

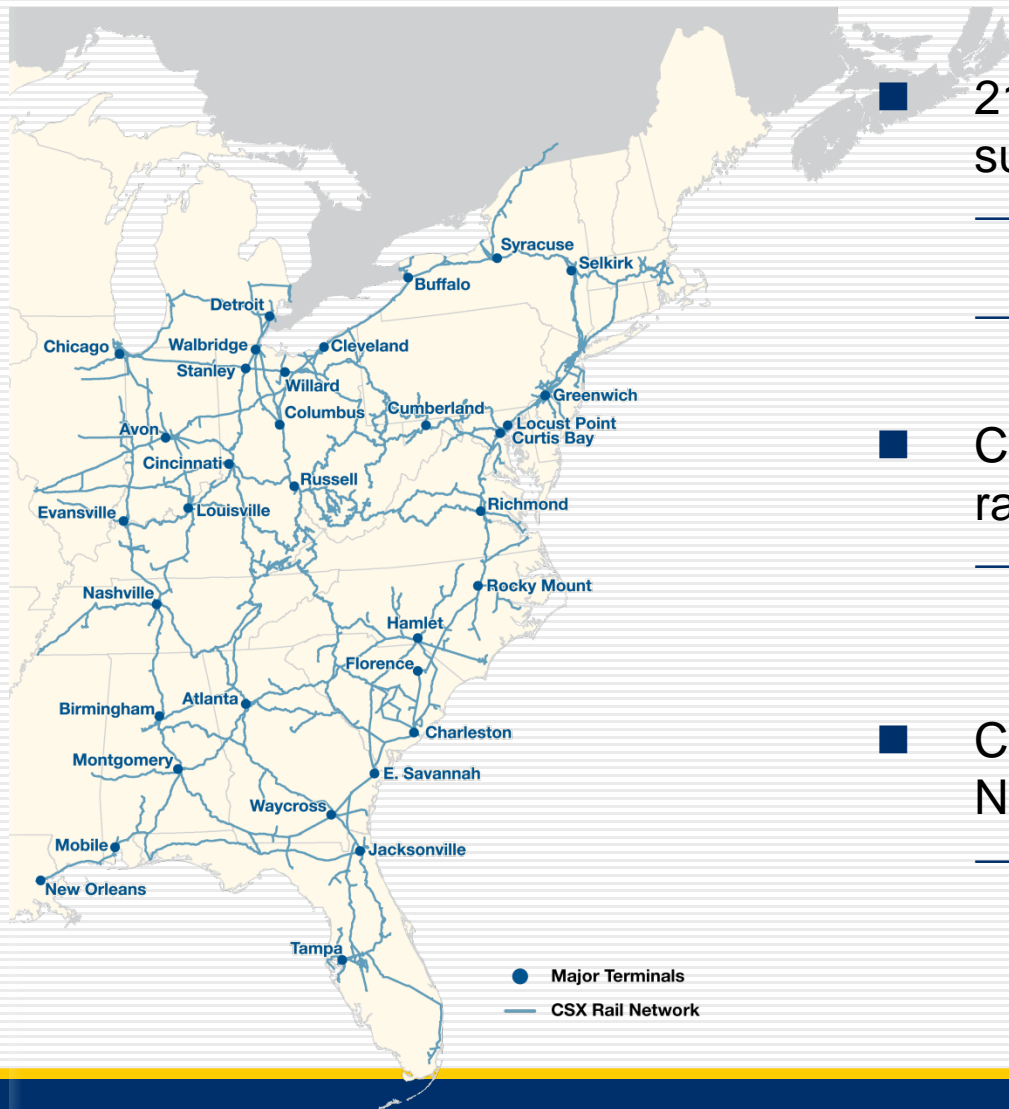


# The International Economic Development Council

*January 31, 2017*



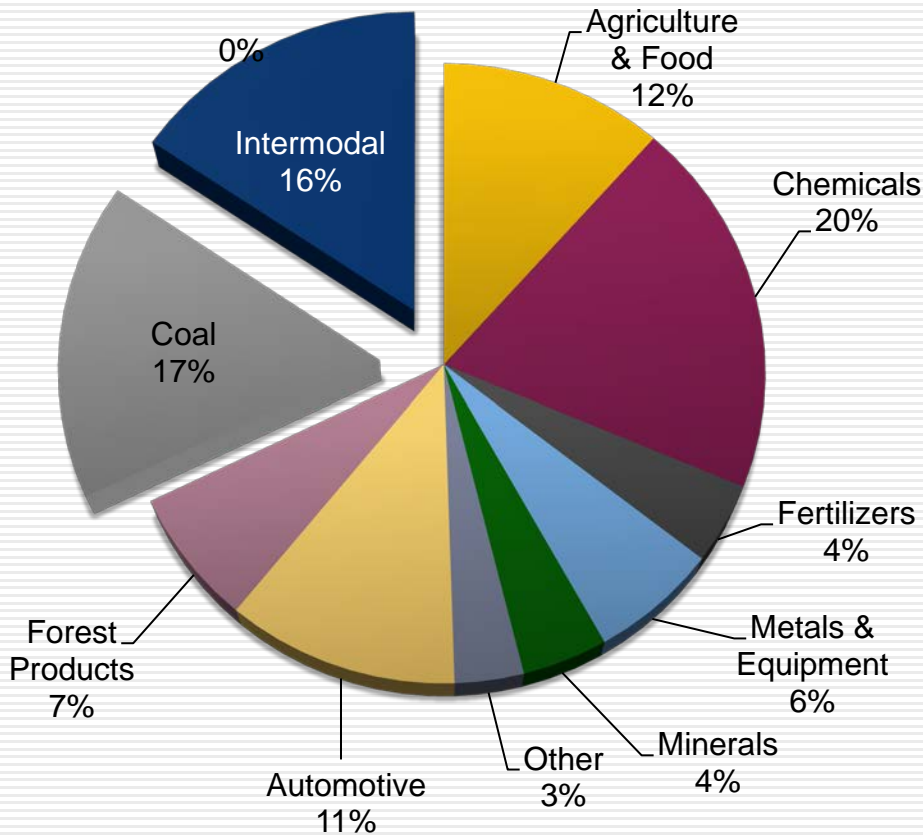
# CSX is the largest railroad in the Eastern U.S.



- 21,000 mile rail network with superior footprint in the East
  - Touches 23 states and serves every major eastern metropolitan area
  - Connects to over 240 short-line RRs
- CSX provides rail, intermodal and rail-to-truck transload services
  - Serving nation's economic and industrial growth for nearly 190 years
- CSX is a logistics solution for North American and global trade
  - Connects with Western and Canadian railroads as well as over 70 ocean, river and lake ports

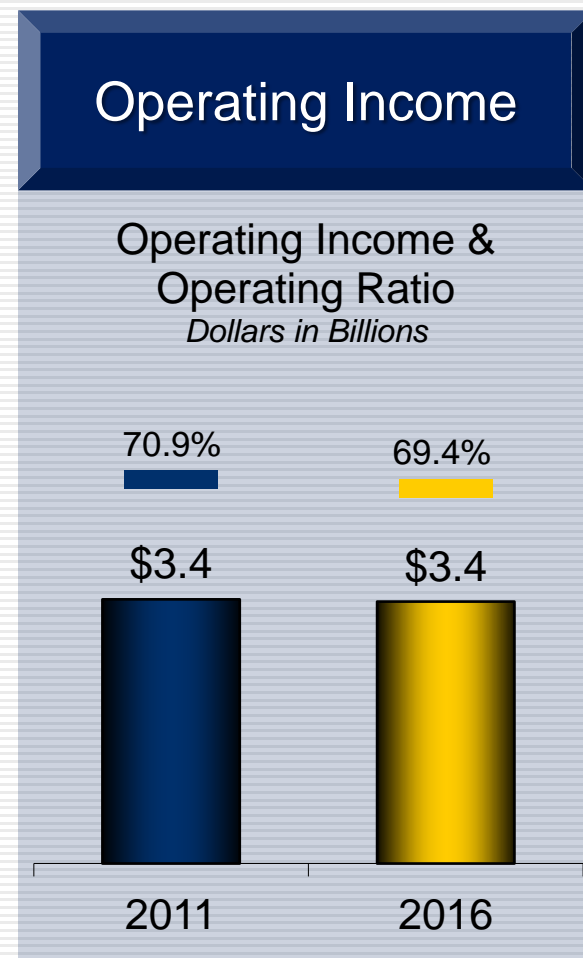
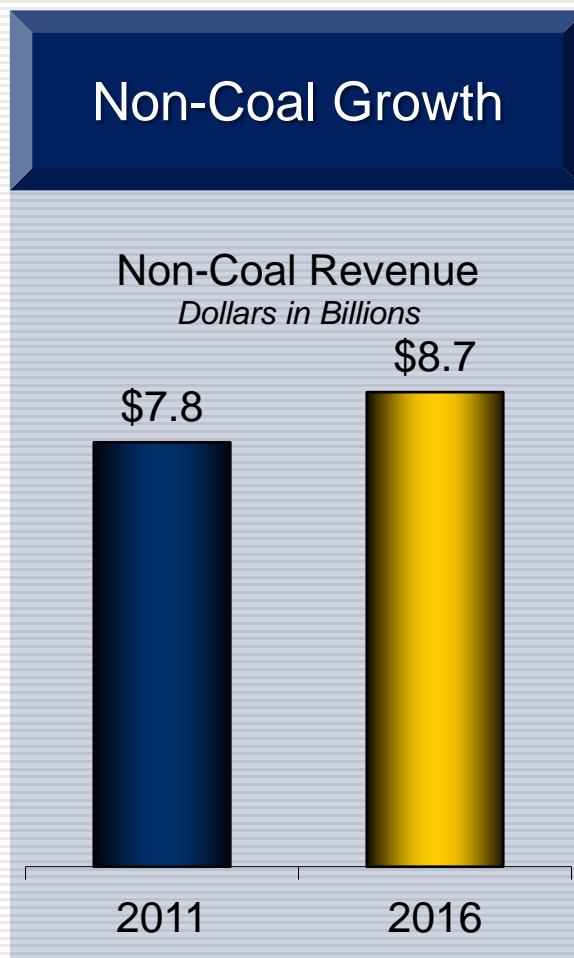
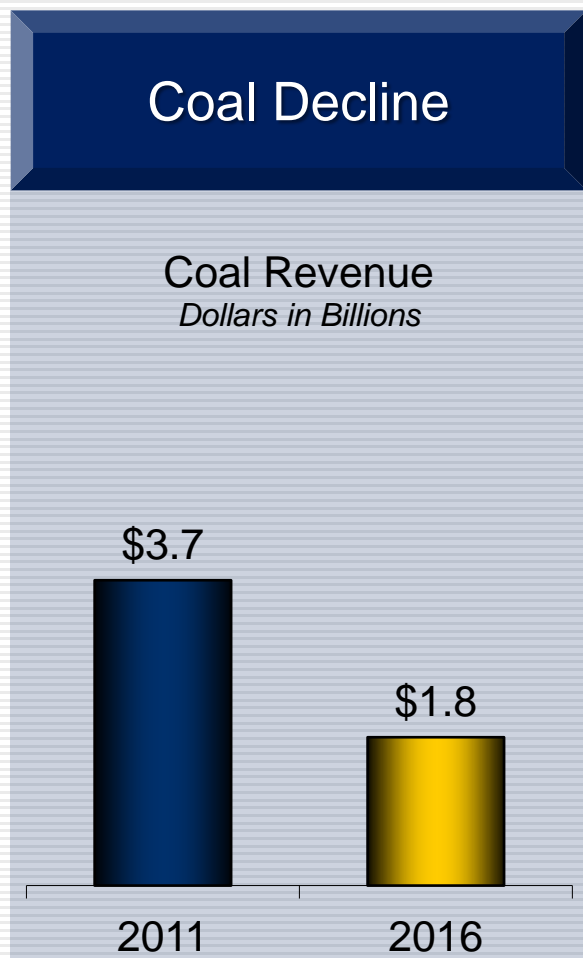
# CSX serves a wide range of markets and customers

2016 Revenue by Market  
\$11 Billion Total





# Generating growth despite challenges in Coal

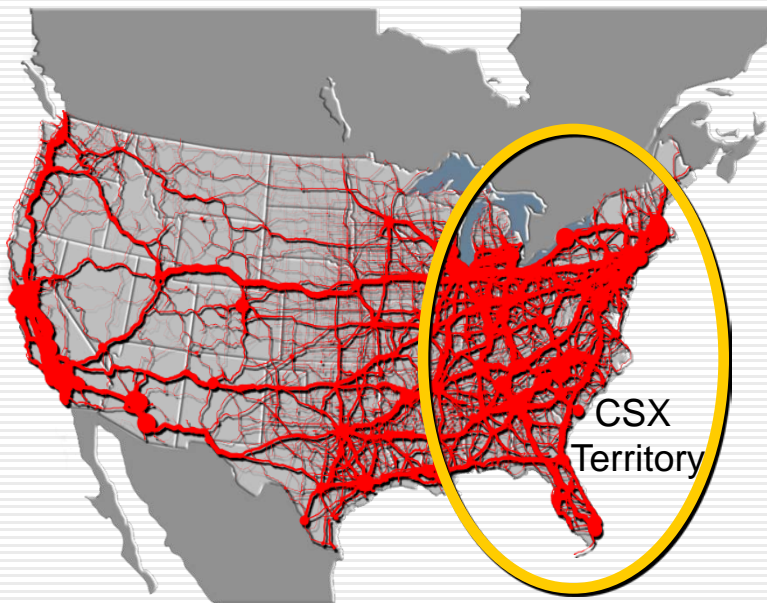


# Overall first quarter outlook is favorable

Outlook	Markets	Drivers
Favorable	<ul style="list-style-type: none"> <li>■ Agriculture &amp; Food</li> <li>■ Automotive</li> <li>■ Export Coal</li> <li>■ Fertilizers</li> <li>■ Metals &amp; Equipment</li> <li>■ Minerals</li> </ul>	<ul style="list-style-type: none"> <li>■ Record grain harvest and new business ramping up</li> <li>■ North American light vehicle production remains strong</li> <li>■ Near-term favorability continues from global supply constraint</li> <li>■ Phosphate movement picks up against soft comparables</li> <li>■ Improving steel market and small lift in energy-related goods/machinery</li> <li>■ Sustained strength in aggregates demand</li> </ul>
Neutral	<ul style="list-style-type: none"> <li>■ Forest Products</li> <li>■ Intermodal</li> </ul>	<ul style="list-style-type: none"> <li>■ Modest housing starts growth offset by ongoing paper demand decline</li> <li>■ Secular domestic growth offset by prior losses</li> </ul>
Unfavorable	<ul style="list-style-type: none"> <li>■ Chemicals</li> <li>■ Domestic Coal</li> </ul>	<ul style="list-style-type: none"> <li>■ Continued crude oil decline more than offsets non-energy growth</li> <li>■ Competitive losses partially offset by modest uptick in winter demand</li> </ul>

# Logistics options will increasingly become strained

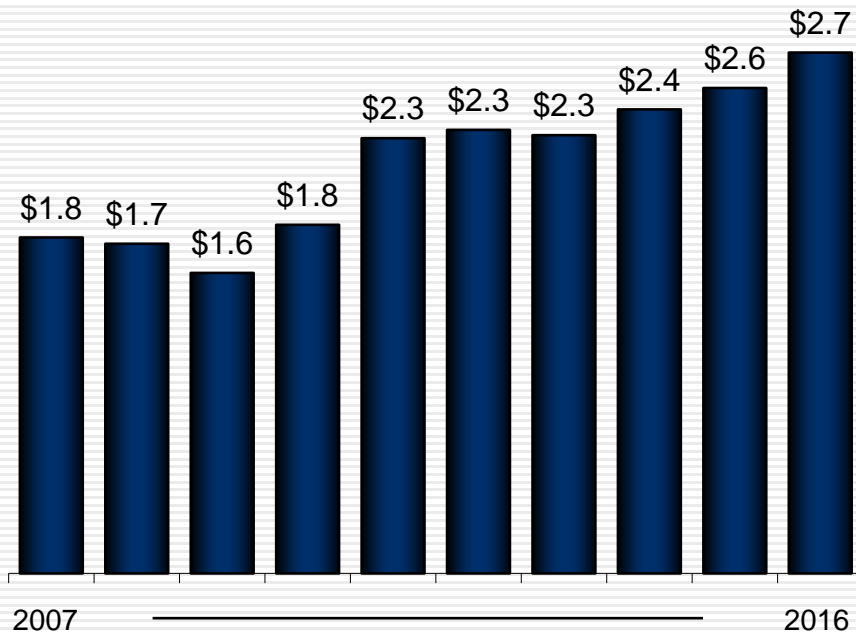
## 2020 Highway Congestion



- Highway system already congested, especially in eastern United States
- Freight demand in the U.S. projected to grow more than 60% by 2040
- Trucking challenges generates growth opportunity for rail industry
  - Regulation
  - Driver shortages
  - Lack of highway infrastructure investments

# CSX remains focused on investing for the future

CSX Annual Capital Investment  
*Dollars in Billions*



- Maintaining the Network
- Increasing Capacity
- Expanding Reach
- Technology

# *Industrial Development enables growth opportunities*



- Guide rail development opportunities to CSX and adjacent short lines
- Engage economic development officials, site consultants and port representatives to advance carload and intermodal projects
- Deliver high level of professionalism to assist with site selection and design
- Enable pre-certification of prospective manufacturing sites



# Select Site enables customers to access markets



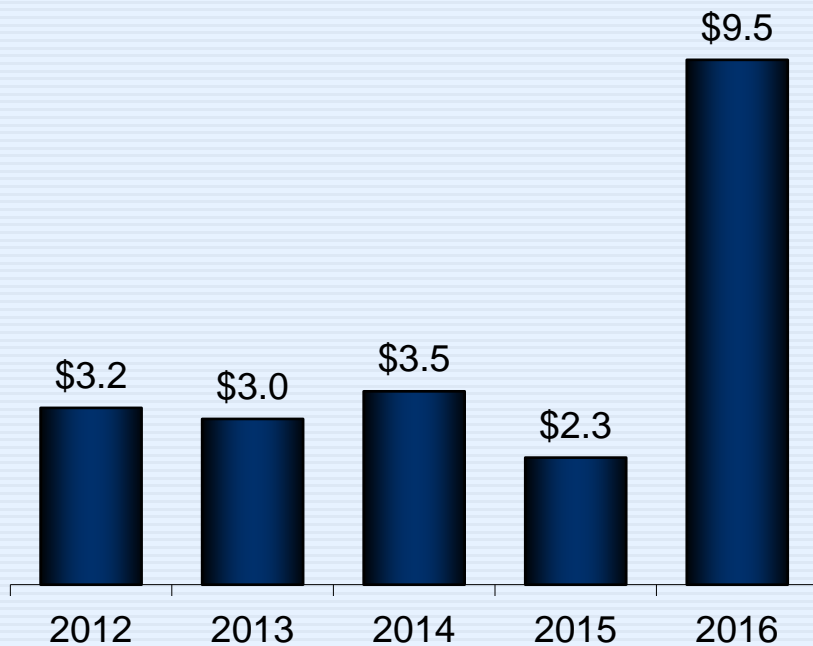
- Provides customers qualified rail-served sites
  - Options targeted for manufacturers from a variety of industries
- Successful in certifying twenty one sites to date in the program
  - In the last 3 years, seven industrial expansions have been announced on CSX Select Sites



# Customers investing in new and expanded facilities

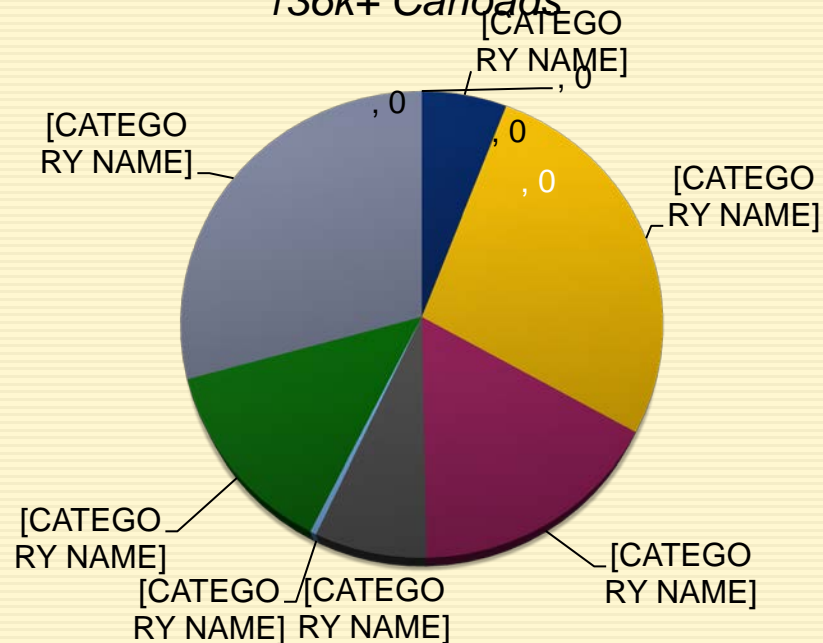
## Capital Investment by Customers

Dollars in Billions



## 2016 Customer Announcements

CSX Expected Annual Volume  
136k+ Carloads



# CSX investing strategically to capture growth

- CSX's network reaches core industries and infrastructure
  - *Well positioned for growth across many markets*
- Highway congestion presents opportunities for rail
  - *Trucking market to face challenges over the near term*
- Committed to investing for long-term, sustainable growth
  - *World Class Industrial Development process*
- CSX is committed to continued Service Excellence
  - *Staying true to our core value of "It Starts with the Customer"*





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