



## Forward-Looking Statements

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

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

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

## Executive Summary

Michael Ward  
Chairman and  
Chief Executive Officer

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## Third quarter performance . . .

Volume 1,712K    Revenue \$2,939M    Operating Income \$933M    Operating Ratio 68.3%    EPS \$0.52

### Earnings Per Share



- Revenue declines 9%
  - Lower fuel recovery, volume and mix more than offset pricing gains
- Operations performance
  - Delivered strong safety, service and efficiency gains
- Financial results
  - Operating income declines 4% to \$933 million
  - Operating ratio improves to third quarter record of 68.3%

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## Financial Review

Frank Lonegro  
Executive Vice President  
Chief Financial Officer

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## Third quarter earnings summary . . .

Third Quarter Results			
Dollars in millions, except EPS	2015	2014	Variance
Revenue	\$ 2,939	\$ 3,221	(9%)
Expense	2,006	2,245	11%
<b>Operating Income</b>	<b>\$ 933</b>	<b>\$ 976</b>	<b>(4%)</b>
Interest Expense	(136)	(137)	
Other Income (net)	2	(26)	
Income Taxes	(292)	(304)	
<b>Net Earnings</b>	<b>\$ 507</b>	<b>\$ 509</b>	<b>--%</b>
Fully Diluted Shares in Millions	982	999	
Earnings Per Share	\$ 0.52	\$ 0.51	2%

## Overall outlook for fourth quarter is down

Outlook	Markets	Drivers
Favorable	<ul style="list-style-type: none"> <li>■ Intermodal</li> <li>■ Automotive</li> </ul>	<ul style="list-style-type: none"> <li>■ Ongoing success with H2R conversions and customer growth</li> <li>■ Auto volumes projected to increase with NALVP</li> </ul>
Neutral	<ul style="list-style-type: none"> <li>■ Agricultural Products</li> <li>■ Food &amp; Consumer</li> <li>■ Minerals</li> </ul>	<ul style="list-style-type: none"> <li>■ Capacity to capture full domestic harvest, global market challenging</li> <li>■ Service improvement aids consumer products competitiveness</li> <li>■ Mild 2014 weather extended N. Aggregate moves, aggressive comps</li> </ul>
Unfavorable	<ul style="list-style-type: none"> <li>■ Chemicals</li> <li>■ Metals</li> <li>■ Domestic Coal</li> <li>■ Export Coal</li> <li>■ Forest Products</li> <li>■ Phosphate &amp; Fertilizer</li> <li>■ Waste &amp; Equipment</li> </ul>	<ul style="list-style-type: none"> <li>■ With low crude oil prices, declines expected in the energy market</li> <li>■ Steel production expected to remain below prior year levels</li> <li>■ Low natural gas prices will continue to depress volumes</li> <li>■ Strong U.S. dollar and continued oversupply in market</li> <li>■ Ongoing paper products decline and high building products inventory</li> <li>■ Weak domestic demand due to low corn prices</li> <li>■ Beginning to cycle completion of a large remediation project</li> </ul>

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## Fourth quarter expense expectations . . .

Labor and Fringe	<ul style="list-style-type: none"> <li>■ Headcount expected to be down 2% sequentially and 6% year-over-year</li> <li>■ Inflation estimated to be around \$25 million</li> <li>■ Benefit from continued service improvement</li> </ul>
MS&O	<ul style="list-style-type: none"> <li>■ Inflation expected to be offset by efficiency and volume-related savings</li> </ul>
Fuel	<ul style="list-style-type: none"> <li>■ Lower cost per gallon, reflecting the current forward curve</li> <li>■ Benefit from volume-related savings and fuel efficiency</li> </ul>
Depreciation	<ul style="list-style-type: none"> <li>■ Estimated to increase around \$15 million versus the prior year</li> </ul>
Equipment and Other Rents	<ul style="list-style-type: none"> <li>■ Improving cycle times expected to offset higher rates</li> </ul>

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## Financial wrap-up . . .

- **Solid third quarter financial performance**
  - Strong pricing, aligning costs with softer demand environment, and efficiency
- **Expect fourth quarter EPS to be slightly down**
  - Coal and crude headwinds increasing, with domestic coal down about 20%
- **Targeting mid single digit full-year EPS growth**
  - Service driving continued efficiency and pricing gains, despite weak demand
- **Expect meaningful full-year operating ratio improvement**
  - Progressing towards a mid-60s operating ratio longer-term

## Concluding Remarks

Michael Ward  
Chairman and  
Chief Executive Officer

Relentless pursuit of excellence . . .



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This block is a collage of four images. The top-left image shows a CSX locomotive pulling a long train of blue and white intermodal containers through a wooded area with autumn foliage. The top-right image is a black and white photograph of a dense city skyline with a river in the background. The bottom-left image shows a factory interior with workers and machinery. The bottom-right image is a solid yellow square. Overlaid on the bottom-left image is the text "2015 THIRD QUARTER EARNINGS CONFERENCE CALL" in white. The CSX logo and tagline are overlaid on the bottom-right image.