



2018 THIRD 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

THIRD QUARTER HIGHLIGHTS

Volume 1,656K

Revenue \$3,129M

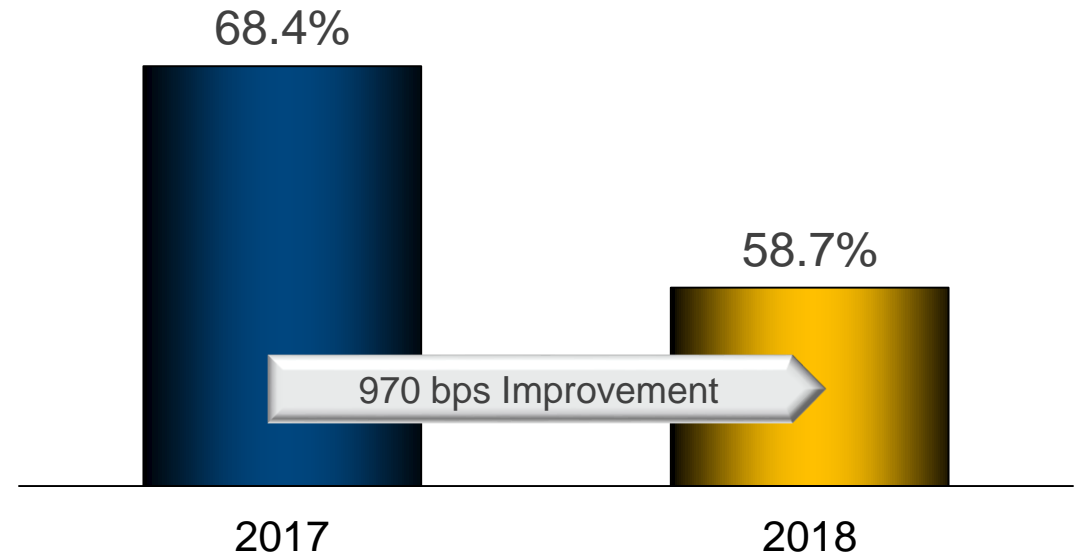
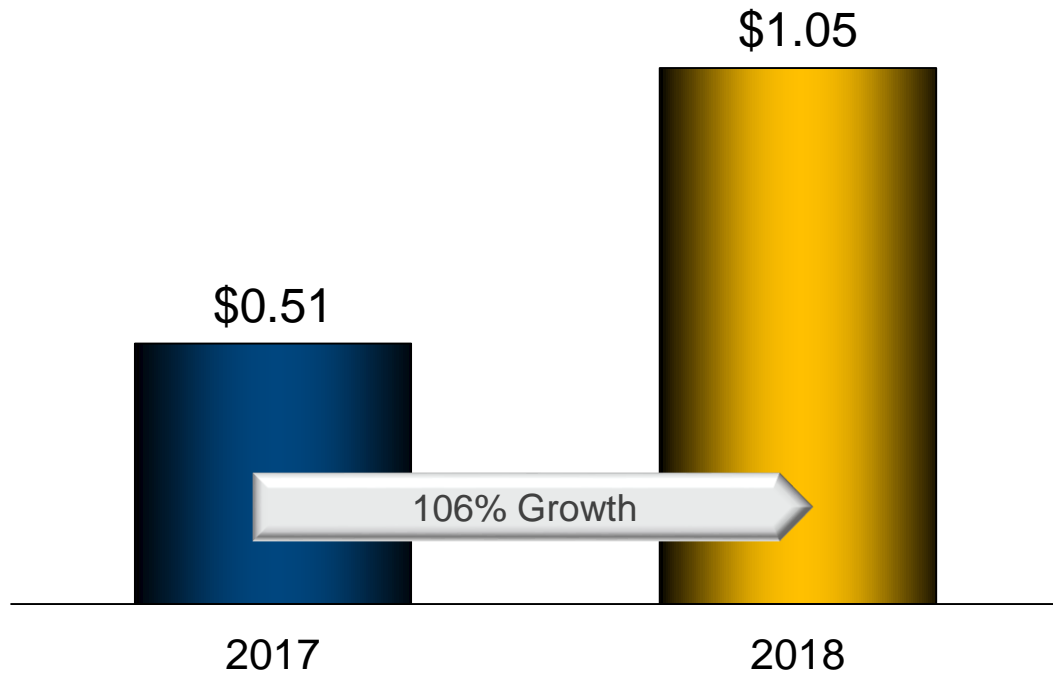
Operating Income \$1,293M

Operating Ratio 58.7%

EPS \$1.05

Earnings Per Share

Operating Ratio



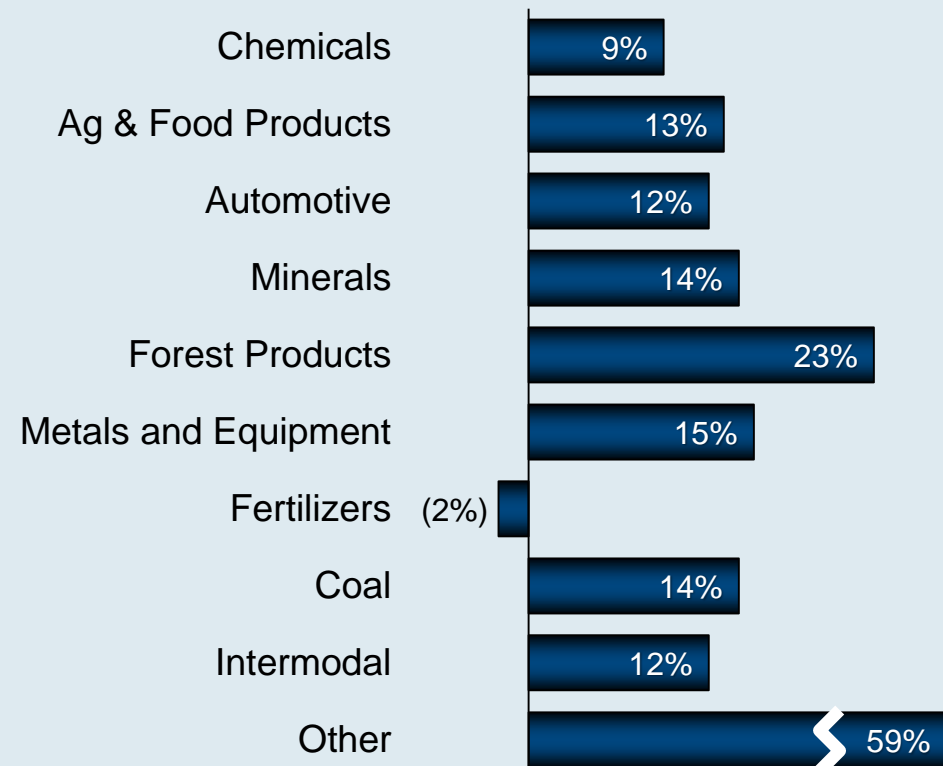
Certain prior year data has been reclassified to conform to the current presentation

THIRD QUARTER REVENUE HIGHLIGHTS

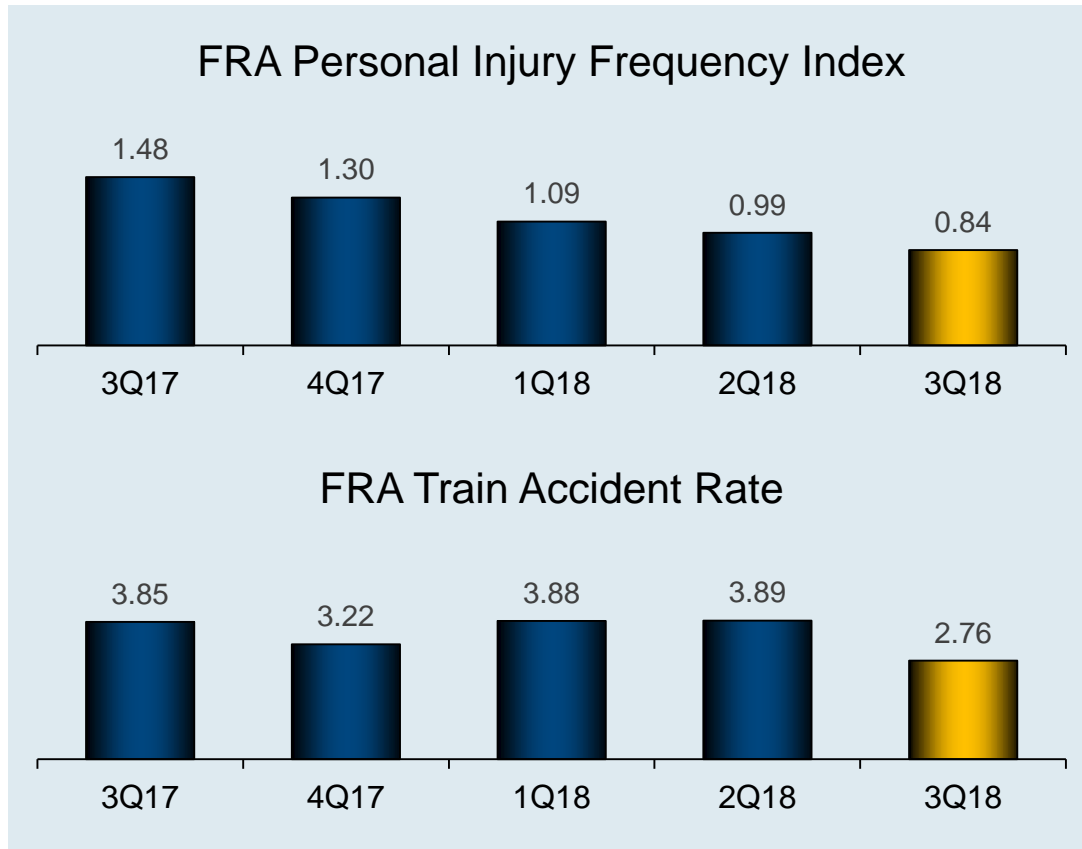
Strong Freight Environment Yielding Volume and Pricing Gains

- Chemicals increase driven by broad-based growth, partially offset by fly ash and sand shipment declines
- Ag & Food driven by domestic and export grain strength
- Auto driven by strength in North American trucks and SUVs
- Minerals increase driven by stronger demand for construction and paving projects
- Forest Products strength led by building products and e-commerce driven pulpboard demand
- Metals and Equipment driven by metals via truck conversions to rail and greater demand for construction and pipe
- Fertilizer declines driven by a previously announced customer closure
- Export coal strength partially offset by declines in domestic utility coal
- Intermodal increase driven by tight truck supply and strong international demand

Third Quarter Revenue Up Fourteen Percent Year over Year



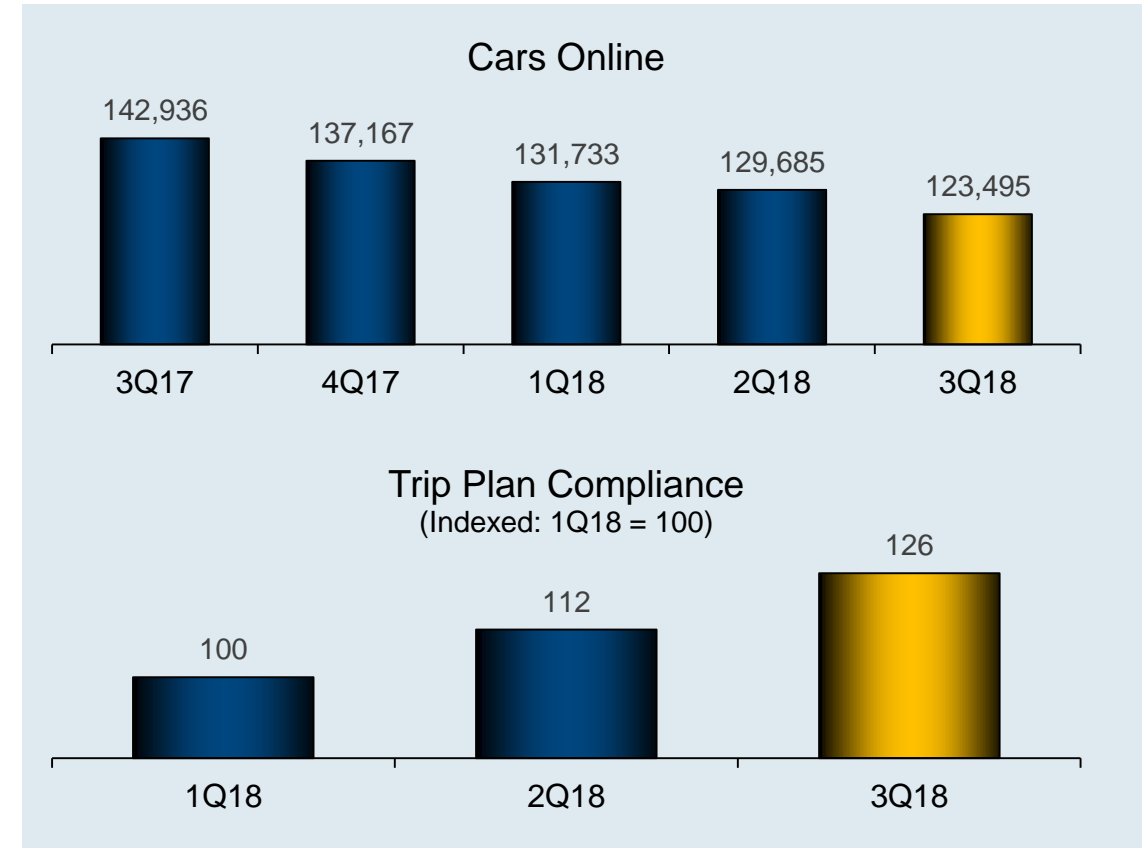
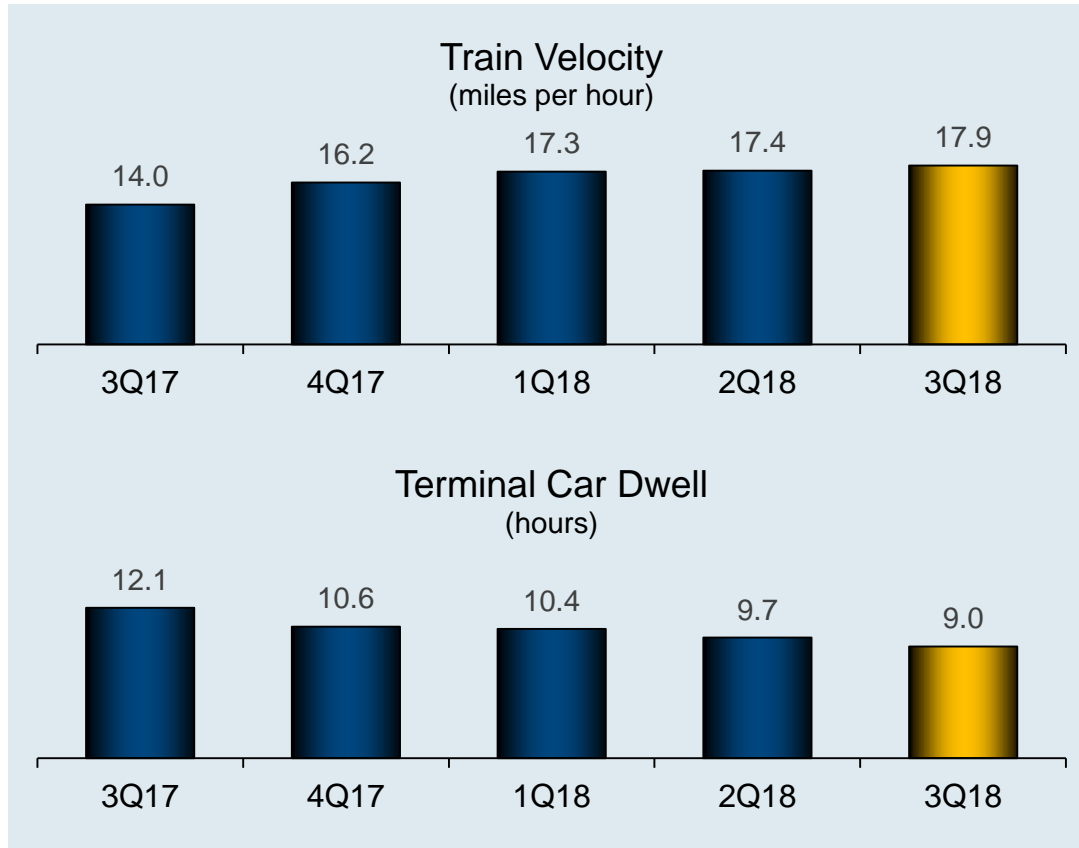
THIRD QUARTER SAFETY HIGHLIGHTS



- Safety is the #1 priority at CSX
- Sequential and year over year improvement in both the personal injury frequency index and train accident rate
- Enhancing safety plan following 3rd party safety review
- Continued opportunity for improvement

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

THIRD QUARTER OPERATING HIGHLIGHTS



The methodology for calculating train velocity and dwell differs from that prescribed by the Surface Transportation Board. The Company will continue to report train velocity and dwell to the Surface Transportation Board using the prescribed methodology. See additional discussion on the Company's website.

FINANCIAL REVIEW

Frank A. Lonergo

EVP and Chief Financial Officer

THIRD QUARTER EARNINGS SUMMARY

Third Quarter Income Statement

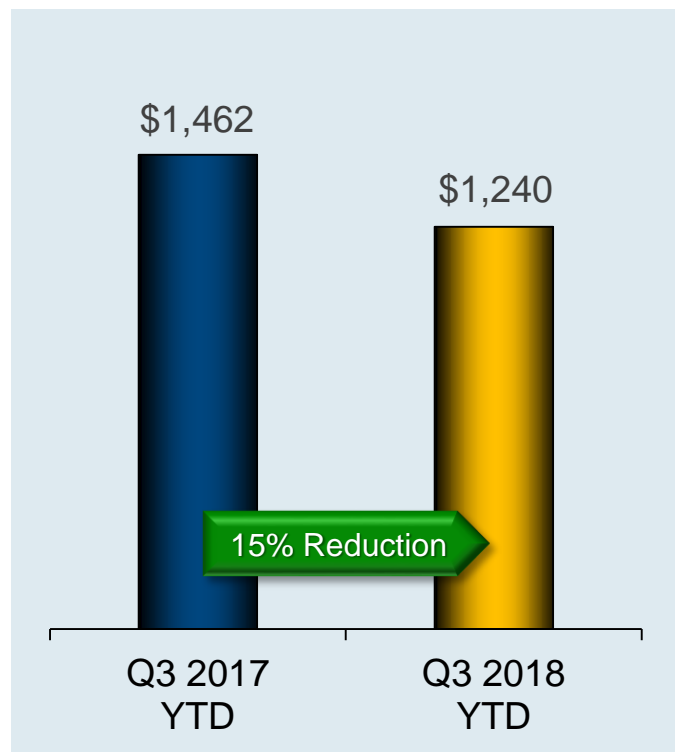
Dollars in millions	2018	2017	Variance
Revenue	\$ 3,129	\$ 2,743	14%
Expense			
Labor and Fringe	695	725	4%
Materials, Supplies and Other	474	523	9%
Depreciation	334	331	(1%)
Fuel	268	205	(31%)
Equipment and Other Rents	89	109	18%
Restructuring Charge	-	1	100%
Equity Earnings of Affiliates	(24)	(19)	26%
Total Expense	1,836	1,875	2%
Operating Income	1,293	868	49%
Interest Expense	(162)	(132)	(23%)
Other Income – Net	19	14	36%
Income Tax Expense	(256)	(291)	12%
Net Earnings	\$ 894	\$ 459	95%
Earnings Per Share	\$ 1.05	\$ 0.51	106%
Operating Ratio	58.7%	68.4%	970 bps

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

THIRD QUARTER YEAR TO DATE FINANCIAL MEASURES

Capital Investments

Dollars in Millions



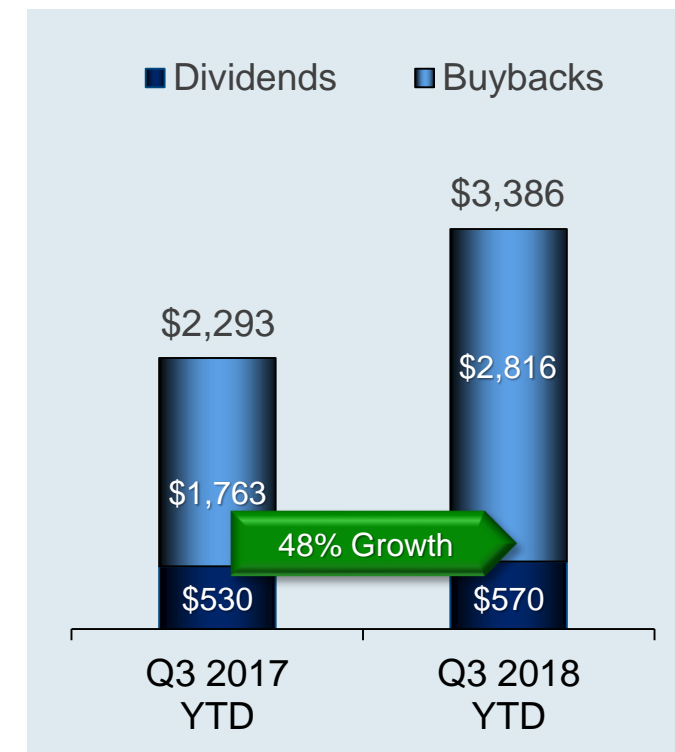
Adjusted Free Cash Flow Before Dividends

Dollars in Millions



Shareholder Distributions

Dollars in Millions



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

CLOSING REMARKS

James M. Foote

President and Chief Executive Officer

LOOKING FORWARD

- Expect 6% to 8% revenue growth in 2018
- Continue to reposition Intermodal towards sustainable and profitable growth
- 2018 ahead of plan, positive momentum since March Investor Conference
- Will discuss 2019 on Q4 2018 earnings call

APPENDIX

- Non-GAAP Adjusted Free Cash Flow Reconciliation

NON-GAAP ADJUSTED FREE CASH FLOW RECONCILIATION

Adjusted Free Cash Flow

Dollars in millions	Nine Months Ended	
	September 30, 2018	September 30, 2017
Net Cash Provided by Operating Activities	\$ 3,406	\$ 2,861
Property Additions	(1,240)	(1,462)
Other Investing Activities	249	71
Free Cash Flow (before payment of dividends)	2,415	1,470
Add back: Cash Payments for Restructuring Charge (after-tax)	11	96
Adjusted Free Cash Flow Before Dividends (non-GAAP)	\$ 2,426	\$ 1,566



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