



2019 FIRST 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

FIRST QUARTER HIGHLIGHTS

Volume 1,531K

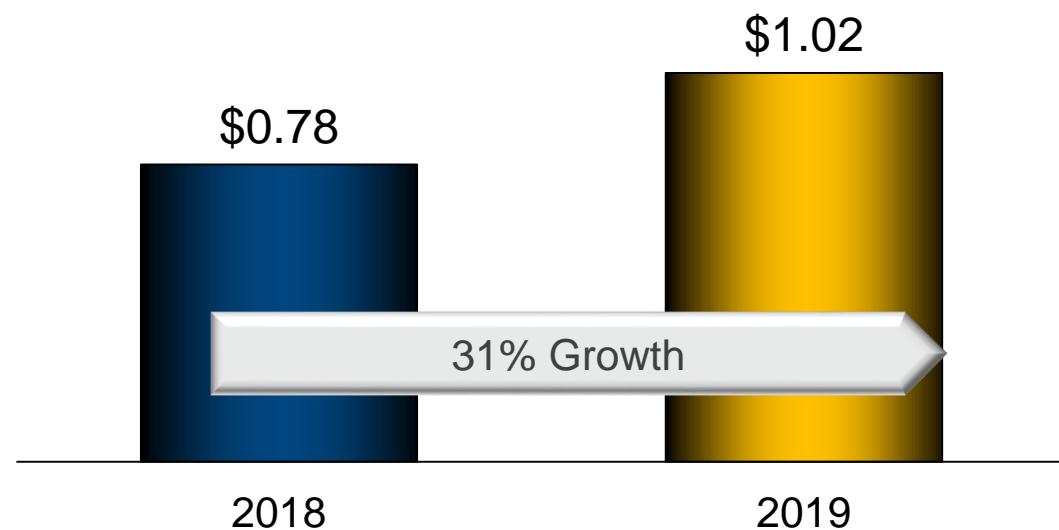
Revenue \$3,013M

Operating Income \$1,219M

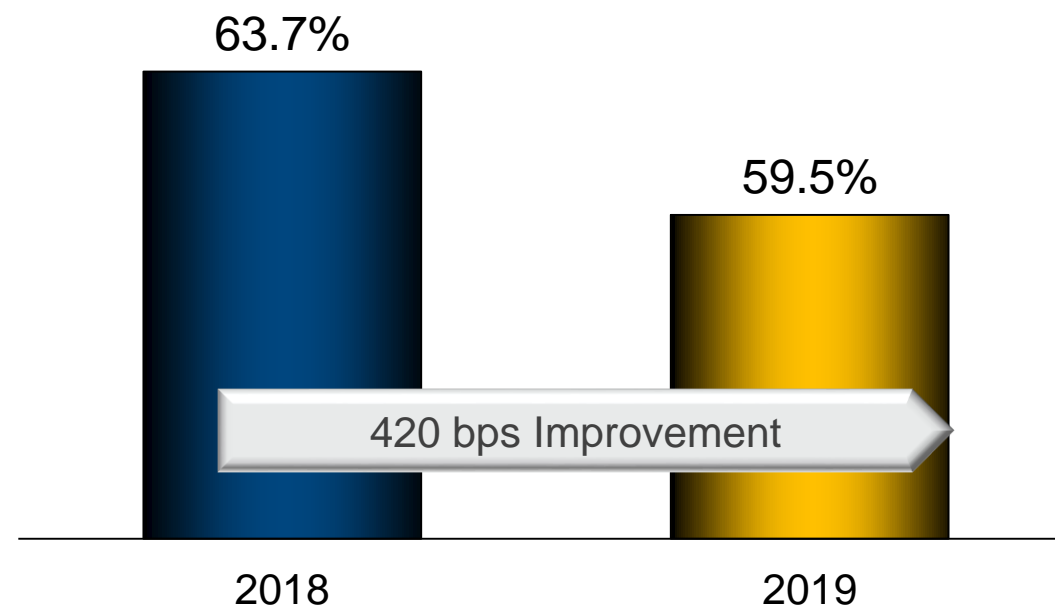
Operating Ratio 59.5%

EPS \$1.02

Earnings Per Share



Operating Ratio

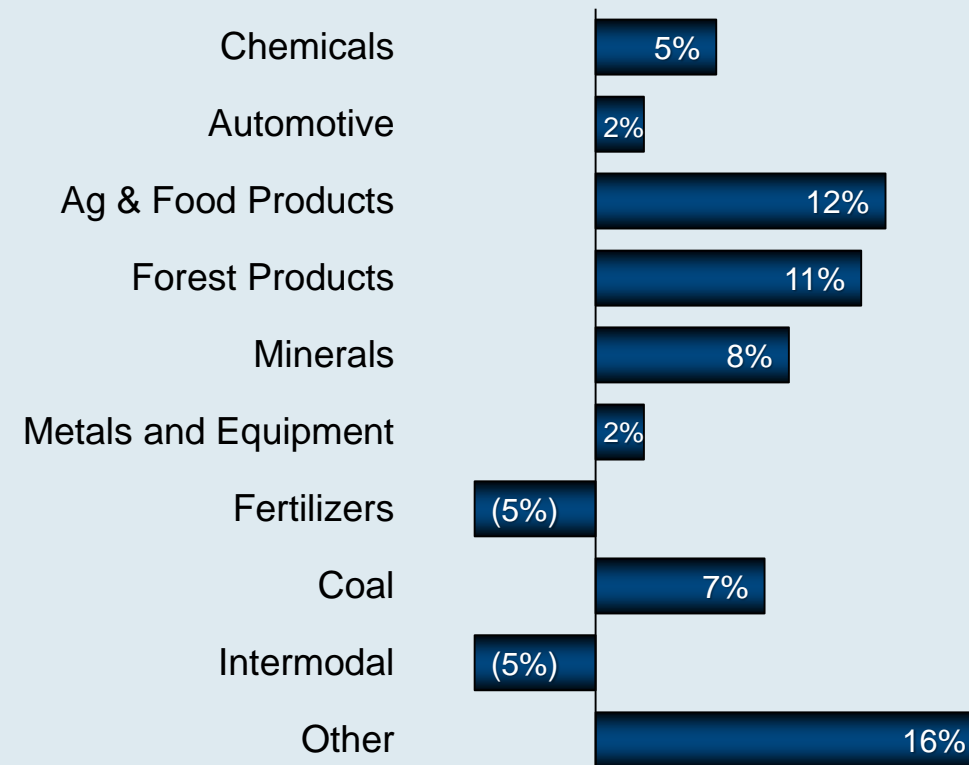


FIRST QUARTER REVENUE HIGHLIGHTS

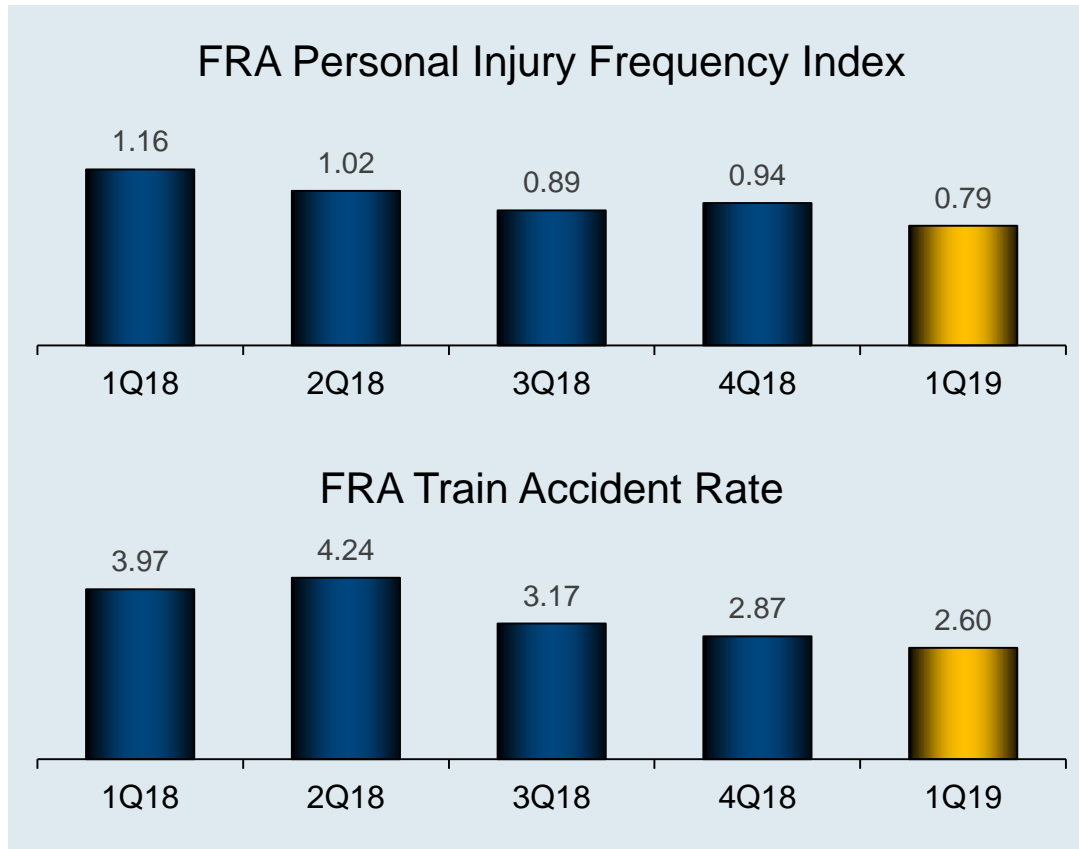
Strong Pricing and Favorable Mix Drove Revenue Gains

- Chemicals increase driven by broad-based growth, partially offset by LPG, fly ash and sand shipment declines
- Automotive driven by strength in trucks and SUVs
- Ag & Food Products driven by grain and ethanol strength
- Forest Products increase led by growth in building products and strong export demand
- Minerals strength driven by increased construction and paving project activity
- Metals and Equipment growth driven by increased steel production
- Fertilizers negatively impacted by winter weather conditions
- Coal revenue increased, as strength in domestic steel and industrial markets, combined with coal export growth, more than offset domestic utility declines
- Intermodal decreased, as growth in the international market was more than offset by the impact of lane rationalizations

First Quarter Revenue Up 5% Percent Year over Year



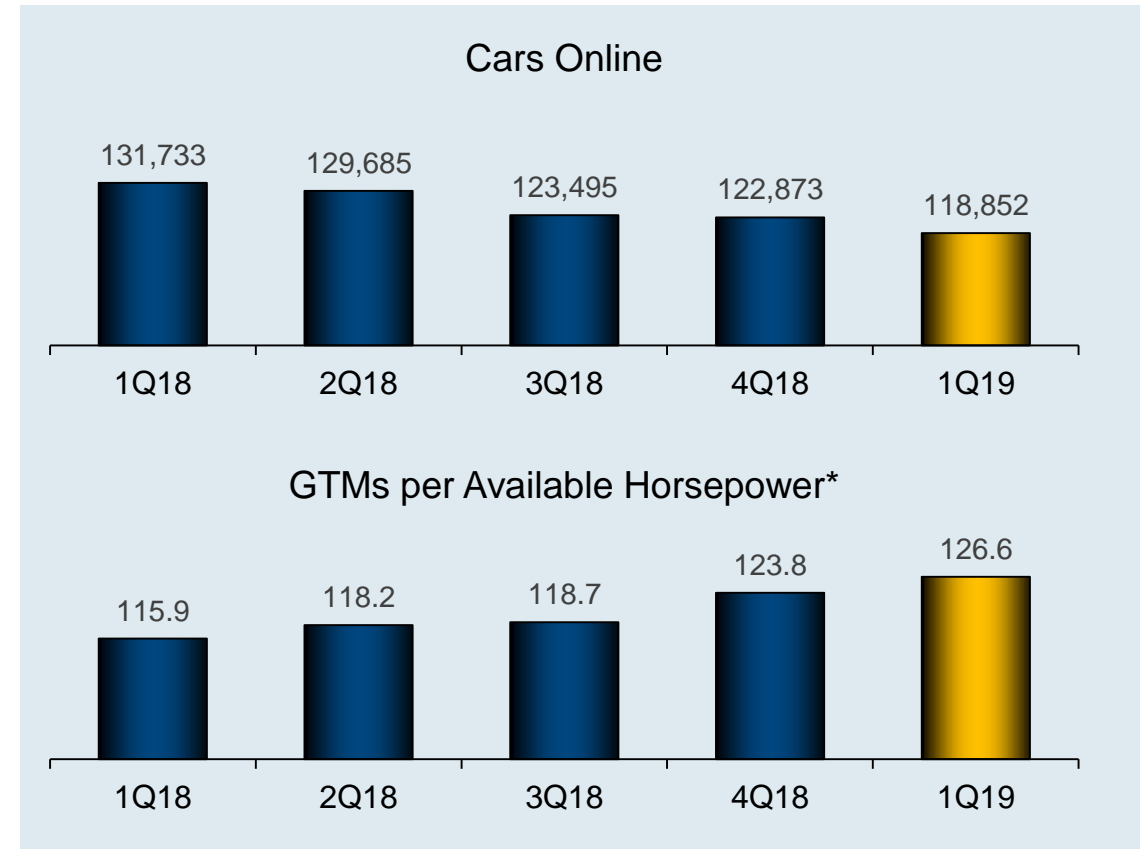
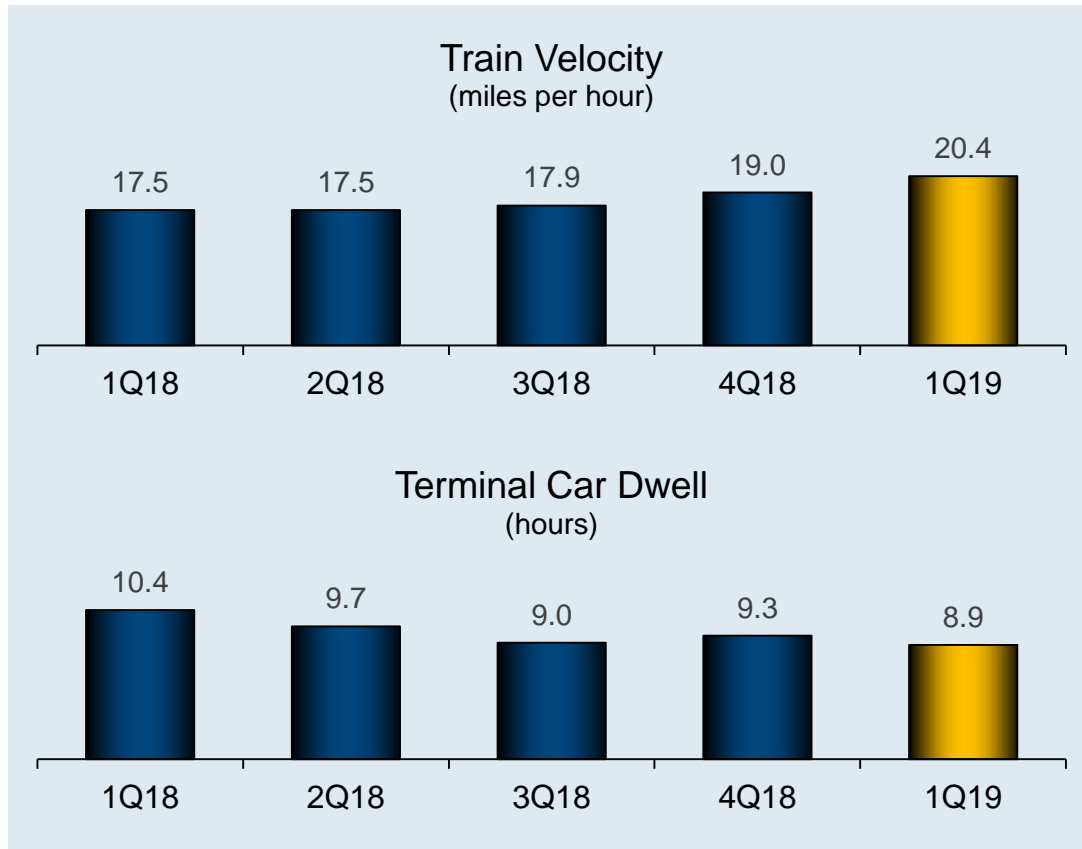
FIRST QUARTER SAFETY HIGHLIGHTS



- Safety remains a key guiding principle at CSX
- Sequential and year over year improvement in both personal injury frequency index and train accident rate
- Safety program enhancements continue to deliver favorable results
- Ongoing opportunity for improvement

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

FIRST QUARTER OPERATING HIGHLIGHTS



*GTM per Available Horsepower: Measure of locomotive productivity as a ratio of gross ton miles to total available locomotive horsepower (excludes locomotives out of service, stored, offline, and leased to others)



FINANCIAL REVIEW

Frank A. Lonergo

EVP and Chief Financial Officer

FIRST QUARTER EARNINGS SUMMARY

First Quarter Income Statement

Dollars in millions	2019	2018	Variance
Revenue	\$ 3,013	\$ 2,876	5%
Expense			
Labor and Fringe	672	696	3%
Materials, Supplies and Other	478	482	1%
Depreciation	330	323	(2%)
Fuel	233	255	9%
Equipment and Other Rents	100	101	1%
Equity Earnings of Affiliates	(19)	(25)	(24%)
Total Expense	1,794	1,832	2%
Operating Income	1,219	1,044	17%
Interest Expense	(178)	(149)	(19%)
Other Income – Net	23	17	35%
Income Tax Expense	(230)	(217)	(6%)
Net Earnings	\$ 834	\$ 695	20%
Earnings Per Share	\$ 1.02	\$ 0.78	31%
Operating Ratio	59.5%	63.7%	420 bps

FIRST QUARTER FINANCIAL MEASURES

Capital Investments

Dollars in Millions



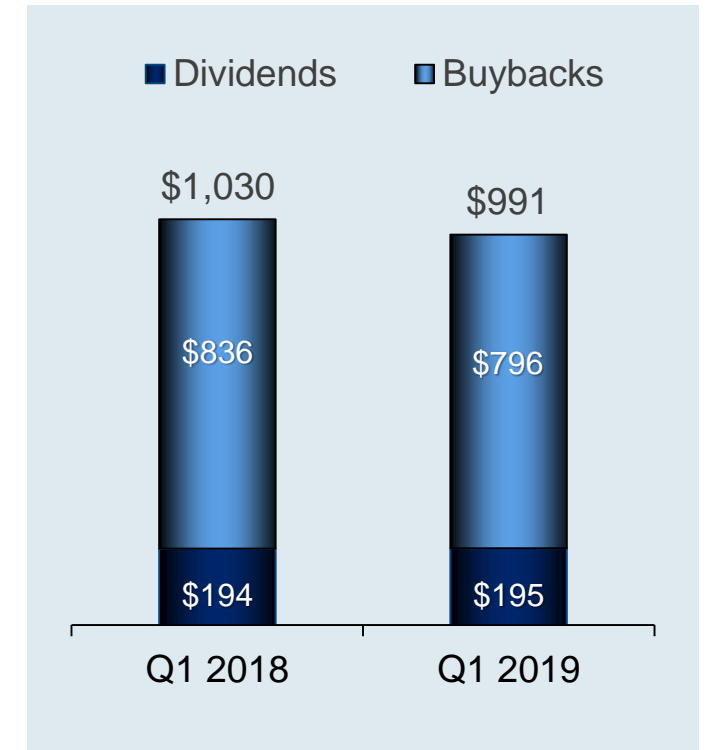
Adjusted Free Cash Flow Before Dividends

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

- Reiterate full-year outlook for low single-digit revenue growth
- No change to below-60% operating ratio expectation
- Capital expenditures still expected to be between \$1.6 billion and \$1.7 billion
- Remain focused on continued service improvements and driving additional efficiencies across the network

APPENDIX

- Non-GAAP Adjusted Free Cash Flow Reconciliation

NON-GAAP ADJUSTED FREE CASH FLOW RECONCILIATION

Adjusted Free Cash Flow

Dollars in millions	Three Months Ended	
	March 31, 2019	March 31, 2018
Net Cash Provided by Operating Activities	\$ 1,173	\$ 966
Property Additions	(353)	(368)
Other Investing Activities	46	44
Free Cash Flow (before payment of dividends)	866	642
Add back: Cash Payments for Restructuring Charge (after-tax)	–	9
Adjusted Free Cash Flow Before Dividends (non-GAAP)	\$ 866	\$ 651



[CSX.COM / INVESTORS](https://www.csx.com/investors)