



2018 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 1,646K

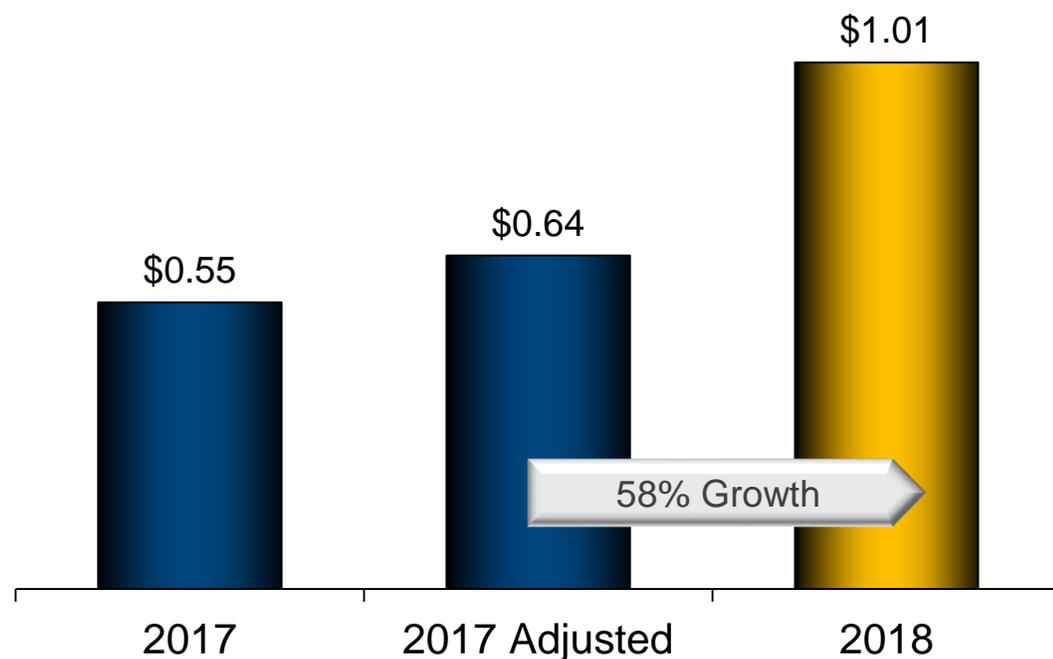
Revenue \$3,102M

Operating Income \$1,283M

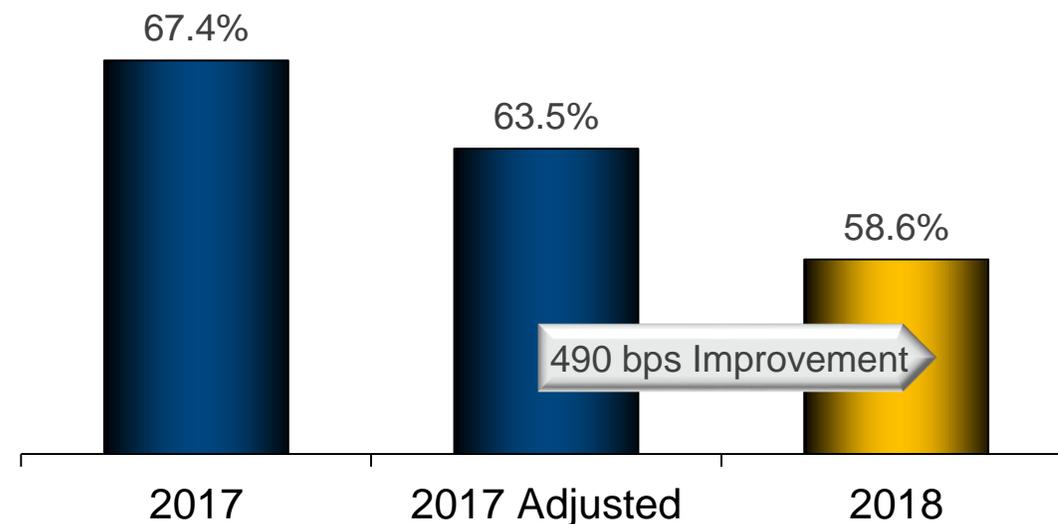
Operating Ratio 58.6%

EPS \$1.01

Earnings Per Share



Operating Ratio



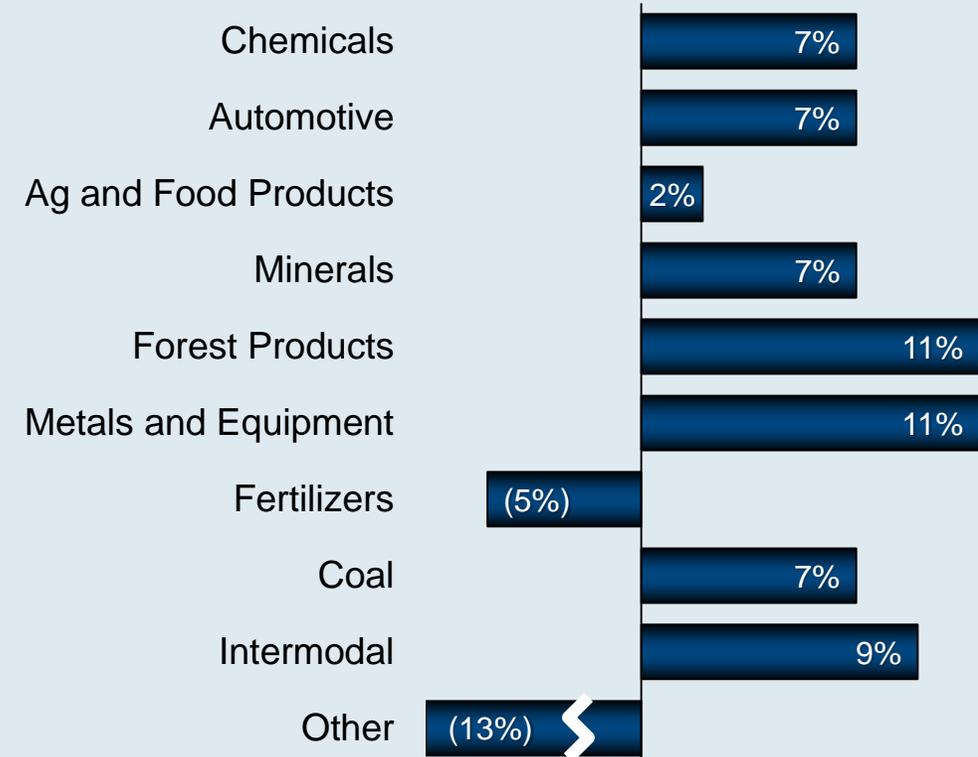
Note: Adjusted financials exclude a restructuring charge in second quarter 2017; see Appendix for Non-GAAP reconciliation

SECOND QUARTER REVENUE HIGHLIGHTS

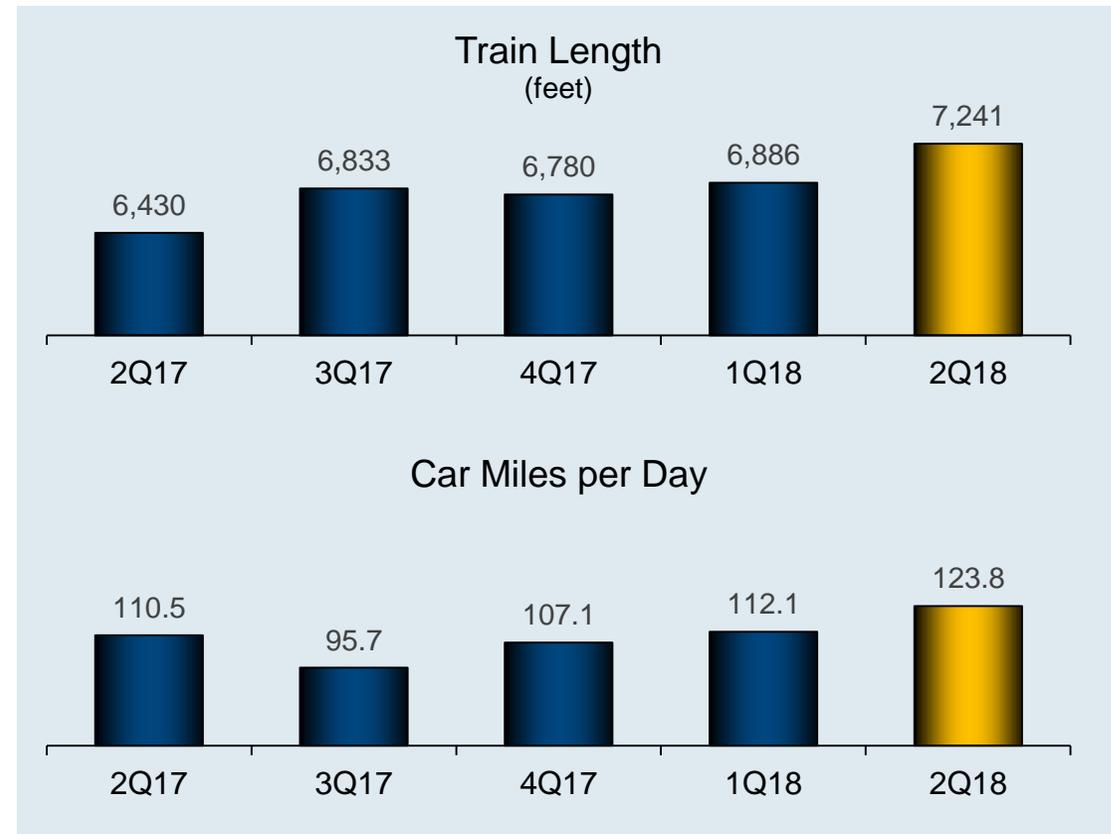
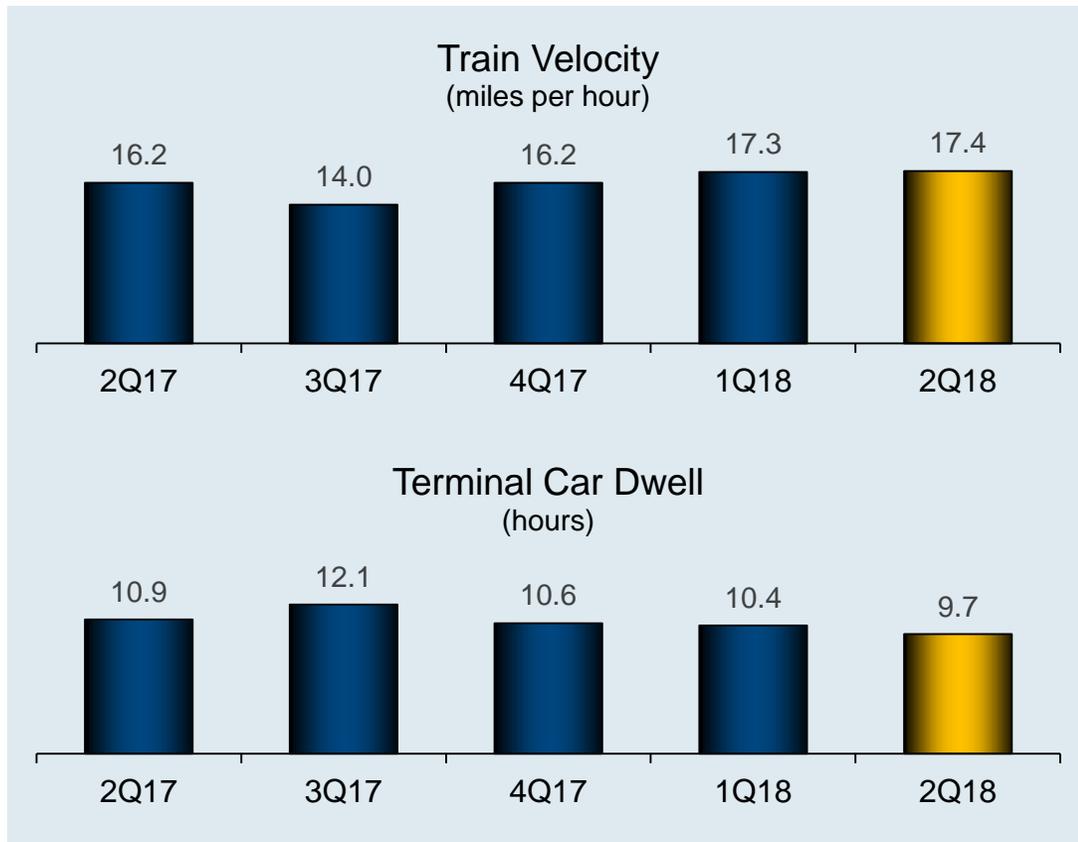
Strong Freight Environment Yielding Volume and Pricing Gains

- Chemicals increase driven by broad-based growth, partially offset by fly ash losses
- Auto up in line with U.S. light truck production
- Forest Products strength driven by residential construction and paper products
- Fertilizer declines primarily driven by a previously announced customer closure
- Export coal strength partially offset by declines in domestic coal
- Intermodal increase led by growth in the international market with domestic relatively flat due to lane rationalizations from late 2017

Second Quarter Revenue Up Six Percent Year over Year



SECOND QUARTER OPERATING HIGHLIGHTS



FINANCIAL REVIEW

Frank A. Lonagro
EVP and Chief Financial Officer

SECOND QUARTER EARNINGS SUMMARY

Second Quarter Income Statement

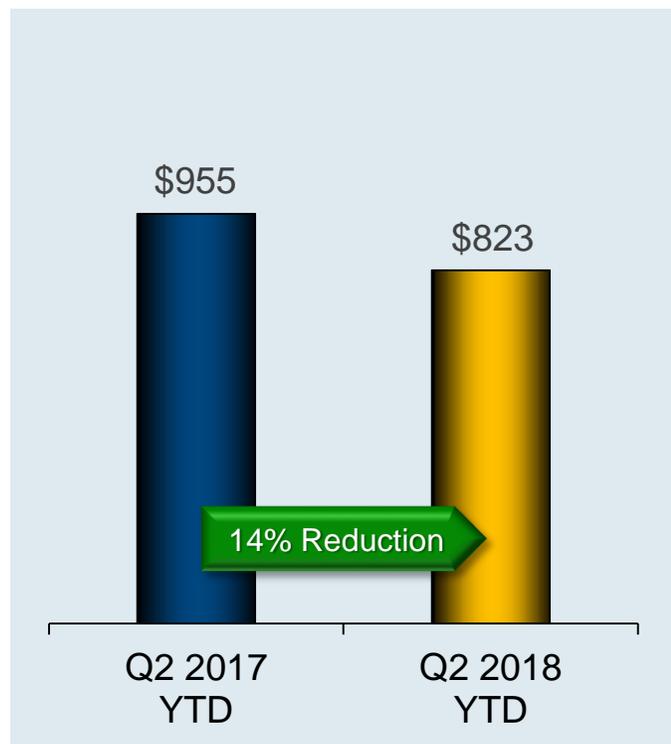
Dollars in millions	2018	2017	Variance
Revenue	\$ 3,102	\$ 2,933	6%
Expense			
Labor and Fringe	669	751	11%
Materials, Supplies and Other	469	496	5%
Depreciation	329	327	(1%)
Fuel	270	198	(36%)
Equipment and Other Rents	112	105	(7%)
Restructuring Charge	-	115	100%
Equity Earnings of Affiliates	(30)	(16)	88%
Total Expense	1,819	1,976	8%
Operating Income	1,283	957	34%
Interest Expense	(157)	(137)	(15%)
Restructuring Charge – Non-Operating	-	(7)	100%
Other Income – Net	18	14	29%
Income Tax Expense	(267)	(317)	16%
Net Earnings	\$ 877	\$ 510	72%
Earnings Per Share	\$ 1.01	\$ 0.55	84%
Operating Ratio	58.6%	67.4%	880 bps

Certain prior year data has been reclassified to conform to the current presentation

KEY SECOND QUARTER FINANCIAL MEASURES

Capital Investments

Dollars in Millions



Adjusted Free Cash Flow Before Dividends

Dollars in Millions



Distributions

Dollars in Millions



*Excludes additional share buybacks of \$90 million settled on July 17, 2018 under the \$450 million accelerated share repurchase agreement

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

CLOSING REMARKS

James M. Foote

President and Chief Executive Officer

LOOKING FORWARD

Targeting industry-leading safety performance

- New leadership, comprehensive safety assessment underway

Significant opportunity to further improve service metrics

- Trip Plan Compliance
- Velocity and Dwell
- Cars Online
- Fuel Efficiency

Expect mid-single-digit revenue growth in 2018

- Assumes continued favorability in export coal
- Continuing to focus on profitability of Intermodal

APPENDIX

- 2017 Non-GAAP Income Statement Reconciliation
- Non-GAAP Adjusted Free Cash Flow Reconciliation

2017 NON-GAAP INCOME STATEMENT RECONCILIATION

Second Quarter 2017 Income Statement

Dollars in millions	GAAP	Adjustments	Non-GAAP
Revenue	\$ 2,933	\$ -	\$ 2,933
Expense			
Labor and Fringe	751	-	751
Materials, Supplies and Other	496	-	496
Depreciation	327	-	327
Fuel	198	-	198
Equipment and Other Rents	105	-	105
Restructuring Charge	115	(115)	-
Equity Earnings of Affiliates	(16)	-	(16)
Total Expense	1,976	(115)	1,861
Operating Income	957	115	1,072
Interest Expense	(137)	-	(137)
Restructuring Charge – Non-Operating	(7)	7	-
Other Income – Net	14	-	14
Income Tax Expense	(317)	(41)	(358)
Net Earnings	\$ 510	\$ 81	\$ 591
Earnings Per Share	\$ 0.55	\$ 0.09	\$ 0.64
Operating Ratio	67.4%	(390 bps)	63.5%

Certain prior year data has been reclassified to conform to the current presentation

NON-GAAP ADJUSTED FREE CASH FLOW RECONCILIATION

Adjusted Free Cash Flow

Dollars in millions	Six Months Ended	
	June 30, 2018	June 30, 2017
Net Cash Provided by Operating Activities	\$ 2,009	\$ 1,566
Property Additions	(823)	(955)
Other Investing Activities	133	41
Free Cash Flow (before payment of dividends)	1,319	652
Add back: Cash Payments for Restructuring Charge (after-tax)	10	85
Adjusted Free Cash Flow Before Dividends (non-GAAP)	\$ 1,329	\$ 737



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