



2018 FOURTH 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

FOURTH QUARTER HIGHLIGHTS

Volume 1,648K

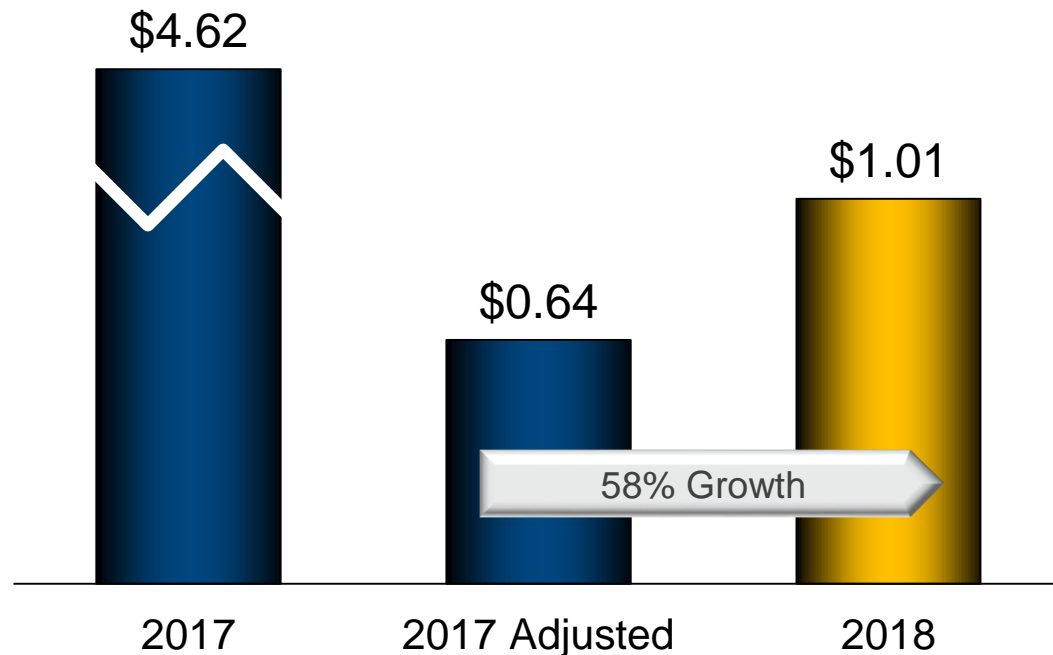
Revenue \$3,143M

Operating Income \$1,249M

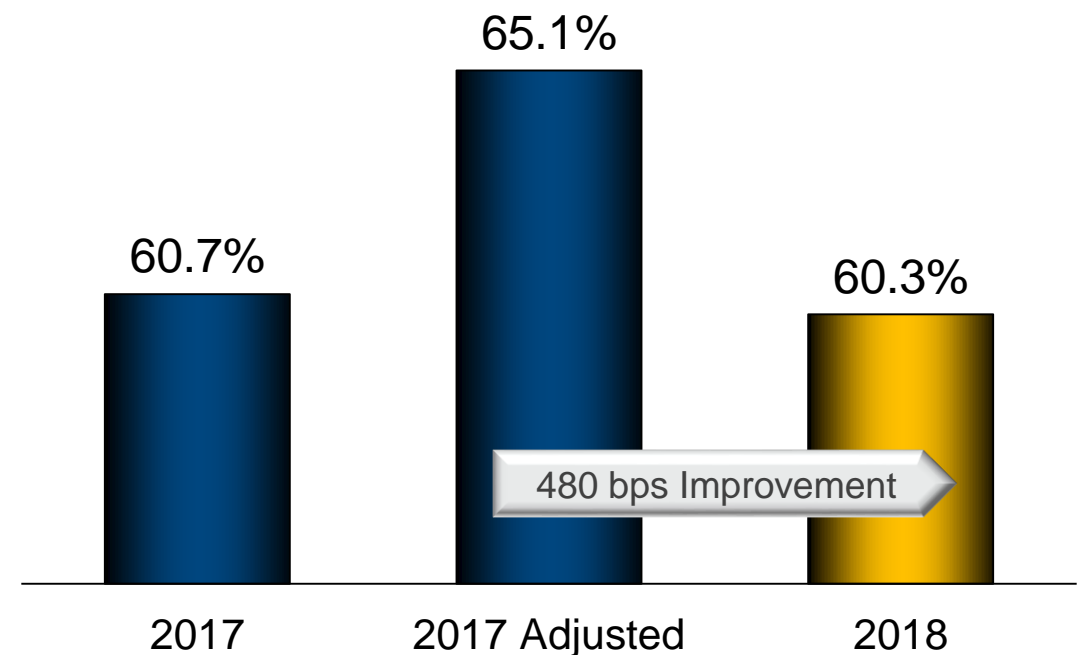
Operating Ratio 60.3%

EPS \$1.01

Earnings Per Share



Operating Ratio



Note: Adjusted financials exclude impacts from restructuring and the tax reform benefit. See Appendix.

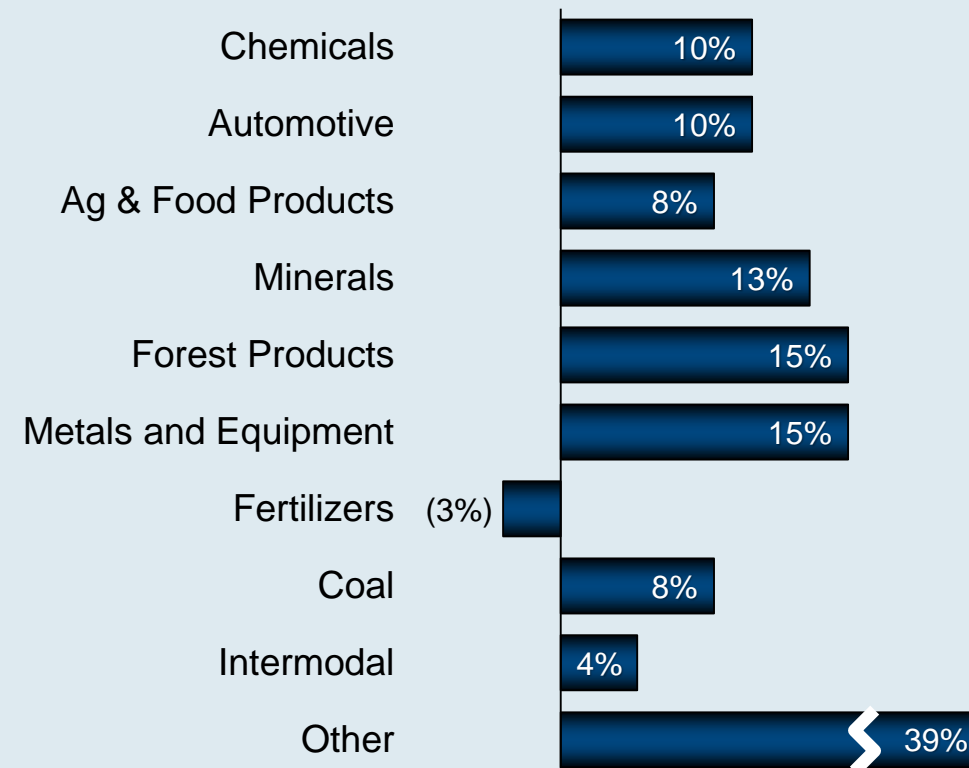
Certain prior year data has been reclassified to conform to the current presentation

FOURTH QUARTER REVENUE HIGHLIGHTS

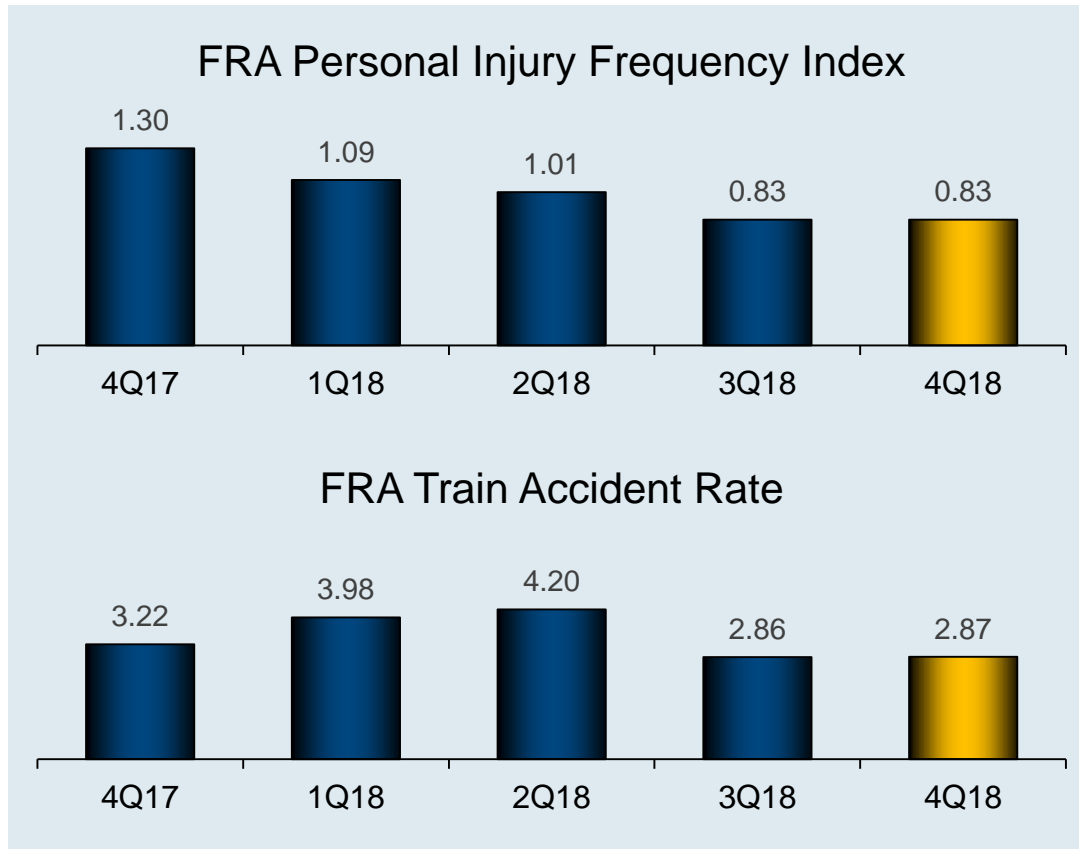
Strong Freight Environment Yielding Volume and Pricing Gains

- Chemicals increase driven by broad-based growth, partially offset by fly ash and sand shipment declines
- Auto driven by strength in North American trucks and SUVs
- Ag & Food driven by domestic grain strength
- Minerals increase driven by stronger demand for construction and paving projects
- Forest Products strength led by e-commerce-driven pulpboard demand and increased export fiber shipments
- Metals and Equipment driven by increased steel production and truck conversions of metals shipments
- Fertilizer declines driven by a previously announced customer closure and reduced exports
- Coal revenue increased, as strength in the domestic steel and industrial market, combined with positive export coal, more than offset losses in domestic utility
- Intermodal increased in both domestic and international markets, more than offsetting the impact of lane rationalizations, driven by existing customer growth, a tight truck market, and new service offerings to inland ports

Fourth Quarter Revenue Up 10% Percent Year over Year



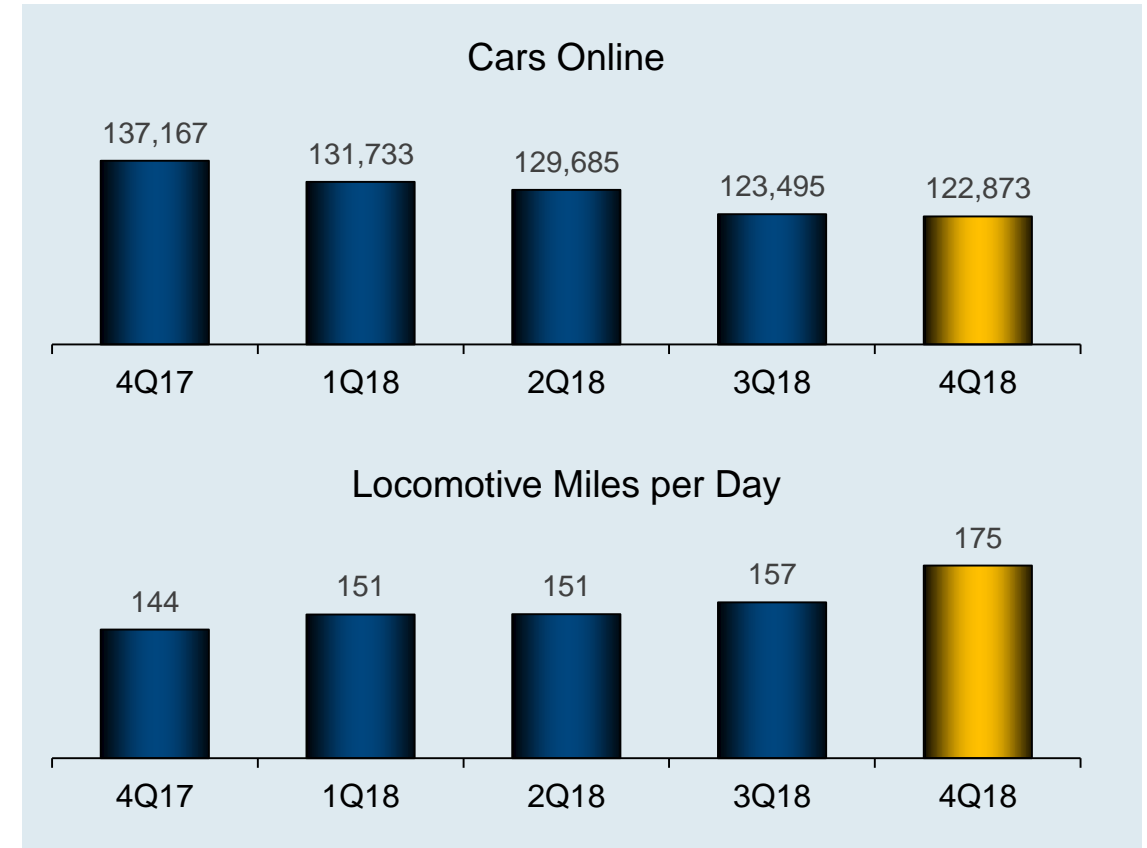
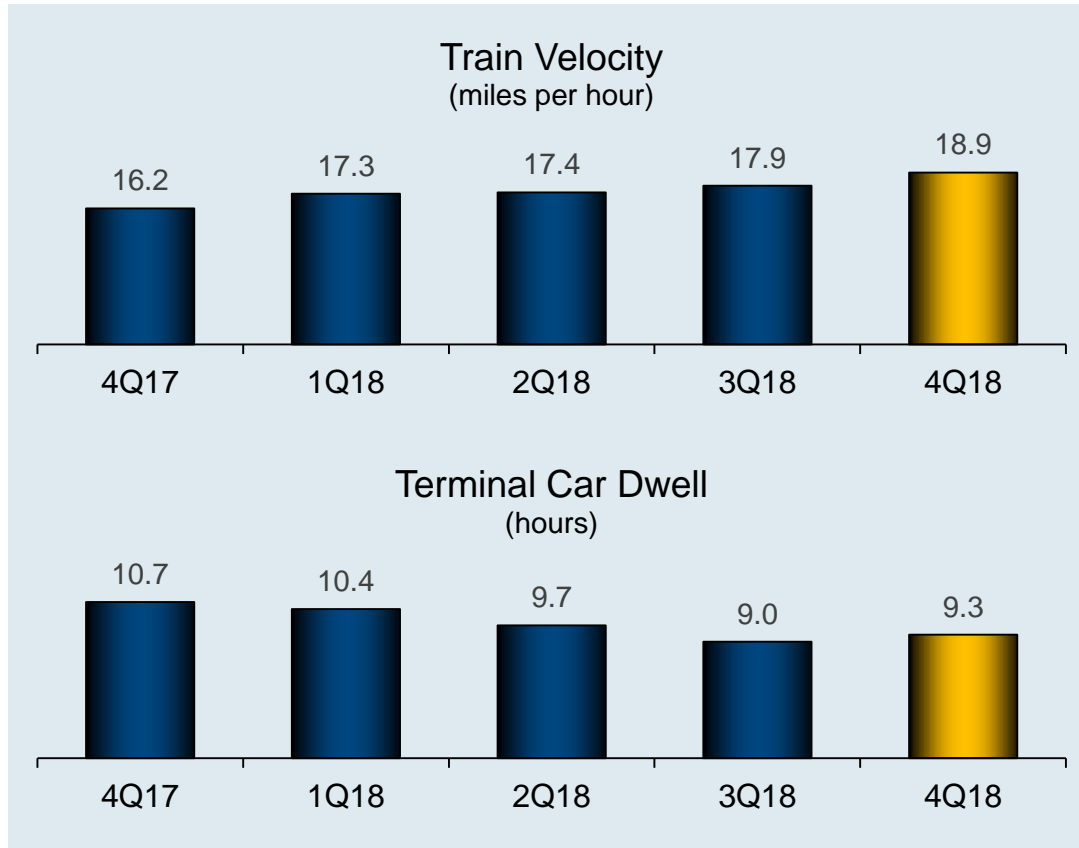
FOURTH QUARTER SAFETY HIGHLIGHTS



- Safety is a guiding principle at CSX
- Year-over-year safety performance improvements in both FRA accidents and FRA injuries in Q4
- Aiming to continue momentum into 2019 with risk-based safety program enhancements
- Safety goals added to the company's 2019 incentive compensation program targets

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

FOURTH 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. Lonagro

EVP and Chief Financial Officer

FOURTH QUARTER EARNINGS SUMMARY

Fourth Quarter Income Statement

Dollars in millions	2017 GAAP	2017 Adjusted	2018	2018 vs. 2017 Adjusted Variance
Revenue	\$ 2,863	\$ 2,863	\$ 3,143	10%
Expense				
Labor and Fringe	675	675	678	--
Materials, Supplies and Other	524	524	542	(3%)
Depreciation	337	337	345	(2%)
Fuel	243	243	253	(4%)
Equipment and Other Rents	116	116	93	20%
Restructuring Charge	14	-	-	--
Equity Earnings of Affiliates	(172)	(30)	(17)	(43%)
Total Expense	1,737	1,865	1,894	(2%)
Operating Income	1,126	998	1,249	25%
Interest Expense	(140)	(140)	(171)	(22%)
Restructuring Charge – Non-Operating	(15)	-	-	--
Other Income – Net	12	13	20	54%
Income Tax Expense	3,157	(298)	(255)	14%
Net Earnings	\$ 4,140	\$ 573	\$ 843	47%
Earnings Per Share	\$ 4.62	\$ 0.64	\$ 1.01	58%
Operating Ratio	60.7%	65.1%	60.3%	480 bps

Note: Adjusted financials exclude impacts from restructuring and the tax reform benefit. See Appendix.

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

FULL YEAR 2018 FINANCIAL MEASURES

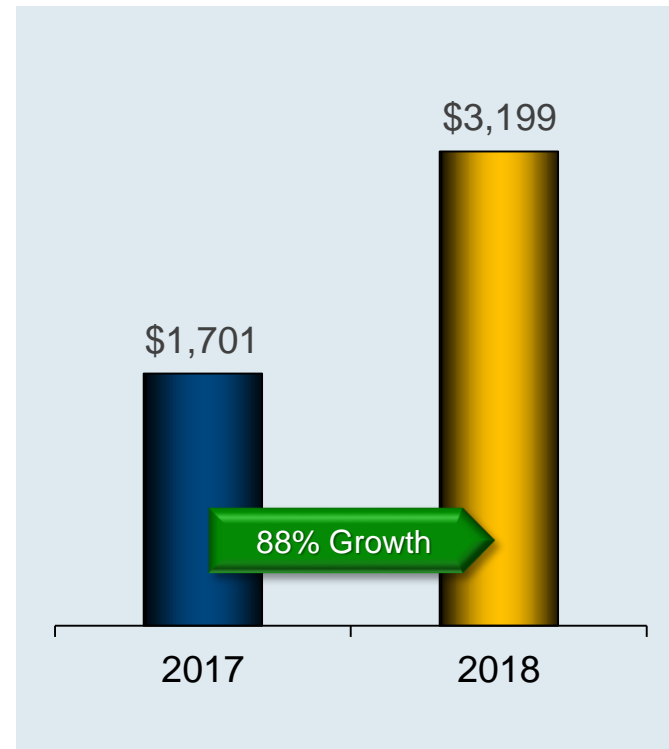
Capital Investments

Dollars in Millions



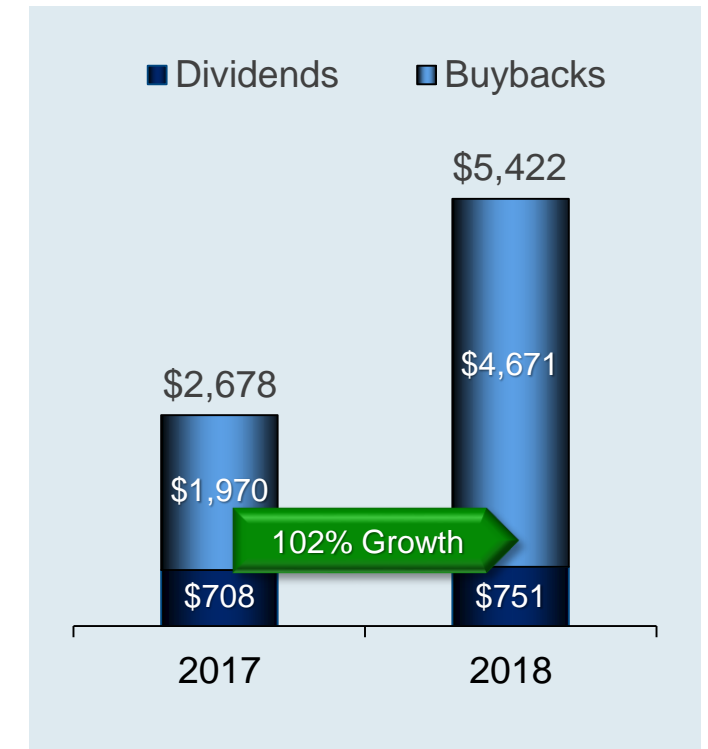
Adjusted Free Cash Flow Before Dividends

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

2019 FINANCIAL OUTLOOK

- Expect low single-digit revenue growth
- Expect 2019 operating ratio to outperform 2020 target of 60%
- Free Cash Flow is trending ahead of 3-year guidance of \$8.5 billion (2018 - 2020)
- Capital Expenditures to be between \$1.6 billion and \$1.7 billion
- New \$5 billion share repurchase authorization

APPENDIX

- 2017 Non-GAAP Income Statement Reconciliation
- Non-GAAP Adjusted Free Cash Flow Reconciliation

2017 NON-GAAP INCOME STATEMENT RECONCILIATION

Fourth Quarter 2017 Income Statement

Dollars in millions	GAAP	Adjustments	Non-GAAP
Revenue	\$ 2,863	\$ -	\$ 2,863
Expense			
Labor and Fringe	675	-	675
Materials, Supplies and Other	524	-	524
Depreciation	337	-	337
Fuel	243	-	243
Equipment and Other Rents	116	-	116
Restructuring Charge	14	(14)	-
Equity Earnings of Affiliates	(172)	142	(30)
Total Expense	1,737	128	1,865
Operating Income	1,126	(128)	998
Interest Expense	(140)	-	(140)
Restructuring Charge – Non-Operating	(15)	15	-
Other Income – Net	12	1	13
Income Tax Expense	3,157	(3,455)	(298)
Net Earnings	\$ 4,140	\$(3,567)	\$ 573
Earnings Per Share	\$ 4.62	\$ (3.98)	\$ 0.64
Operating Ratio	60.7%	440 bps	65.1%

Note: Non-GAAP is adjusted for the impacts of restructuring charge and tax reform benefit
 Certain prior year data has been reclassified to conform to the current presentation

NON-GAAP ADJUSTED FREE CASH FLOW RECONCILIATION

Adjusted Free Cash Flow

Dollars in millions	Years Ended	
	December 31, 2018	December 31, 2017
Net Cash Provided by Operating Activities	\$ 4,641	\$ 3,472
Property Additions	(1,745)	(2,040)
Other Investing Activities	292	134
Free Cash Flow (before payment of dividends)	3,188	1,566
Add back: Cash Payments for Restructuring Charge (after-tax)	11	135
Adjusted Free Cash Flow Before Dividends (non-GAAP)	\$ 3,199	\$ 1,701



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