



**CSX CORPORATION**  
WOLFE RESEARCH GLOBAL TRANSPORTATION 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](http://www.sec.gov) and the company's website at [www.csx.com](http://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.

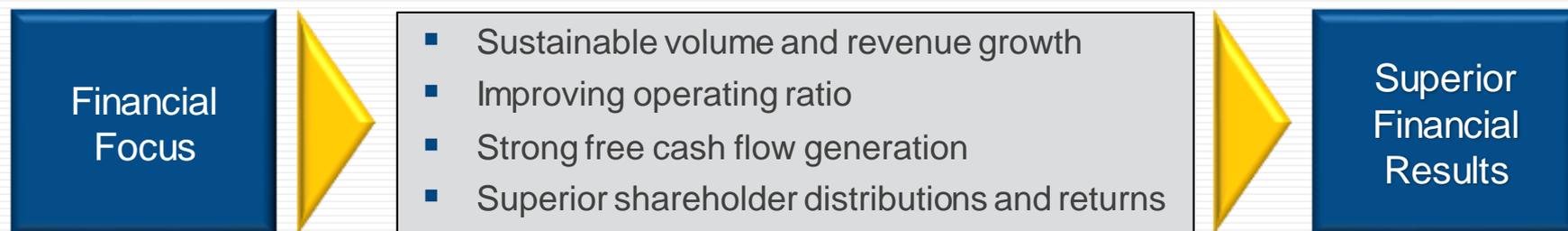
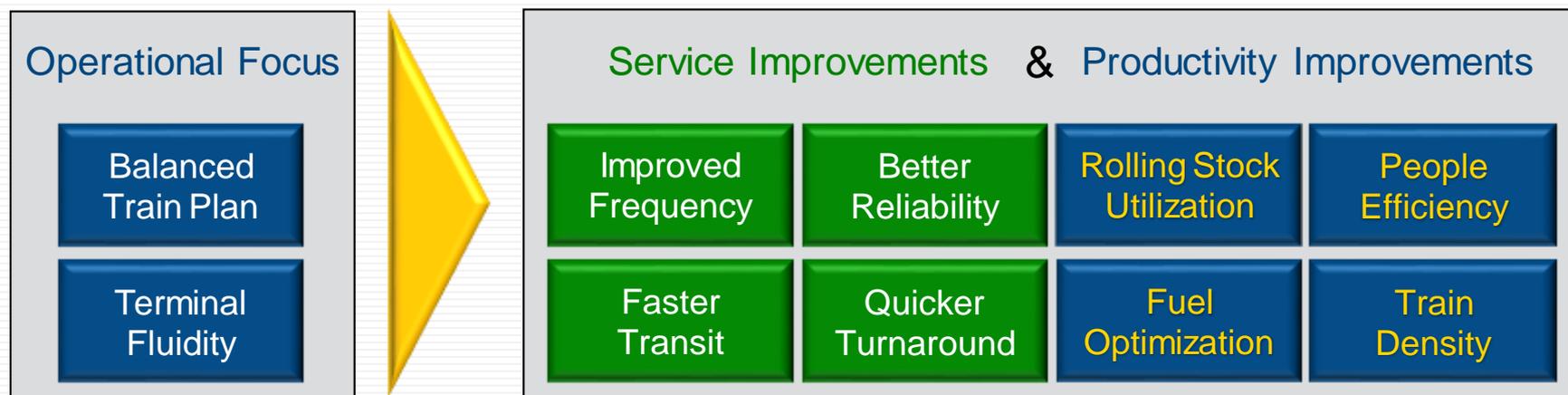
Non-GAAP measures do not have standardized definitions and are not defined by U.S. GAAP. Therefore, CSX's non-GAAP measures are unlikely to be comparable to similar measures presented by other companies. The presentation of these non-GAAP measures should not be considered in isolation from, as a substitute for, or as superior to the financial information presented in accordance with GAAP.

## **Forward Looking Non-GAAP Measures**

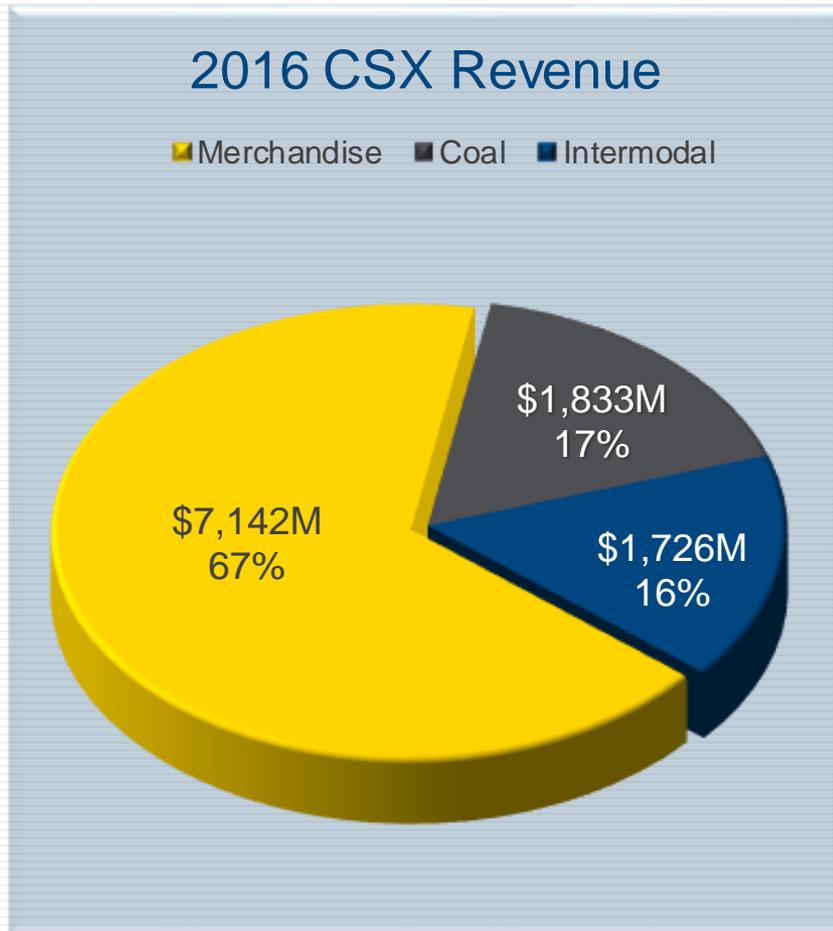
CSX presents non-GAAP or adjusted operating ratio and adjusted net earnings per share, assuming dilution on a forward-looking basis. The most directly comparable forward-looking GAAP measure is operating ratio and net earnings per share, assuming dilution. CSX is unable to provide a quantitative reconciliation 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.



# Precision Scheduled Railroading drives benefits



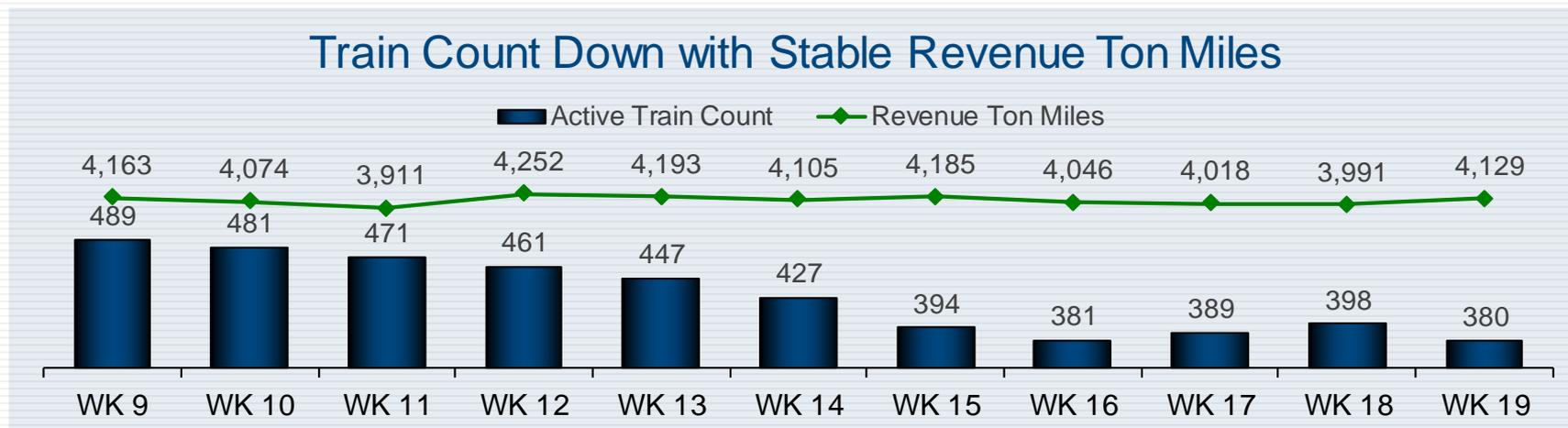
# Expecting significant Merchandise service gains



- Relentless focus on reducing Merchandise car cycle time
  - Balanced plan helps increase reliability and predictability of service
  - Reduces asset intensity; increases speed to market for customers
- Switching cars where it makes sense and where most efficient
  - Reduces total handlings and intensity of terminal switching
- Disciplined customer service delivery at local level
  - Employing high touch approach through transition and beyond

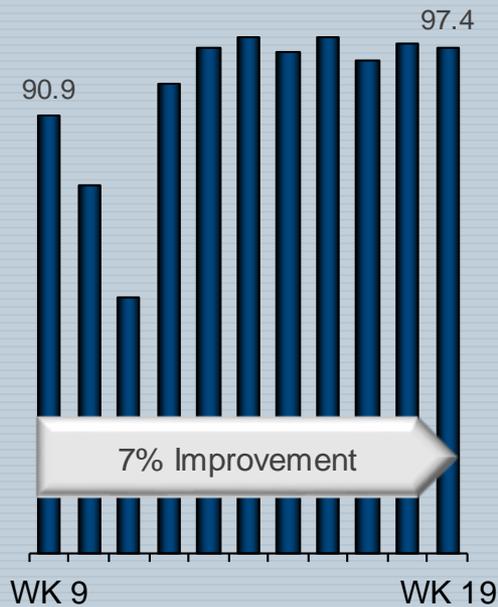


# Service and efficiency improvements already evident

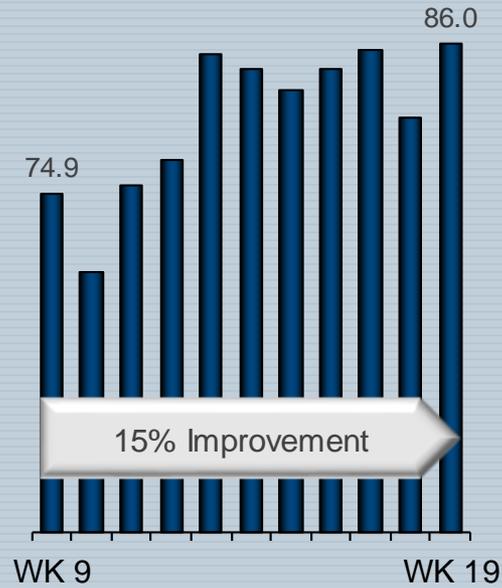


# Customer facing measures also significantly better

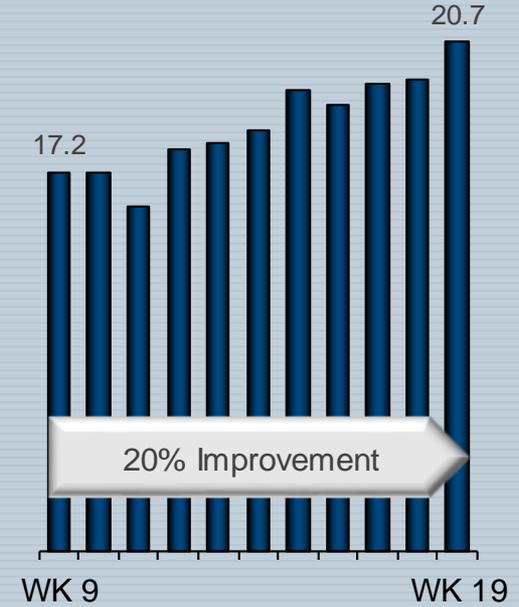
## % Premium Intermodal Availability



## % Automotive Availability



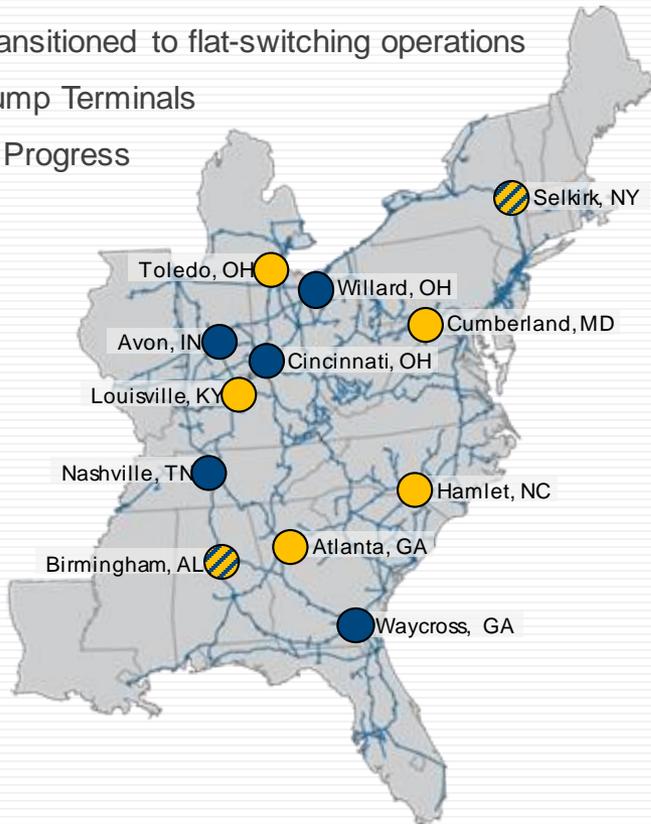
## Merchandise Velocity (mph)



# Driving record efficiency through operating changes

## CSX Hump Terminals Transitioning operations to flat-switching

- Transitioned to flat-switching operations
- Hump Terminals
- In Progress



- Reducing train counts and merchandise handlings
  - Five hump conversions complete, two in progress; others being considered
- Improvements leading to asset reduction opportunities
  - 550 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



# Operating changes help drive financial targets

- 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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