

CSX CORPORATION

2017 FIRST QUARTER EARNINGS CONFERENCE CALL



Forward Looking Disclosure

This information and other statements by the company may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act with respect to, among other items: projections and estimates of earnings, revenues, margins, volumes, rates, cost-savings, expenses, taxes, liquidity, capital expenditures, dividends, share repurchases or other financial items, statements of management's plans, strategies and objectives for future operations, and management's expectations as to future performance and operations and the time by which objectives will be achieved, statements concerning proposed new services, and statements regarding future economic, industry or market conditions or performance. Forward-looking statements are typically identified by words or phrases such as "will," "should," "believe," "expect," "anticipate," "project," "estimate," "preliminary" and similar expressions. Forward-looking statements speak only as of the date they are made, and the company undertakes no obligation to update or revise any forward-looking statement. If the company updates any forward-looking statement, no inference should be drawn that the company will make additional updates with respect to that statement or any other forward-looking statements.

Forward-looking statements are subject to a number of risks and uncertainties, and actual performance or results could differ materially from that anticipated by any forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by any forward-looking statements include, among others: (i) the company's success in implementing its financial and operational initiatives; (ii) changes in domestic or international economic, political or business conditions, including those affecting the transportation industry (such as the impact of industry competition, conditions, performance and consolidation); (iii) legislative or regulatory changes; (iv) the inherent business risks associated with safety and security; (v) the outcome of claims and litigation involving or affecting the company; (vi) natural events such as severe weather conditions or pandemic health crises; and (vii) the inherent uncertainty associated with projecting economic and business conditions.

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



Non-GAAP Disclosure

CSX reports its financial results in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). CSX also uses certain non-GAAP measures that fall within the meaning of Securities and Exchange Commission Regulation G and Regulation S-K Item 10(e), which may provide users of the financial information with additional meaningful comparison to prior reported results.

Non-GAAP measures do not have standardized definitions and are not defined by U.S. GAAP. Therefore, CSX's non-GAAP measures are unlikely to be comparable to similar measures presented by other companies. The presentation of these non-GAAP measures should not be considered in isolation from, as a substitute for, or as superior to the financial information presented in accordance with GAAP. Reconciliations of non-GAAP measures to corresponding GAAP measures are attached hereto in the Appendix of this presentation.

Forward Looking Non-GAAP Measures

CSX presents non-GAAP or adjusted operating ratio and adjusted net earnings per share, assuming dilution on a forward-looking basis. The most directly comparable forward-looking GAAP measure is operating ratio and net earnings per share, assuming dilution. CSX is unable to provide a quantitative reconciliation of these forward-looking non-GAAP measures to the most directly comparable forward-looking GAAP measure, because CSX cannot reliably forecast the timing and amount of future restructuring charges and other charges related to the change of leadership and strategy which are difficult to predict and estimate. Please note that the unavailable reconciling items could significantly impact CSX's future financial GAAP results.

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EXECUTIVE SUMMARY

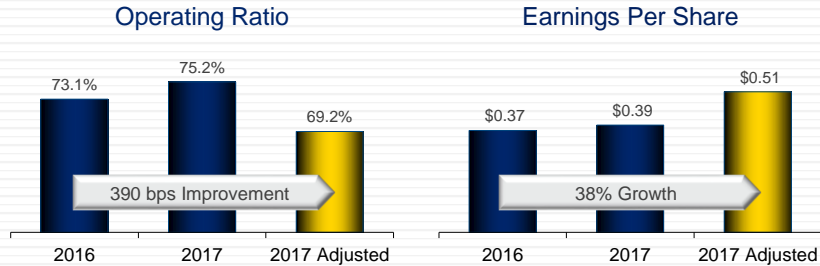
E. Hunter Harrison
President and Chief Executive Officer

HOW TOMORROW MOVES



First quarter highlights

Volume 1,592K Revenue \$2,869M Operating Income \$712M Operating Ratio 75.2% EPS \$0.39



Initial Impressions:

- CSX has a great network and a dedicated team that wants to win
- Significant opportunities exist to streamline support functions; monetize real estate and more
- Operating changes will improve service, lower costs, expand margins and grow earnings
- Board of Directors is very supportive of Precision Scheduled Railroading

Note: Adjusted financials exclude a restructuring charge of \$173 million in the first quarter of 2017; see Appendix

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FINANCIAL REVIEW

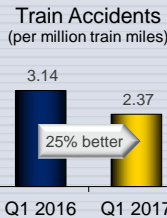
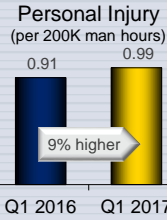
Frank A. Lonagro
EVP and Chief Financial Officer

HOW TOMORROW MOVES

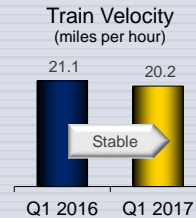
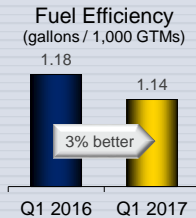


First quarter operating highlights

Safety



Efficiency and Service



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First quarter earnings summary

First Quarter Income Statement

| Dollars in millions | 2017 | 2016 | Variance |
|-------------------------------|----------------|----------------|------------------|
| Revenue | \$ 2,869 | \$ 2,618 | 10% |
| Expense | | | |
| Labor and Fringe | 789 | 796 | 1% |
| Materials, Supplies and Other | 567 | 550 | (3%) |
| Fuel | 218 | 150 | (45%) |
| Depreciation | 320 | 313 | (2%) |
| Equipment and Other Rents | 90 | 105 | 14% |
| Restructuring Charge | 173 | - | NM |
| Total Expense | 2,157 | 1,914 | (13%) |
| Operating Income | 712 | 704 | 1% |
| Interest Expense | (137) | (143) | 4% |
| Other Income – Net | 7 | 7 | 0% |
| Income Taxes | (220) | (212) | (4%) |
| Net Earnings | \$ 362 | \$ 356 | 2% |
| Earnings Per share | \$ 0.39 | \$ 0.37 | 5% |
| Operating Ratio | 75.2% | 73.1% | (210 bps) |

Note: Excluding the restructuring charge, operating income was \$885 million, operating ratio was 69.2% and EPS was \$0.51

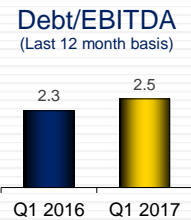
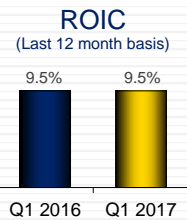
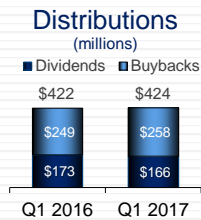
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Key first quarter financial measures

First Quarter Free Cash Flow Before Dividends

| Dollars in millions | 2017 | 2016 | Variance |
|--|----------|--------|----------|
| Cash Provided by Operating Activities | \$ 1,043 | \$ 754 | \$289 |
| Property Additions | (441) | (425) | (16) |
| Other Investing Activities | 25 | 31 | (6) |
| Free Cash Flow Before Dividends | \$ 627 | \$ 360 | \$ 267 |
| Restructuring Charge After-tax | 7 | - | 7 |
| Adjusted Free Cash Flow Before Dividends | \$ 634 | \$ 360 | \$ 274 |

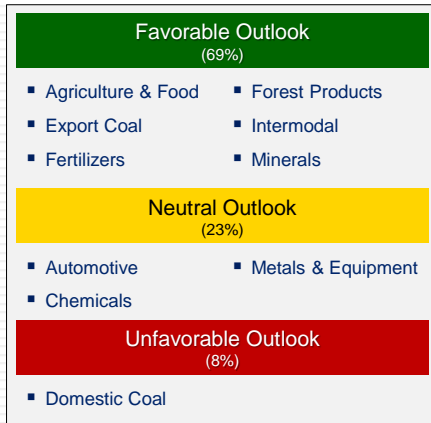


Note: ROIC and Debt/EBITDA are adjusted for the restructuring charge in the first quarter 2017; see Appendix

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Second quarter volume outlook is favorable



Key indicators support growth in most markets

- Modest economic expansion continues
- Consumer sentiment at high levels
- Expect truck market fundamentals to gradually improve; mostly in second half
- Export coal demand remains strong

Specific headwinds will impact a few markets

- Auto production flattening out
- Crude economics remain challenged
- Short-haul domestic coal loss continues

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Financial outlook . . .

- **Company off to a good start in 2017**
 - Expect changes to accelerate in coming quarters; drive sustainable improvements
- **2017 full-year adjusted expectations** *(excludes impact of 2017 restructuring charges)*
 - Operating ratio to be in the mid-60s, supported by record efficiency gains
 - Earnings per share growth to be around 25% off 2016 reported base of \$1.81
 - Free Cash Flow before dividends to be around \$1.5 billion
 - Expectations presume coal markets and overall economy remain stable
- **Shareholder distributions reinforce management confidence**
 - Quarterly dividend increases 11% to \$0.20; new \$1 billion buyback program over 12 months
- **Multi-year strategy and guidance to be conveyed**
 - Timing expected to be in the third or fourth quarter

Note: Please see Forward Looking Non-GAAP Measures Disclosure on Slide 3

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Progressing Forward



APPENDICES

- Non-GAAP Reconciliations
- Calculations of Other Key Financial Measures

HOW TOMORROW MOVES



Non-GAAP Income Statement reconciliation

First Quarter Income Statement

| Dollars in millions | GAAP | Adjustments | Non-GAAP |
|-------------------------------|----------|-------------|----------|
| Revenue | \$ 2,869 | \$ 0,000 | \$ 2,869 |
| Expense | | | |
| Labor and Fringe | 789 | 0 | 789 |
| Materials, Supplies and Other | 567 | 0 | 567 |
| Fuel | 218 | 0 | 218 |
| Depreciation | 320 | 0 | 320 |
| Equipment and Other Rents | 90 | 0 | 90 |
| Restructuring Charge | 173 | (173) | - |
| Total Expense | 2,157 | (173) | 1,984 |
| Operating Income | 712 | 173 | 885 |
| Interest Expense | (137) | 0 | (137) |
| Other Income – Net | 7 | 0 | 7 |
| Income Taxes | (220) | (65) | (285) |
| Net Earnings | \$ 362 | \$ 108 | \$ 470 |
| Earnings Per share | \$ 0.39 | \$ 0.12 | \$ 0.51 |
| Operating Ratio | 75.2% | (600 bps) | 69.2% |



Calculations of other key financial measures

| Return on Invested Capital Last twelve month basis through first quarter | | |
|---|-----------|-----------|
| Dollars in millions | 2017 | 2016 |
| Operating Income | \$ 3,397 | \$ 3,445 |
| Lease Interest | 1 | 1 |
| Special Items – pre-tax | 173 | - |
| Operating Profit | \$ 3,571 | \$ 3,446 |
| Tax on Operating Profit | (1,357) | (1,309) |
| Net Operating Profit After Tax | \$ 2,214 | \$ 2,137 |
| Balance Sheet Debt | \$ 11,294 | \$ 10,536 |
| Off Balance Sheet Debt | 339 | 359 |
| Shareholders Equity | 11,776 | 11,606 |
| Invested Capital | \$ 23,409 | \$ 22,501 |
| Return on Invested Capital | 9.5% | 9.5% |

| Debt-to-EBITDA Last twelve month basis through first quarter | | |
|---|-----------|-----------|
| Dollars in millions | 2017 | 2016 |
| Net Earnings | \$ 1,720 | \$ 1,882 |
| Interest Expense | 574 | 553 |
| Income Taxes | 1,035 | 1,113 |
| Depreciation | 1,308 | 1,226 |
| Pension Adjustment | 11 | 35 |
| Operating Lease Payment | 70 | 73 |
| One-Time Items | 173 | - |
| Adjusted EBITDA | \$ 4,891 | \$ 4,882 |
| Balance Sheet Debt | \$ 11,294 | \$ 10,536 |
| Unfunded Pension Obligations | 379 | 557 |
| Other Off Balance Sheet Items | 339 | 359 |
| Adjusted Debt | \$ 12,012 | \$ 11,452 |
| Debt-to-EBITDA | 2.5x | 2.3x |

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Progressing Forward

