



2019 THIRD QUARTER EARNINGS CONFERENCE CALL

James M. Foote
President and Chief Executive Officer



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

James M. Foote

President and Chief Executive Officer

THIRD QUARTER HIGHLIGHTS

Volume 1,569K

Revenue \$2,978M

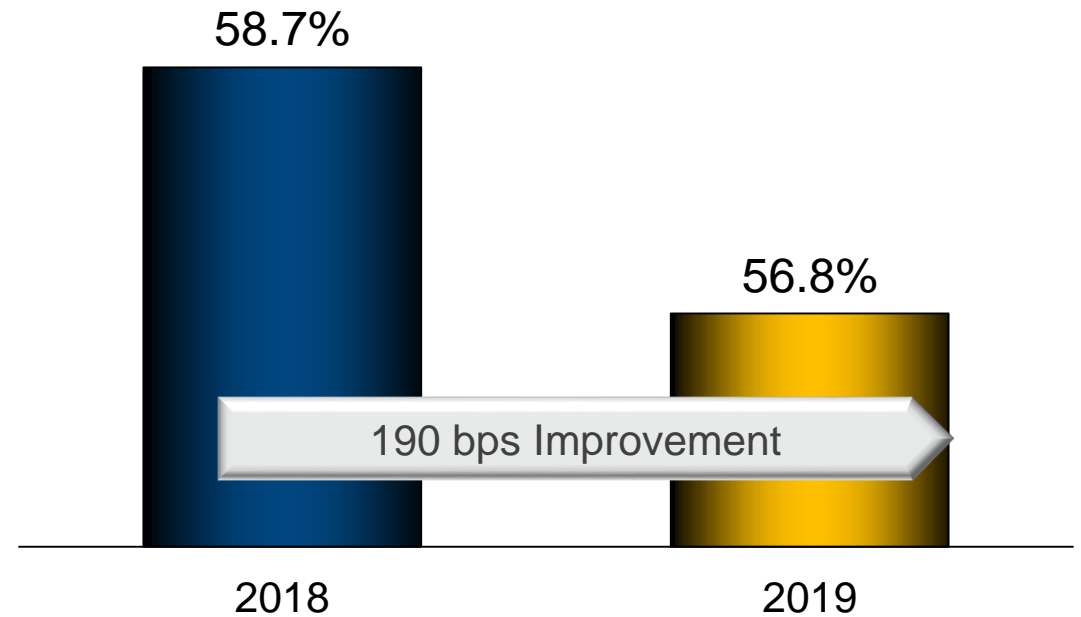
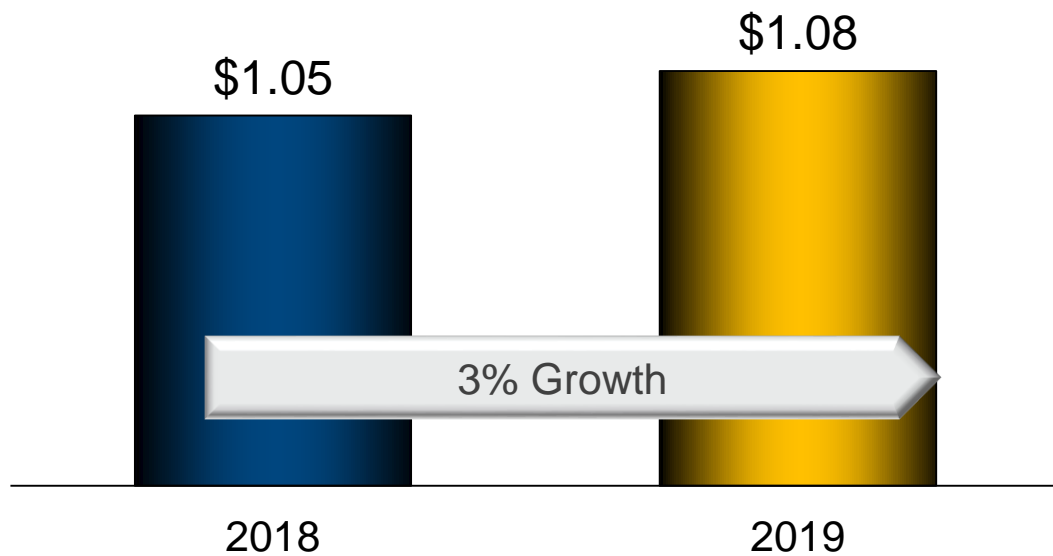
Operating Income \$1,287M

Operating Ratio 56.8%

EPS \$1.08

Earnings Per Share

Operating Ratio

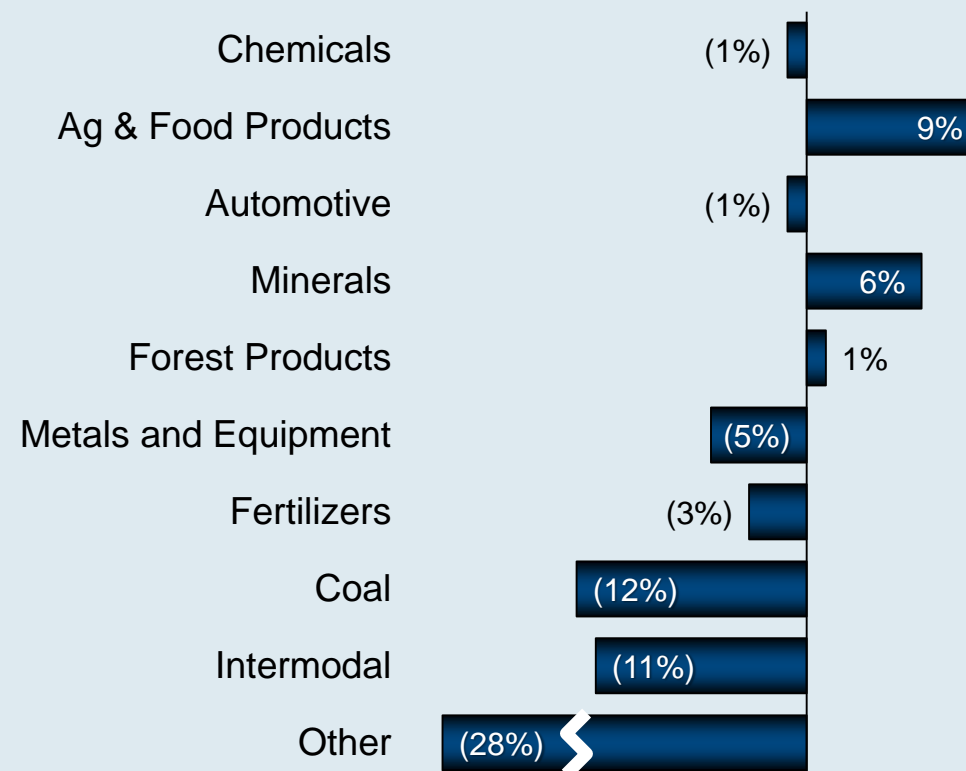


THIRD QUARTER REVENUE HIGHLIGHTS

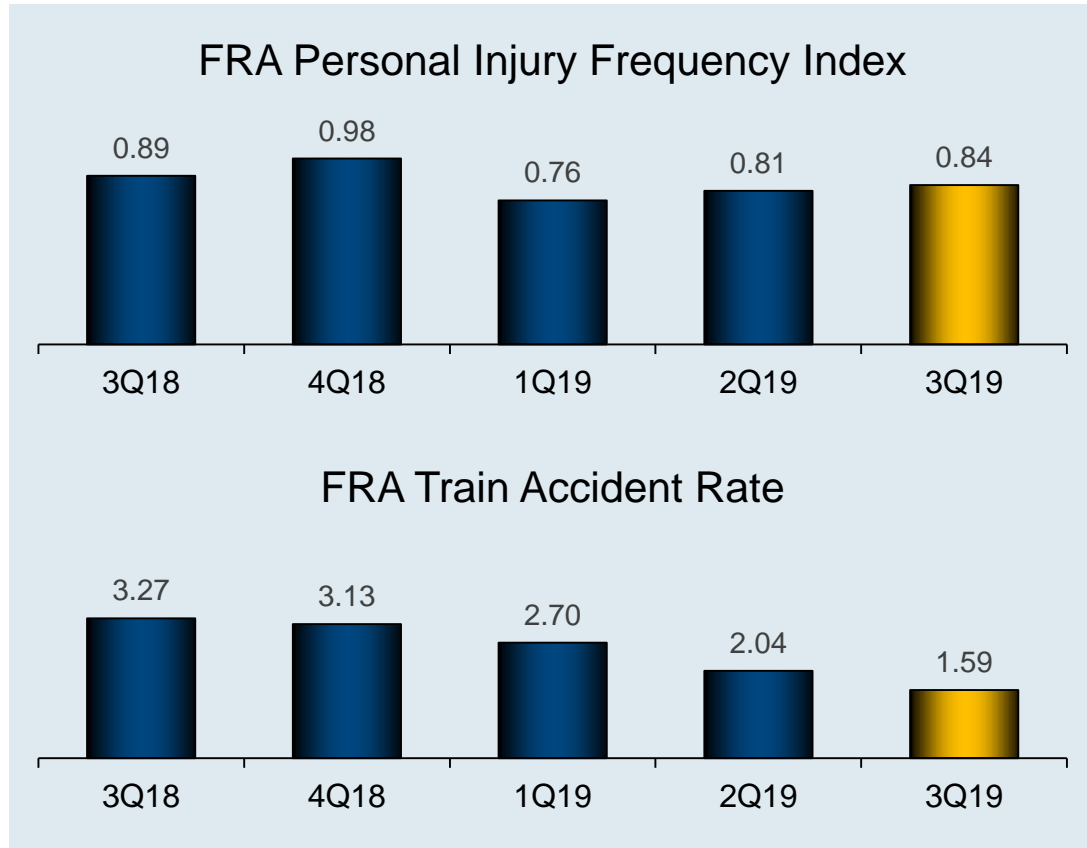
Merchandise Revenue Growth More Than Offset By Coal and Intermodal Declines

- **Chemicals** declined as lower natural gas liquids and fly ash shipments were partially offset by industrial chemicals and waste growth
- **Agricultural & Food Products** growth driven by gains in feed grain and ingredients, sweeteners and oils, and ethanol
- **Automotive** declined due to lower passenger car shipments, partially offset by growth in trucks and SUVs
- **Minerals** increased on construction and paving project activity growth
- **Forest Products** increased as growth in wood pulp was partially offset by lower pulpboard shipments
- **Metals and Equipment** declined due to reduced metals demand, primarily in steel, construction and scrap markets
- **Fertilizers** declined as growth in short-haul phosphate shipments was offset by declines in long-haul fertilizer shipments
- **Coal** decreased due to lower domestic utility volumes as well as declines in export coal markets
- Domestic and International **Intermodal** markets decreased, primarily due to the impact of lane rationalizations

Third Quarter Revenue Down 5% Percent Year over Year



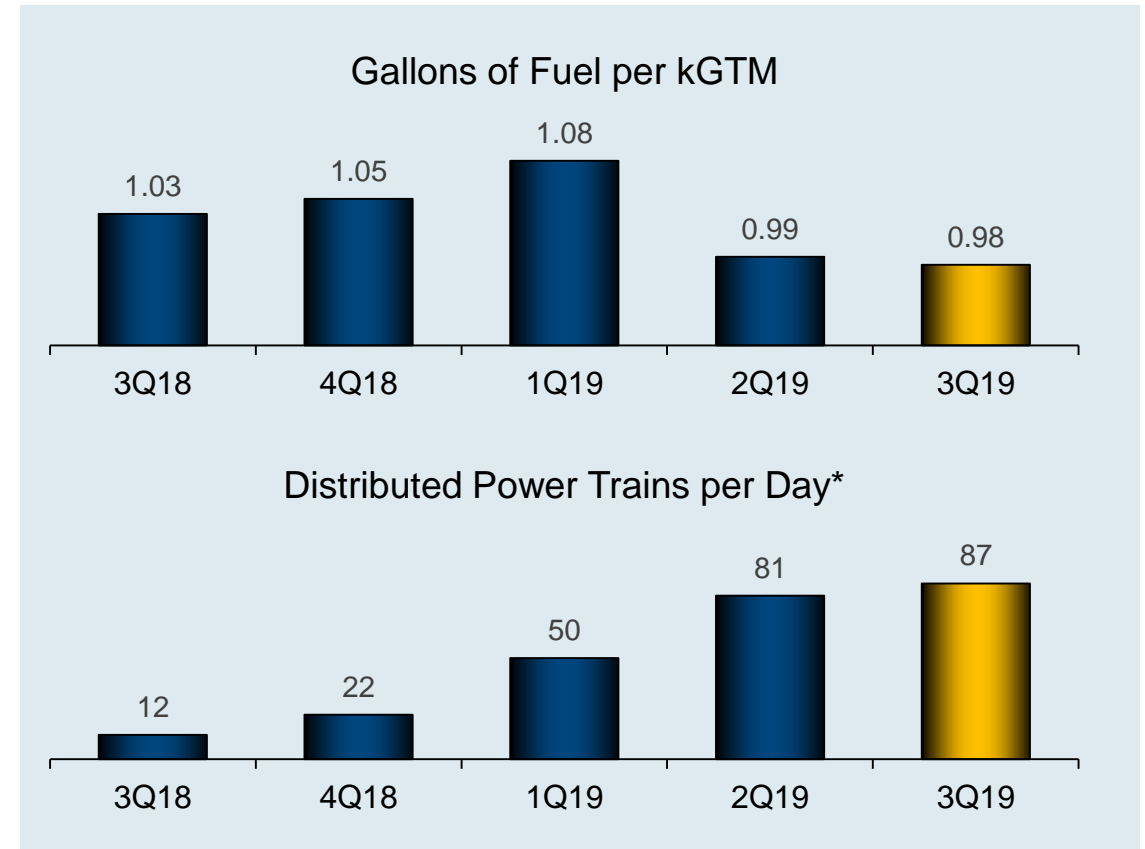
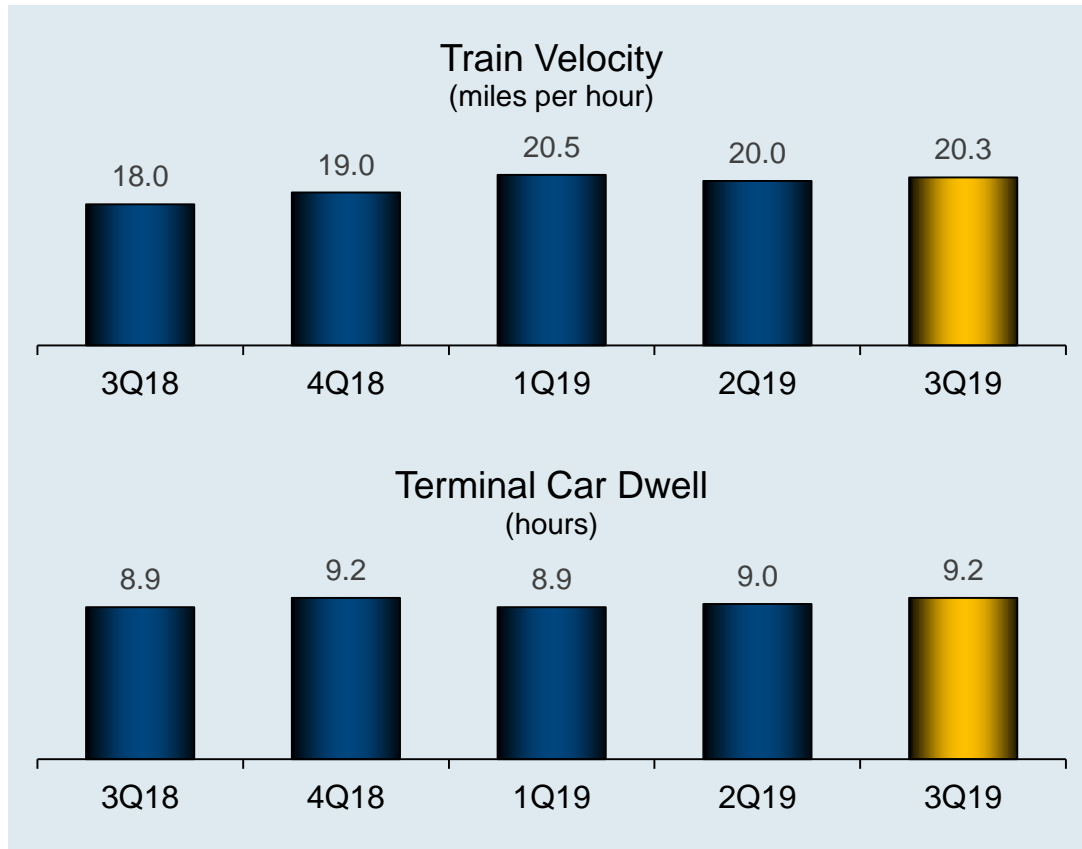
THIRD QUARTER SAFETY HIGHLIGHTS



- Safety remains a key guiding principle at CSX
- Continue to lead industry with lowest personal injury rate
- Set new company records for lowest train accident rate and fewest number of train accidents
- Opportunities to continue improving safety

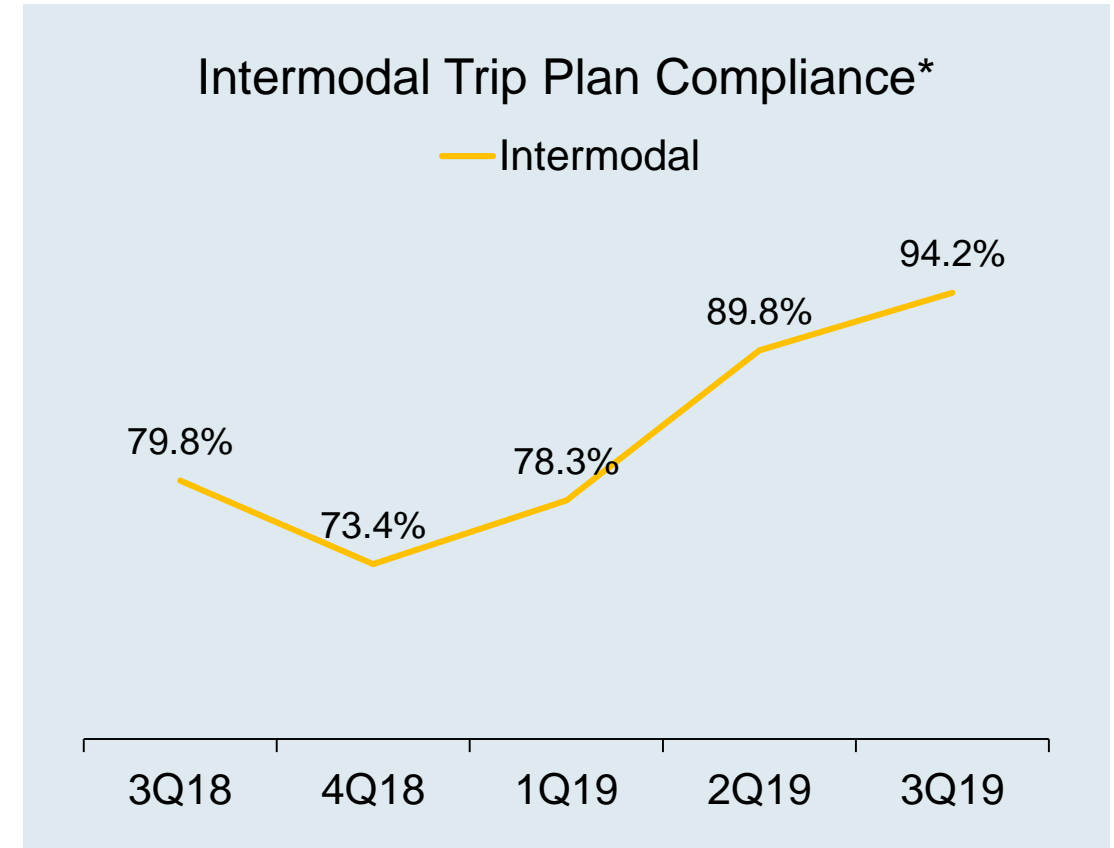
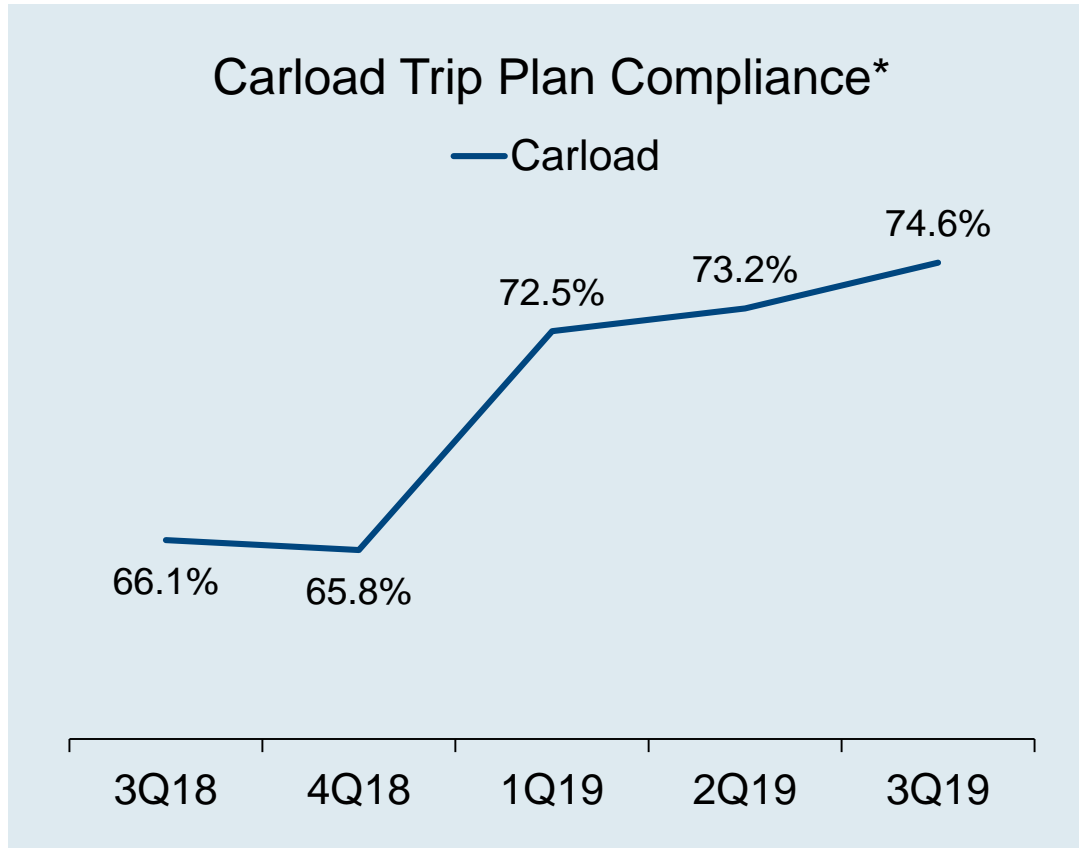
Safety statistics are estimated and can continue to be updated as actuals settle

THIRD QUARTER OPERATING HIGHLIGHTS



*Distributed Power trains operate with locomotives in either the middle and/or the end of the train rather than having all locomotives at the front of the train. Utilizing this technology has both safety and fuel efficiency benefits.

THIRD QUARTER SERVICE HIGHLIGHTS



*Trip Plan Compliance measures success in meeting end-to-end customer commitments based on a specific time of arrival. CSX measures Trip Plan Compliance for every car and container, loaded and empty, on its network that is destined for a customer.

FINANCIAL REVIEW

Kevin S. Boone

EVP and Chief Financial Officer

THIRD QUARTER EARNINGS SUMMARY

Third Quarter Income Statement

Dollars in millions	2019	2018	Variance
Revenue	\$ 2,978	\$ 3,129	(5%)
Expense			
Labor and Fringe	638	695	8%
Materials, Supplies and Other	415	474	12%
Depreciation	338	334	(1%)
Fuel	223	268	17%
Equipment and Other Rents	104	89	(17%)
Equity Earnings of Affiliates	(27)	(24)	13%
Total Expense	1,691	1,836	8%
Operating Income	1,287	1,293	-
Interest Expense	(186)	(162)	(15%)
Other Income – Net	24	19	26%
Income Tax Expense	(269)	(256)	(5%)
Net Earnings	\$ 856	\$ 894	(4%)
Earnings Per Share	\$ 1.08	\$ 1.05	3%
Operating Ratio	56.8%	58.7%	190 bps

THIRD QUARTER FINANCIAL MEASURES

Capital Investments

Dollars in Millions



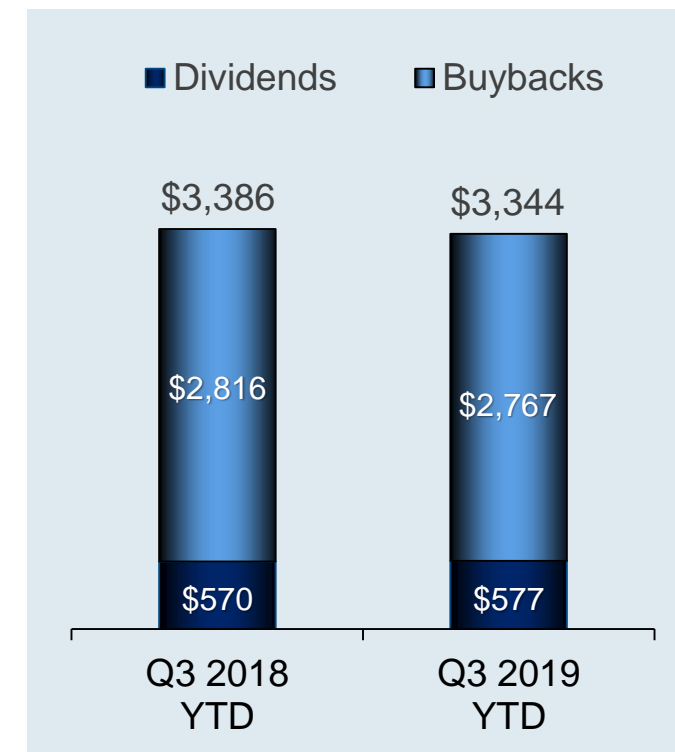
Adjusted Free Cash Flow Before Dividends

Dollars in Millions



Shareholder Distributions

Dollars in Millions



Adjusted free cash flow excludes the after-tax cash payment impacts of restructuring charges; see Appendix for Non-GAAP reconciliation

CLOSING REMARKS

James M. Foote

President and Chief Executive Officer

LOOKING FORWARD

- Full-year revenue outlook of 1 to 2 percent decline
- Maintain sub-60% operating ratio expectation
- No change to \$1.6 billion to \$1.7 billion capital expenditure target
- Significant remaining opportunities to further improve service and efficiency

APPENDIX

- Non-GAAP Adjusted Free Cash Flow Reconciliation

NON-GAAP ADJUSTED FREE CASH FLOW RECONCILIATION

Adjusted Free Cash Flow

Dollars in millions	Nine Months Ended	
	September 30, 2019	September 30, 2018
Net Cash Provided by Operating Activities	\$ 3,737	\$ 3,406
Property Additions	(1,191)	(1,240)
Other Investing Activities	237	249
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Free Cash Flow (before payment of dividends)	2,783	2,415
Add back: Cash Payments for Restructuring Charge (after-tax)	–	11
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Adjusted Free Cash Flow Before Dividends (non-GAAP)	\$ 2,783	\$ 2,426



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