



2016 FOURTH QUARTER EARNINGS CONFERENCE CALL



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 and the company's website at www.csx.com.

Executive Summary

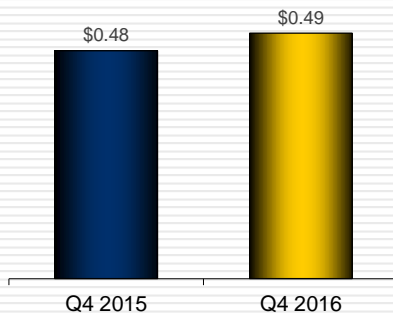
Michael Ward
Chairman and
Chief Executive Officer

How tomorrow moves [CSX]

Fourth quarter performance . . .

Volume 1,731K Revenue \$3,037M Operating Income \$1,004M Operating Ratio 67.0% EPS \$0.49

Earnings Per Share



- Revenue increases 9%
 - Higher volume due to impact of extra week and strong pricing gains
- Operations performance
 - Strong safety and service; efficiency gains total nearly \$100 million
- Financial results
 - Operating income increases to \$1,004 million
 - Operating ratio improves to 67.0%

Note: All information reflects GAAP on 14-week basis for 2016 and 13-week basis for 2015

Financial Review

Frank Lonegro
Executive Vice President
Chief Financial Officer

How tomorrow moves 

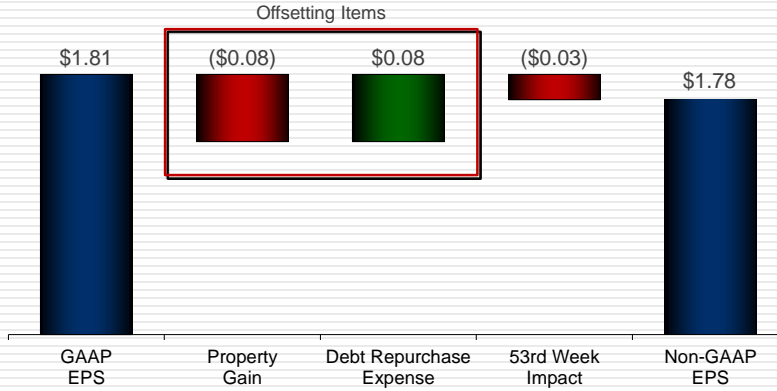
Fourth quarter earnings summary . . .

Fourth Quarter Results			
Dollars in millions, except EPS	2016	2015	Variance
Revenue	\$ 3,037	\$ 2,781	9%
Expense	2,033	1,990	(2%)
Operating Income	\$ 1,004	\$ 791	27%
Interest Expense	(156)	(140)	
Other Income (net)	18	90	
Debt Repurchase Expense	(115)	--	
Income Taxes	(293)	(275)	
Net Earnings	\$ 458	\$ 466	(2%)
Fully Diluted Shares in Millions	935	973	
Earnings Per Share	\$ 0.49	\$ 0.48	2%

Note: GAAP on 14-week basis for 2016 and 13-week basis for 2015

Full-year EPS include certain items

Full-Year 2016 GAAP Versus Non-GAAP EPS



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Overall first quarter outlook is flat to slightly up

Outlook	Markets	Drivers
Favorable (29% of volume)	<ul style="list-style-type: none"> Agriculture & Food Automotive Export Coal Fertilizers Metals & Equipment Minerals 	<ul style="list-style-type: none"> Record grain harvest and new business ramping up North American light vehicle production remains strong Near-term favorability continues from global supply constraint Phosphate movement picks up against soft comparables Improving steel market and small lift in energy-related goods/machinery Sustained strength in aggregates demand
Neutral (49% of volume)	<ul style="list-style-type: none"> Forest Products Intermodal 	<ul style="list-style-type: none"> Modest housing starts growth offset by ongoing paper demand decline Secular domestic growth offset by prior losses
Unfavorable (22% of volume)	<ul style="list-style-type: none"> Chemicals Domestic Coal 	<ul style="list-style-type: none"> Continued crude oil decline more than offsets non-energy growth Competitive losses partially offset by modest uptick in winter demand

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How tomorrow moves



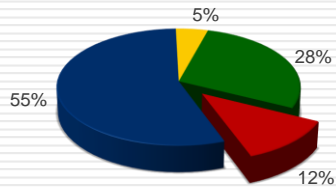
First quarter expense expectations . . .

Labor and Fringe	<ul style="list-style-type: none"> ■ Average headcount expected to be down slightly sequentially ■ Inflation estimated to be around \$35 million in the first quarter ■ Pension expense expected to decrease around \$15 million per quarter
MS&O	<ul style="list-style-type: none"> ■ Expected to be slightly up versus the prior year, with efficiency savings helping to offset inflation
Fuel	<ul style="list-style-type: none"> ■ Higher cost per gallon, reflecting the current forward curve ■ Continued benefit from fuel efficiency
Depreciation	<ul style="list-style-type: none"> ■ Estimated to increase around \$10 million versus the prior year
Equipment and Other Rents	<ul style="list-style-type: none"> ■ Benefit of improved cycle times expected to offset higher rates and expenses associated with higher automotive volume

Targeting \$2.2 billion of capital investment in 2017

2017 Capital Investment \$2.2 billion

■ Infrastructure ■ Equipment ■ Strategic ■ PTC



- Core investment expected to decline to \$1.97 billion this year
 - Infrastructure investment targets rail safety and performance
 - Equipment budget moderating with completion of locomotive purchase
 - Strategic investments increasing to fund CSX of Tomorrow initiatives
- PTC investment of about \$270 million
 - Total cost of PTC implementation now estimated at about \$2.4 billion

Note: Capital investment excludes reimbursements from investments related to public-private projects

Financial wrap-up . . .

- **Solid 2016 performance despite dynamic freight environment**
 - Pricing, efficiency gains, resource alignment partially offset volume decline
 - Efficiency initiatives drive nearly \$430 million of savings and 69.4% operating ratio

- **Healthier 2017 market, although coal headwinds to persist**
 - Merchandise/Intermodal expected to grow with economy on comparable basis
 - Full-year domestic coal expected to decline, primarily reflecting a competitive loss
 - Full-year export coal expected to be in the mid-to-high 20 million ton range

- **EPS growth expected in 2017; capital investment declining**
 - Remain focused on strong pricing; targeting more than \$150 million of efficiency
 - First quarter EPS growth expected to be low-to-mid teens year-over-year
 - Full-year EPS growth also expected; stronger growth in the first half of the year
 - Capital investment declines nearly \$500 million to \$2.2 billion in 2017

Concluding Remarks

Michael Ward
Chairman and
Chief Executive Officer

Relentless pursuit of excellence . . .



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A collage of three images. The top-left image shows a yellow and blue CSX locomotive pulling a train of blue containers through a snowy, wooded landscape. The top-right image shows a city skyline with several buildings. The bottom-left image shows a person sitting on a couch watching a television screen. The bottom-right image is a solid yellow rectangle.

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