



**2021 FOURTH QUARTER
EARNINGS
CONFERENCE CALL**

01.20.2022



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.

FOURTH QUARTER HIGHLIGHTS

1,570K

Volume

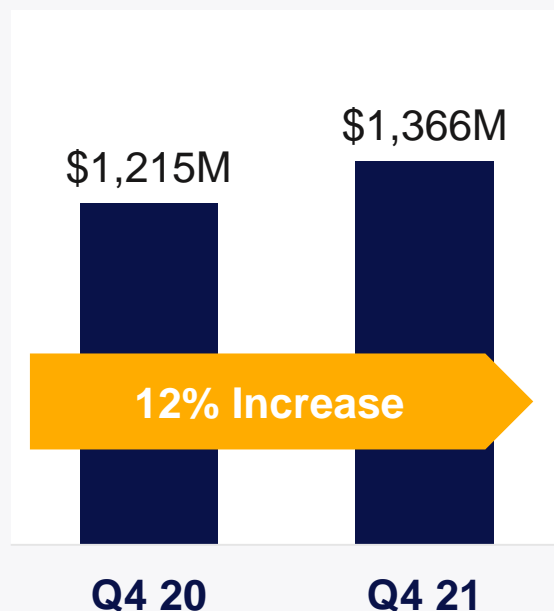
\$3,427M

Revenue

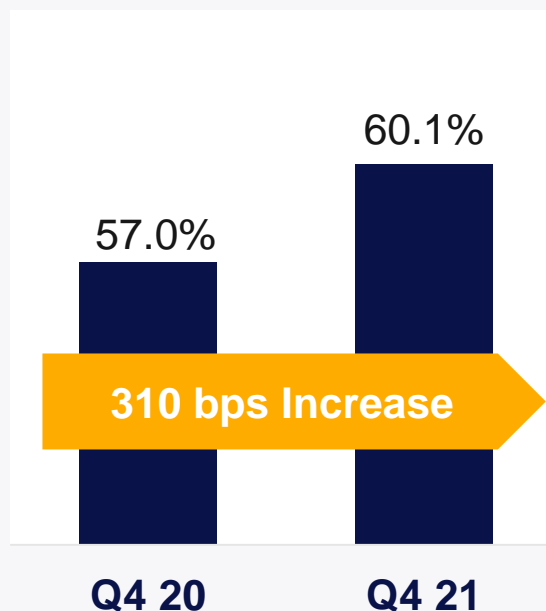
\$1,366M

Op. Income

Operating Income



Operating Ratio



Earnings Per Share

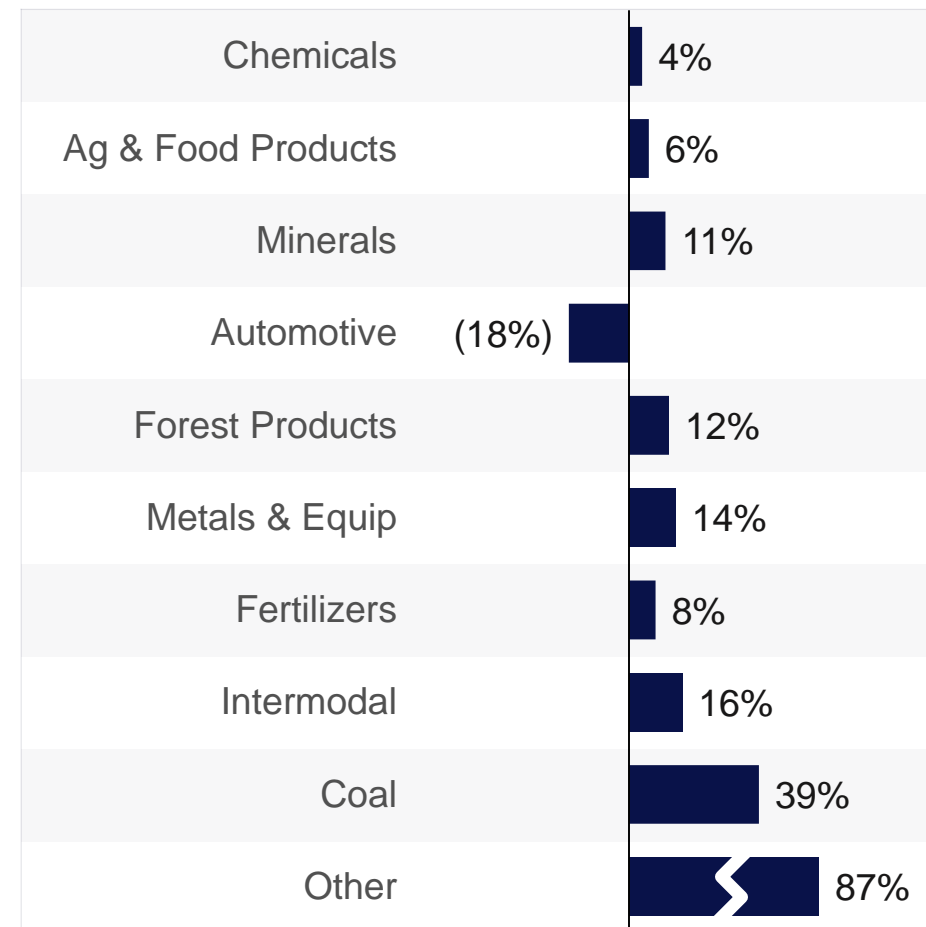


FOURTH QUARTER REVENUE HIGHLIGHTS

Revenue gains across all major lines of business led by coal and intermodal growth

- › **Chemicals** increased due to core chemicals and waste growth, partially offset by lower shipments of crude oil and other energy-related commodities
- › **Agricultural & Food Products** increased as higher shipments of export grains and ethanol were partially offset by lower food and consumer product shipments
- › **Minerals** increased due to higher shipments of aggregates, cement and lime
- › **Automotive** decreased due to lower North American vehicle production, which continues to be affected by shortages of semiconductors
- › **Forest Products** increased primarily due to higher shipments of pulpboard, woodpulp and building products
- › **Metals and Equipment** increased as growth across metals markets was partially offset by reduced equipment shipments
- › **Fertilizers** increased as higher long-haul fertilizer shipment revenue was partially offset by a decline in short-haul phosphate shipments
- › **Intermodal** increased on higher international shipments driven by strong demand, inventory replenishments and rail volume from East Coast ports
- › **Coal** increased due to export coal volume growth and higher global benchmark prices
- › **Other Revenue** increased due to higher intermodal storage and equipment usage revenue as well as higher demurrage and affiliate revenue

Q4 Revenue Up 21% Year Over Year



COMMITMENT TO SUSTAINABILITY

CSX helped our customers avoid CO₂ emissions equivalent to:



1.9M
Homes'
Electricity
Use for
One Year



2.3M
Passenger
Vehicles
Driven for
One Year

Our ESG recognitions have included:



Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA



- CSX is helping customers meaningfully reduce emissions
 - Avoided 11 million tons of CO₂ emissions in 2021
 - Working to further expand the sustainability benefits of rail
- Continue to engage with customers on additional conversion opportunities
- Committed to maintaining our industry-leading ESG position

OPERATING INITIATIVES OVERVIEW

Intermodal Trip Plan Performance	Carload Trip Plan Performance	Terminal Car Dwell	Train Velocity
88% PERCENT ON TIME	71% PERCENT ON TIME	11.0 HOURS PER CAR	17.4 MILES PER HOUR

Successfully Executing Hiring Initiatives

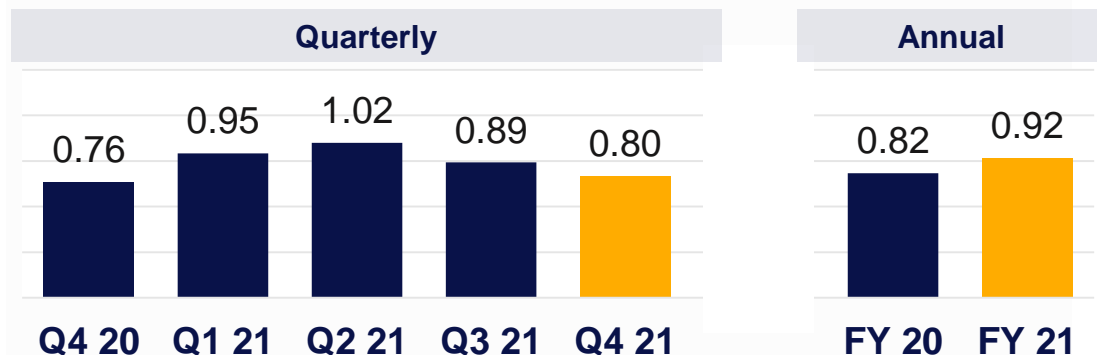
- › Hiring pipeline remains strong and increased each month in Q4
- › Consistently filling training classes, nearly doubling active trainees in the quarter
- › Number of employees completing training increased 50% vs. Q3 to ~150 and is expected to double sequentially in Q1 to ~300
- › Remain focused on keeping pipeline full to continue hiring momentum

Creating Incremental Capacity

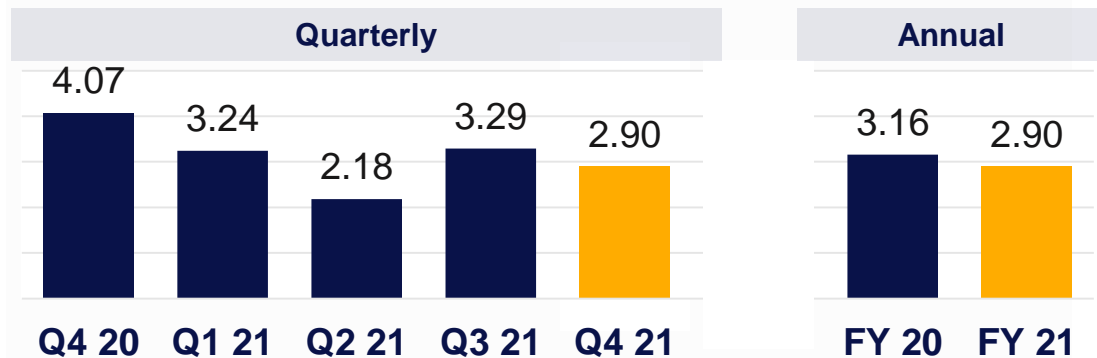
- › Rising active employee count to support growth and service in 2022
- › Container yards and overflow capacity keeping intermodal containers moving
- › Targeted investments to drive fluidity and support long-term growth
- › Maintaining balanced train plan with focus on reliability and strong execution

FOURTH QUARTER SAFETY HIGHLIGHTS

FRA Personal Injury Frequency Index



FRA Train Accident Rate



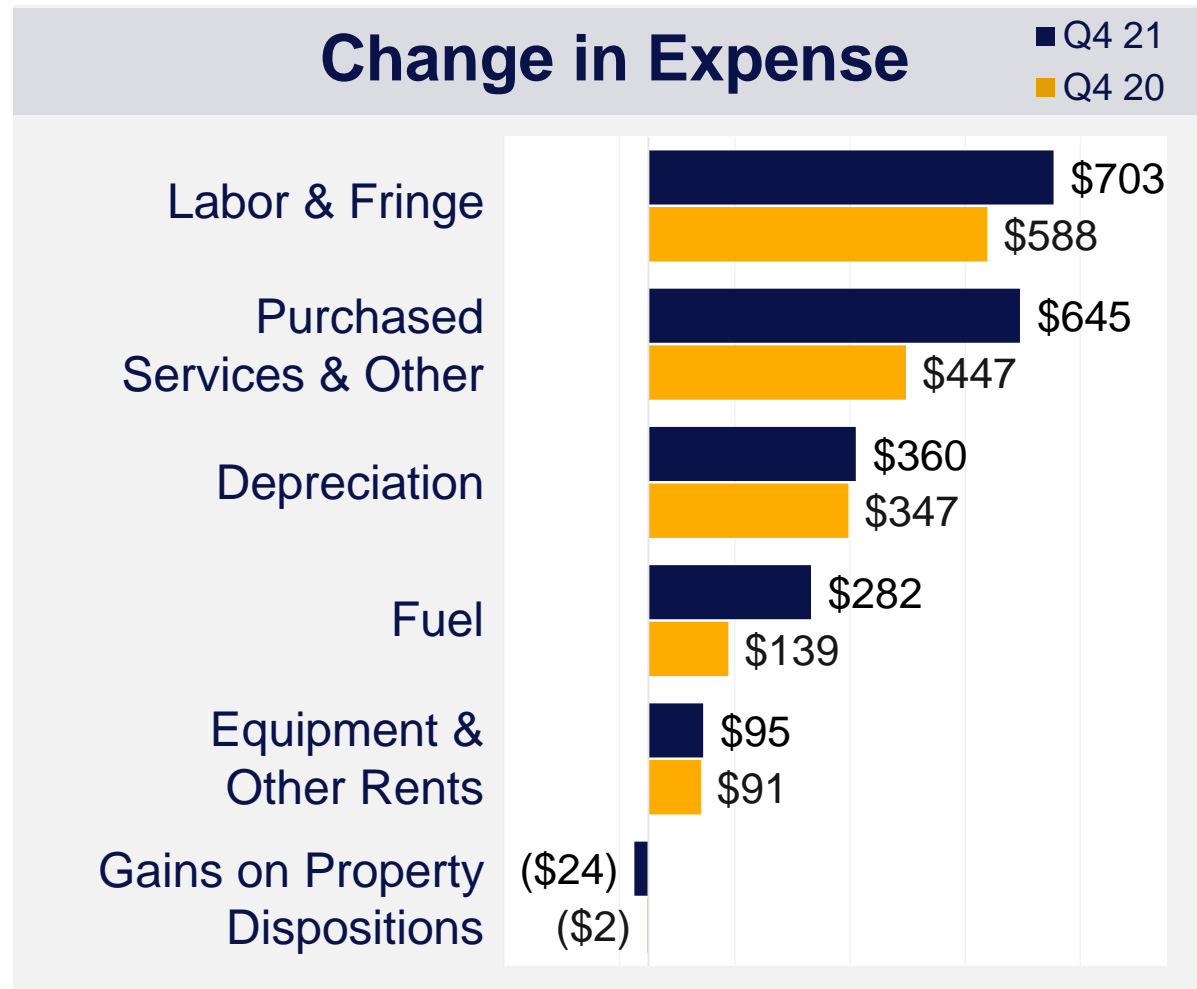
- › Safety is a guiding principle at CSX
- › Employee engagement initiatives driving positive safety momentum
- › Improved full year train accident rate and remain focused on further reducing human factor incidents
- › 2022 focus on new hire engagement, expanded use of preventative technology

FOURTH QUARTER EARNINGS SUMMARY

Fourth Quarter Income Statement

<i>Dollars in Millions</i>	2021	2020	Variance
Revenue	\$ 3,427	\$ 2,825	21%
Expense	2,061	1,610	(28%)
Operating Income	\$ 1,366	\$ 1,215	12%
Interest Expense & Other Income – Net	(161)	(221)	27%
Income Tax Expense	(271)	(234)	(16%)
Net Earnings	\$ 934	\$ 760	23%
Earnings Per Share	\$ 0.42	\$ 0.33	27%
Operating Ratio	60.1%	57.0%	(310 bps)
Income Tax Rate	22.5%	23.5%	100 bps
Average Shares Outstanding, Assuming Dilution (<i>Millions</i>)	2,217	2,298	(3.5%)

FOURTH QUARTER EXPENSE UP \$451M



- Impacted by (~\$200M) related to Quality Carriers and (\$115M) higher fuel price
- Inflation excluding locomotive fuel consistent with prior quarters
- Other cost drivers include:
 - Incentive compensation
 - Employee hiring and retention programs
 - Higher active locomotive fleet
 - Intermodal terminal expenses

Note: Materials, Supplies, and Other expense line item changed to Purchased Services and Other. This naming convention change does not impact previously reported results.

FULL YEAR FREE CASH FLOW AND CASH

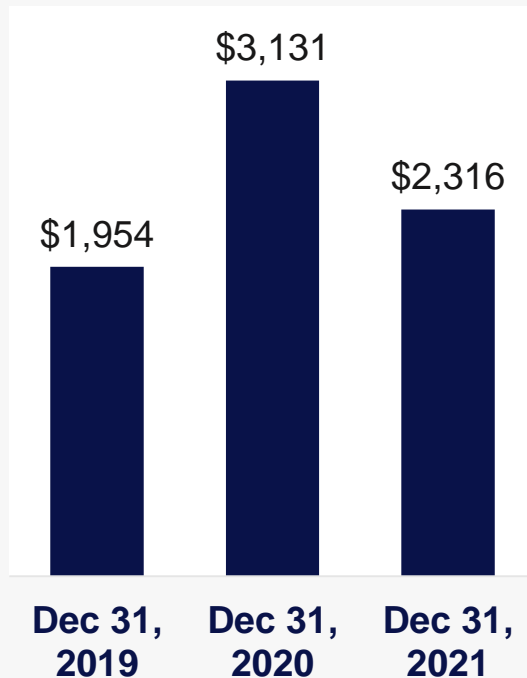
Free Cash Flow Before Dividends*

In Millions



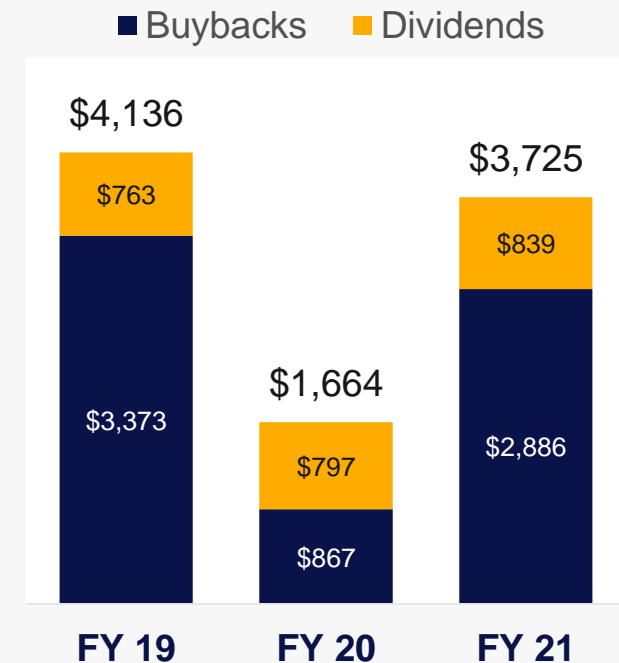
Cash and Short Term Investments Balance

In Millions



Shareholder Distributions

In Millions



* See Appendix for Non-GAAP reconciliation

INITIAL LOOK FORWARD

- › Project volume growth driven by economic expansion and supply chain recovery
 - Targeting full-year volume growth in excess of GDP
 - Volume momentum to build sequentially throughout the year
- › Contract renewals reflecting strong demand
- › Resourcing initiatives to increase fluidity and drive strong service
- › Targeting full year capital expenditures of ~\$2 billion
- › Remain committed to returning capital to shareholders

APPENDIX

Non-GAAP Free Cash Flow Reconciliation

NON-GAAP FREE CASH FLOW RECONCILIATION

Free Cash Flow

Dollars in millions	Twelve Months Ended	
	Dec 31, 2021	Dec 31, 2020
Net Cash Provided by Operating Activities	\$ 5,099	\$ 4,263
Property Additions	(1,791)	(1,626)
Other Investing Activities	525	9
Free Cash Flow Before Dividends (non-GAAP)	\$ 3,833	\$ 2,646
Operating Cash Flow Conversion*	135%	154%
Free Cash Flow Conversion*	101%	96%

*Expressed as a percentage of net income

CSX