

## 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

How tomorrow moves **[CSX]**

## First quarter performance . . .

Volume 1,635K    Revenue \$3,027M    Operating Income \$843M    Operating Ratio 72.2%    EPS \$0.45

### Earnings Per Share



- **First quarter results**
  - Double-digit EPS growth
- **Headwinds near-term**
  - Strong U.S. dollar; coal markets reflecting natural gas prices
- **Core business remains strong**
  - Operating income up 14% and operating ratio improves 330 bps
- **Shareholder Distributions**
  - Dividend increase and buyback program underscores confidence

## Financial Review

Fredrik Eliasson  
Executive Vice President  
Chief Financial Officer

How tomorrow moves 

## First quarter earnings summary . . .

	First Quarter Results		
Dollars in millions, except EPS	2015	2014	Variance
Revenue	\$ 3,027	\$ 3,012	0%
Expense	2,184	2,273	4%
<b>Operating Income</b>	<b>\$ 843</b>	<b>\$ 739</b>	<b>14%</b>
Interest Expense	(134)	(140)	
Other Income (net)	2	7	
Income Taxes	(269)	(208)	
<b>Net Earnings</b>	<b>\$ 442</b>	<b>\$ 398</b>	<b>11%</b>
Fully Diluted Shares in Millions	992	1,008	
<b>Earnings Per Share</b>	<b>\$ 0.45</b>	<b>\$ 0.40</b>	<b>13%</b>

## Overall outlook for second quarter is flat

Outlook	Markets	Drivers
Favorable 49% of volume	<ul style="list-style-type: none"> <li>■ Food &amp; Consumer</li> <li>■ Intermodal</li> <li>■ Minerals</li> <li>■ Waste &amp; Equipment</li> </ul>	<ul style="list-style-type: none"> <li>■ Continued growth in frozen food shipments</li> <li>■ Success with H2R conversions; growth with existing customers</li> <li>■ Construction market driving aggregate demand</li> <li>■ Increased shipment of municipal waste</li> </ul>
Neutral 22% of volume	<ul style="list-style-type: none"> <li>■ Agricultural Products</li> <li>■ Automotive</li> <li>■ Chemicals</li> </ul>	<ul style="list-style-type: none"> <li>■ Strength in grain shipments offset by export demand</li> <li>■ Modest growth driven by projected N.A. vehicle production</li> <li>■ Reduced energy-related drilling activities</li> </ul>
Unfavorable 29% of volume	<ul style="list-style-type: none"> <li>■ Domestic Coal</li> <li>■ Export Coal</li> <li>■ Forest Products</li> <li>■ Metals</li> <li>■ Phosphate &amp; Fertilizer</li> </ul>	<ul style="list-style-type: none"> <li>■ Lower natural gas prices</li> <li>■ Continued weakness in global market conditions</li> <li>■ Decreased demand for printing paper and newsprint</li> <li>■ Import supply continues to challenge U.S. steel production</li> <li>■ High inventories and limited export market</li> </ul>

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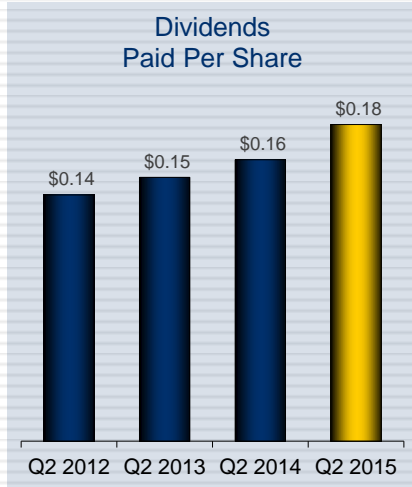
## Second quarter expense expectations . . .

Labor and Fringe	<ul style="list-style-type: none"> <li>■ Average headcount expected to increase 3% versus the prior year</li> <li>■ Inflation estimated to be around \$35 million</li> <li>■ Maintenance agreement expected to increase Labor &amp; Fringe \$10-15 million</li> </ul>
MS&O	<ul style="list-style-type: none"> <li>■ Maintenance agreement expected to decrease MS&amp;O \$10-15 million</li> <li>■ Driven by inflation and higher resource levels; partially offset by efficiency</li> </ul>
Fuel	<ul style="list-style-type: none"> <li>■ Driven by lower cost per gallon, reflecting the current forward curve, and fuel efficiency</li> </ul>
Depreciation	<ul style="list-style-type: none"> <li>■ Increase estimated to be around \$10 million versus the prior year</li> </ul>
Equipment and Other Rents	<ul style="list-style-type: none"> <li>■ Higher inflation is expected to be offset by improving cycle times</li> </ul>

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## Increasing dividend 13% starting in second quarter



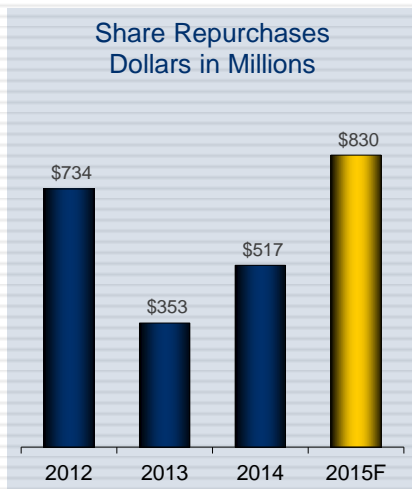
- Represents 13<sup>th</sup> increase in the last 10 years
  - CAGR of 26% over the period
- Reflects underlying strength in the core business
  - 36% payout ratio of TTM EPS
- Expanding payout range to 30-40% going forward
  - Reflects confidence in future

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## Initiating new \$2 billion buyback program



- Buyback program structured over two-years
  - Expected to be completed by end of first quarter 2017
- Program will be conducted pro rata over the period
  - Funded by debt, excess cash and cash flow from business
- Expect to sustain BBB+/Baa1 credit profile
  - Targeting debt-to-EBITDA in the low 2X's going forward

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## Financial wrap-up . . .

- **Produced double-digit EPS growth for first quarter**
  - Top line growth less than expectations; partially offset by pricing and productivity
- **Coal headwinds increase for the remainder of the year**
  - 2015 expectation: domestic at least 5% down; export at 30 million tons
- **Second quarter EPS expected to be flat-to-slightly-up**
  - Cycling very strong volume growth and resources still increasing
- **Expect mid-to-high single digit EPS growth in 2015**
  - Strong margin expansion remains very achievable for the year
- **Delivering value with shareholder distributions**
  - Dividend increase and buyback program reflects company's bright future

## 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 blue and yellow CSX locomotive pulling a train through a field of yellow flowers. The top-right image is a black and white aerial view of a city with a large bridge in the background. The bottom-left image shows a woman and a man sitting at a table, eating and talking. The bottom-right image is a solid yellow square.

**2015** FIRST QUARTER  
EARNINGS CONFERENCE CALL

A small version of the CSX logo and tagline, featuring the letters "CSX" in white on a blue background with the tagline "HOW TOMORROW MOVES" below it and four white circles at the bottom.