity to commemorate their accomplishments.

Creating a Culture of Inclusion and Collaboration

Inclusion to CSX means engaging everyone regardless of age, gender, race, tenure, railroad affiliation, physical challenges, sexual orientation, geographic location, education level, income or life experiences.

CSX is proud to support those who served. We attended over 80 Military Job Fairs in 2011 and were honored by multiple military organizations for our hiring record.

Disability Inclusion:

The Talent Acquisition Team is always looking to expand both CSX's reach and ability to attract qualified disabled candidates. Our efforts in 2011 included:

- Partnering with Wounded Warrior Project
- Facilitating 7-12 Disability Interns every year
- Conducting "Lunch and Learns" for better awareness
- Working closely with the CSX Disability Affinity Group
- Participating in targeted job fairs for persons with disabilities
- Providing education on employing persons with disabilities

BREAK INCLUSION INTO MANAGEABLE COMPONENTS

Workforce

- Board of Directors Diversity
- Diversity Recruiting Efforts
- Internships
- Leadership Diversity
- Management Diversity
- Workforce Diversity

Workplace

- Disabled Accommodations
- Diversity Conferences
- Diversity Functions
- Diversity Mentoring Programs
- Diversity Mission Statements
- Diversity Training
- Diversity Values
- Employee Resource Groups
- Scholarships
- Volunteerism

Marketplace

- Academic Partnerships
- Charitable Contributions
- Core Customer Demographics
- Diversity Awards
- Diversity Rankings
- Diversity Reputation
- Investments in Diverse Businesses
- Nonprofit Partnerships
- Professional Partnerships
- Supplier Diversity

eSSENTIAL Accessibility

In our continuing effort to improve diversity, CSX has entered into an alliance with eSSENTIAL Accessibility to provide online tools that allow people with disabilities or language barriers easier access to the company's website. Anyone with a conventional personal computer who accesses the CSX website – customers, investors, job seekers, public officials, employees and members of the general public – can click on the eSSENTIAL Accessibility icon at the foot of any CSX web page to download the suite of available tools. Visitors who have difficulty typing, moving a mouse, or reading a web page, for example, will find their web experience greatly enhanced by the addition of this program.

Global Inclusion Council

To help support inclusion at all levels of our company, CSX created an oversight committee to set the goals and direction for our diversity efforts. Volunteer members of the company meet monthly to chart and discuss various initiatives and to manage progress. All departments and company units and all levels of our organization are represented on the Global Inclusion Council.

CSX has more than 40 inclusion councils and groups. Inclusion councils are cross-functional and geographically-based covering employees at CSX headquarters as well as all 10 operating divisions. The inclusion groups are based on shared interests and support, for example, military, young professionals, professional engineers, African-Americans, and the Able (employees with disabilities) just to name a few.

Inclusion councils and groups are required to have three types of goals supporting: 1) a CSX business imperative, 2) employee engagement and 3) community outreach. Inclusion groups are open to all regardless of national origin, religion, physical ability, sexual orientation, race, age, gender or any other characteristics that make each person unique. These councils and groups are open to both union and management employees in good standing.

Minority Credit Facility

In addition to promoting diversity within our company, CSX also supports diversity in its business practices. Since 2004, CSX has

maintained a credit facility arranged and syndicated solely by minority-owned financial institutions. In 2012, 8 banks located within CSX's geographic footprint participated in this facility totaling \$15 million.

A Recognized Leader

2011 was a banner year for national recognition of CSX as an employer of choice. We continued to lead the rail industry in diversity and inclusion recognition, and were one of the only transportation companies named in several national listings. Earning recognition from such varied sources as the Department of Defense, National Disability Matters conference and Diversity, Inc., coupled with our national brand advertising, has further enhanced the company's reputation, and is attracting more people to the company. According to our Human Resources department, external hires are increasingly reporting that they learned about CSX through the national diversity and inclusion awards we have received.

Top Honors in 2011:

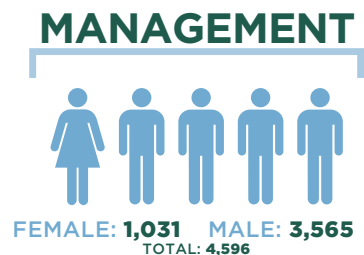
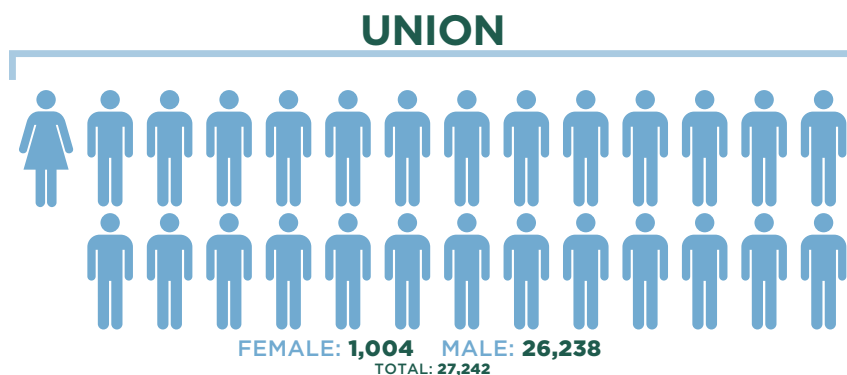
- National Disability Matters Award for the Workforce
- #11 ranking in the Association of Diversity Council's Top 25
- #3 ranking by **GI Jobs** (*Highest ranked railroad*)
- Second FREEDOM Award for support of the National Guard & Reserves
- #17 ranking in **Diversity, Inc.'s** Top 50 (*the only railroad/only transportation company*)
- #6 ranking in **Diversity, Inc.'s** Top 10 for Supplier Diversity
- **Diversity, Inc.'s** Top Company for Diversity-Management Progress
- #12 ranking in **Diversity MBA Magazine's** Top 50 (*our highest ranking ever*), plus a Top 10 mention for Recruiting, Retention, Succession Planning and Management Accountability
- Two CSX employees honored in **Diversity MBA Magazine's** top 100 Emerging Leaders list
- #21 ranking in **Hispanic Business Inc.'s** Top 60 for 6th straight year (*our highest ranking ever*)
- Business Leadership Institute Certified Disability Friendly Employer 2011

LABOR FORCE

31,838 People, 1 Company

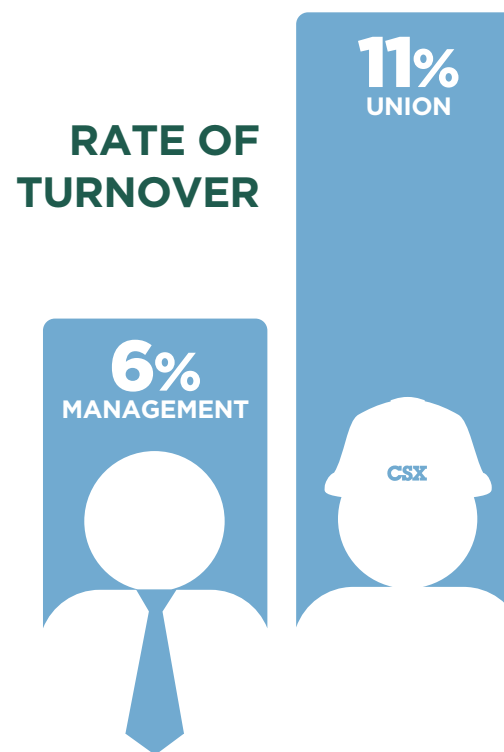
CSX employs approximately 32,000 people in a variety of management and non-management, office and field, union and management roles. We are committed to fairness and equal opportunity and adhere to all labor and employment laws wherever we operate.

Upholding these laws and regulations is part of operating with integrity and respect for all employees, and key to achieving our mission. We strive to work positively with employees in ways that best serve their interests and to maintain open communication that ensures all issues are heard and understood. Our goal is to foster an environment that encourages diverse viewpoints, maintains the highest levels of workplace safety and respects and helps develop the skills and talents of all employees.



CENSUS CSX

CSX keeps a thorough record of our employee base, including composition, compensation and annual turnover statistics. Though we hire without discrimination, without exception, the rail industry has historically been a male-dominated industry – a trend currently reflected in our employee composition. CSX is anticipating around 5,000 retirements over the next five years, and it's the company's hope that increased communication with the public through our advertising, community outreach and recruitment efforts will help attract greater diversity to the rich career opportunities that rail and CSX provide in the near future.



Total Workforce

Region*	Female	Male	Total
Northeast	98	3,198	3,296
Mid-Atlantic	143	4,123	4,266
Midwest	277	5,590	5,867
Southeast	1,494	12,606	14,100
West	10	158	168
Canada	1	5	6
Floating	12	4,123	4,135
Total	2,035	29,803	31,838

*Regions include the following states/provinces:

Northeast – Connecticut, Massachusetts, Maine, New Jersey, Pennsylvania

Mid-Atlantic – Delaware, Washington, D.C., Maryland, Virginia, West Virginia

Southeast – Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee

Midwest – Illinois, Indiana, Michigan, Ohio, Wisconsin

West – Arkansas, California, Colorado, Louisiana, Missouri, Texas, Washington

Canada – Ontario, Quebec

New Hires

GENDER	Mgmt	Union	Total
Female	131	82	213
Male	322	3,770	4,092
Total	453	3,852	4,305

AGE GROUP	Mgmt	Union	Total
20-29	141	1,377	1,518
30-39	161	1,495	1,656
40-49	104	823	927
50-59	42	156	198
60+	5	1	6
Total	453	3,852	4,305

REGION*	Mgmt	Union	Total
Mid-Atlantic	15	648	663
Midwest	20	1,083	1,103
Northeast	15	585	600
Southeast	402	1,474	1,876
West	-	27	27
Floating	1	35	36
Total	453	3,852	4,305

Turnover

GENDER	Mgmt	Union	Total
Female	46	118	164
Male	210	2,839	3,049
Total	256	2,957	3,213

AGE GROUP	Mgmt	Union	Total
20-29	30	312	342
30-39	31	586	617
40-49	30	466	496
50-59	62	484	546
60+	103	1,109	1,212
Total	256	2,957	3,213

REGION*	Female	Male	Total
Mid - Atlantic	14	508	522
Midwest	37	592	629
Northeast	21	362	383
Southeast	183	1,232	1,415
West	1	20	21
Floating	-	243	243
Total	256	2,957	3,213

*Regions include the following states/provinces:

Northeast – Connecticut, Massachusetts, Maine, New Jersey, Pennsylvania

Mid-Atlantic – Delaware, Washington, D.C., Maryland, Virginia, West Virginia

Southeast – Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee

Midwest – Illinois, Indiana, Michigan, Ohio, Wisconsin

West – Arkansas, California, Colorado, Louisiana, Missouri, Texas, Washington

Canada – Ontario, Quebec

People Performance at a Glance

	2009	2010	2011
Total workforce – annual averages	30,088	29,916	31,838
Union employees	86% / 24,904	86% / 25,515	86% / 27,242
Management employees	14% / 4,174	14% / 4,240	14% / 4,596
Part-time employees	1	4	0
Contract/temporary employees	2,474	3,221	3,707
Union employees covered by collective bargaining agreements	100%	100%	100%
Female employees	7% / 1,959	7% / 1,956	6% / 2,035
Minority employees	15% / 4,227	15% / 4,370	15% / 4,701
Female managers	22% / 922	22% / 944	22% / 1,031
Minority managers	15% / 636	16% / 699	18% / 811
Employee turnover rate % – management	8%	9%	6%
Employee turnover rate % – union	11%	12%	11%
% of managers receiving annual performance reviews	100%	100%	100%
Number of inclusion groups	44	44	44
Employee training			
Year-end number of employees trained	33,929	32,464	34,681
Average hours of training per employee	28.37	25.35	35.09

Labor Relations

Without the support of America's unions, CSX would not be what it is today. We are proud to count so many hard working and well-trained men and women among our ranks.

CSX negotiates and administers its collective bargaining agreements together with the country's other Class I Railroads. CSX and its labor organizations work collaboratively in the safety area with union representatives participating in the safety overlap process across 100 percent of the system. We are pleased to have programs in place for each of the 13 labor organizations.

The company's policies for working with labor organization are embodied in the collective bargaining agreements negotiated with each organization. These agreements are enforceable by law and create individual as well as collective rights. The collective bargaining 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, while pension, disability and unemployment are covered by the Railroad Retirement Board.



CSX has renewed more than 20 collective bargaining agreements during the last 3 years, including 14, the largest number completed in one year, during 2011.

Compensation

	Executive	Middle/General Mgmt.	1st Line Mgmt./Support	Specialists
Share of performance-related compensation (as a percentage of total)	72%	35%	15%	12%
Percentage of variable compensation Based on performance	83% 3%	87% 4%	93% 7%	93% 7%

(NOTE: a portion of the variable compensation for the top two groups includes grants of restricted stock units. Vesting of the restricted stock units is not subject to company or individual performance.)

Training

Training plays a significant role in all areas of CSX, at all levels of employment. We use multiple tools for assessing and developing our employees, including:

- Our **Railroad Education & Development Institute (REDI)** in Atlanta, Ga., which provides technical training to all contract employees and is recognized as a leader in the industry.
- Technical skill development in each organizational unit, such as the Commercial Training Program (CTP), Human Resources Training Program (H RTP), and CFO University.
- Performance management, which uses organizational competencies defined by leadership level to assess interpersonal skills, work style, and technical proficiency at the individual and group levels.
- Competency development across leadership levels (Individual Contributor, Team Leader, Director, AVP/VP) through use of standardized 360 feedback survey process and facilitation session.
- Talent reviews to assess performance and potential of all employees and discuss career pathing and development planning.

- Mid-year reviews, including a discussion between each supervisor and direct report about strengths and areas for improvement resulting in robust individual development plans.

	Executive	Middle/General Mgmt.	1st Line Mgmt./Support	Specialists	Contract
Percentage of formalized training	100%	100%	100%	100%	100%

Employee Review and Development

Helping all employees achieve and grow in their jobs is critical. The company's robust employee development process does three essential things:

- Evaluates individuals' current skills and abilities
- Provides a framework for identifying and developing the leadership talent that CSX will need to execute its strategies in the future
- Fills the leadership pipeline that is the basis of a strong succession plan

Our managers are responsible for developing their employees and ensuring that they are engaged, coached, evaluated and rewarded for excellent performance. As part of this process, employees receive an annual review that is designed to identify and evaluate skills, assess their progress within a competency framework and analyze overall job performance. Employees are also encouraged to submit their career aspirations, which outline their desires for future roles in the organization, and to discuss their ongoing development as part of their mid-year review.

Performance Management

CSX makes systematic use of agreed measurable goals and targets and behavioral competencies by line supervisors for 100 percent of all management employees. The goals are weighted at 60 percent and competencies at 40 percent, which are then combined for a total score. Final scores fit into five performance score categories that range from unsatisfactory to exceptional. Bonus levels are determined based on performance category level and company performance.

Calibration sessions are conducted twice per year as part of performance management. In these sessions, senior leaders review and discuss the performance scores of employees in their organizational unit. Doing so helps to ensure consistency of the rating process and create awareness of high- and low-performing employees. These calibration sessions are then forwarded on for additional discussion at the Executive Team level.

	Executive	Middle/General Mgmt.	1st Line Mgmt./Support	Specialists	Contract
Percentage of non-contract employee categorization covered by a predefined and standardized performance appraisal process	100%	100%	100%	100%	100%

Help line & Whistle blowing

CSX has a 24/7 confidential hotline and website in which employees can lodge complaints or concerns about the company. Information about the hotline is widely distributed throughout the company via continuing and comprehensive training programs, mailings to each employee's home, postings throughout workplaces, postings on the CSX Intranet Homepage, and periodic company-wide emails.

CSX's ethics policy also includes specific whistle blowing provisions. Violations can be reported, via our 24/7 confidential ethics hotline or website.

All complaints and reports remain as confidential as the employee wishes. A third party vendor takes the complaints, transcribes the complainant's information into written form and, if the reporter is anonymous, eliminates personally identifiable information before forwarding that information to CSX for investigation. All anonymous complaints are investigated and all information related to investigations is shared on a need-to-know basis only. All policies are posted in multiple languages in appropriate geographical areas as required.

CSXT does not tolerate discrimination or retaliation and it ensures that its policies against discrimination and retaliation are widely disseminated and reinforced through continuing and comprehensive training programs, mailings to each employee's home, postings throughout workplaces, postings on the CSXT Employee Services Intranet Homepage, and periodic company-wide e-mails. Discrimination of any type, including harassment based on race, color, religion, sex, age, national origin, disability or any other basis protected by federal or state law is prohibited and violates Company policy. 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 is strictly prohibited.

Employee Services

A safe and healthy workplace is in everyone's best interest at CSX. But our workplace cannot be safe if personal problems are a distraction. That's why CSX offers a confidential Employee Assistance Program for employees and their family members dealing with personal relationship problems, alcohol or drug abuse, depression or anxiety, or any other emotional challenges. CSX counselors are highly trained professionals who provide assessment, counseling, guidance, information and referral services to assist with personal problems. Our counselors are highly trained in dealing with the trauma experienced by railroad employees when crossing or other incidents may occur.

Employee Benefits

CSX provides highly competitive benefits and compensation programs, including medical and dental plans, life insurance, pension plans and more.

Benefits vary by craft and union for contract or agreement positions; please see www.csx.com for more information or visit the Social section of www.csxcsr.com.

The company also offers a number of health and fitness programs via our Health and Wellness department. The Health and Wellness team is comprised of licensed dietitians, health fitness specialists, wellness coaches, certified diabetes educators, registered nurses and ergonomists. Some of the Health and Wellness programs include tobacco-use cessation, weight management, fitness testing, health coaching, nutrition counseling and on-site Wellness Centers. For more information, please visit the Safety section of this report.

Full-Time / Part-Time Benefit Eligibility Comparison

Full-Time Non-Union Employees (40 hours per week)	Part-Time Non-Union Employees (20-39 hours per week)	Union Represented Employees	Part-Time (Less than 20 hours per week)
All Medical and Dental Plans	CDHP (no H.S.A.)/ No Dental	Medical and Dental	Not Eligible for Benefits
Basic Life Insurance (2x salary)	\$10,000.00	Flat amount of life insurance	
Basic AD&D (2x salary)	Not Eligible	Flat amount of AD&D insurance	
Bereavement Leave	Bereavement Leave	Determined by collective bargaining agreements (CBA)	
COBRA	COBRA	COBRA	
CSXtra 401(k)	CSXtra 401(k)	Capital Builder 401(k)	
Flexible Spending Account	Flexible Spending Account	Not Eligible	
Holidays	Holidays	Holidays	
Medical LOA, STD, LTD	Not Eligible	Sickness benefits, as determined by CBA	
Military Leave	Military Leave	Military Leave	
Optional AD&D	Optional AD&D	Optional AD&D	
Optional Life Insurance	Not Eligible	Optional Life Insurance	
Pension	Pension	Not Eligible	
Prepaid Legal Plan	Prepaid Legal Plan	Not Eligible	
Service Award Program	Service Award Program	Service Award Program	
Severance Pay Plan	Not Eligible	Not Eligible	
ThanX Employee Recognition	ThanX Employee Recognition	ThanX Employee Recognition	
Travel Accident Insurance	Not Eligible	Not Eligible	
Tuition Reimbursement	Not Eligible	Tuition Reimbursement	
Vacation	Vacation	Vacation	
Vision Plan	Vision Plan	Vision Plan	

Communication

The company strives to remain engaged with employees at all time, providing timely updates and easy access to information about the company and its policies. Based on clear feedback from employees in our ***Voice of the Employee*** survey, communication is something that we will continue to improve.

Communication and education opportunities for our employees include:

- Newsletters, town hall meetings, weekly voicemail message from CEO to employees
- Formal knowledge and learning networks with regular meetings and staff support
- Broadcasted lunch n' learn opportunities, formal development networking programs
- Web-based knowledge repositories/databases on the company Intranet, the CSX Employee Gateway
- SaaS tool *TrainingTrax* for administering and tracking online learning
- Company university or external comparable education facilities, nominated programs through universities and external institutes

SUPPLIERS

WORK WITH US, WORK LIKE US.

In today's day and age, a company's suppliers must be seen as and treated like an extension of the company they work with. This is certainly true at CSX, where we believe in treating our suppliers with the same respect, fairness and accountability that we extend to and expect from our own employees.

While the railroad industry currently has a relatively small base of suppliers that can meet our on-going demand for steel-based products, and few new entries into the market, we are working to change the behaviors of our existing suppliers and continuing to develop new suppliers that are consistent with our values. We envision a future where to work with us, suppliers will share our commitment to corporate social responsibility and ethical behavior.

A supply chain linked by values

CSX wants all business transactions to be fair, ethical and honest. To help ensure this, the company reviews supplier policies and procedures for both product/service quality and to determine the extent to which they reflect our values. We are currently working to ensure that all key CSX suppliers and CSX purchases uphold all laws, regulations and respect for human rights and the environment.

Local Partnerships

CSX is proud to take an active role in a number of East Coast communities, and to support those communities responsibly. Given the demands of our business, and our focus on developing diversity, it is our policy to develop suppliers on a global basis. We do support local partnerships when appropriate.



Diversity, Inc. ranked CSX #6 among Fortune 500 companies for its Supplier Diversity Efforts.

Supporting Diversity

CSX is a diverse company serving a diverse customer base filled with increasingly diverse consumers. Inclusion matters to us at all levels – including when it comes to our suppliers.

CSX has a diverse supply base with 565 certified minority and/or women-owned businesses, which accounted for \$113 million in direct spending in 2011.

Ensuring Socially Responsible Supply Chains

Ensuring socially responsible supply chains is very important to CSX. The effective integration of our supplier policies and procedures has the support and interest at the highest levels within CSX:

- We are now providing training in best practices using an in-house facilitator and experts in Strategic Sourcing.
- Contracts include our expectations for social responsibility.
- CSX publishes a "Supplier Guide" assist in educating its suppliers on being a socially responsible supplier to CSX.

The company also now supports Suppliers ESG Guidelines that encompass all E, S and G areas.

Our Success So Far

Strengthening the diversity and breadth of our supplier pool was a primary focus heading into 2011. We achieved some notable successes, including:

- Stabilizing our supply base in the face of continued consolidation and a difficult economic environment
- Implementing a Tier 2 reporting requirement for selected CSX suppliers, giving them an incentive to act in accordance with our social responsibility efforts
- Earning a #6 ranking from **Diversity, Inc.** for our supplier diversity efforts
- Earning the Florida Minority Supplier Development Council's "Buyer of the Year" award
- Reaching \$113 million in diverse spending
- Serving as a corporate member of the National Minority Supplier Development Council and The Women's Business Enterprise Network Council

Moving Forward

Our goals, by expanding our supply base and challenging the status quo, are to:

- Significantly increase minority spending
- Expand and capture suppliers spending data with diverse businesses
- Include spending beyond minority and women-owned businesses to include other categories, such as veteran-owned businesses

CSX's efforts to strengthen diversity and like-minded social responsibility among suppliers are only as strong as the suppliers available to work with. As successful minority businesses are acquired by larger companies, or as businesses succumb to the challenging economy, our efforts may be hampered.

GOVERNMENT

USING OUR VOICE, UPHOLDING OUR VALUES

Working with federal, state and local governments is an everyday part of our company's operation. That means working with federal, state, and local governments in ethical and proper manners is mandatory for every one of our employees and affiliates.

Lobbying

Supporting the company's mission to be the safest, most progressive railroad and upholding our responsibilities to our company stakeholders requires CSX to sustain a proactive, productive interaction with governing bodies. To ensure proper protocols are followed, CSX employs a robust compliance and training program for ethics and lobbying practices. The company conducts annual training sessions for all its registered lobbyists and has made lobbying compliance part of the company's overall ethics training for all management employees.

In addition, CSX's Internal Audit department conducts periodic audits of the company's compliance with both federal and state/local lobbying rules. The company's ethics hotline also serves as a resource for employees to raise potential issues or concerns.

CSX Contributions to Committees, Political Organizations and Candidates

CSX, through its government relations programs, informs and engages public policy makers at the federal, state and local levels about the potential implications and consequences of legislative and regulatory actions. Whether the issue is economic regulation, safety, energy policy or taxes, the Company recognizes its responsibility to represent the interest of shareholders and employees in the halls of government.

CSX utilizes direct lobbying, written communication, executive testimony and contributions to political candidates and committees where allowed. Consistent with its corporate governance policies, CSX is committed to transparency regarding the use of Company resources to support its government relations initiatives.

Guidelines and Process for Company Resources for Political Activities

Many complex laws govern the use of Company funds and resources for political activity. CSX is not permitted to contribute, directly or indirectly, to any federal political campaign. Various state laws permit direct corporate political contributions, but often impose restrictions on the amount of contributions and on the conduct of lobbyists and government contractors.

CSX may make political contributions from its employee-funded Political Action Committee (PAC), known as the CSX Good Government Fund (GGF), in compliance with all federal and state law requirements. As a matter of Company policy, CSX does not contribute to independent expenditure-only committees, otherwise known as Super PACs.

Political Contributions

Corporate political contributions are permitted under certain conditions in 12 of the 23 states in the CSX operating network. Those states are Alabama, Florida, Georgia, Indiana, Illinois, Louisiana, Maryland, Mississippi, New Jersey, New York, South Carolina and Virginia. For a detailed listing of contributions made in those states during the reporting period, please [click here](#) to visit the Political Contributions section of www.csxcsr.com.

CSX makes contributions to state and local candidates 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.

Individual political contributions to state and local candidates are determined by the Vice President of State Relations with input from the Regional Vice President responsible for the state in which the candidate resides. Political contributions to federal candidates are determined by the Vice President of Federal Legislation. These decisions are based on general guidance consistent with the above criteria and subject to oversight by the Senior Vice President for Law and Public Affairs and the Board of Directors' Public Affairs Committee.

Independent Expenditures and Ballot Measures

The Supreme Court of the United States in January, 2010, ruled in **Citizens United v. Federal Elections Commission** (FEC) that independent political advertising by corporations in support of, or in opposition to, candidates may not be prohibited. As a result, corporations and unions are no longer subject to bans on independent spending for campaign advertising, but these and other political activities continue to be highly regulated. For example, corporate contributions to candidates are still prohibited under federal law and under the laws of 22 states.

On a semi-annual basis, the Company will disclose expenditures to intervene in elections, including independent expenditures and expenditures related to 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. During calendar year 2011, the Company did not make any such contributions.

Trade Association Political Expenditures and Contributions

CSX belongs and pays membership dues to a number of trade associations and other non-profit organizations. 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. For a list of those organizations where the Company's annual aggregate payments are \$50,000 or more and the non-deductible portion of those payments for calendar year 2011, [please click here](#) to visit the Political

Contributions section of www.csxcsr.com. For more information on how these organizations utilize these dues or contributions, please contact them directly or visit their websites.

The CSX Good Government Fund

The GGF is a nonpartisan, employee-funded political action committee that supports the election campaigns of qualified state and federal candidates for public office. The GGF is governed by a board of directors composed of Company employees and contributions are based on specific giving criteria. Federal regulations strictly prohibit CSX from making corporate campaign contributions to federal candidates; many state laws also prohibit corporate contributions to state candidates. The GGF's focus is on candidates and elected officials whose voting record and position on key issues indicate they advocate public policy in the best interest of CSX, the railroad industry and its employees, with a strong emphasis on economic development and job creation.

All contributions made to the GGF go directly to support candidates seeking public office. Federal law requires CSX to make its best efforts to obtain and report to the FEC the name, mailing address, occupation and name of employer for individuals whose aggregate contributions exceed \$200 in a calendar year. The GGF must also report all aggregate receipts and expenditures to the FEC. State reporting requirements vary. For a complete listing of the GGF's FEC reports, [please click here](#) to visit the Political Contributions section of www.csxcsr.com.

2011

Corporate Social Responsibility Report



Environment

Environmental Stewardship

Moving Tomorrow Responsibly

Performance

Committed to Results

Advocacy & Accomplishments

Promoting Environmental Practices

Sustainability

Investing More to Use Less

Guidelines & Policy

Our Standards for Stewardship

Building for a Greener Future

Turning Innovation into Preservation

Environment

Striving for Sustainability

Sustainability is at the heart of our company's social responsibility efforts – we see environmental stewardship as an integral responsibility we have to our customers, employees, communities and country. In 2011, we amplified our environmental stewardship in a number of significant ways, including investing in new innovations for our locomotive fleet and stressing the importance of sustainability to our employees.

Our goal as a company is to move tomorrow responsibly. As demand for our company's services increase, we realize that so too will our total fuel consumption and emissions. That's why we are committed to reducing greenhouse gas emissions, improving our fuel efficiency and working to protect more of our planet's natural resources.

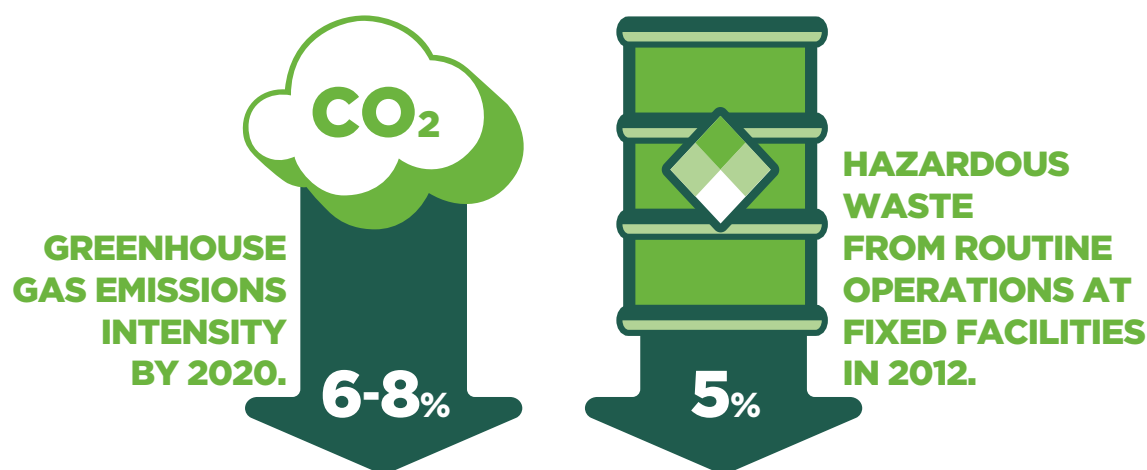
Environmental Stewardship ***MOVING TOMORROW RESPONSIBLY***

Investments in technological innovations and improved operational practices have already helped CSX improve locomotive fuel efficiency by more than 90 percent since 1980. We intend to go further.


CSX has placed a greater emphasis on reducing our carbon footprint for much of the last decade. The company was the first transportation company to join the EPA's Climate Leaders Program (2006-2011), where we volunteered to reduce greenhouse gas emissions intensity by 8 percent. We achieved that goal a year early and are now committed to reducing greenhouse gas emission intensity an additional 6 to 8 percent by 2020.


Due to fluctuations in the type of freight carried and a decrease in revenue ton-miles, our fuel efficiency decreased to 456 revenue ton-miles per gallon in 2011, down from a previous high of 468. By comparison, a typical truck can move a ton of freight 120 to 140 miles with a single gallon of fuel.

CSX IS COMMITTED TO REDUCING:



As the most environmentally friendly and energy-efficient form of land transportation, freight rail provides immediate and long-term benefits for our customers, neighbors and country:

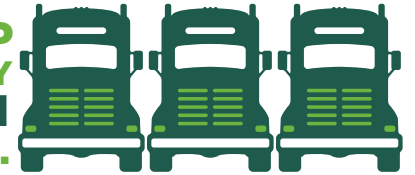
FREIGHT RAIL IS

3 to 5x
MORE FUEL-EFFICIENT
THAN MOVING FREIGHT
ON THE HIGHWAY

1 INTERMODAL
TRAIN
CAN CARRY THE LOAD
OF MORE THAN
280 TRUCKS.


CSX TRAINS CAN MOVE
ONE TON OF FREIGHT
OVER
450
MILES
ON A SINGLE
GALLON OF FUEL.


EACH BULK & MERCHANDISE
TRAIN CAN CARRY
THE LOAD OF UP TO
500 TRUCKS.


EVERY RAILCAR TRIP
REMOVES APPROXIMATELY
3 TRUCK TRIPS FROM
CONGESTED HIGHWAYS.



10%
OF LONG HAUL
TRUCKING
MOVING TO RAIL
WOULD CONSERVE
OVER 1 BILLION
GALLONS
OF FUEL &
REDUCE
GREENHOUSE
GAS EMISSIONS
BY MORE THAN
12 MILLION
TONS EACH YEAR.

MOVING FREIGHT BY RAIL
INSTEAD OF TRUCK
REDUCES GREENHOUSE
GAS
EMISSION
BY 75%


FREIGHT TRANSPORTATION

IS EXPECTED TO GROW
IN THE NEXT 30 YEARS **60%**

Advocacy & Accomplishments

PROMOTING ENVIRONMENTAL PRACTICES

Growing public sensitivity to environmental issues has presented CSX with a wonderful opportunity to explain the eco-advantages rail has to offer to an increasingly interested audience.

To get the word out and to uphold our duty to environmental responsibility, the company is taking part in a number of conservation programs and initiatives. Some of our highlights from 2011 included:

- **Environmental Defense Fund's (EDF) Climate Corps Program.** EDF Climate Corps places top MBA students, known as Climate Corps fellows, in companies to develop practical, actionable energy efficiency plans that cut costs and greenhouse gas emissions. Our fellow teamed with CSX subject matter experts to evaluate energy use of our rail yard air compressors and the CSX Data Center. He identified annual savings of more than \$1.2 million and 3,000 metric tons of greenhouse gas emissions.
- **No Spike Left Behind Program.** Environmental and Engineering employees in our Jacksonville division teamed up for an extensive property cleanup. Together, they achieved over \$2 million dollars in cost recovery and materials recycling. Based on this success, this program has been expanded system wide to deliver maximum benefit.
- **"The Tomorrow Moves Project" on Facebook.** Launched to solicit thoughtful environmental ideas, this effort engaged a broader audience and generated multiple creative environmental solutions.
- **A new and improved carbon calculator.** Launched in November 2011, the calculator is aimed at helping consumers and

businesses better understand the key role freight rail plays in a sustainable supply chain. To demonstrate the efficiencies of CSX's network, the calculator compares the carbon emissions generated by freight rail to those of long-haul trucks over similar routes.

CSX also received – and awarded – several notable environmental performance accolades. Among those highlights:

- CSX was the only railroad named to the Carbon Performance Leadership Index. The index recognizes industry leaders that have responded successfully to the Carbon Disclosure Project. The disclosure project provides climate change data from the world's largest corporations to help shareholders understand companies' commitments to climate change-related issues. A not-for-profit organization, it represents 665 institutional investors with \$78 trillion in assets under management. CSX has disclosed its greenhouse gas emissions and climate change strategies with the Carbon Disclosure Project since 2008.
- CSX was listed in the Dow Jones Sustainability Index for the first time and was the only U.S. railroad included.
- CSX ranked first in U.S. Class I Railroads in *Newsweek* Green Rankings.
- CSX accepted the Environmental Leadership Award from the Maryland Green Registry for Environmental Stewardship.
- CSX received the New Jersey Department of Environmental Protection's Environmental Stewardship Award for engaging in positive activities that benefit the environment and promote sustainability.
- CSX celebrated 61 chemical shippers at our Annual Chemical Safety Excellence Awards. To qualify for the award, each winner shipped 600 railcars or more on our network with zero non-accident releases caused by a railcar failure or improper loading.

PREPARED FOR CHANGE

CSX supports federal and state legislation aimed at reducing greenhouse gas emissions and traffic congestion through the expansion of infrastructure programs like the National Gateway that will strengthen rail's positive impact on the environment. CSX believes climate change is a global issue that requires collective action among nations to devise and execute practical and cost-effective programs that reduce man-made greenhouse gas emissions. For more on the National Gateway, please visit the [NationalGateway.org](https://www.nationalgateway.org).

Climate change legislation or regulation has been proposed, and in some cases adopted, in the form of restrictions, caps, taxes or other controls on greenhouse gas emissions. In particular, the U.S. Environmental Protection Agency has issued various regulations targeting GHG emissions, including rules and standards governing GHG emissions from certain stationary sources and from vehicles. Any of these pending or proposed laws or regulations could adversely affect CSX and its customers' businesses, operations and financial results by, among other things: (1) increasing energy costs generally, making it difficult for the company's customers in the U.S. and Canada to produce products in a cost competitive manner (particularly in the absence of similar regulations in countries like India and China); (2) increasing the company's fuel and other operating costs and negatively affecting operating and fuel efficiencies; and (3) reducing the consumption of coal as a viable energy resource in the United States.

Any of these factors could reduce the amount of traffic CSX handles and have a material adverse effect on the company's financial condition, results of operations or liquidity. However the uncertainty of regulation makes it impossible to predict the magnitude of impact. In order to mitigate each of these risks, CSX has taken on a variety of initiatives including:

- Energy efficiency programs to mitigate the risk of rising energy cost
- Strategic expansion of intermodal capacity capable of mitigating the risk of a business level decline in any one specific market
- Fuel efficiency initiatives to mitigate the risk of rising fuel prices

ENVIRONMENTAL COMPLIANCE RECORD

CSX has a dedicated team of environmental professionals located throughout its network. These personnel monitor environmental compliance activities and perform regulatory-required inspections of fueling systems, wastewater treatment facilities, hazardous waste storage areas, emergency generators and other facilities and equipment. Each year, thousands of individual, focused inspection tasks are completed to ensure CSX's environmental regulatory compliance is high. CSX environmental professionals benchmark with other companies and attend environmental training programs and conferences to stay abreast of continuing changes in environmental regulations and to understand industry best practices. When environmental incidents occur, CSX personnel respond aggressively to minimize environmental damage. Investigating such incidents, with clear corrective actions to prevent similar occurrences, is a cornerstone of our long-term environmental performance.

Guidelines and Policy

OUR STANDARDS FOR STEWARDSHIP

Becoming the environmental stewards that we strive to be requires a commitment at every level of the company, from our executive offices to our locomotive cabs. It is a commitment we are readily embracing.

Our efforts to reduce our carbon footprint and to protect our resources are governed by a series of guidelines and policies created to make environmental accountability a critical, and achievable, goal.

OUR ENVIRONMENTAL GUIDELINES

CSX has environmental guidelines in place for many areas of operations, including:

- Selection/evaluation of suppliers, service providers and contractors
- Development of new products and services
- Product distribution and logistics
- Management of waste
- Engineering and maintenance
- New projects
- Non-managed operations, licensees, third-party manufacturers, JV partners, outsourcing partners
- Due diligence, mergers and acquisitions

OUR ENVIRONMENTAL POLICY

CSX is committed to protecting the environment and the safety and health of its employees, customers and the public. The company demonstrates this commitment by striving to deliver for its customers in an environmentally sustainable manner. CSX's daily decisions and actions are guided by the following principles:

- Conduct operations safely, protecting employees, the public, customers and the environment.
- Comply with environmental laws and regulations, internal policies and best management practices.
- Identify, promptly report and address active or potential environmental concerns in a responsible manner.
- Openly communicate with employees, customers and the public regarding the company's environmental programs.
- Train and empower employees to fulfill environmental responsibilities.
- Encourage suppliers to follow environmentally sustainable practices.
- Use sound environmental practices in managing properties.
- Strive toward zero waste through comprehensive recycling and reuse initiatives, emissions intensity reduction goals, and pollution prevention efforts.
- Engage in public-private partnerships that promote environmental stewardship and foster communications with public agencies.
- Continually improve environmental performance by setting and reviewing targets and goals that protect people and the environment using sound business practices.

PUBLIC SAFETY AND ENVIRONMENT

Environmental efforts at CSX are guided by the *Public Safety and Environment Management System*, which combines the applicable portions of multiple commonly used management systems to guide our actions.

A primary focus of the system is to ensure regulatory compliance and to minimize the effect of our operations on the environment and communities in which we operate. This system establishes the programs, processes and procedures required to sustain performance that fulfills our commitments to safety, health, environment, security and outreach.

Implementation is accomplished primarily at the corporate and facility levels. For consistency, the programs and processes are organized around the tenets of compliance assurance. This includes the formal identification of legal and other requirements; evaluation of potential risks of CSX's operations; and the assignment of roles and responsibilities for meeting requirements, training and operational controls. Verification programs, including internal inspections and independent compliance and management system reviews, have been developed to ensure that CSX's performance remains on track.

Our Environmental Performance

COMMITTED TO RESULTS

	2009	2010	2011
Normalized greenhouse gas emissions (metric tons CO ₂ eq per million revenue ton-mile)	24.13	23.96	25.16*
Direct (Scope 1) greenhouse gas emissions¹ (metric tons CO ₂ equivalent)	4,773,176	5,214,936	5,397,577*
Indirect (Scope 2) greenhouse gas emissions (from energy purchased and consumed)	255,464	255,738	318,864*
Total (Scope 1, 2 & 3) Emissions (metric tons CO ₂ equivalent)	5,049,248	5,491,282	5,746,061*
Percentage of total greenhouse gas emissions from locomotives/electricity/vehicles	90.9/5.1/2.2	91.7/4.72/2.0	89.7/5.5/2.1
Total annual fuel use (diesel, in gallons)²	448,315,616	491,384,085	503,028,348
Fuel efficiency (by revenue-ton-mile/gallon diesel consumed)	468 RTM/g	468 RTM/g	456 RTM/g
Total energy (in MWH) (100 percent of CSXT purchased electricity, 2011 includes all CSX Corp)	435,718	434,827	539,091
Total hazardous waste generated (in tons)³	142.5	138.0	64.3
Water consumed (in Kgal)⁴	924,922	1,010,919	1,412,637

*In order to increase transparency, 2011 data includes CSX Corporation subsidiary companies in addition to CSXT in its measures. Therefore amounts are higher than those reported in previous years. Total normalized emissions vary slightly from data reported in previous years due to changes in EPA accepted emission factors.

¹For CSX operations, the list of greenhouse gas emissions include CO₂, CH₄, N₂O, and HFC. The global warming potentials for these greenhouse gases are used to convert the calculated emission to a common unit of CO₂ equivalents.

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

³Total hazardous waste generated includes fixed facility generation and hazardous materials response; it excludes remediation projects unrelated to ongoing operations. The hazardous waste total for these projects was 251.6 tons (2009), 10,417.1 tons (2010), and 1,658.1 tons (2011).

⁴Water consumed (in Kgal) is estimated from total cost of water for each year and the average cost per Kgal.

Sustainability

INVESTING MORE TO USE LESS

At CSX, sustainability is the way we manage and operate our business responsibly 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.

We support our effort with significant investments in time, money and resources. In the last decade, the company has invested over \$1.75 billion in new locomotives and technology that help to improve fuel efficiency and reduce emissions. Our daily practices align business performance with a purpose and commitment to environmental, social, and community stewardship.

These efforts encompass three primary elements:

1. Reduce the environmental footprint of our operations.

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

2. Support sustainable development in our service area.

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

3. 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. For more please visit the GRI Index on www.csxcsr.com.

CSX partners with like-minded companies

CSX strives to protect the environment at every point in our business supply chain. To that end, we review selected suppliers each year and conduct physical walkthroughs of facilities including locomotive, cross tie and fuel vendors to gauge safety, environmental and quality factors. In the event of any issues that cause concern, CSX provides a 5-step corrective action plan to rectify problem areas.

SUSTAINABILITY IN ACTION

Employee Training

CSX locomotive engineers are trained on locomotive simulators, where they learn best practices and improve their awareness of fuel-efficient train handling. The company is also utilizing locomotive Event Recorder Automated Download (ERAD) technology that provides feedback to engineers on how to improve fuel efficiency, performance and safe operations. Over the last 4 years, ERAD has contributed to the saving of over 20 million gallons of fuel.

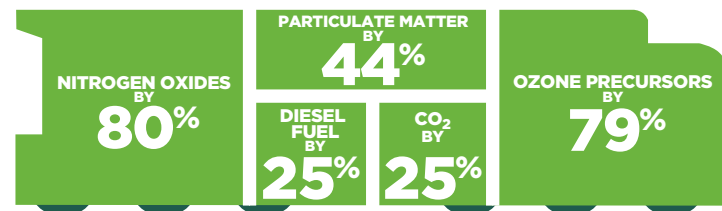
GALLONS OF FUEL SAVED THROUGH ERAD



Locomotive Fleet Enhancements

CSX put its 30th ultra-low emissions GenSet locomotive into operation in early 2012. These locomotives, which are quieter and more fuel-efficient than traditional locomotives, use two or three smaller EPA-certified, ultra-clean diesel generators instead of a single large diesel engine. The engines activate automatically as needed, which helps improve fuel efficiency by up to 25 percent.

GENSET LOCOMOTIVES REDUCE:



Innovation and Advanced Engineering

Technological advancements are a core part of advancing sustainability at CSX. Over the last year, we have invested in a number of new and existing technologies designed to make us a more efficient company, including:

Auxiliary Power Units and Automated Engine Start Stop

CSX has invested more than \$40 million over the last decade in two separate idle reducing technologies, Auxiliary Power Units (APUs) and Automated Engine Start Stop (AESS). APUs reduce the need to idle by providing auxiliary power to a locomotive while shut down. AESS shuts the locomotive down automatically when it's not in use and starts it automatically when needed. Employees are also trained on proper locomotive shutdown rules to eliminate unnecessary idling.

Friction Reducers and Trip Optimization Software

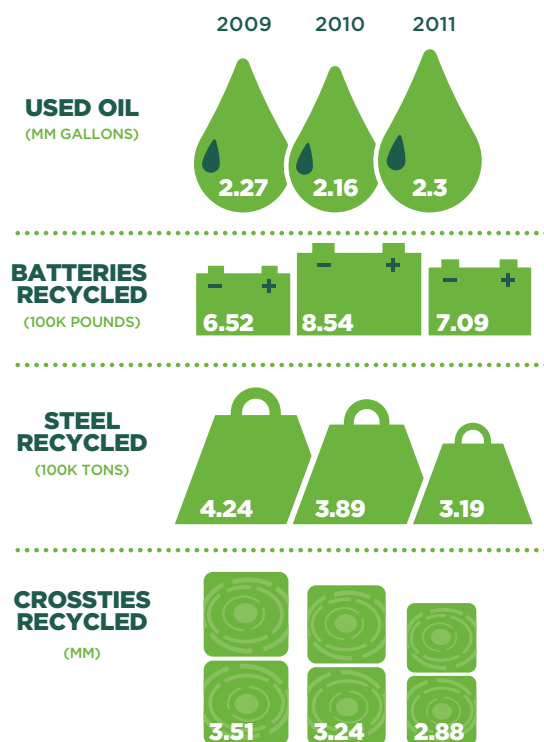
CSX is testing new friction reducers that have the potential to cut fuel use by 3 to 5 percent and installing trip optimizer software in locomotives that could deliver additional annual fuel savings of 5 percent to 7 percent. Trip optimizer software evaluates routes and develops trip plans that optimize fuel burn based on locomotive horsepower, trailing tonnage and topography. Installation is expected to be complete in 2014, which will provide greater fuel savings, reduced wear and tear on the fleet and reduced CO₂ emissions.

Hydrogen Fuel Cells

We are also turning to hydrogen fuel cells as power sources in some areas. Hydrogen fuel cells are advantageous because they can be used as a power source during commercial power outages at our highway crossing and signal systems while helping to reduce the company's environmental footprint. Hydrogen fuel cells are superior to generator alternatives because they use less power, require little maintenance and can be powered and monitored by remote Internet access and reduce or eliminate onsite emissions.

Recycling

CSX is committed to conserving more than just fuel in our locomotives. We recycle oil used in our locomotives, plus everything from the steel of old locomotives and railcars to batteries, paper, and electronic equipment. In some facilities, CSX reuses locomotive oil to heat shop buildings.



Reducing Use of Hazardous Chemicals

CSX is committed to replacing chemicals, paints and cleaners with safer, more environmentally friendly products where possible. Cleaners containing chlorinated solvents and low-flash-point mineral spirits have already been eliminated, and we are moving away from oil-based paints to water-based, low-VOC paints.

CSX IS REDUCING HAZARDOUS WASTE



The company cut its hazardous waste generation by more than 70 tons from 2010 to 2011. Primary sources of hazardous waste include paint-related waste, solvents, traction motor wicks, damaged batteries and damaged fluorescent bulbs. Our goal for 2012 is to further reduce our hazardous waste generation from normal fixed facility operations by 5 percent.

Energy Efficiency

From heating to lighting and beyond, CSX monitors energy usage throughout the company and takes steps to reduce use wherever possible. Energy Efficiency Teams are in place at larger facilities to review energy use and implement energy conservation projects.

RENEWABLE ENERGY

A small, but growing, portion of CSX's energy comes from renewable sources. CSX currently has solar-powered signals, water heaters and navigational lighting at more than 100 locations in our network and has installed 70 heaters that run on used oil.

WATER USE

CSX's operating procedures, Environmental Management System and field environmental practices are consistent with all local, state and federal environmental policies, including the Clean Water Act. We are currently using a rainwater harvesting and recycling system at Curtis Bay Piers, where water harvested from the system is used for dust suppression, reducing the need for purchased water. The system is currently being expanded with the goal of near-zero discharge. We also installed a process water-recycling unit in Corbin, Ky., to reduce potable water use. In 2011, the company used 1,412,637 Kgal of water. We are implementing programs to track water use and recognize the need to evaluate how water use can be reduced company-wide.

WASTEWATER TREATMENT

CSX uses comprehensive systems and programs to monitor water flow and quality throughout the network, meeting and exceeding required standards.

LEED CERTIFICATION

CSX received its first LEED certification in 2010 for a new facility constructed in Florence, S.C. In 2011, the company added to its LEED facilities with the Northwest Ohio Intermodal Terminal and the remodeling of our corporate offices at 550 Water Street in Jacksonville, Fla. The 550 Water Street Building received LEED gold certification.

Delivering the winds of change

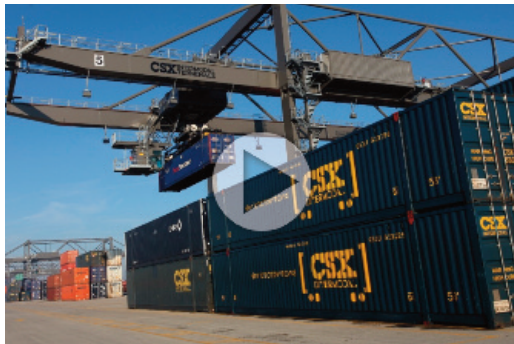
Less than 100 miles from CSX's new Northwest Ohio terminal, a collection of wind farms needed help bringing in the massive components required to build their giant windmills. Once constructed, these windmills can stand 20 stories high with blades the length of a football field. CSX met the challenge of moving the giant parts by connecting 65 89-foot flatcars. The single train that delivered the parts stretched over a mile long.

Building for a Greener Future

TURNING INNOVATION INTO PRESERVATION

CSX is engaging in environmental initiatives throughout our company, improving everything from the fuel efficiency of our trains to the carbon footprint of the buildings and facilities along our network.

One of those state of the art facilities is the Northwest Ohio Terminal, a key component of the National Gateway, a project that delivers a number of public benefits.



[Click here](#) to learn more about the NW Ohio Terminal.

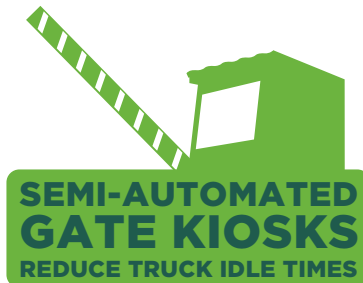
THE NORTHWEST OHIO TERMINAL

Serving as the linchpin between Midwestern markets and Eastern consumption centers and seaports, the Northwest Ohio Terminal was designed to be one of the most efficient, innovative, environmentally friendly intermodal terminals in the country. The terminal began operations in February 2011. Not only does it offer a tremendous economic advantage to our customers, the LEED-certified building is also a model of sustainability.

**5 WIDE-SPAN
ELECTRIC CRANES**



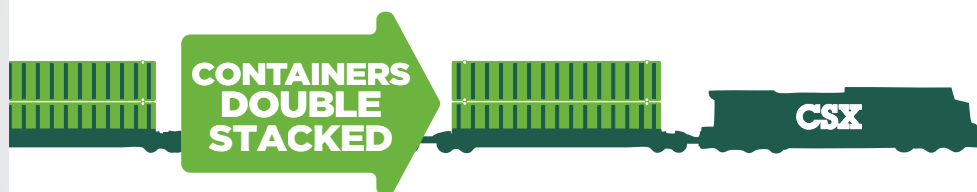
80%
EMISSIONS REDUCTION



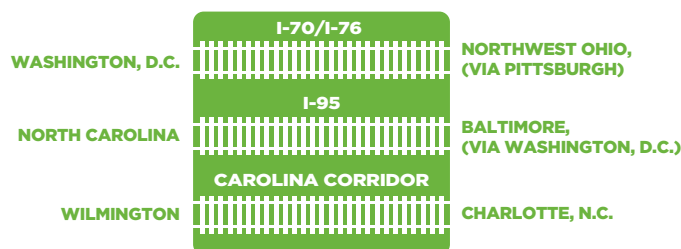
THE NATIONAL GATEWAY

According to the U.S. Department of Transportation, the overall freight tonnage hauled in the United States is expected to grow by 60 percent in the next 30 years. That exponential growth will add even greater stress to the nation's infrastructure and environmental health. CSX is taking the lead on a new project that will provide relief for the nation's highways and increased protection for our environment.

Launched in May of 2008, The National Gateway is a public-private infrastructure initiative that will upgrade tracks, equipment and facilities to accommodate double-stack intermodal trains. Double-stack trains can carry twice as much cargo as single-track trains, creating substantial environmental and efficiency advantages.



ENHANCEMENTS TO EXISTING RAIL CORRIDORS



The National Gateway will enhance three existing rail corridors that run through Maryland, Virginia, North Carolina, Pennsylvania, Ohio and West Virginia.

ENVIRONMENTALLY THE NATIONAL GATEWAY HAS THE POTENTIAL TO AVOID



CO₂ EMISSIONS



NITROGEN OXIDES



PARTICULATE MATTER



FUEL USE



TRAVELED BY LONG-HAUL TRUCKS

ECONOMICALLY THE NATIONAL GATEWAY HAS THE POTENTIAL TO

CREATE



+50,000 JOBS

WITHIN 30 YEARS

SAVE



\$3.5 BILLION

SHIPPING & LOGISTICS COST

AVOID



\$660 MILLION

PAVEMENT MAINTENANCE

TRIPLE



**THE MARKET
ACCESS**

**FOR THE PORTS OF
BALTIMORE
HAMPTON ROADS
WILMINGTON**

MOVING FORWARD

Based on economic and cultural trends that favor greater environmental protection, we expect to see an increased demand for freight transportation in general, as well as a growing need for transportation of renewable energy technologies. CSX has made great strides in recent years to become as environmentally friendly as possible, reducing both our fuel use and greenhouse gas emissions. We have identified areas for improvement and are committed to achieving our goals with the greatest efficiency, transparency and expedience. Taking our company's environmental stewardship to even greater heights across all facets of our company is a challenge and goal we are prepared to meet.

For more information, please visit www.nationalgateway.org.

Contact

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

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Stock Listings

CSX's common stock is listed on the New York Stock Exchange, which is its principal trading market, and is traded over-the-counter and on exchanges nationwide. The official trading symbol is "CSX."

Stock Transfer Agent

Computershare Shareowner Services

Investor Care Department

PO Box 358015

Pittsburgh, PA 15252-8015

1-800-521-5571

www.bnymellon.com/shareowner/isd

Contact

Direct Stock Purchase and Dividend Reinvestment

CSX provides dividend reinvestment and stock purchase plans for shareholders and potential shareholders as a convenient method of acquiring CSX shares through direct purchase, dividend reinvestment and optional cash payments.

CSXDirectInvestSM permits the purchase and sale of shares directly through Computershare, the company's transfer agent. Through this plan, no service charges apply to share purchases, and sales can be made with minimal charges and commissions. Initial investment for a non-shareholder is \$500 plus a \$10 one-time enrollment fee. You do not need to own shares of CSX stock to enroll in this plan. However, if you are a current shareholder, the initial investment and enrollment fee are waived.

Other benefits of CSXDirectInvestSM include the ability to:

- Reinvest dividends automatically in CSX common stock, without paying any brokerage commissions or service charges, or receive dividend payments on some or all of your shares.
- Make optional cash investments with as little as \$50 per month, or up to \$10,000 per month, without any charges or commissions.

To obtain a prospectus or other information regarding CSXDirectInvestSM, please contact:

Computershare Shareowner Services

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