



CSX CORPORATION

BAIRD'S 2017 GLOBAL INDUSTRIAL CONFERENCE

Progressing Forward



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.

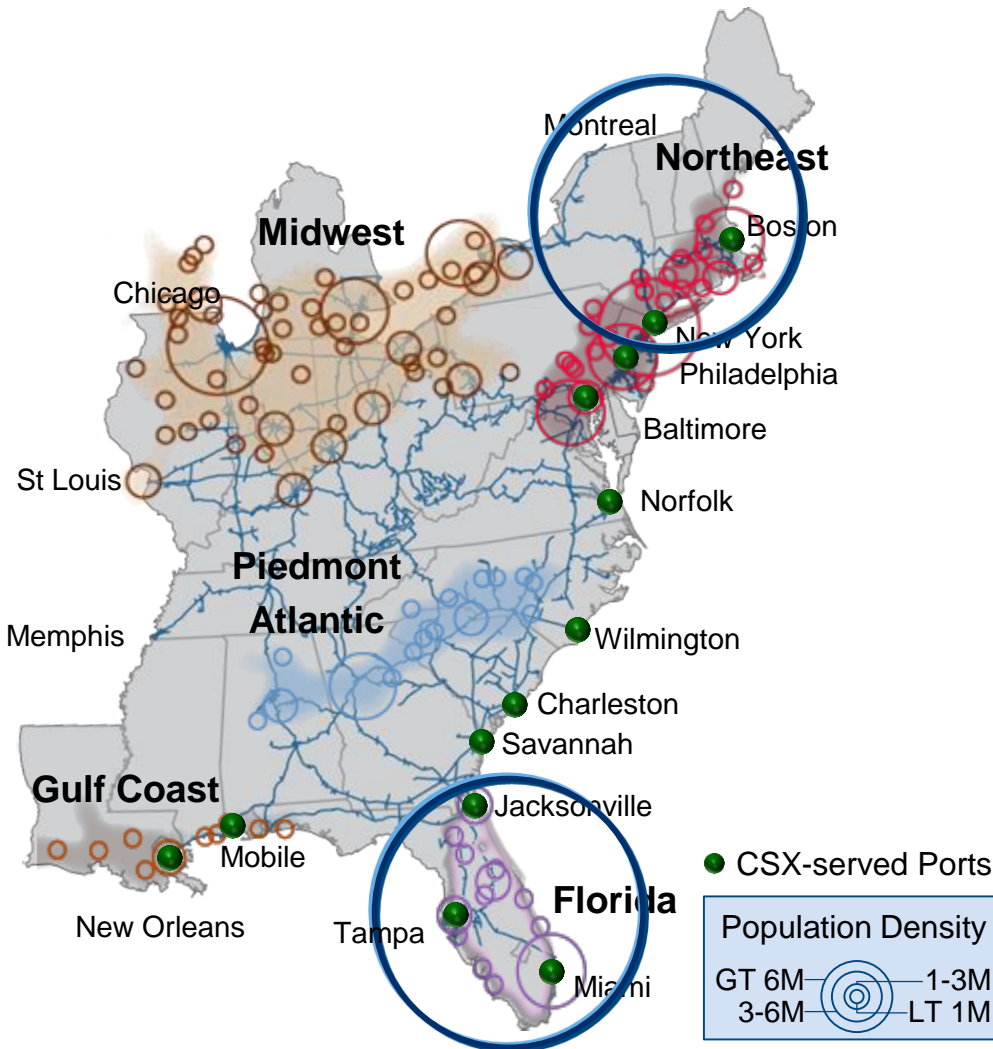
Forward Looking Non-GAAP Measures

CSX presents non-GAAP or adjusted operating ratio and adjusted net earnings per share, assuming dilution on a forward-looking basis. The most directly comparable forward-looking GAAP measure is operating ratio and net earnings per share, assuming dilution. CSX is unable to provide a quantitative reconciliation of these forward-looking non-GAAP measures to the most directly comparable forward-looking GAAP measure, because CSX cannot reliably forecast the timing and amount of future restructuring charges and other charges related to the change of leadership and strategy which are difficult to predict and estimate. Please note that the unavailable reconciling items could significantly impact CSX's future financial GAAP results.

PRESENTATION OVERVIEW . . .

- **CSX is a leading North American transportation company**
 - Network serves two-thirds of U.S. population and over 60% of U.S. manufacturing
- **Business diversified across broad spectrum of markets**
 - Serve consumer products, industrial, agricultural, construction and energy sectors
- **Corporation is undergoing significant transformation**
 - New team with Precision Scheduled Railroading drives superior performance
- **Expect strong financial results for 2017 and beyond**
 - Targeting record financial results this year; strong trajectory going forward

NETWORK SUPPORTS DIVERSE PORTFOLIO

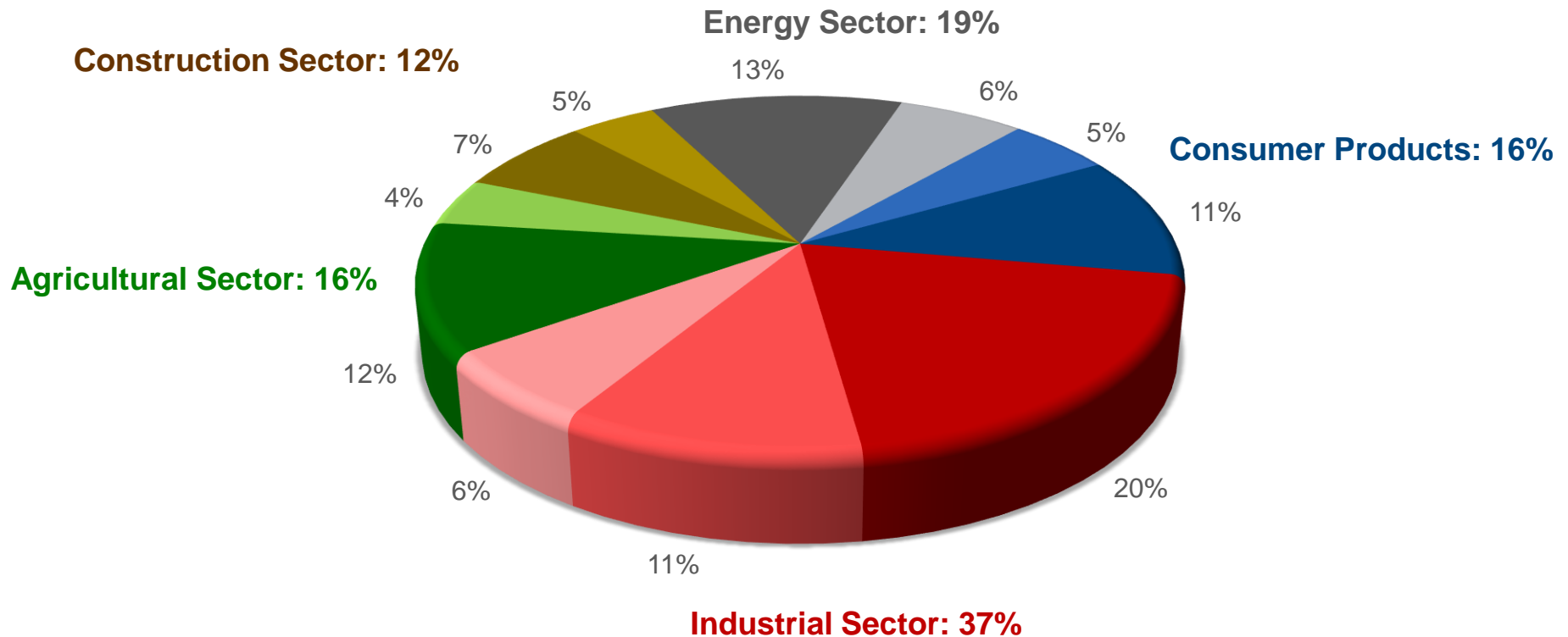


- Network connects all five eastern mega-regions
- Serves nearly two-thirds of the nation's population
- Access to over 60% of U.S. industrial production
- Superior market reach into Northeast and Florida
- Well positioned to serve major East Coast & Gulf ports

BUSINESS DIVERSIFIED ACROSS MULTIPLE MARKETS

LTM Revenue by Market: \$11.2 Billion

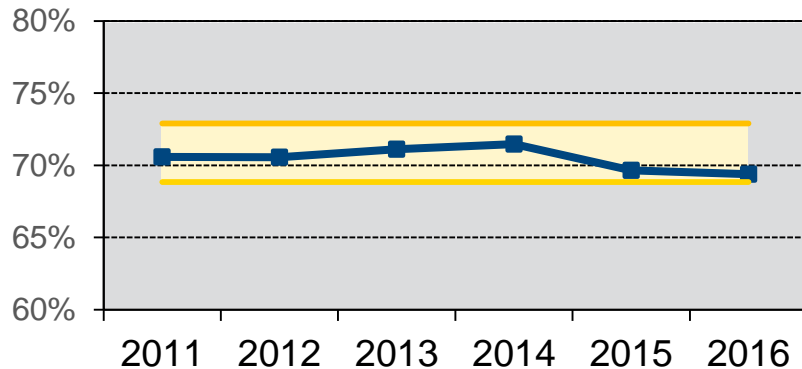
■ Domestic Coal ■ Export Coal ■ Domestic Intermodal ■ International Intermodal ■ Chemicals ■ Automotive
■ Metals and Equipment ■ Agriculture and Food ■ Phosphates ■ Forest Products ■ Minerals



CONVENTIONAL RAILROAD WISDOM TRANSFORMED

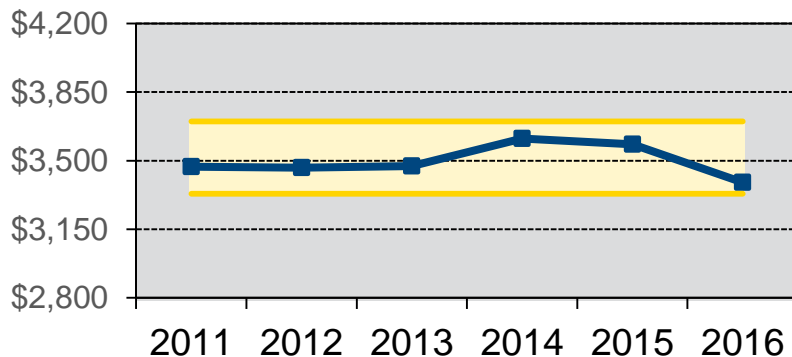
CSX Historically Range Bound

CSX Operating Ratio



CSX Operating Income

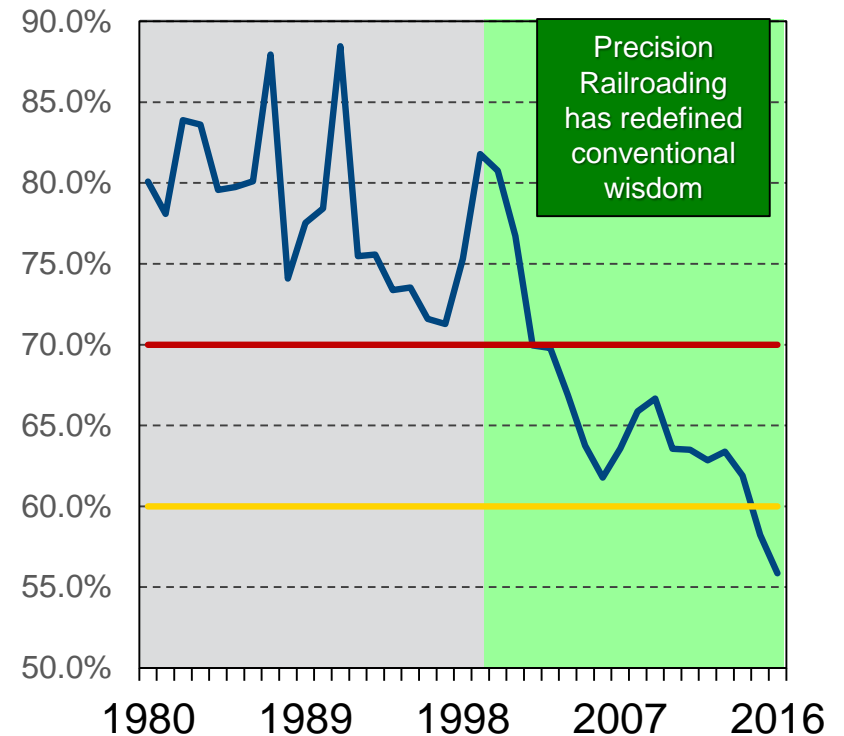
Dollars in Millions



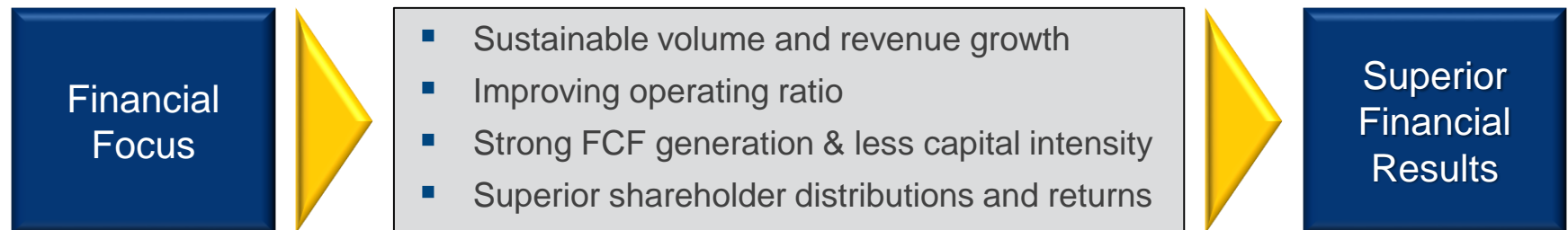
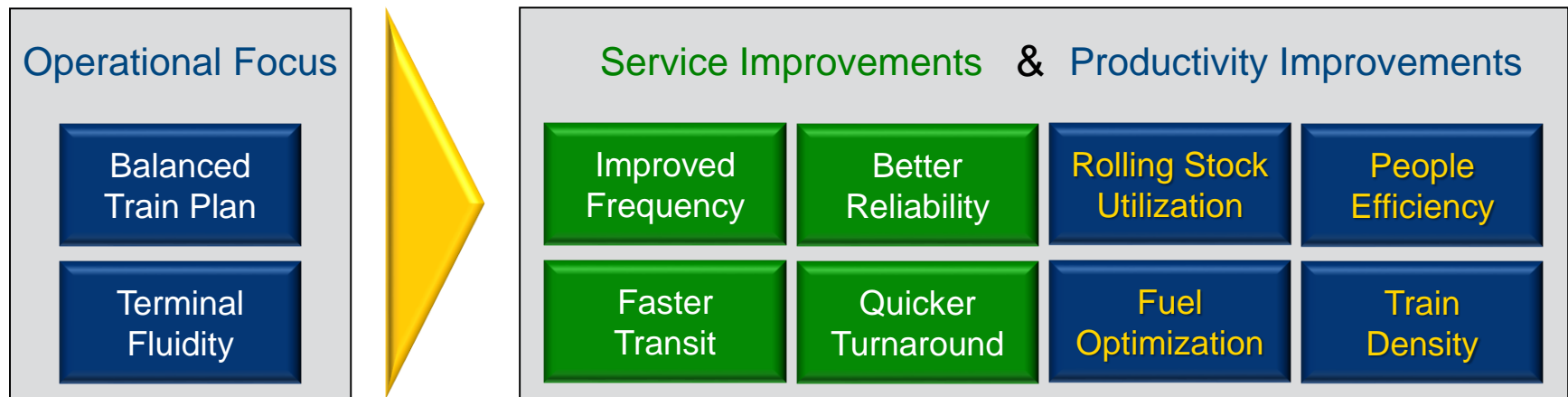
Redefining What is Possible

Operating Ratio

Best-in-Class Old Paradigm New Paradigm



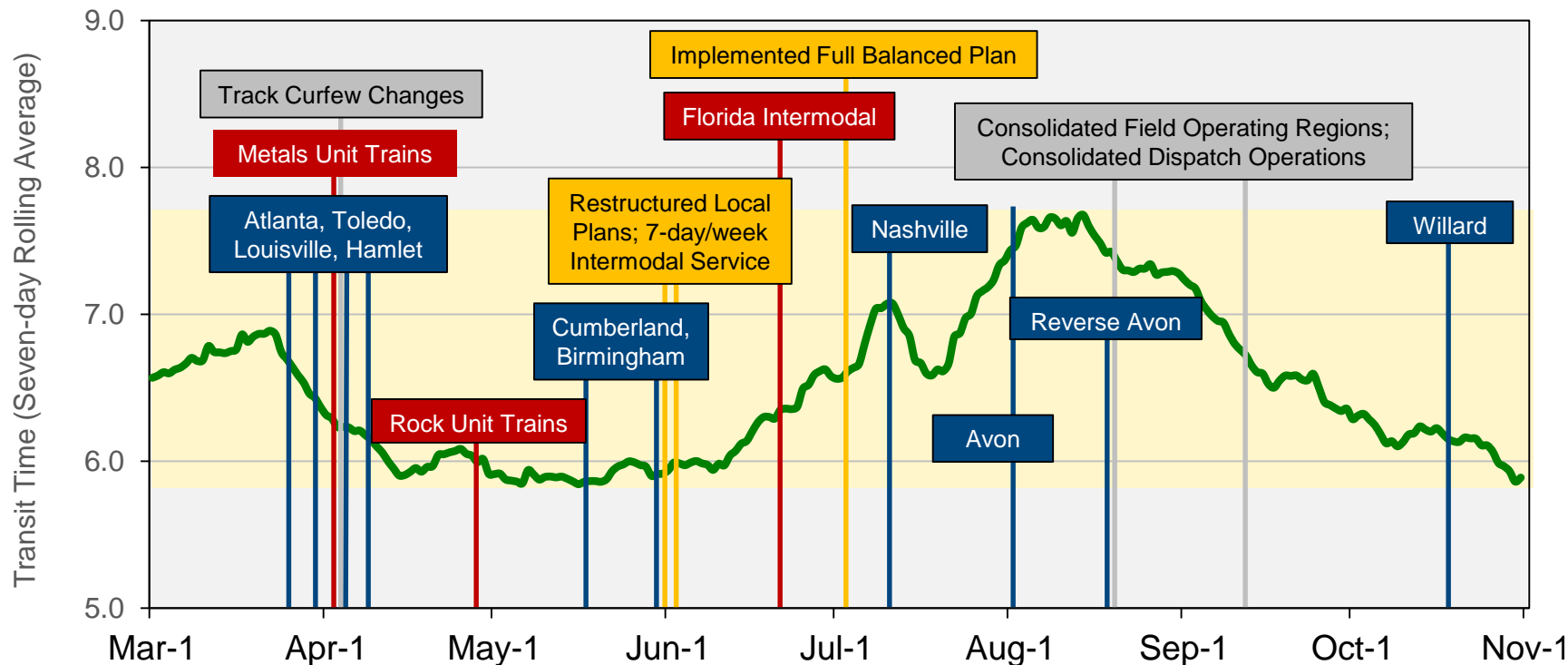
PRECISION RAILROADING DRIVING TRANSFORMATION



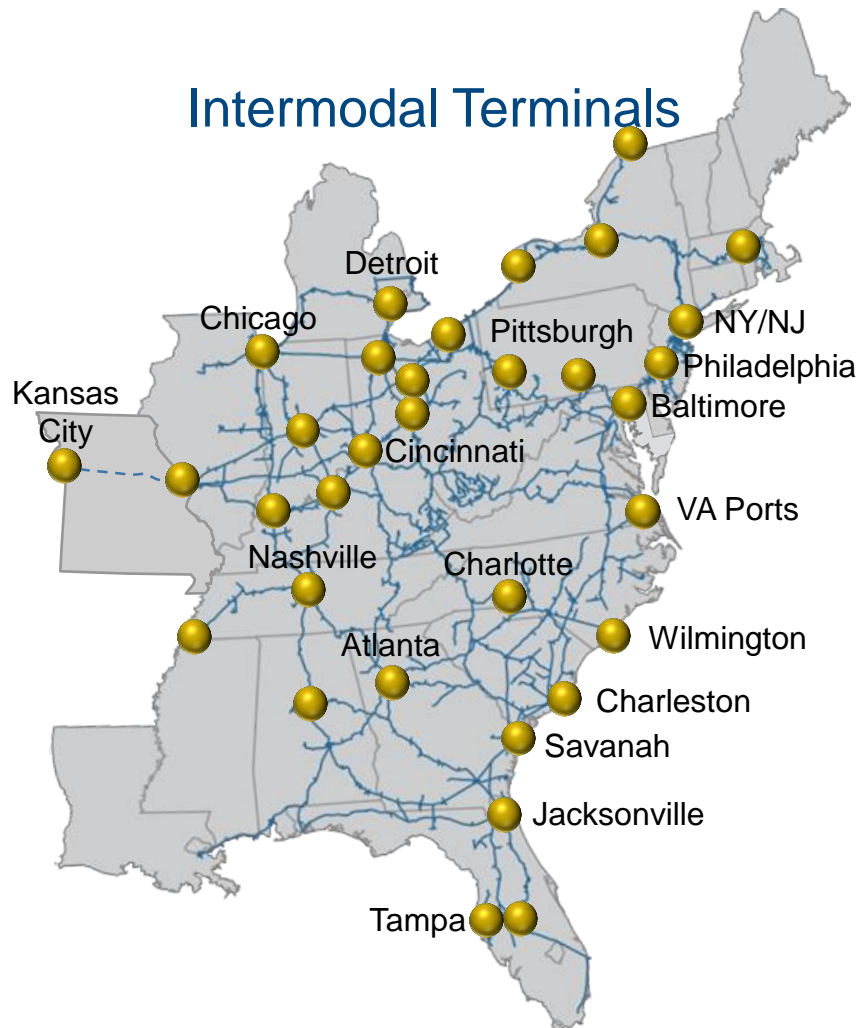
CHANGES PROFOUND, SWIFT AND PURPOSEFUL

Transit Time and Transformation Timeline

— Transit Time — Train Plan Changes — Hump Yard Conversions — Train Consolidations — Other Changes



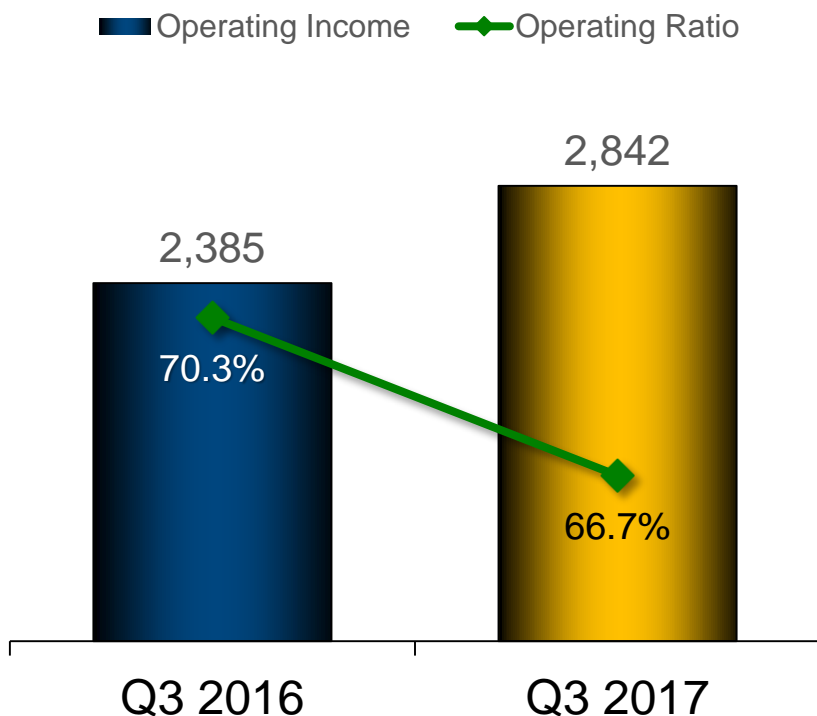
ALIGNING INTERMODAL WITH PRECISION RAILROADING



- Underutilized terminals and lanes under strategic review
- Leveraging merchandise trains to improve network efficiency
- Utilizing Intermodal trains to serve high density lanes
- Focus is to improve profitability of intermodal business

DELIVERING RESULTS THROUGH IMPLEMENTATION

YTD Operating Results as of Third Quarter



- Early gains from Precision Railroading drive:
 - Operating ratio improvement of 360 bps year-over-year
 - Operating income growth of nearly 20% year-over-year
- Financials resilient through recent service changes
- Significant opportunity ahead
 - Anticipate a first quarter 2018 Investor Conference

Note: Results for 2017 excluding restructuring charges; see Non-GAAP reconciliation on slide 15

FINANCIAL OUTLOOK . . .

- **Shareholders Distributions Continue to be Strong**
 - Dividend increase of 11% announced earlier this year
 - Repurchased \$1.5 billion, or 29 million shares
 - New \$1.5 billion share repurchase program recently authorized
- **Reaffirm 2017 expectations** (excludes restructuring charges)
 - Operating ratio to be around high end of mid-60s, supported by record efficiency
 - Earnings per share growth to be 20% – 25% off 2016 reported base of \$1.81
 - Free Cash Flow before dividends to be around \$1.5 billion
 - Expectations presume coal markets and overall economy remain stable
- **New team excited about the long term opportunity**

Note: Please see Forward Looking Non-GAAP Measures Disclosure on Slide 3



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APPENDICES

Non-GAAP Reconciliations

HOW TOMORROW MOVES



NON-GAAP INCOME STATEMENT RECONCILIATION

Year-to-Date Income Statement

Dollars in millions	GAAP	Adjustments	Non-GAAP
Revenue	\$ 8,545	\$ -	\$ 8,545
Expense			
Labor and Fringe	2,249	-	2,249
Materials, Supplies and Other	1,573	-	1,573
Fuel	621	-	621
Depreciation	978	-	978
Equipment and Other Rents	282	-	282
Restructuring Charge	296	(296)	-
Total Expense	5,999	(296)	5,703
Operating Income	2,546	296	2,842
Interest Expense	(406)	-	(406)
Other Income – Net	19	-	19
Income Taxes	(828)	(103)	(931)
Net Earnings	\$ 1,331	\$ 193	\$ 1,524
Earnings Per Share	\$ 1.45	\$ 0.21	\$ 1.66
Operating Ratio	70.2%	(350 bps)	66.7%

Note: Non-GAAP excludes a \$296 million restructuring charge and adjusts taxes for nondeductible executive compensation



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