



## 2015 FOURTH QUARTER EARNINGS CONFERENCE CALL

### 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](http://www.sec.gov) and the company's website at [www.csx.com](http://www.csx.com).

## Executive Summary

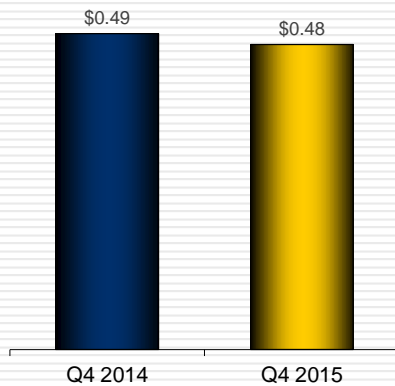
Michael Ward  
Chairman and  
Chief Executive Officer

How tomorrow moves 

## Fourth quarter performance . . .

Volume 1,655K    Revenue \$2,781M    Operating Income \$791M    Operating Ratio 71.6%    EPS \$0.48

### Earnings Per Share



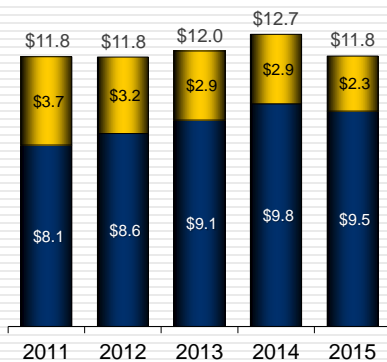
- Revenue declines 13%
  - Lower fuel recovery, volume and mix more than offset pricing gains
- Financial results
  - Operating income declines 12% to \$791 million
  - Operating ratio improves 20 bps to 71.6%
- Operations performance
  - Delivered strong safety, service and efficiency results

## Full-year performance . . .

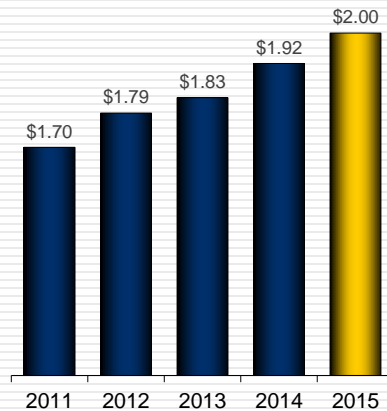
Volume 6,761K    Revenue \$11,811M    Operating Income \$3,584M    Operating Ratio 69.7%    EPS \$2.00

### Revenue in Billions

■ Merchandise, Intermodal and Other    ■ Coal



### Earnings Per Share



## Financial Review

Frank Lonagro  
Executive Vice President  
Chief Financial Officer

## Fourth quarter earnings summary . . .

Fourth Quarter Results			
Dollars in millions, except EPS	2015	2014	Variance
Revenue	\$ 2,781	\$ 3,192	(13%)
Expense	1,990	2,291	13%
<b>Operating Income</b>	<b>\$ 791</b>	<b>\$ 901</b>	<b>(12%)</b>
Interest Expense	(140)	(133)	
Other Income (net)	90	7	
Income Taxes	(275)	(284)	
<b>Net Earnings</b>	<b>\$ 466</b>	<b>\$ 491</b>	<b>(5%)</b>
Fully Diluted Shares in Millions	973	995	
Earnings Per Share	\$ 0.48	\$ 0.49	(2%)

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## Overall outlook for first quarter is down

Outlook	Markets	Drivers
Favorable	<ul style="list-style-type: none"> <li>Automotive</li> <li>Minerals</li> <li>Waste &amp; Equipment</li> </ul>	<ul style="list-style-type: none"> <li>Strong production and cycling prior-year volume environment</li> <li>Sustained strength in aggregates and new business</li> <li>Private transportation equipment moves</li> </ul>
Neutral	<ul style="list-style-type: none"> <li>Intermodal</li> </ul>	<ul style="list-style-type: none"> <li>Domestic and H2R conversions offset by International losses</li> </ul>
Unfavorable	<ul style="list-style-type: none"> <li>Agricultural Products</li> <li>Chemicals</li> <li>Domestic Coal</li> <li>Export Coal</li> <li>Food &amp; Consumer</li> <li>Forest Products</li> <li>Metals</li> <li>Phosphates &amp; Fertilizers</li> </ul>	<ul style="list-style-type: none"> <li>Continued headwinds from U.S. dollar, world market conditions</li> <li>Crude oil declines due to unfavorable spreads</li> <li>Low natural gas prices and inventory overhang reduce volume</li> <li>Strong U.S. dollar and continued market oversupply</li> <li>Truck capacity challenges rail share on western produce</li> <li>Slow housing growth more than offset by paper declines</li> <li>Global conditions continue to challenge U.S. steel producers</li> <li>Expected fertilizer price declines delay domestic purchases</li> </ul>

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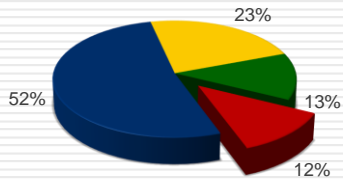
## First quarter expense expectations . . .

Labor and Fringe	<ul style="list-style-type: none"> <li>Headcount expected to be down 2% sequentially and 10% year-over-year</li> <li>Inflation estimated to be around \$25 million</li> </ul>
MS&O	<ul style="list-style-type: none"> <li>Inflation expected to be offset by efficiency and volume-related savings</li> </ul>
Fuel	<ul style="list-style-type: none"> <li>Lower cost per gallon, reflecting the current forward curve</li> <li>Benefit from volume-related savings and continued focus on fuel efficiency</li> </ul>
Depreciation	<ul style="list-style-type: none"> <li>Estimated to increase around \$15 million versus the prior year</li> </ul>
Equipment and Other Rents	<ul style="list-style-type: none"> <li>Improved cycle times expected to offset higher rates</li> </ul>

## Targeting \$2.4 billion of capital investment in 2016

### 2016 Capital Investment \$2.4 billion

■ Infrastructure ■ Equipment ■ Strategic ■ PTC



- Core investment expected to decline to \$2.1 billion this year
  - Infrastructure investment targets rail safety and performance
  - Equipment focused on upgrading locomotive fleet
  - Strategic investments support growth and productivity
- PTC investment of \$300 million consistent with prior year
  - Total cost of PTC implementation currently estimated at \$2.2 billion

Note: Capital investment excludes reimbursements from investments related to public-private projects

## Financial wrap-up . . .

- **Solid 2015 performance despite market conditions**
  - Strong pricing, efficiency gains, resource reductions help drive margin expansion
  
- **Coal headwinds expected to persist in 2016**
  - Domestic coal expected to be about 19 million tons per quarter
  - Full-year export coal expected at about 20 million tons with potential downside
  
- **2016 EPS expected to decline given current environment**
  - Strong U.S. dollar and low commodity prices expected to impact most markets
  - Remain focused on strong pricing and expect \$200 million of efficiency savings

## Concluding Remarks

Michael Ward  
Chairman and  
Chief Executive Officer

Relentless pursuit of excellence . . .



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A collage of four images: a CSX locomotive pulling a train through a snowy, wooded area; a city skyline at night reflected in water; a construction site with a steel frame; and a person's silhouette looking at a construction site. The CSX logo and tagline are overlaid on the bottom right of the collage. The text "2015 FOURTH QUARTER EARNINGS CONFERENCE CALL" is overlaid on the bottom left of the collage.

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