



Forward-Looking Statements

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.

Presentation overview . . .

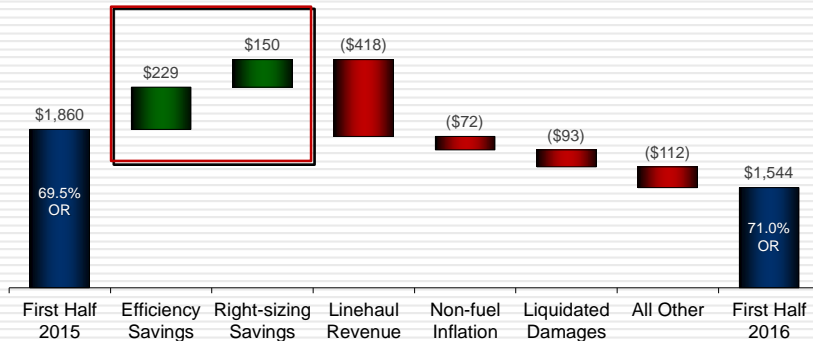
- **First half results driven by cost performance**
 - Efficiency savings total \$229 million and right-sizing savings total \$150 million
- **Macro-economic headwinds continue to impact volume**
 - Low natural gas, low commodity prices, strong dollar continue impacting business
- **Expect third quarter EPS to be slightly down sequentially**
 - Volume expected to decline high single-digits; efficiency outlook improving
- **Full-year EPS still expected to decline**
 - Cycling 2015 benefits; coal down 20-25%; efficiency to now exceed \$350 million
- **CSX of Tomorrow strategy positions company for future**
 - Network efficiency, automation, “Service Excellence”, and team of tomorrow

3

How tomorrow moves **CSX**

First half results driven by strong cost performance

First Half 2016 Versus Prior Year Performance
Operating Income and Drivers in Millions



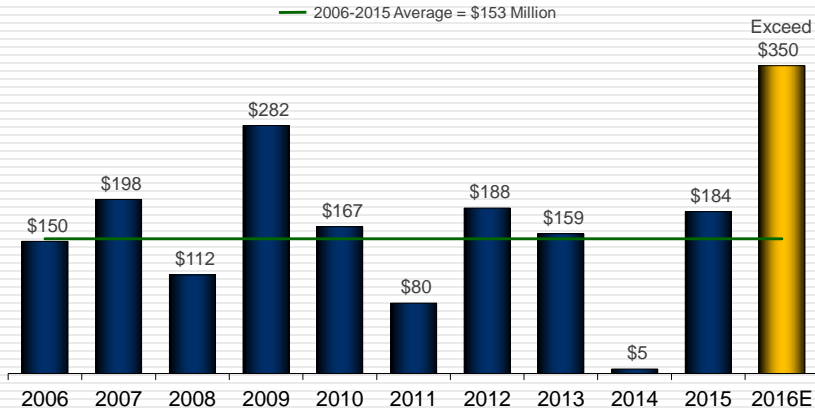
Note: Excluding the liquidated damage payments received in the first half of 2015, the operating ratio would have been 70.7%

4

How tomorrow moves **CSX**

Efficiency savings now expected to exceed \$350M

Efficiency Savings in Millions

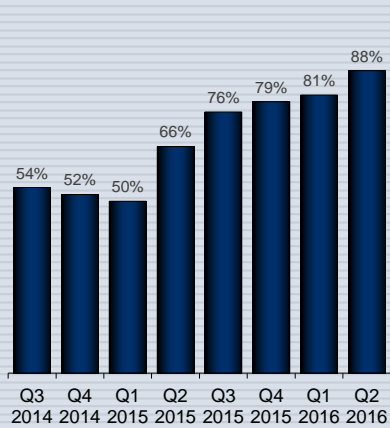


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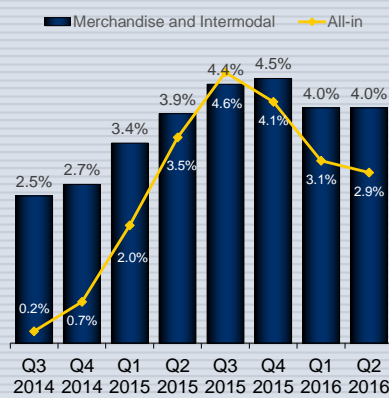
How tomorrow moves **CSX**

Strong service yields strong pricing through cycle

On-time Originations



Same Store Sales Pricing Year-Over Year Change

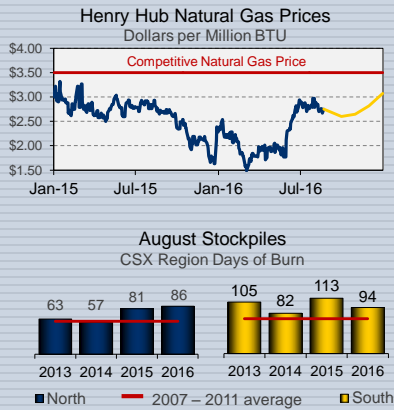


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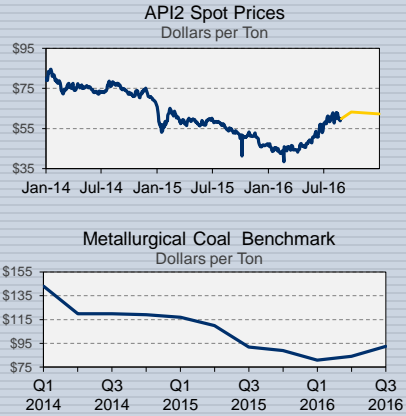
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Natural gas and global prices still challenging coal

Domestic Market



Export Market



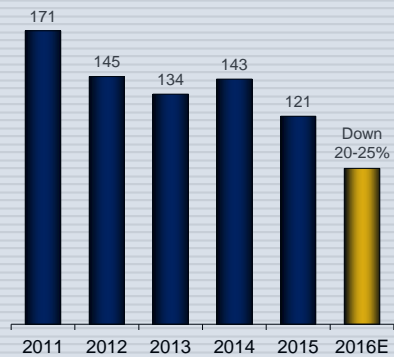
Sources: Henry Hub Natural Gas Futures Contracts; Coal Desk; PIRA

7

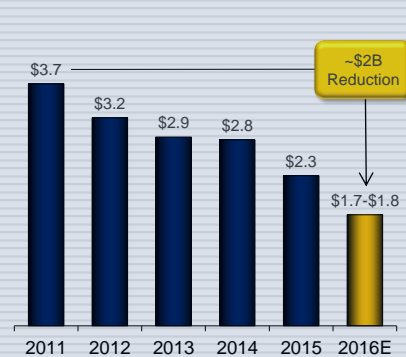
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Coal business has declined significantly since 2011

Coal Tonnage in Millions



Coal Revenue in Billions

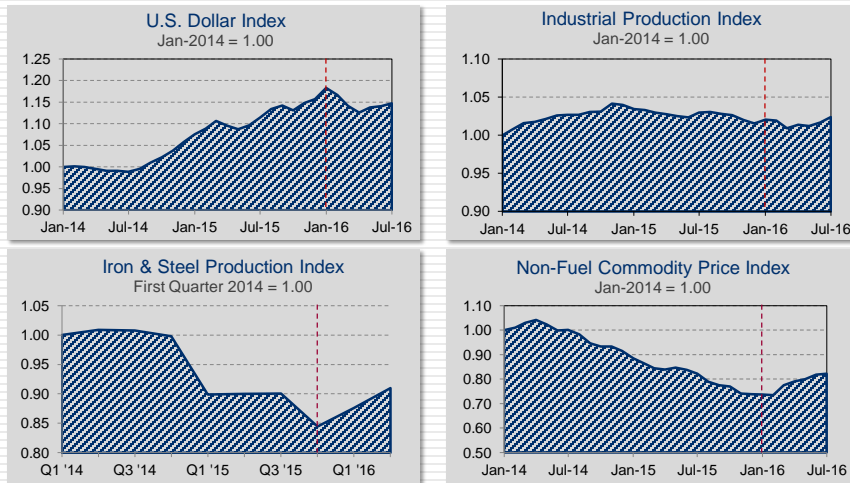


Total coal now expected to be down 20-25%, with export now approaching 25 tons

8

How tomorrow moves **CSX**

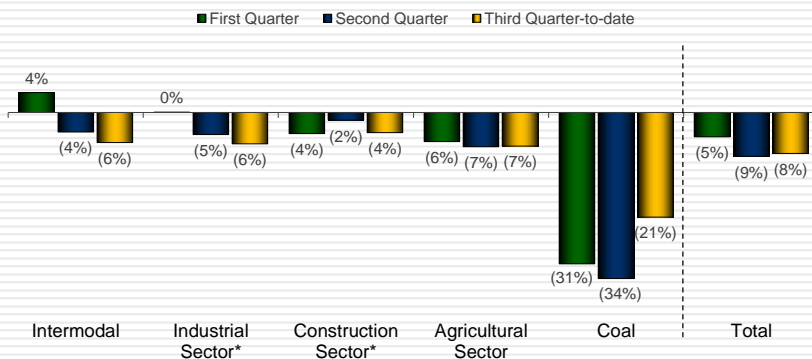
Dollar/commodity prices impacting broader markets



Sources: U.S. Dollar Inflation adjusted Broad Index; Global Insight Economic Forecast February 2016; IMF Commodity Prices

Third quarter-to-date volume tracking down 8%

Year-Over-Year Volume Growth



Now expect third quarter volume to decline in the high single digits

Note: Third quarter 2016 reflects Jun 25 – Aug 26 volume; industrial and construction sectors reflect new market alignments

CSX of Tomorrow strategy drives a robust future

CSX of Tomorrow

A safe, highly automated, resource efficient railroad enabling Service Excellence, profitable growth and improved cash flow

Network of Tomorrow

- Transform Network: Primary / Local
- Invest in capacity to drive freight density and enable growth
- Lengthen trains, lower cost structure

Highly Automated Railroad

- Leverage technology, process improvement to drive efficiency
- Invest to improve resource efficiency, asset reliability and service levels

Service Excellence

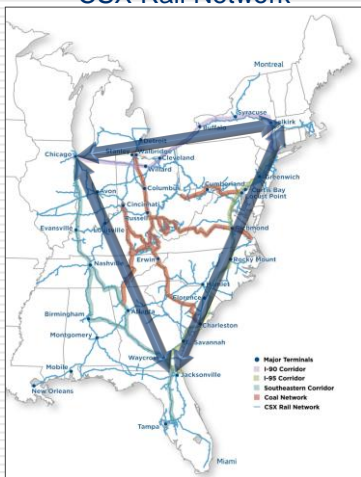
- Maintain reliable and competitive product
- Meet or exceed customer expectations
- Profitably grow business and continue value pricing

Team of Tomorrow

- Build culture embracing technology and driving transformation
- Commit to robust talent pipeline with tools and resources to succeed
- Drive collaborative alignment that creates customer and shareholder value

Network transformation drives long term growth

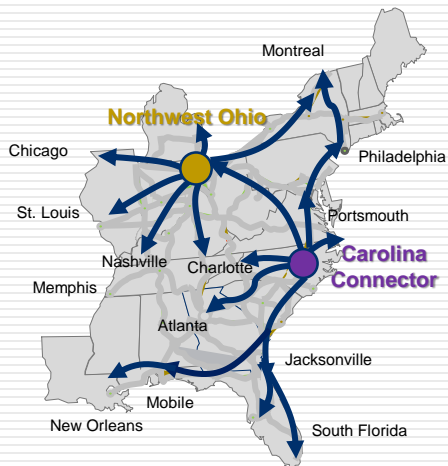
CSX Rail Network



- Key corridors drive growth in merchandise and intermodal
 - Focus growth on I-95, I-90 and Southeastern Corridors
 - Leverage two-thirds population; over 60% of manufacturing
- Redeploy capital to drive growth and margin expansion
 - Siding investments drive longer trains; increase efficiency
 - Automation investment also drives greater efficiency
 - Intermodal growth and efficiency driven by terminals/double stack

Hub and spoke strategy drives intermodal growth

Hub and Spoke Network



- Hub and spoke coupled with corridor lanes a key differentiator
 - Hubs create density, connecting mid-markets, driving growth
- Carolina Connector captures vibrant mid-Atlantic market
 - Provides hub connectivity to additional lanes
 - Initial build targets serving 60% local, 40% connectivity volume
 - Expansion potential on proposed footprint up to 500,000 loads
 - Local and connectivity volume ramping up through early 2020's
- Potential hub on southeastern corridor targeted longer-term

13

How tomorrow moves **[CSX]**

Wrap-up . . .

- First half results driven by cost performance
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- Expect third quarter EPS to slightly decline sequentially
 - Volume expected to decline high single-digits; efficiency outlook improving
- Full-year EPS still expected to decline
 - Cycling 2015 benefits; coal down 20-25%; partially offset by pricing and efficiency
- CSX of Tomorrow strategy positions company for future
 - Network efficiency, automation, "Service Excellence", and team of tomorrow

14

How tomorrow moves **[CSX]**



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