

2016 BAIRD'S INDUSTRIAL CONFERENCE
Cindy Sanborn, CSX EVP & COO

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 . . .

- Expect fourth quarter EPS to be down versus prior year¹
 - Outlook now includes an impact from a debt refinancing charge
- Macro-economic headwinds continue to impact volume
 - Impact of low commodity prices and strong dollar beginning to moderate
- Year-to-date results driven by strong cost performance
 - Efficiency about \$340 million; volume variable costs reduced about \$200 million
- CSX of Tomorrow strategy positions company for future
 - Network efficiency, automation, “Service Excellence”, and team of tomorrow

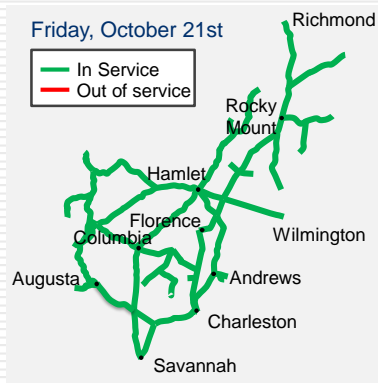
Note 1: Reported GAAP on 14-week basis for 2016

3

How tomorrow moves [CSX]

Fourth quarter earnings per share update . . .

Hurricane Matthew Network Impact

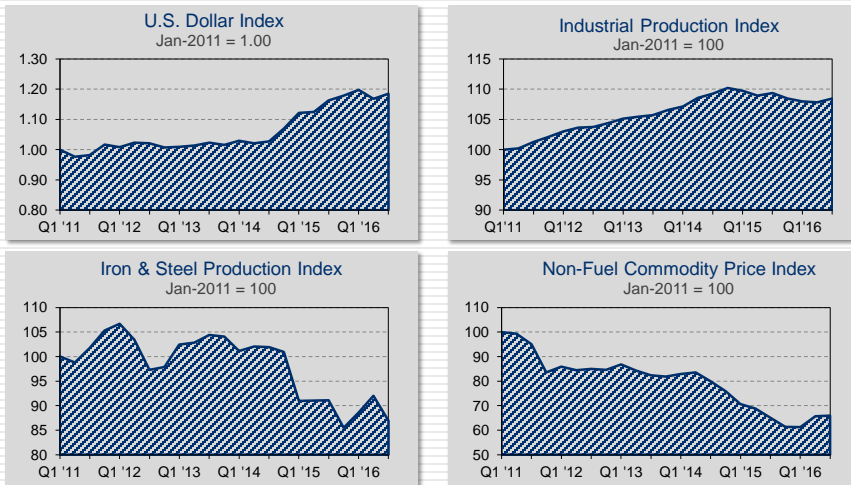


- Network now fully recovered from Hurricane Matthew
 - Hurricane impacted 2,600 track miles across FL, GA, SC, NC
 - Estimate \$0.01 EPS impact
- Debt refinancing charge now expected in fourth quarter
 - Charge associated with recent \$1.4 billion call of near-term debt
 - Estimate \$0.08 EPS impact
- Absent refinancing charge, core earnings are unaffected

4

How tomorrow moves [CSX]

Dollar/commodity prices impacting broader markets



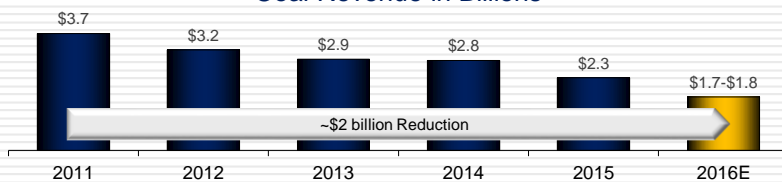
Sources: U.S. Dollar Inflation adjusted broad Index; Global Insight Economic forecast October 2016; IMF commodity prices

5

How tomorrow moves **CSX**

Coal business has declined significantly since 2011

Coal Revenue in Billions



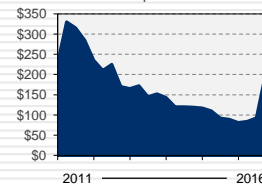
Henry Hub Natural Gas Prices
Dollars per Million BTU



API2 Spot Prices
Dollars per Ton



Metallurgical Coal Benchmark
Dollars per Ton



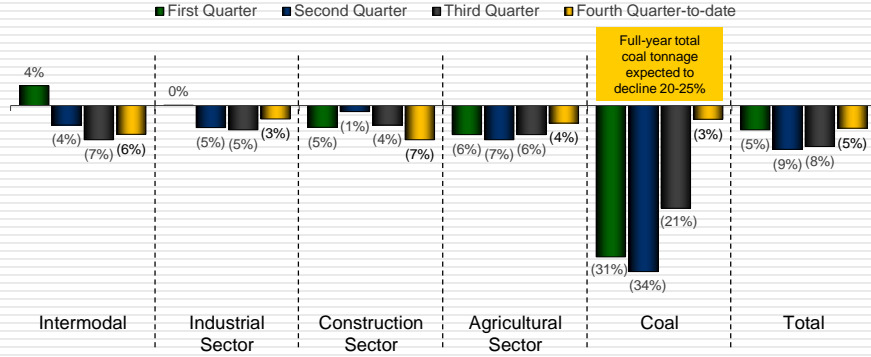
Sources: Henry Hub Natural Gas Futures Contracts; Coal Desk; PIRA

6

How tomorrow moves **CSX**

Fourth quarter-to-date volume down mid-single digits

2016 Year-Over-Year Volume Growth



Expect fourth quarter volume to decline mid-single digits; relatively flat including extra week

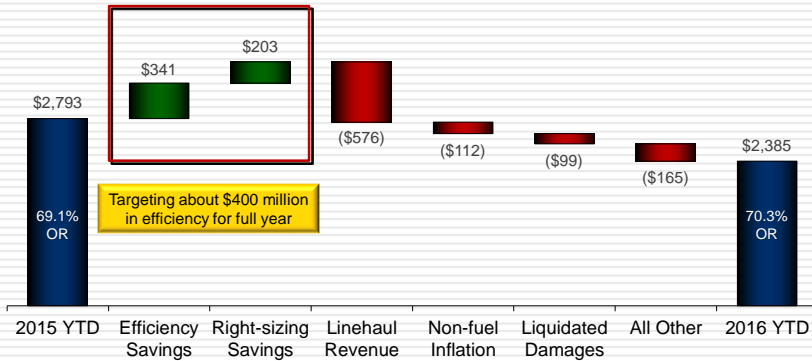
Note: Fourth quarter-to-date reflects September 24 – October 28 volume data

7

How tomorrow moves **CSX**

Year-to-date financials driven by cost performance

Year-to-Date 2016 Versus Prior Year Performance Operating Income and Drivers in Millions



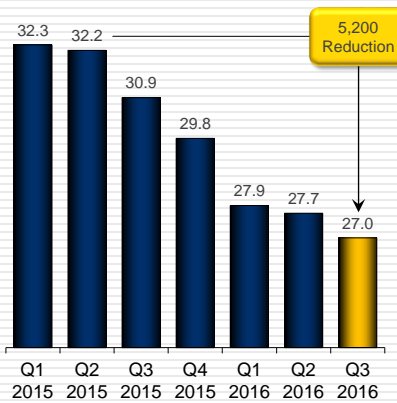
Note: Excluding the liquidated damage payments received in 2015 YTD, the operating ratio would have been 70.0%

8

How tomorrow moves **CSX**

CSX has taken significant actions to mitigate costs

CSX Employees in Thousands



- Right-sized resources to lower demand environment

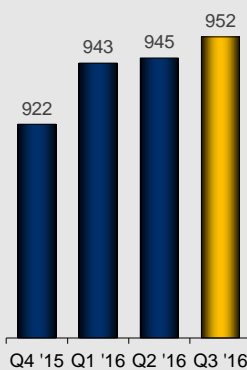
- Active T&E count down 14%
- Active locomotives down 10%

- Sustainable actions are driving efficiency savings

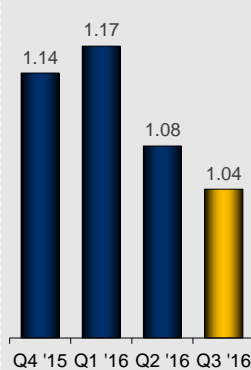
- Network streamlining yields ~\$100M in annual cost savings
- Train length gains continue
- Fuel efficiency at record level
- Streamlining headcount across Operations and G&A

Strong momentum on key efficiency measures

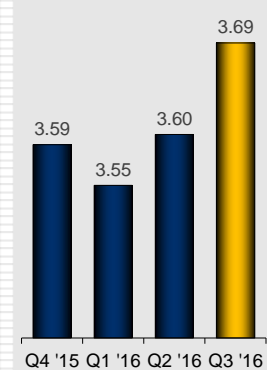
Road Start Efficiency
GTM's per Crew Start



Fuel Efficiency
Gallons per GTM

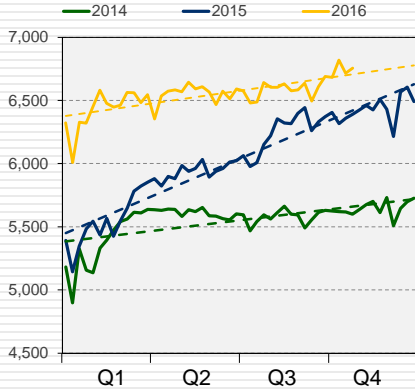


Loco Efficiency
GTM's per Horsepower Hour



Train length initiative driving efficiency savings

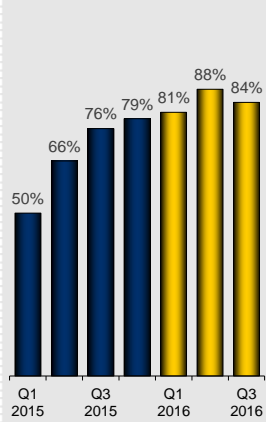
Weekly System Average Train Length in Feet



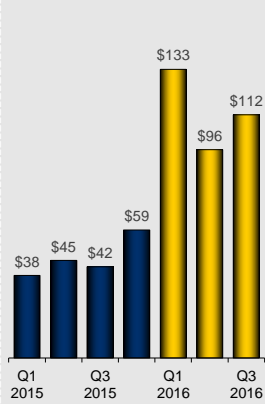
- Results in significant road crew start reductions
 - Drives overtime, relief crew, crew travel and fuel savings
- Continuing to realize train size benefits in all markets
 - 2016 train size up 10% versus prior year; up ~20% since 2014
- Siding extension investments will unlock further potential
 - Construction ramps up in 2017; majority of benefits start in 2018

Service product yields strong pricing and efficiency

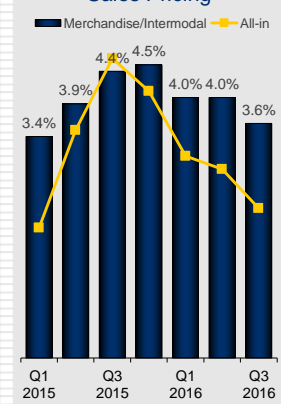
On-Time Originations



Efficiency Savings Dollars in Millions



Same Store Sales Pricing



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

Team of Tomorrow

- Consistent with our core values, be a highly capable, flexible, collaborative team who are leaders in value creation
- Invest in and reward the creation of customer and employee excellence

Service Excellence

- Strive to consistently meet, or exceed, customer commitments
- Make all customer interactions with CSX a positive experience
- Profitably grow and continue value pricing

Network of Tomorrow

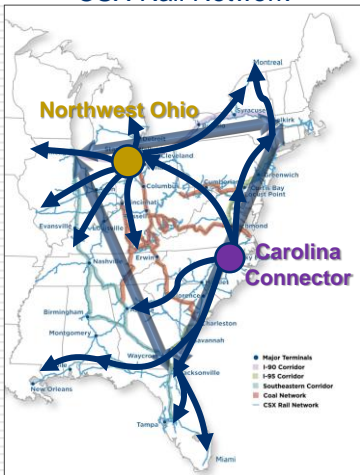
- Transform Network: Primary & Local
- Invest in capacity to drive freight density, better service and enable growth
- Optimize operational efficiency, service to customers

Highly Automated Railroad

- Invest to improve safety, productivity, asset reliability and service levels for our customers
- Use technology, innovation and process improvement to advance CSX

Network transformation drives long term growth

CSX Rail Network

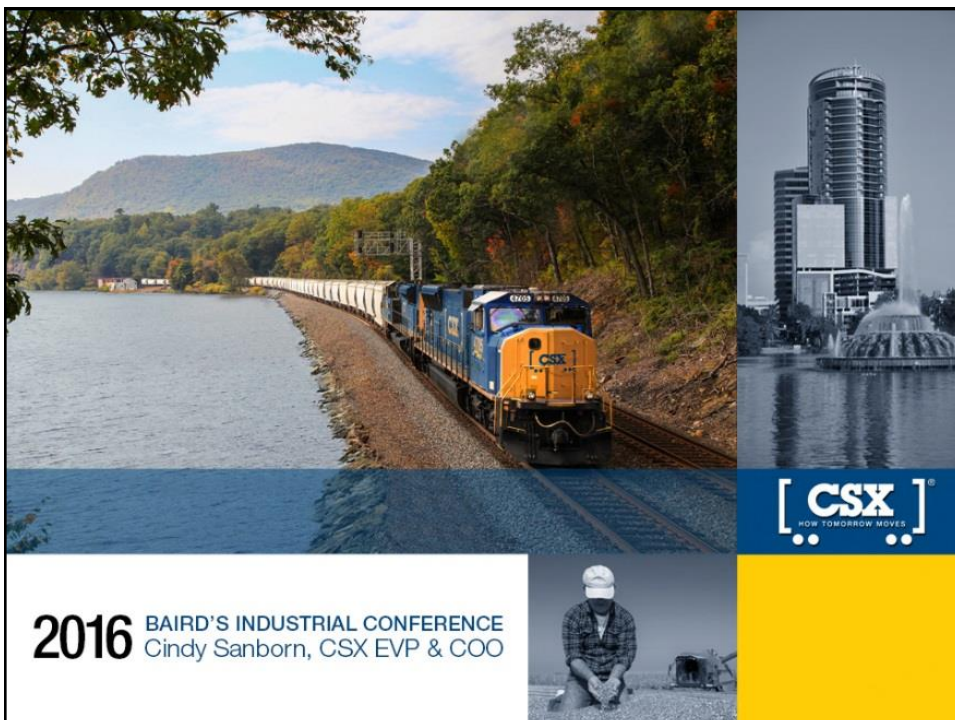


- Key corridors drive growth in merchandise and intermodal
 - Focus growth on I-95, I-90 and Southeastern Corridors
 - Leverage two-thirds population; over 60% of manufacturing
- Redeploy capital to drive growth and margin expansion
 - Siding investments drive longer trains; increase efficiency
 - Automation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


Wrap-up . . .

- **Expect fourth quarter EPS to be down versus prior year¹**
 - Quarter now includes the impact of the refinancing charge of \$0.08 on EPS
- **Macro-economic headwinds continue to impact volume**
 - Impact of low commodity prices and strong dollar beginning to moderate
- **Year-to-date results driven by strong cost performance**
 - Efficiency about \$340 million YTD; expect full year efficiency around \$400 million
- **CSX of Tomorrow strategy positions company for future**
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HOW TOMORROW MOVES