CSX

2023 SECOND QUARTER EARNINGS CONFERENCE CALL

7.20.2023

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.

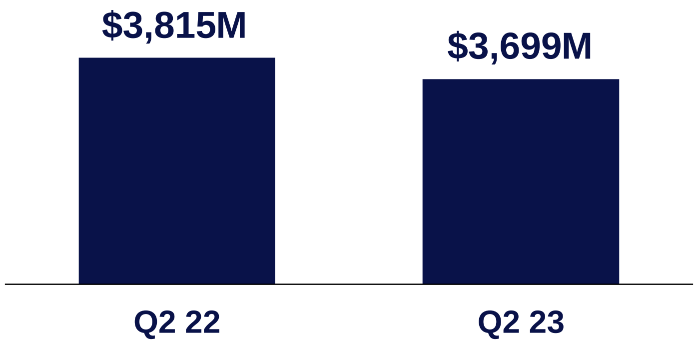
EXECUTIVE SUMMARY

Joe Hinrichs
President and Chief Executive Officer

Second Quarter Financial Highlights

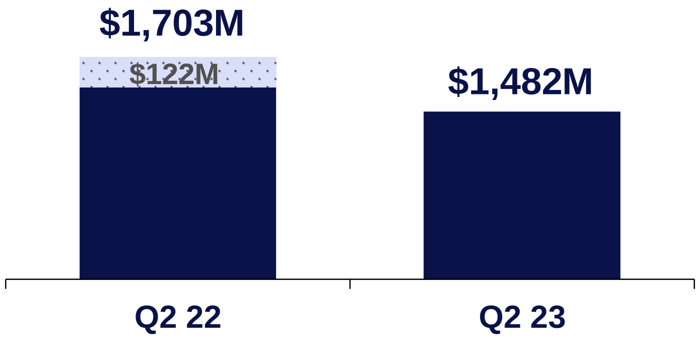
1,546K	+3%	+4%	59.9%
Volume	Merch. Volume	Coal Volume	Operating Ratio

Revenue



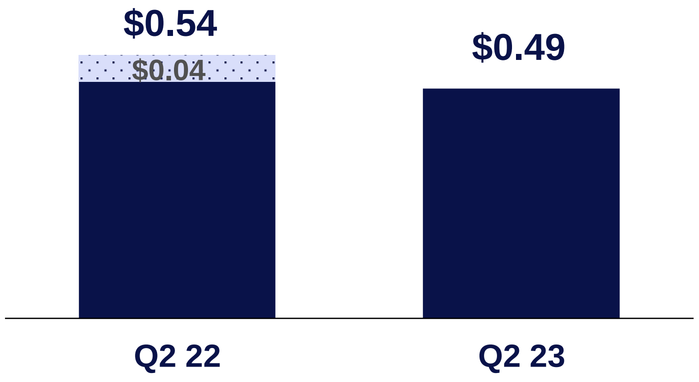
3% Decrease

Operating Income



13% Decrease

Earnings Per Share



9% Decrease

Impact of VA property sale gain

Delivering resilient financial performance aligned with strong service metrics

Q2 22 Operating Income and Earnings Per Share include $122 million and $0.04, respectively, related to the VA property sale gain

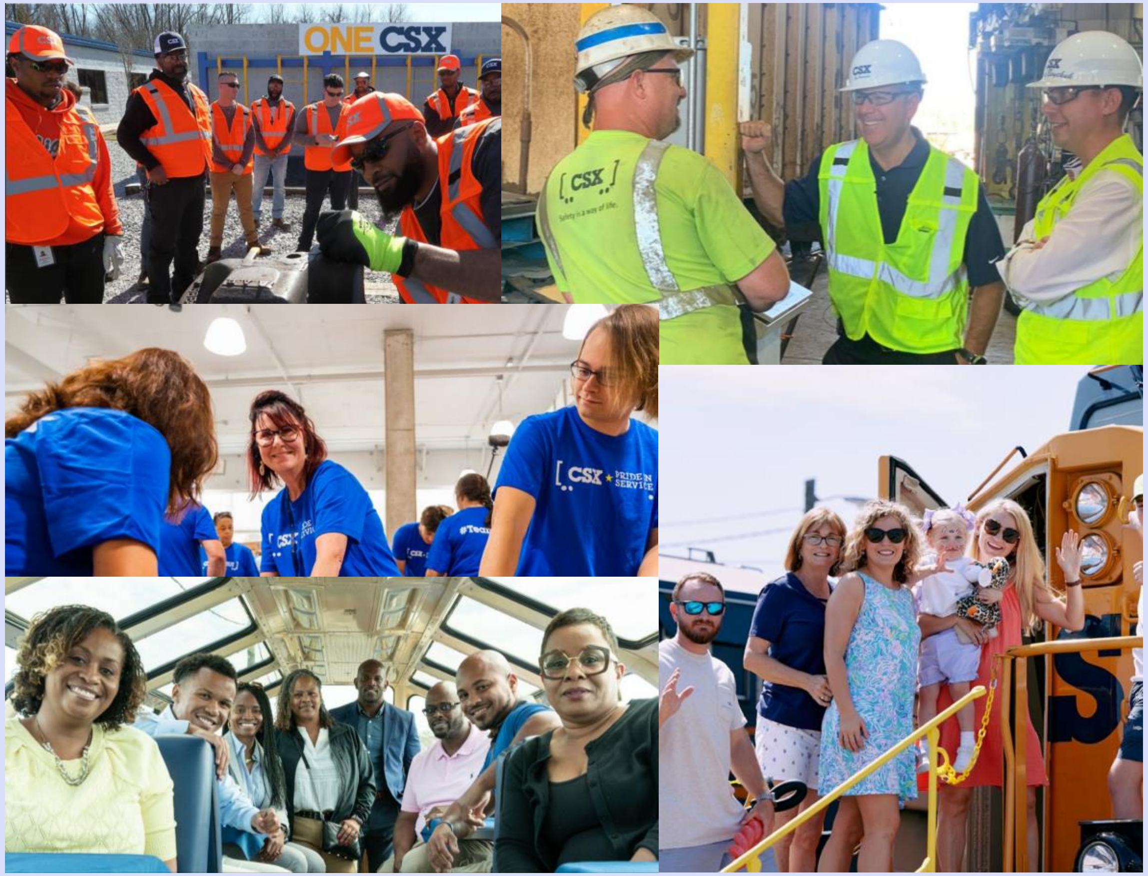
New ESG Report Features Environmental, Community leadership

Environmental Highlights

38 Million Gallons of fuel saved through Trip Optimizer use in 2022	**50** Suppliers engaged - representing 75% of spending - to take part in CDP Supply Chain
20% Biodiesel fuel blend used in pilot real-world locomotive testing program	**~180** Locomotives upgraded to Distributed Power in 2022 to improve fuel efficiency

Community and Cultural Highlights

12,300 Employee volunteer hours in 2022; nearly double 2021	**~5,000** First responders trained across 40 events in 35 cities
~9,500 CSX employees and family members participating in Family Days at CSX rail yards over the last 12 months	**315,000+** Military, veterans, and first responders supported through Pride in Service programs



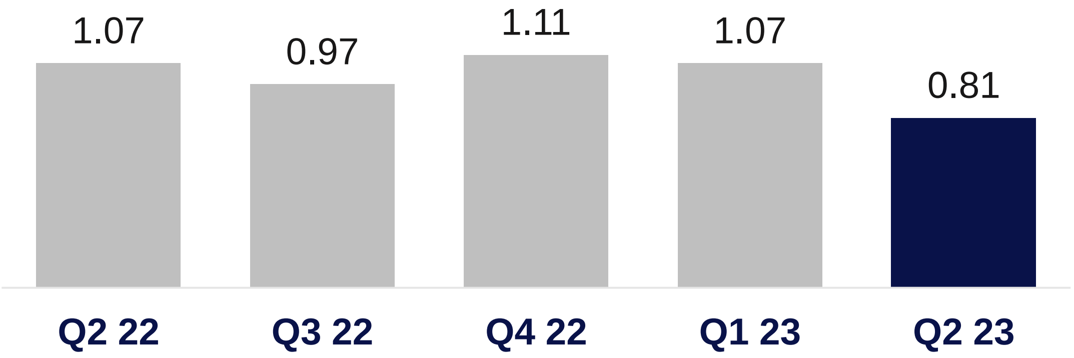
Our ESG focus reflects a ONE CSX culture of inclusion, appreciation & respect

OPERATIONS REVIEW

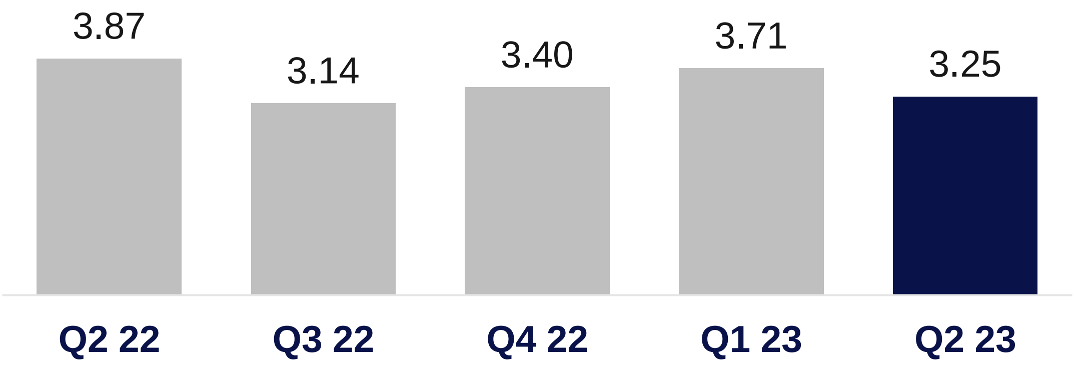
Jamie Boychuk
Executive Vice President of Operations

Second Quarter Safety Highlights

FRA Personal Injury Frequency Index



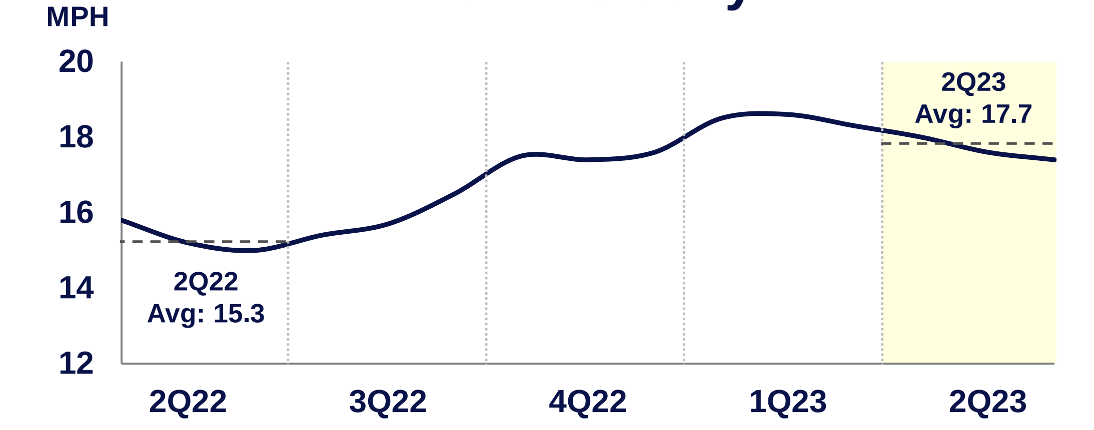
FRA Train Accident Rate



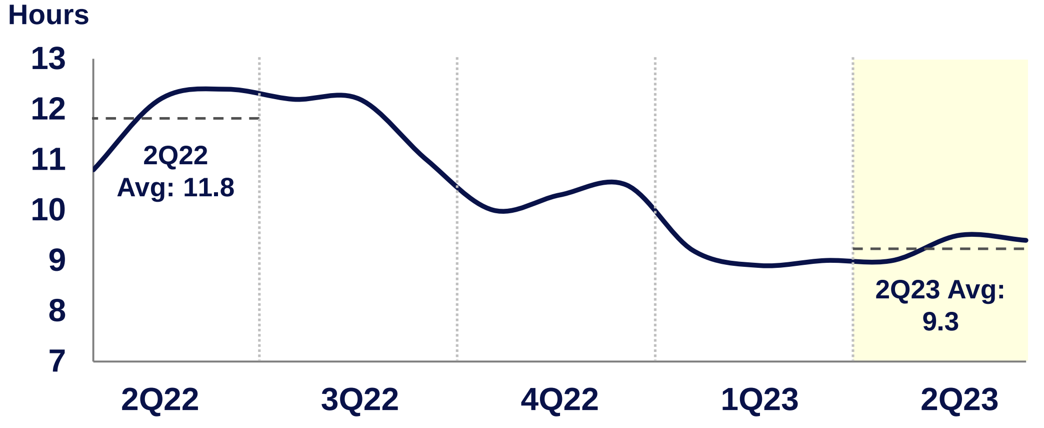
- Safety is a guiding principle at CSX
- Reinforcing our safety principles, especially in new hires, and eliminating life-changing events continue to be our key priorities
- Notable improvements made in train accident and injury ratios vs. Q1, but there is more work to do
- Our goal is to lead the industry by demonstrating a robust safety plan and establishing an even stronger safety culture

Second Quarter Operating Highlights

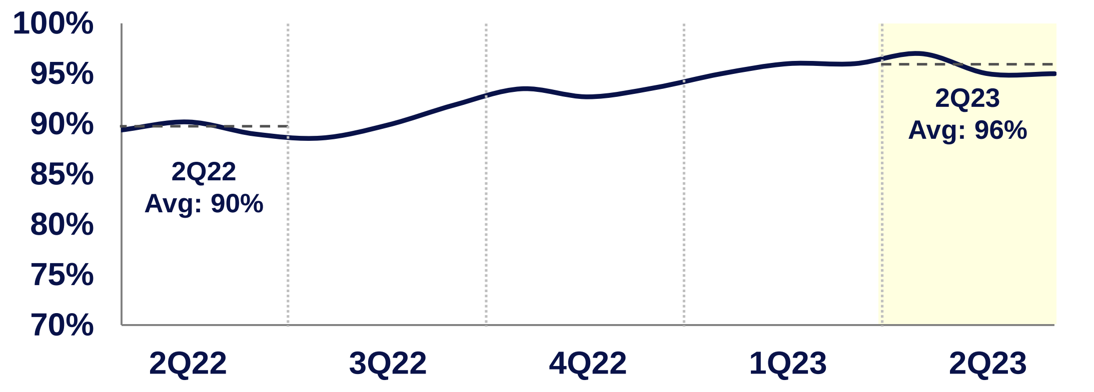
Train Velocity



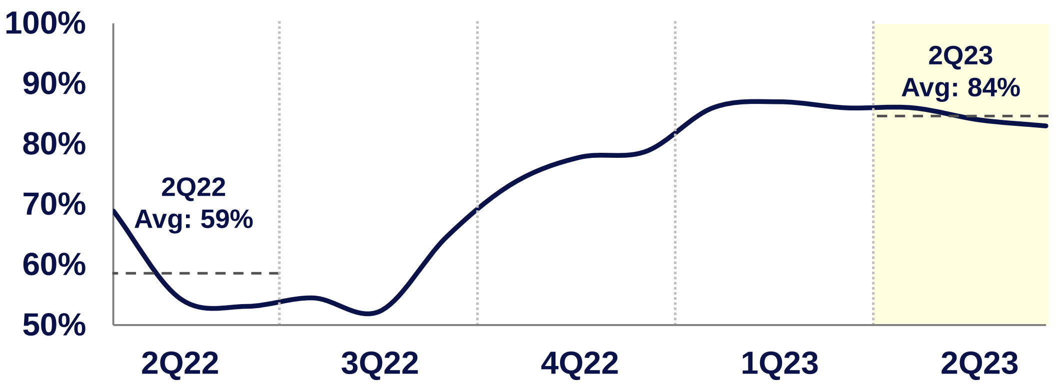
Dwell



Intermodal Trip Plan Performance



Carload Trip Plan Performance

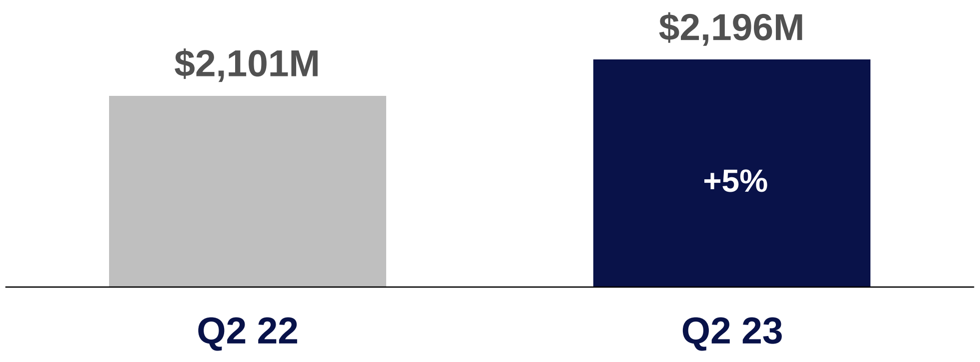


SALES & MARKETING REVIEW

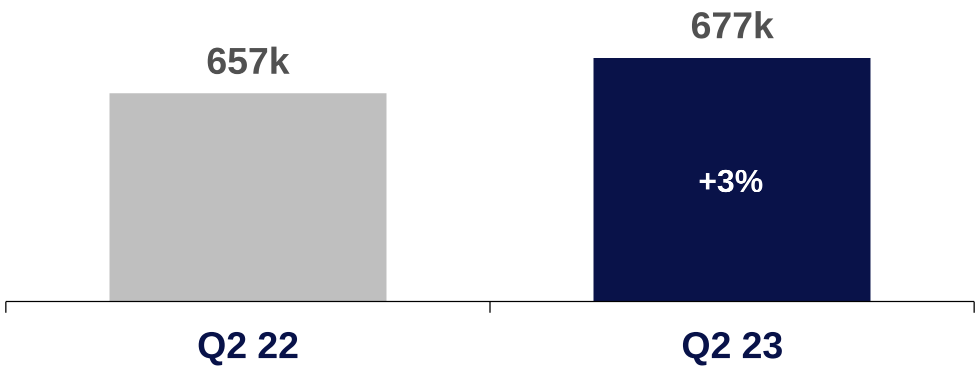
Kevin Boone
Executive Vice President of Sales and Marketing

Merchandise Volume & Revenue Summary

Q2 Merchandise Revenue



Q2 Merchandise Volume

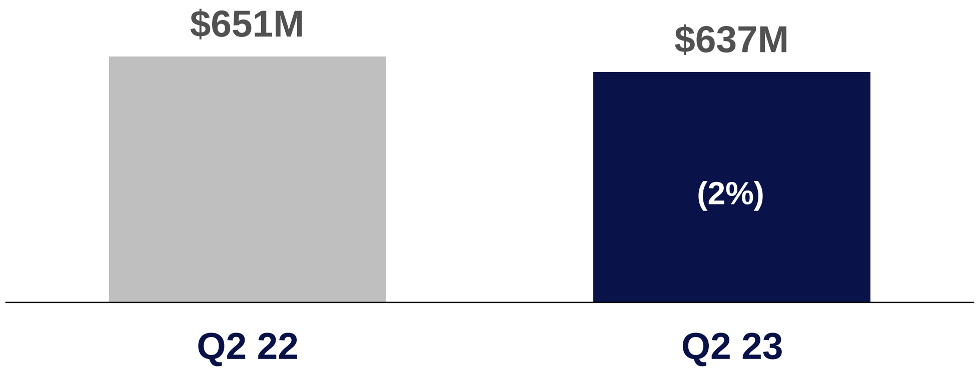


2H23 Expectations

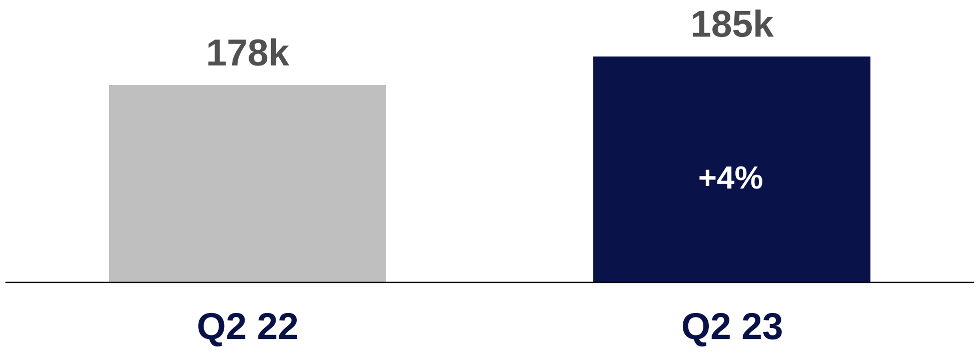
- **Steady volume performance** supported by momentum in marketplace wins
  - Automotive, minerals, and metals markets remain strong sources of demand
  - Chemicals and forest products reflecting soft activity levels, challenging macro conditions
  - Progressing business development activity and executing strategic investments
- **Supportive merchandise pricing environment** as shippers respond favorably to CSX's service leadership and customer focus
- Lower diesel prices to flow through fuel surcharge over 2H

Coal Volume & Revenue Summary

Q2 Coal Revenue



Q2 Coal Volume

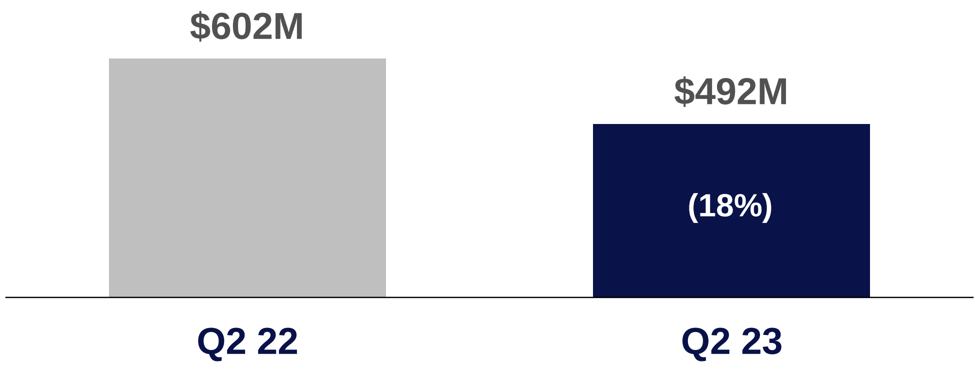


2H23 Expectations

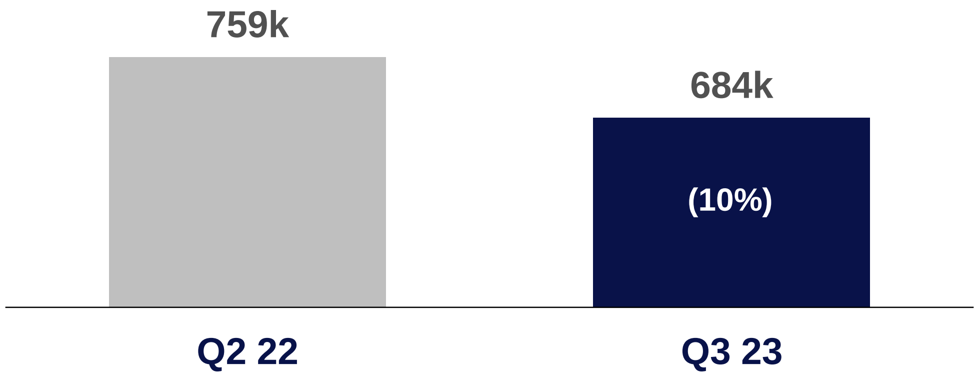
- **Solid export coal volume** in both metallurgical and thermal markets
  - International met benchmarks stabilizing at lower levels
  - New mine on network ramping up in late 2023
  - Coal producers partnering with CSX to opportunistically shift tonnage to export markets
- **Domestic coal volumes easing** on low natural gas prices, stable utility stockpiles
- **Pricing to reflect lower met coal indices**, somewhat offset by favorable export vs. domestic mix

Intermodal Volume & Revenue Summary

Q2 Intermodal Revenue



Q2 Intermodal Volume



2H23 Expectations

- **International intermodal volumes** continue to reflect soft imports and retailer destocking
  - Customers, channel partners remain hopeful for improvement into fall
  - New shipper agreements, lane opportunities providing some offsetting business gains
- **Domestic activity showing signs of improvement** after stabilizing late in Q2
  - Growth continuing from direct partnerships, truck conversion
  - Soft trucking market remains a headwind
- **Leveraging new rail partnerships** to access new markets, drive unit growth

FINANCIAL REVIEW

Sean Pelkey
Executive Vice President and Chief Financial Officer

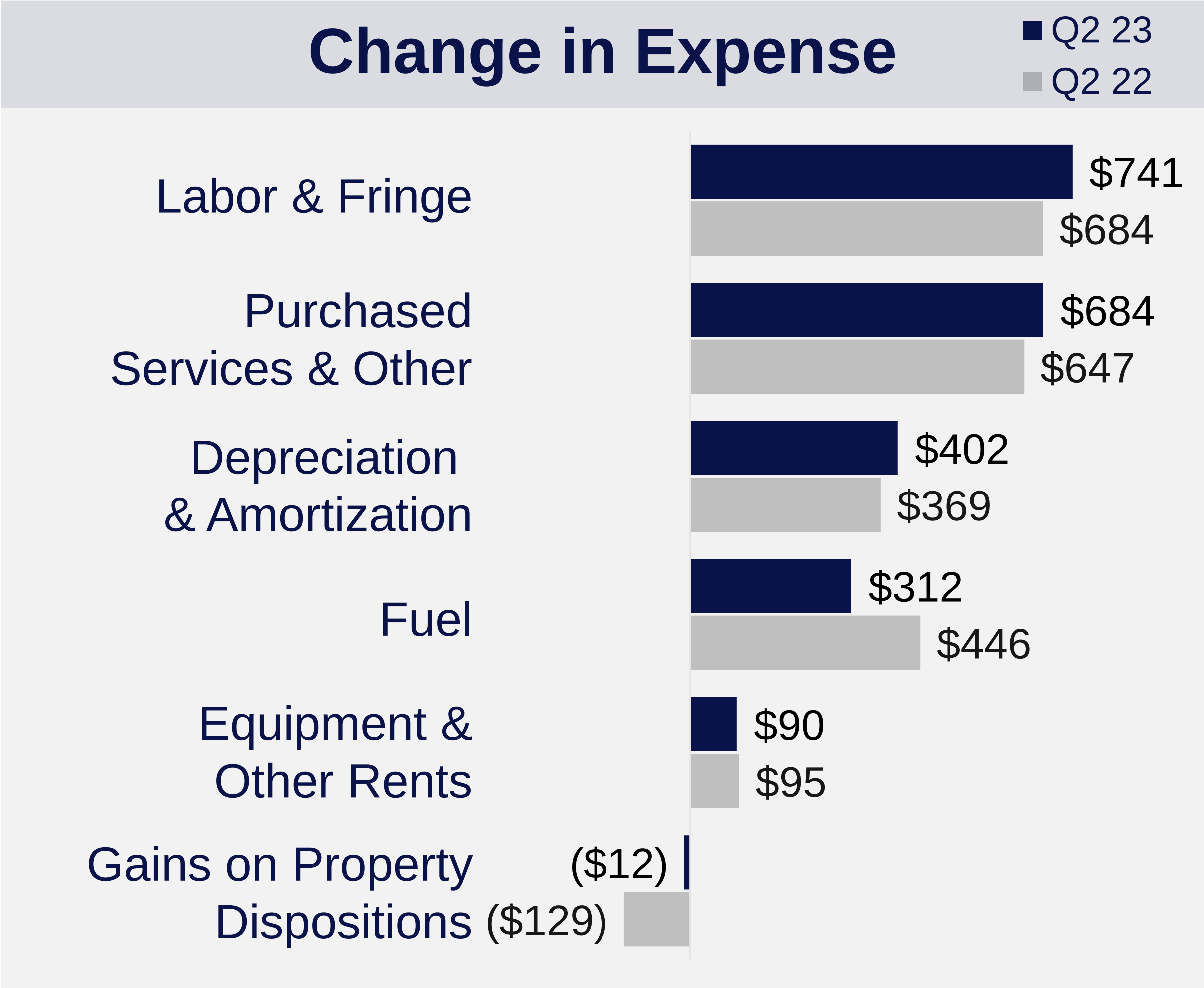
Second Quarter Earnings Summary

Second Quarter Income Statement

Dollars in Millions	2023	2022	Variance
Revenue	$ 3,699	$ 3,815	(3%)
Expense	2,217	2,112	(5%)
Operating Income	**$ 1,482**	**$ 1,703**	**(13%)**
Interest Expense & Other Income – Net	(170)	(145)	(17%)
Income Tax Expense	(316)	(380)	17%
Net Earnings	**$ 996**	**$ 1,178**	**(15%)**
Earnings Per Share	**$ 0.49**	**$ 0.54**	**(9%)**
Operating Ratio	59.9%	55.4%	(450 bps)
Income Tax Rate	24.1%	24.4%	30 bps
Average Shares Outstanding, Assuming Dilution *(Millions)*	2,025	2,163	6%

Q2 22 Operating Income and Earnings Per Share include $122 million and $0.04, respectively, related to the VA property sale gain

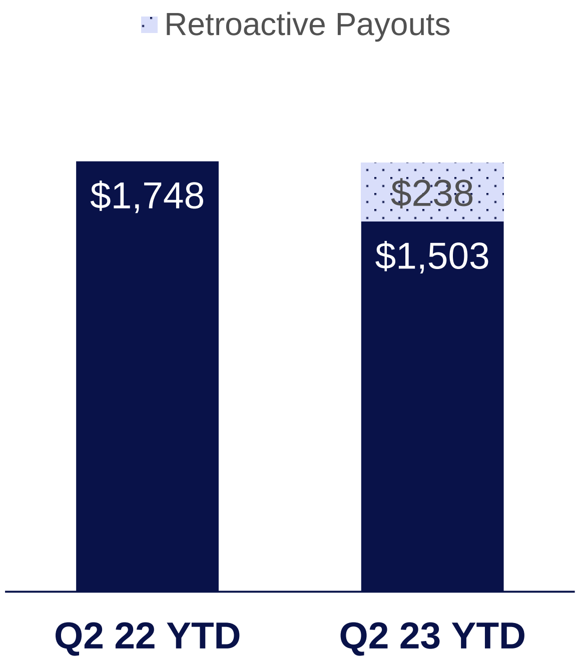
Second Quarter Expense Up $105M



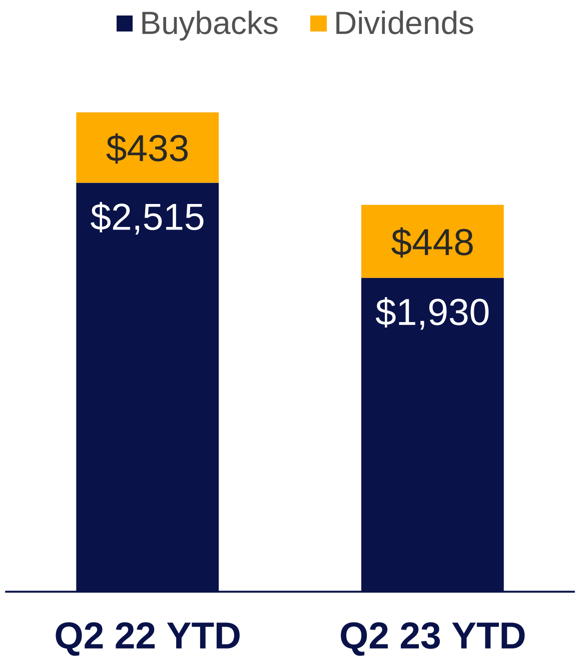
- Labor increase driven by inflation and higher headcount
- PS&O higher as maintenance and repair costs and other inflation more than offset the reduction in Pan Am acquisition expenses
- Depreciation expense up due to Q4 equipment study impacts and a larger asset base
- Reduced fuel expense primarily driven by a lower diesel price per gallon
- Equipment and Other Rents reflects improved network fluidity
- Prior year gains included effects of VA property sale

Second Quarter Cash Flow and Distributions

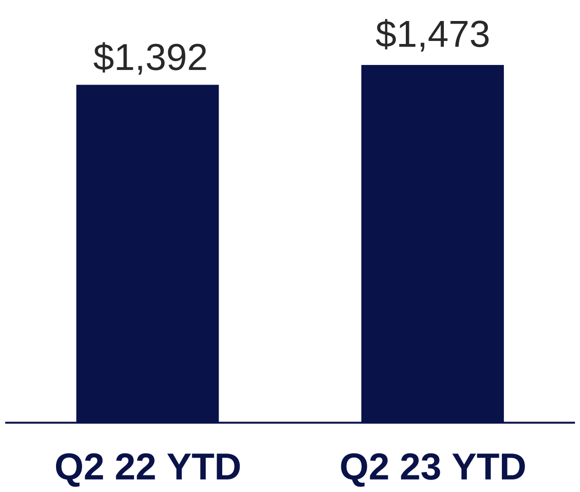
Free Cash Flow Before Dividends*
In Millions



Shareholder Distributions
In Millions



CSX Cash Earnings (CCE)*
In Millions



* See Appendix for Non-GAAP reconciliation

CLOSING REMARKS

Joe Hinrichs
President and Chief Executive Officer

2023 Guidance Update

- **Low single digit revenue ton-mile growth for the full year, driven by merchandise and export coal**
  - Merchandise volume growth supported by service recovery, strength in automotive and minerals, customer wins
  - Full year coal volume up on higher export shipments; domestic coal softer over 2H with lower natural gas prices
  - Domestic intermodal activity expected to gain momentum over 2H; no signs yet of positive inflection for international intermodal
- **Pricing reflects higher inflationary environment; revenue headwind from intermodal storage and lower international coal benchmark prices**
  - Supplemental revenues still anticipated to decline by ~$300 million, with greater y/y declines in 2H
  - Lower export metallurgical coal benchmarks to impact revenue per unit over 2H
- **Focus on efficiency gains to counter strong inflationary pressures**
- **Capex still expected to be ~$2.3 billion, with increased focus on growth initiatives**

APPENDIX

Non-GAAP Reconciliations

Non-GAAP Free Cash Flow Reconciliation

Free Cash Flow

Dollars in millions	Six Months Ended Jun 30, 2023	Six Months Ended Jun 30, 2022
Net Cash Provided by Operating Activities[a]	**$ 2,483**	**$ 2,530**
Property Additions	(1,015)	(811)
Proceeds and Advances from Property Dispositions	35	29
Free Cash Flow Before Dividends (non-GAAP)	$ 1,503	$ 1,748

[a] Net Cash Provided by Operating Activities for six months ended June 30, 2023, includes the impact of $238 million in payments of retroactive wages and bonuses related to finalized labor agreements.

Non-GAAP CSX Cash Earnings Reconciliation

CSX Cash Earnings (CCE)

	Six Months Ended	
Dollars in millions	**Jun 30, 2023**	**Jun 30, 2022**
Operating Income	$ 2,946	$ 2,985
Add: Depreciation, Amortization, and Operating Lease Expense	847	781
Remove: Extraordinary Items[a]	-	(142)
Earnings before Interest, Taxes, Depreciation, Amortization (EBITDA)	$ 3,793	$3,624
15% Assumed Cash Tax	(569)	(544)
Gross Cash Earnings	**$ 3,224**	**$ 3,080**
Current Assets (Less Cash and ST Investments)	($ 1,882)	($ 1,849)
Gross Properties	(48,706)	(47,022)
Other Assets	(3,830)	(3,825)
Non-Interest Bearing Liabilities	10,647	10,494
Gross Operating Assets[b]	($ 43,771)	($ 42,202)
Capital Charge (Quarterly)	**($ 1,751)**	**($ 1,688)**
CSX Cash Earnings	**$ 1,473**	**$1,392**

[a] Extraordinary items defined as unique events with greater than $100M full year operating income impact; 2022 figure attributed to gains from the Virginia transaction, which totaled $142M through June 30

[b] Gross adjusted assets reflects average of reported balance sheet figures for Q1 and Q2

CSX