



CSX CORPORATION
2017 BANK OF AMERICA MERRILL LYNCH CONFERENCE

Progressing Forward



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 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.

Forward Looking Non-GAAP Measures

CSX presents non-GAAP or adjusted operating ratio and adjusted net earnings per share, assuming dilution on a forward-looking basis. The most directly comparable forward-looking GAAP measure is operating ratio and net earnings per share, assuming dilution. CSX is unable to provide a quantitative reconciliation of these forward-looking non-GAAP measures to the most directly comparable forward-looking GAAP measure, because CSX cannot reliably forecast the timing and amount of future restructuring charges and other charges related to the change of leadership and strategy which are difficult to predict and estimate. Please note that the unavailable reconciling items could significantly impact CSX's future financial GAAP results.



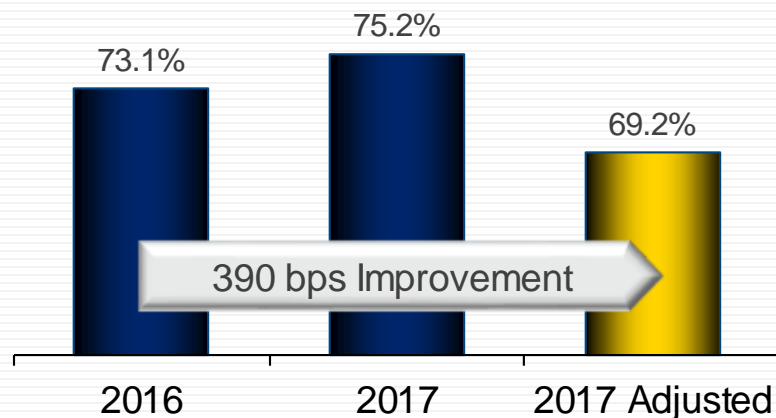
Presentation overview . . .

- **First quarter results reflect a strong start for this year**
 - Strong top line growth and cost performance; second quarter outlook favorable
- **Precision Scheduled Railroading improves 2017 outlook**
 - Shareholder distributions reinforce management confidence
- **Operational changes to drive record efficiency savings**
 - Transition of hump terminals, asset reductions, labor savings
- **Precision Scheduled Railroading also improving service**
 - All key service measures significantly improving customer experience

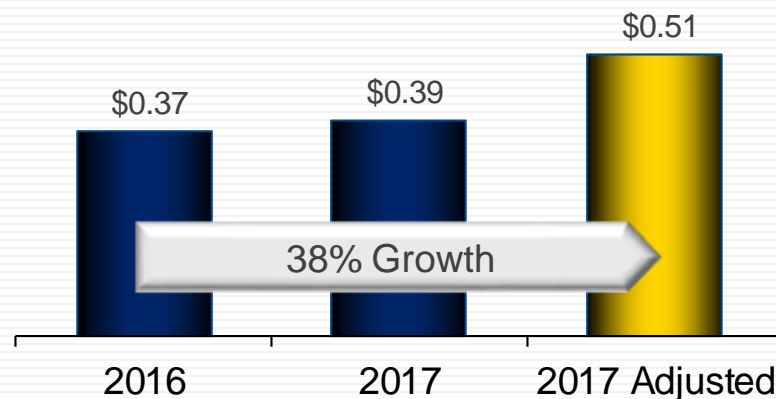


First quarter results reflect a strong start for 2017

Operating Ratio



Earnings Per Share



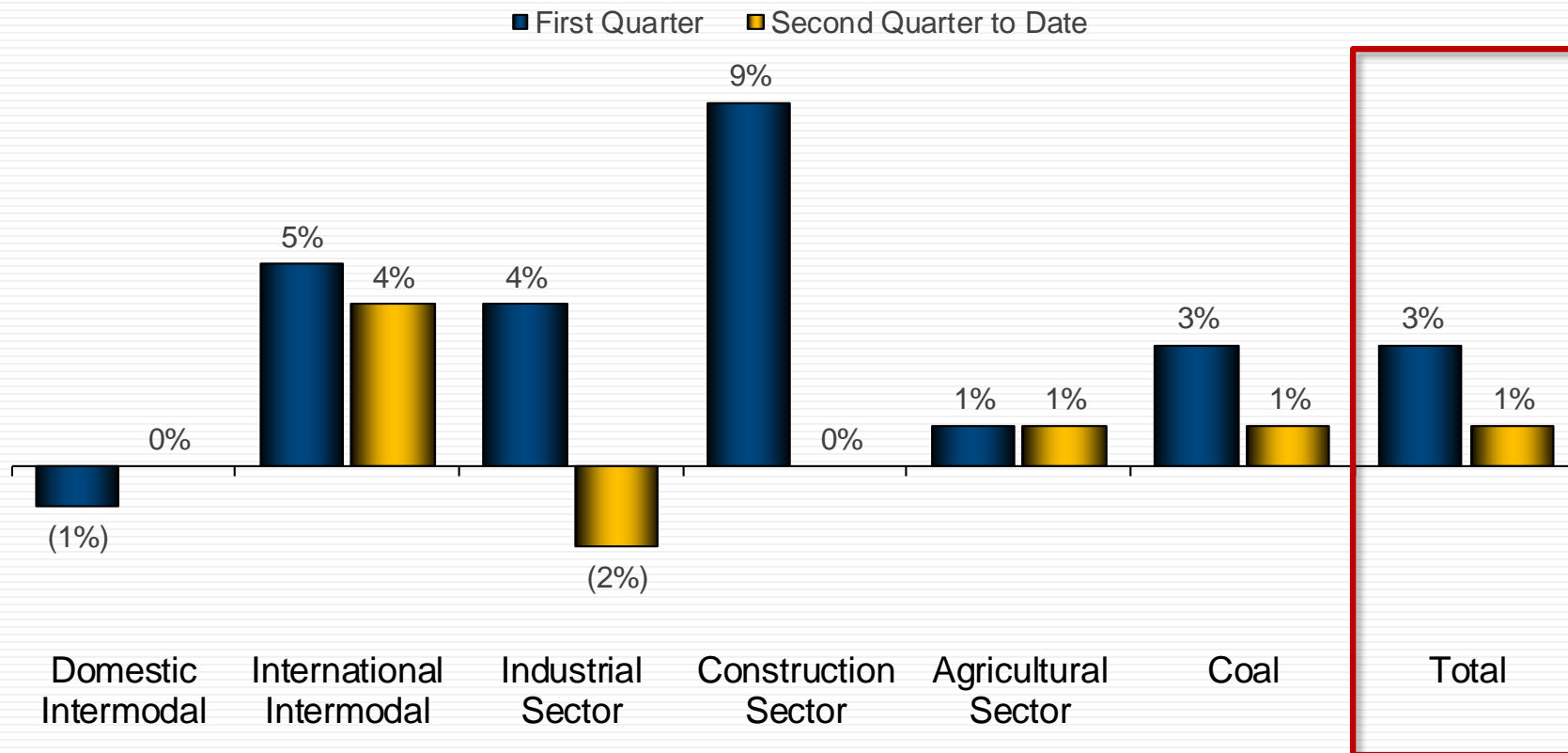
- First quarter driven by strong revenue growth and efficiency gains
 - Revenue grew 10% and efficiency gains were \$123 million
- Free Cash Flow before dividends exceeded \$600 million
 - Increased nearly \$300 million versus prior year; ROIC at 9.5% and Debt-to-EBITDA at 2.5X

Note: Adjusted financials exclude a restructuring charge of \$173 million in the first quarter of 2017; see Appendix



Expect second quarter volume to modestly increase

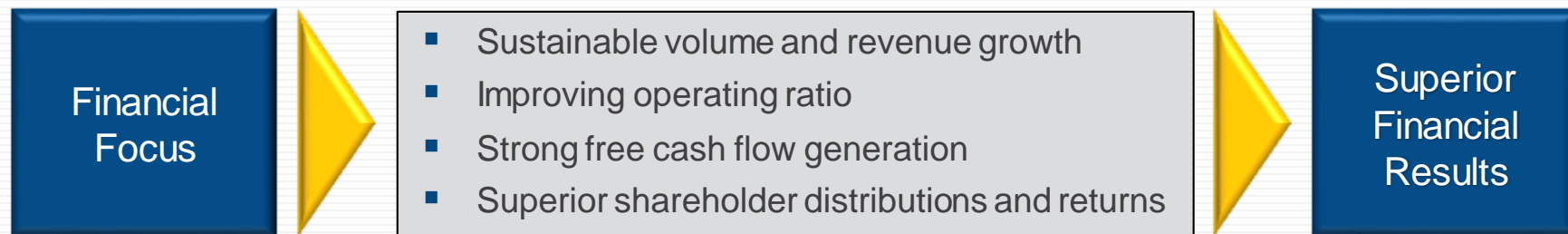
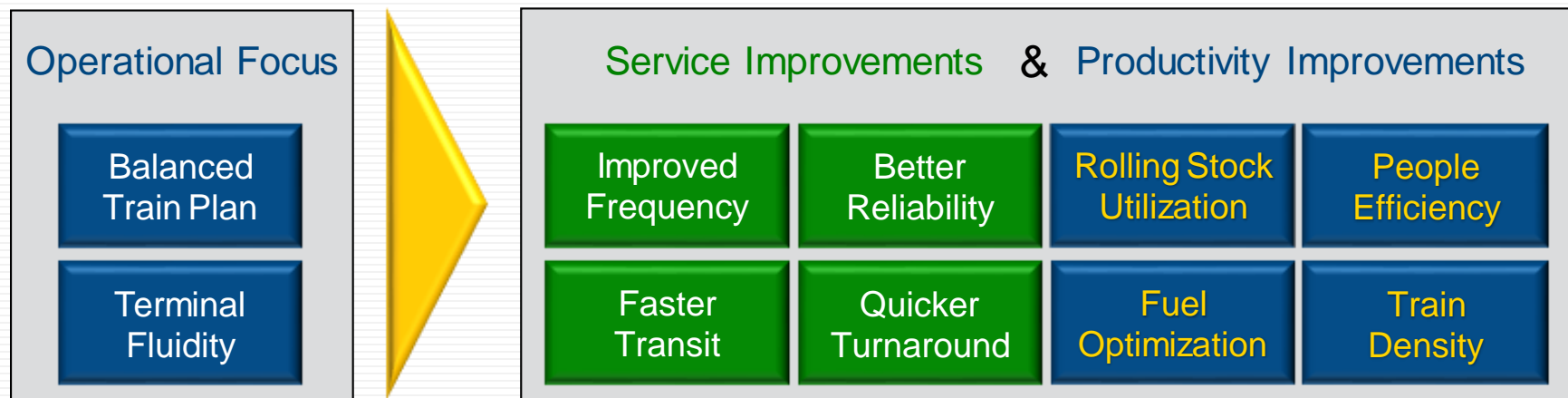
Year-Over-Year Volume Growth



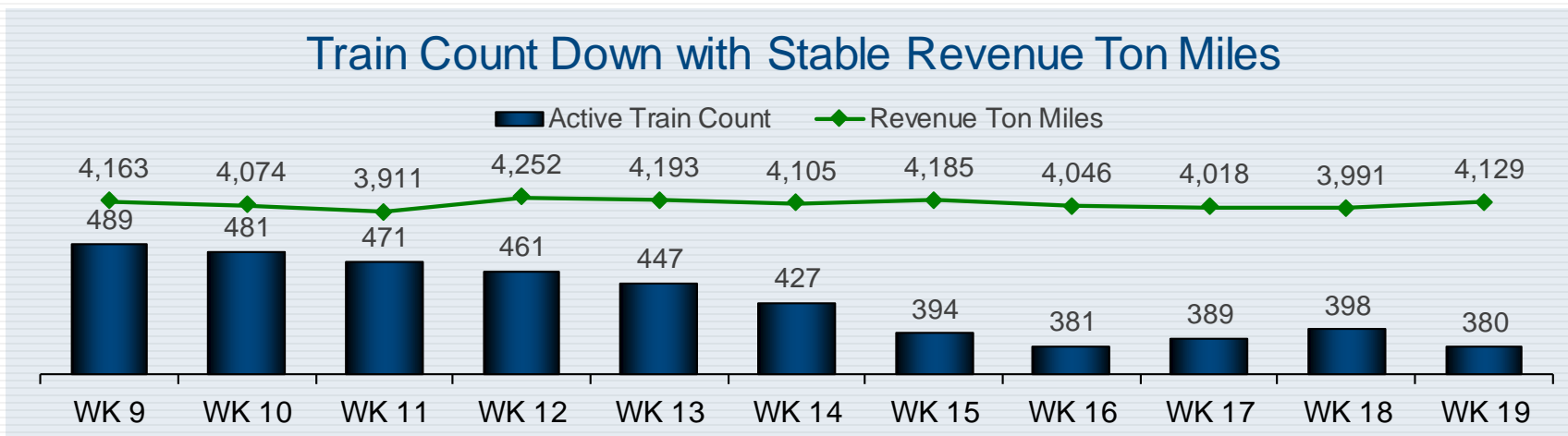
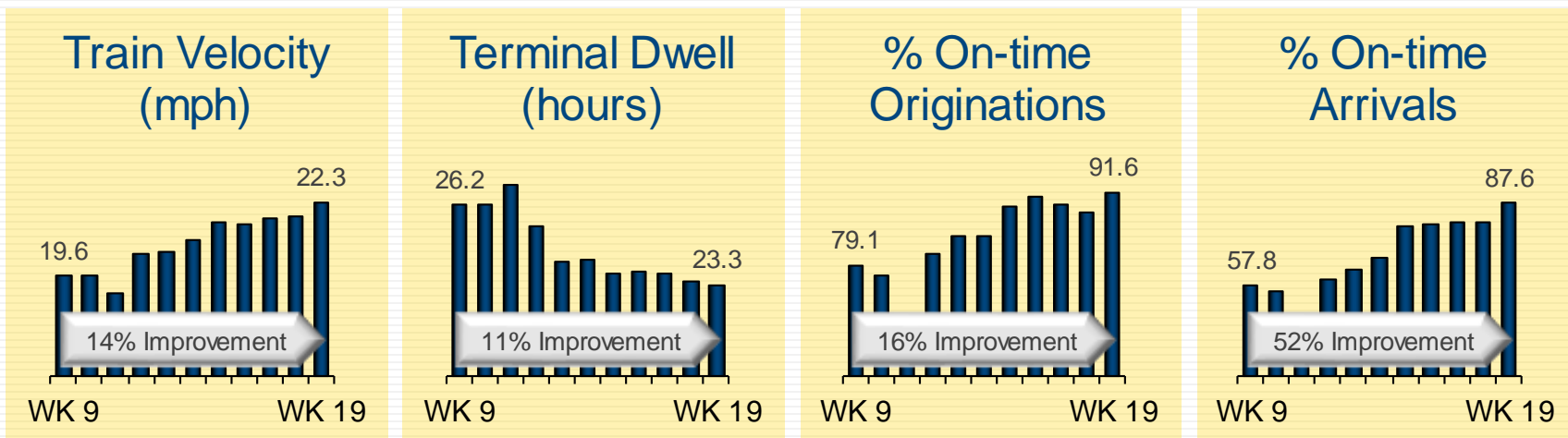
Note: Second quarter to date volume reflects shipments CSX fiscal weeks 14 – 19, starting April 1st and ending May 12th



Precision Scheduled Railroading drives benefits



Service and efficiency improvements already evident

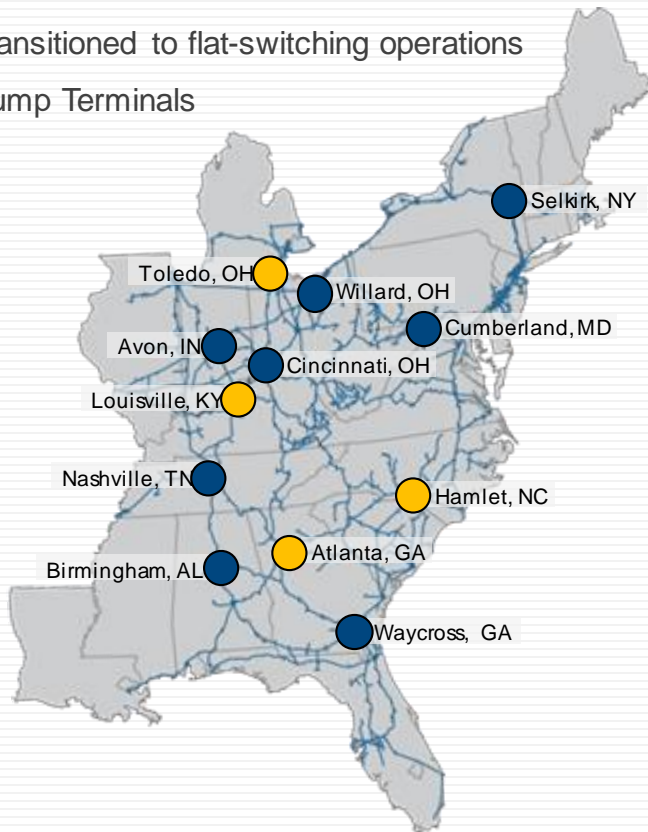


Driving record efficiency through operating changes

CSX Hump Terminals Transitioning operations to flat-switching

● Transitioned to flat-switching operations

● Hump Terminals



■ Reducing train counts and merchandise handlings

- Active train count down around 15%
- Velocity up 7%; dwell down 9%¹

■ Improvements leading to asset reduction opportunities

- 500+ locomotives currently in storage
- 19,000 freight cars in storage and 3,000 scrapped or returned YTD

■ Continuing to improve all-in labor efficiency

- CSX management headcount down 1,000 since the end of February

¹ Second Quarter-to-date versus First Quarter 2017 average



Improved 2017 outlook . . .

- 2017 full-year adjusted expectations (excludes impact of 2017 restructuring charges)
 - Operating ratio to be in the mid-60s, supported by record efficiency gains
 - Earnings per share growth to be around 25% off 2016 reported base of \$1.81
 - Free Cash Flow before dividends to be around \$1.5 billion
 - Expectations presume coal markets and overall economy remain stable
- Shareholder distributions reinforce management confidence
 - Quarterly dividend increases 11% to \$0.20; new \$1 billion buyback program
- Multi-year strategy and guidance to be conveyed
 - Timing expected to be in the third or fourth quarter

Note: Please see Forward Looking Non-GAAP Measures Disclosure on Slide 3





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APPENDICES

- Non-GAAP Reconciliations
- Calculations of Other Key Financial Measures

HOW TOMORROW MOVES



Non-GAAP Income Statement reconciliation

First Quarter Income Statement

Dollars in millions	GAAP	Adjustments	Non-GAAP
Revenue	\$ 2,869	\$ 0,000	\$ 2,869
Expense			
Labor and Fringe	789	0	789
Materials, Supplies and Other	567	0	567
Fuel	218	0	218
Depreciation	320	0	320
Equipment and Other Rents	90	0	90
Restructuring Charge	173	(173)	-
Total Expense	2,157	(173)	1,984
Operating Income	712	173	885
Interest Expense	(137)	0	(137)
Other Income – Net	7	0	7
Income Taxes	(220)	(65)	(285)
Net Earnings	\$ 362	\$ 108	\$ 470
Earnings Per share	\$ 0.39	\$ 0.12	\$ 0.51
Operating Ratio	75.2%	(600 bps)	69.2%



Calculations of other key financial measures

Return on Invested Capital

Last twelve month basis through first quarter

Dollars in millions	2017	2016
Operating Income	\$ 3,397	\$ 3,445
Lease Interest	1	1
Special Items – pre-tax	173	-
Operating Profit	\$ 3,571	\$ 3,446
Tax on Operating Profit	(1,357)	(1,309)
Net Operating Profit After Tax	\$ 2,214	\$ 2,137
Balance Sheet Debt	\$ 11,294	\$ 10,536
Off Balance Sheet Debt	339	359
Shareholders Equity	11,776	11,606
Invested Capital	\$ 23,409	\$ 22,501
Return on Invested Capital	9.5%	9.5%

Debt-to-EBITDA

Last twelve month basis through first quarter

Dollars in millions	2017	2016
Net Earnings	\$ 1,720	\$ 1,882
Interest Expense	574	553
Income Taxes	1,035	1,113
Depreciation	1,308	1,226
Pension Adjustment	11	35
Operating Lease Payment	70	73
One-Time Items	173	-
Adjusted EBITDA	\$ 4,891	\$ 4,882
Balance Sheet Debt	\$ 11,294	\$ 10,536
Unfunded Pension Obligations	379	557
Other Off Balance Sheet Items	339	359
Adjusted Debt	\$ 12,012	\$ 11,452
Debt-to-EBITDA	2.5x	2.3x





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