



2019 SECOND QUARTER EARNINGS CONFERENCE CALL

James M. Foote
President and Chief Executive Officer



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 MEASURES 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.

EXECUTIVE SUMMARY

James M. Foote

President and Chief Executive Officer

SECOND QUARTER HIGHLIGHTS

Volume 1,581K

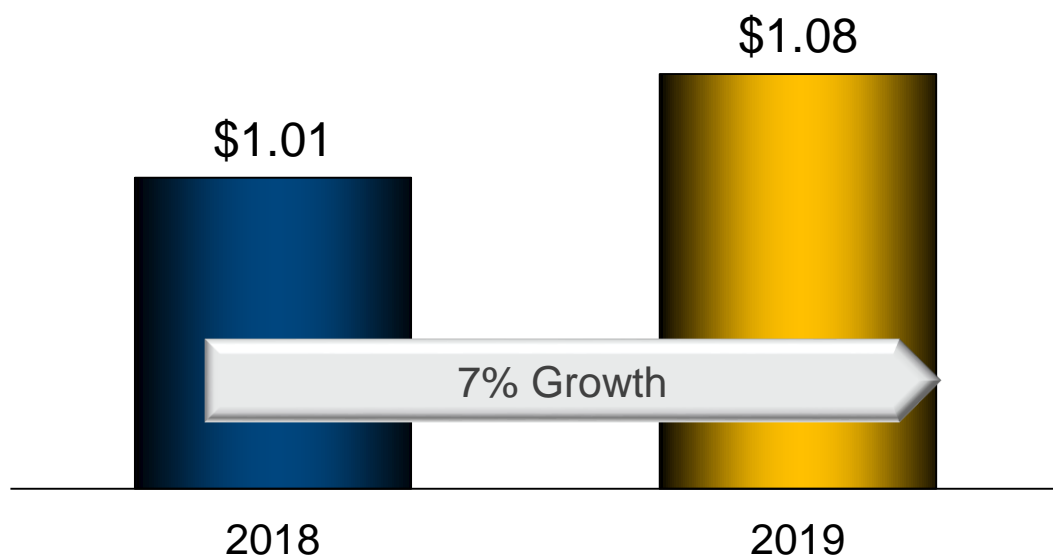
Revenue \$3,061M

Operating Income \$1,305M

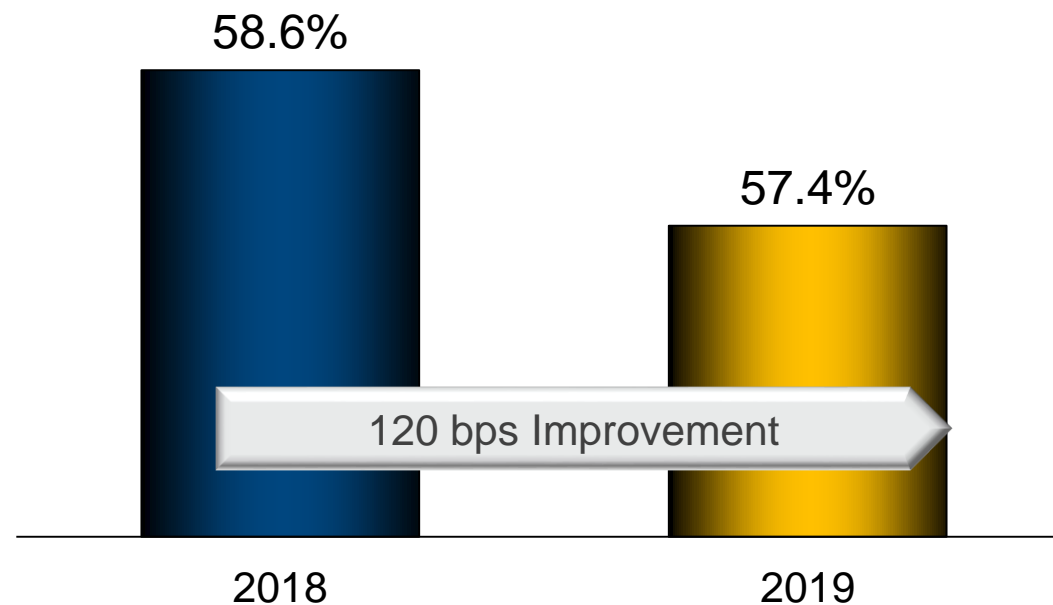
Operating Ratio 57.4%

EPS \$1.08

Earnings Per Share



Operating Ratio

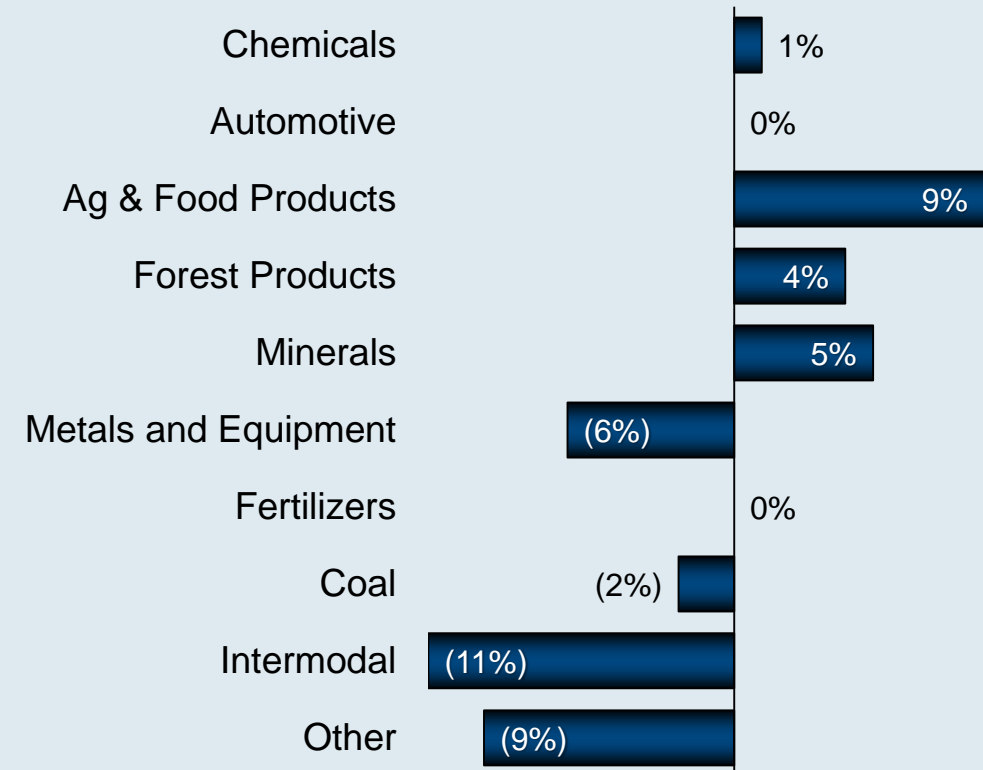


SECOND QUARTER REVENUE HIGHLIGHTS

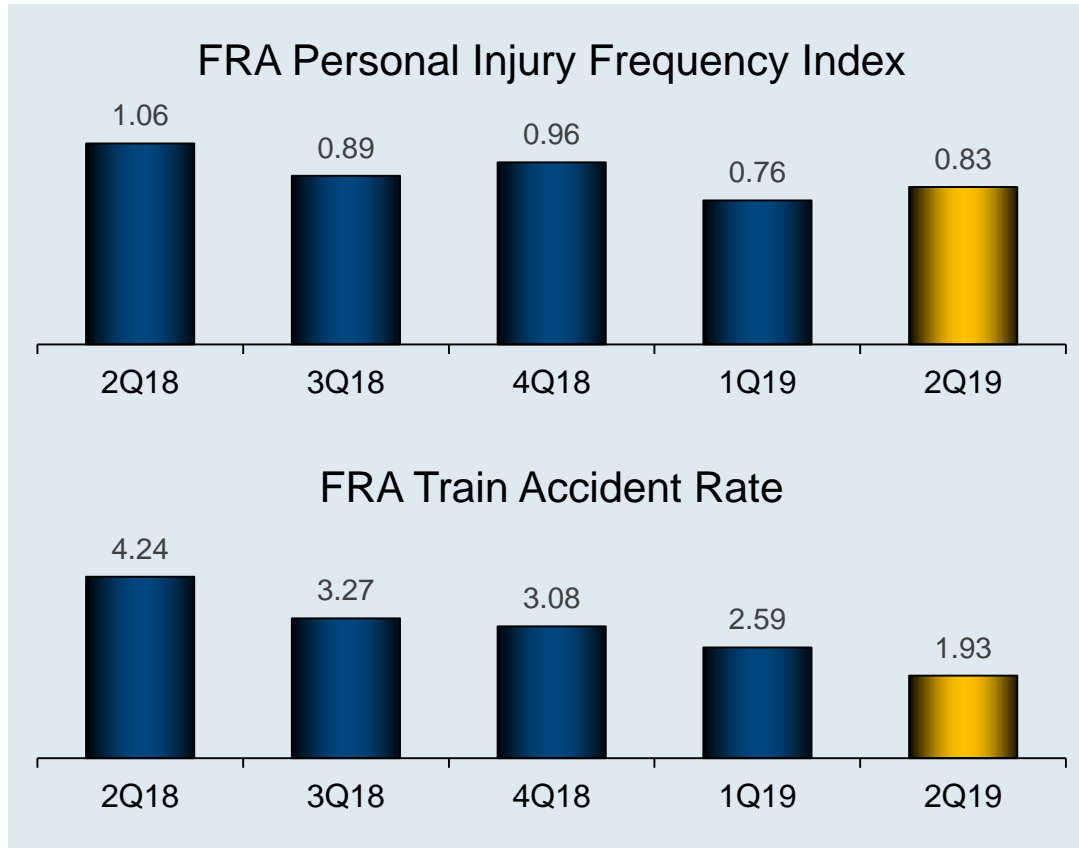
Merchandise Growth Was More than Offset By Intermodal Weakness

- **Chemicals** increased as stronger crude oil and waste shipments were partially offset by reduced fly ash, natural gas liquids and sand volumes
- **Automotive** driven by strength in trucks and SUVs
- **Agricultural & Food Products** growth driven by strength in domestic grain and ethanol markets
- **Forest Products** increase led by high demand for wood pulp and stronger lumber shipments
- **Minerals** strength driven by increased construction and paving project activity
- **Metals and Equipment** declined as a result of decreased metal shipments, primarily in sheet steel, construction and scrap markets
- **Fertilizers** negatively impacted by wet weather conditions delaying fertilizer applications
- **Coal** revenue decreased, as growth in domestic industrial markets was more than offset by export and utility declines
- Both Domestic and International **Intermodal** markets decreased, primarily due to the impact of lane rationalizations

Second Quarter Revenue Down 1% Percent Year over Year



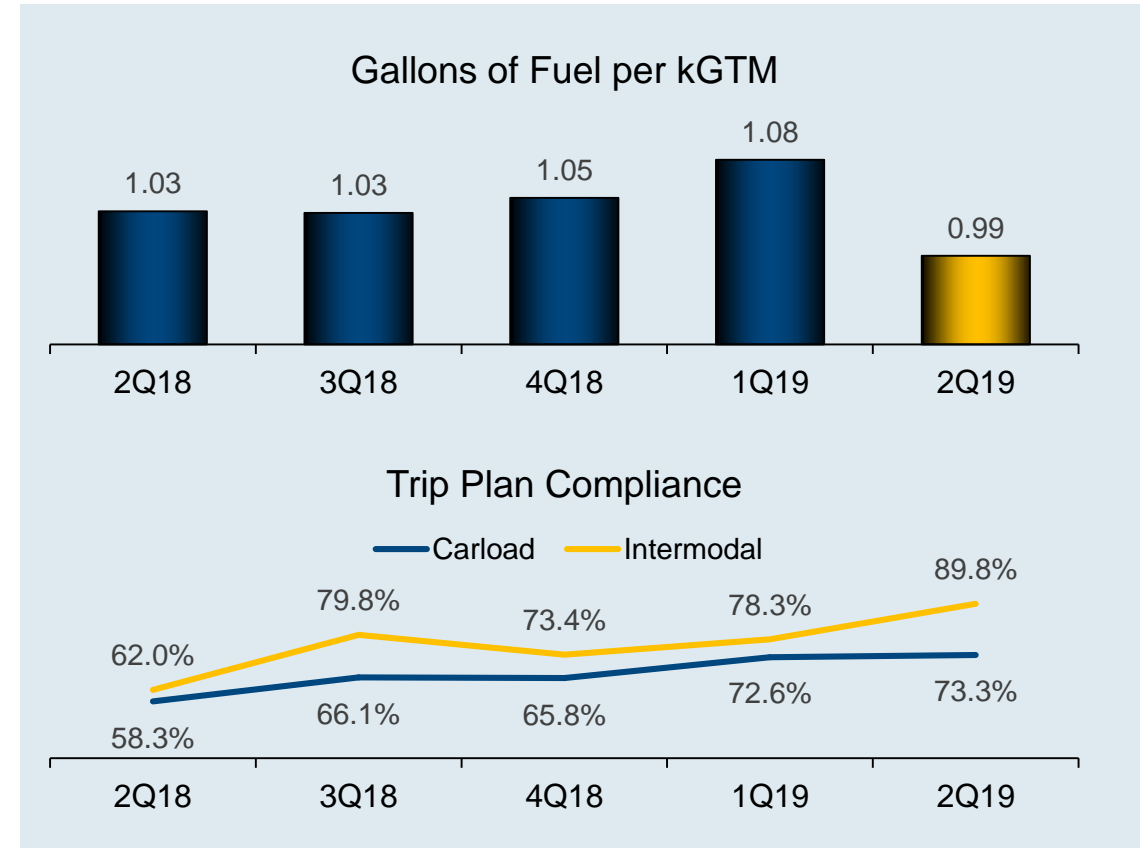
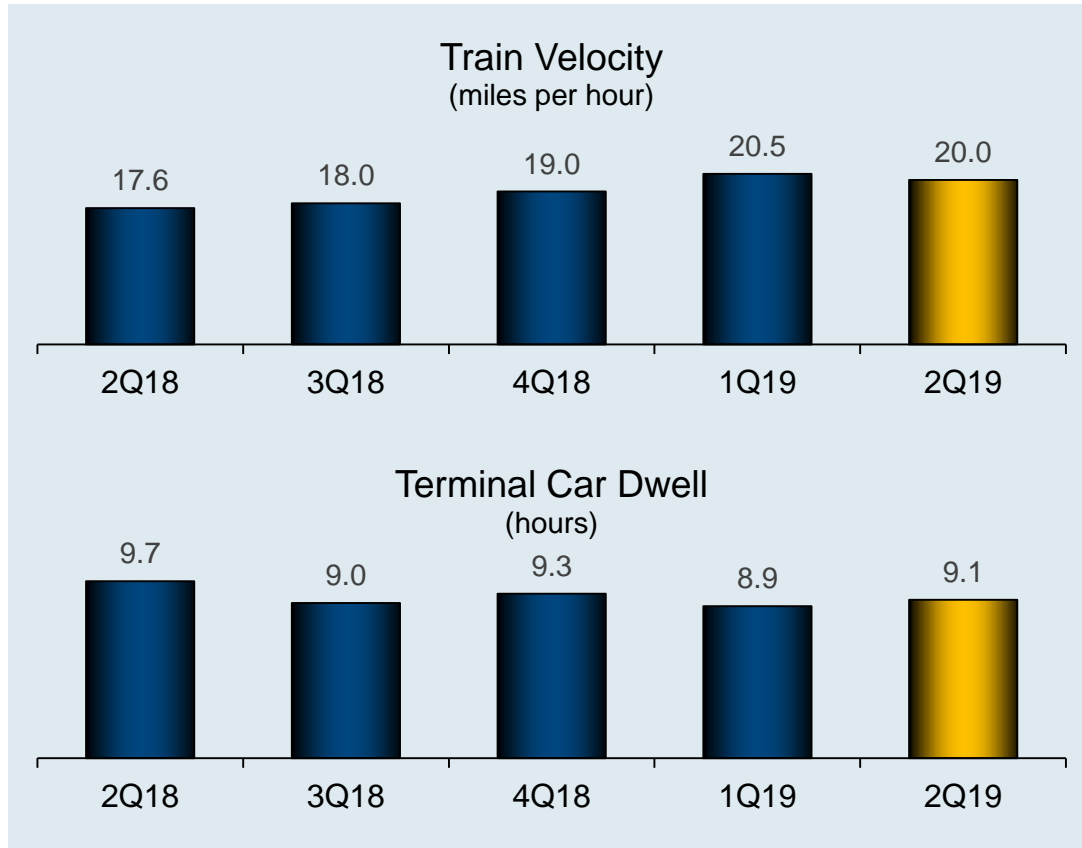
SECOND QUARTER SAFETY HIGHLIGHTS



- Safety remains a key guiding principle at CSX
- Industry-leading personal injury rate, and fewest reportable train accidents in company history
- Inspection technology investments drove 85% YTD reduction in track-caused mainline accidents
- Positive Train Control (PTC) now fully-equipped and in revenue service

Safety statistics are estimated and can continue to be updated as actuals settle

SECOND QUARTER OPERATING HIGHLIGHTS



FINANCIAL REVIEW

Kevin S. Boone

VP and Interim Chief Financial Officer

SECOND QUARTER EARNINGS SUMMARY

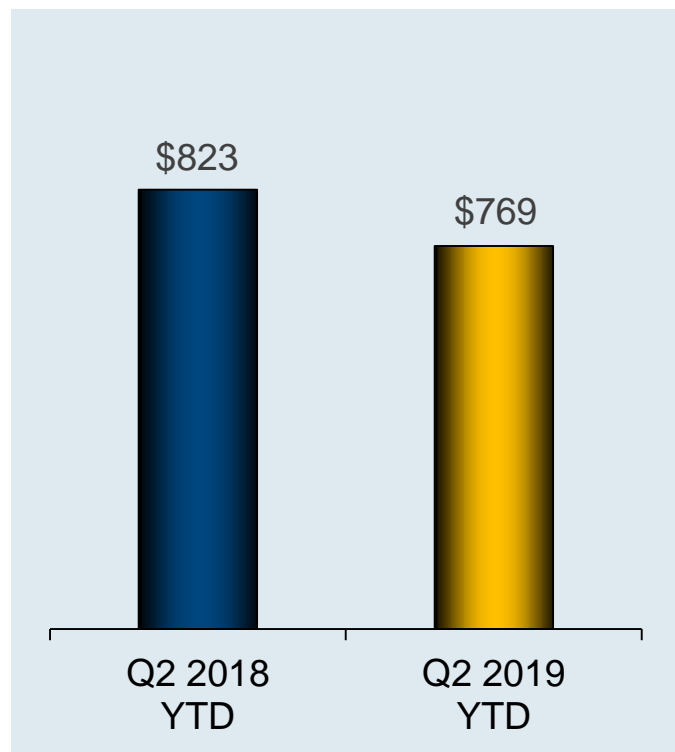
Second Quarter Income Statement

Dollars in millions	2019	2018	Variance
Revenue	\$ 3,061	\$ 3,102	(1%)
Expense			
Labor and Fringe	648	669	3%
Materials, Supplies and Other	455	469	3%
Depreciation	337	329	(2%)
Fuel	234	270	13%
Equipment and Other Rents	103	112	8%
Equity Earnings of Affiliates	(21)	(30)	(30%)
Total Expense	1,756	1,819	3%
Operating Income	1,305	1,283	2%
Interest Expense	(184)	(157)	(17%)
Other Income – Net	25	18	39%
Income Tax Expense	(276)	(267)	(3%)
Net Earnings	\$ 870	\$ 877	(1%)
Earnings Per Share	\$ 1.08	\$ 1.01	7%
Operating Ratio	57.4%	58.6%	120 bps

SECOND QUARTER FINANCIAL MEASURES

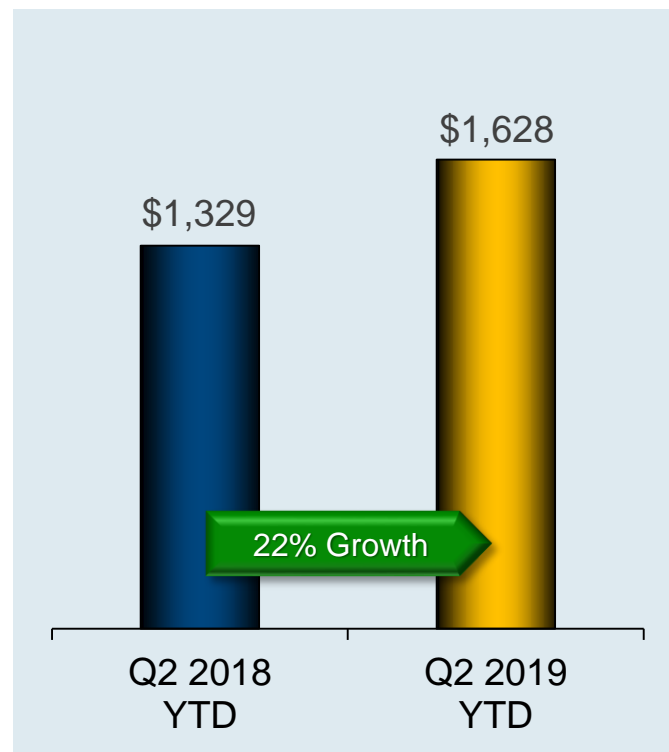
Capital Investments

Dollars in Millions



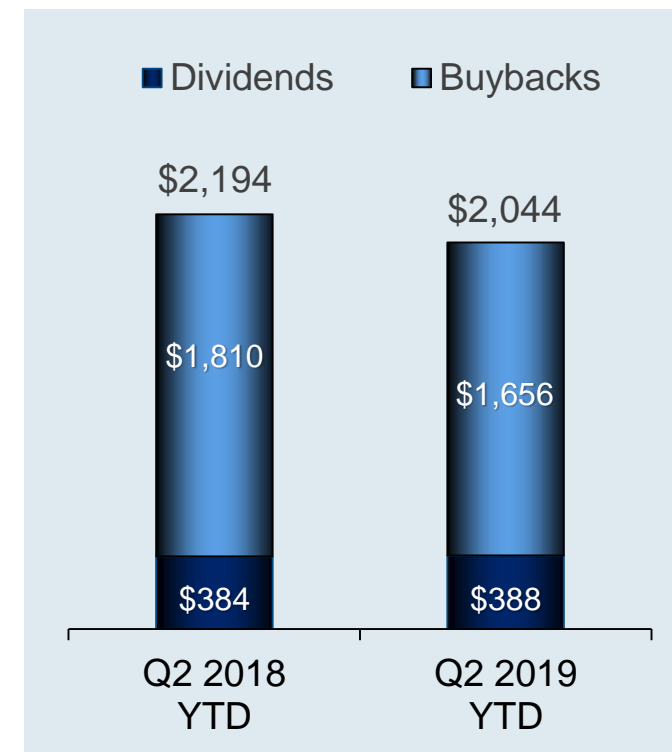
Adjusted Free Cash Flow Before Dividends

Dollars in Millions



Shareholder Distributions

Dollars in Millions



Adjusted free cash flow excludes the after-tax cash payment impacts of restructuring charges; see Appendix for Non-GAAP reconciliation

CLOSING REMARKS

James M. Foote

President and Chief Executive Officer

LOOKING FORWARD

- Revising full-year revenue outlook to 1 to 2 percent decline
 - Taking cautious forecasting approach given economic uncertainty
 - Outlook reflects present activity levels, with upside if conditions improve in the second half
 - Includes crude-by-rail headwind from recent customer shutdown
- Still expect sub-60% operating ratio
 - Managing costs to current freight environment
 - Significant efficiency opportunities remain
- Reiterate \$1.6 billion to \$1.7 billion capital expenditure target

APPENDIX

- Non-GAAP Adjusted Free Cash Flow Reconciliation

NON-GAAP ADJUSTED FREE CASH FLOW RECONCILIATION

Adjusted Free Cash Flow

Dollars in millions	Six Months Ended	
	June 30, 2019	June 30, 2018
Net Cash Provided by Operating Activities	\$ 2,267	\$ 2,009
Property Additions	(769)	(823)
Other Investing Activities	130	133
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Free Cash Flow (before payment of dividends)	1,628	1,319
Add back: Cash Payments for Restructuring Charge (after-tax)	–	10
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Adjusted Free Cash Flow Before Dividends (non-GAAP)	\$ 1,628	\$ 1,329



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