

CSX CORPORATION
PART II
Item 8. Financial Statements and Supplementary Data

CONSOLIDATED INCOME STATEMENTS
(Dollars in Millions, Except Per Share Amounts)

	Fiscal Years		
	2018	2017	2016
Revenue	\$ 12,250	\$ 11,408	\$ 11,069
Expense			
Labor and Fringe	2,738	2,946	3,135
Materials, Supplies and Other	1,967	2,113	2,092
Depreciation	1,331	1,315	1,301
Fuel	1,046	864	713
Equipment and Other Rents	395	429	465
Restructuring Charge (Note 1)	—	240	—
Equity Earnings of Affiliates	(96)	(219)	(50)
Total Expense	7,381	7,688	7,656
Operating Income	4,869	3,720	3,413
Interest Expense	(639)	(546)	(579)
Debt Repurchase Expense	—	—	(115)
Restructuring Charge - Non-Operating (Note 1)	—	(85)	—
Other Income - Net (Note 10)	74	53	22
Earnings Before Income Taxes	4,304	3,142	2,741
Income Tax (Expense) Benefit (Note 11)	(995)	2,329	(1,027)
Net Earnings	\$ 3,309	\$ 5,471	\$ 1,714
Per Common Share (Note 2)			
Net Earnings Per Share			
Basic	\$ 3.86	\$ 6.01	\$ 1.81
Assuming Dilution	\$ 3.84	\$ 5.99	\$ 1.81
Average Common Shares Outstanding <i>(Millions)</i>			
Basic	857	911	947
Assuming Dilution	861	914	948
Cash Dividends Paid Per Common Share	\$ 0.88	\$ 0.78	\$ 0.72

Certain prior year data has been reclassified to conform to the current presentation.
See accompanying Notes to Consolidated Financial Statements.

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CONSOLIDATED BALANCE SHEETS
(Dollars in Millions)

	December	December
	2018	2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 1)	\$ 858	\$ 401
Short-term Investments	253	18
Accounts Receivable - Net (Note 1)	1,010	970
Materials and Supplies	263	372
Other Current Assets	181	154
Total Current Assets	2,565	1,915
Properties	44,805	44,324
Accumulated Depreciation	(12,807)	(12,560)
Properties - Net (Note 6)	31,998	31,764
Investment in Conrail (Note 12)	943	907
Affiliates and Other Companies	836	779
Other Long-term Assets	387	374
Total Assets	\$ 36,729	\$ 35,739
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	\$ 949	\$ 847
Labor and Fringe Benefits Payable	550	602
Casualty, Environmental and Other Reserves (Note 5)	113	108
Current Maturities of Long-term Debt (Note 9)	18	19
Income and Other Taxes Payable	106	157
Other Current Liabilities	179	161
Total Current Liabilities	1,915	1,894
Casualty, Environmental and Other Reserves (Note 5)	211	266
Long-term Debt (Note 9)	14,739	11,790
Deferred Income Taxes - Net (Note 11)	6,690	6,418
Other Long-term Liabilities	594	650
Total Liabilities	24,149	21,018
Shareholders' Equity:		
Common Stock, \$1 Par Value (Note 3)	818	890
Other Capital	249	217
Retained Earnings (Note 1)	12,157	14,084
Accumulated Other Comprehensive Loss (Note 14)	(661)	(486)
Noncontrolling Minority Interest	17	16
Total Shareholders' Equity	12,580	14,721
Total Liabilities and Shareholders' Equity	\$ 36,729	\$ 35,739

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CONSOLIDATED CASH FLOW STATEMENTS

(Dollars in Millions)

	Fiscal Years		
	2018	2017	2016
OPERATING ACTIVITIES			
Net Earnings	\$ 3,309	\$ 5,471	\$ 1,714
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities:			
Depreciation	1,331	1,315	1,301
Restructuring Charge (Note 1)	—	325	—
Cash Payments for Restructuring Charge	(15)	(187)	—
Deferred Income Taxes	279	(3,233)	405
Earnings of Equity-method Investments	(96)	(219)	(50)
Contributions to Qualified Pension Plans (Note 8)	—	—	(250)
Gain on Property Dispositions	(154)	(18)	(128)
Other Operating Activities	(21)	(17)	(20)
Changes in Operating Assets and Liabilities:			
Accounts Receivable	(46)	(70)	84
Other Current Assets	101	1	(113)
Accounts Payable	104	41	40
Income and Other Taxes Payable	(104)	20	23
Other Current Liabilities	(47)	43	35
Net Cash Provided by Operating Activities	4,641	3,472	3,041
INVESTING ACTIVITIES			
Property Additions	(1,745)	(2,040)	(2,398)
Purchase of Short-term Investments	(736)	(782)	(929)
Proceeds from Sales of Short-term Investments	505	1,193	1,325
Proceeds from Property Dispositions	319	97	195
Other Investing Activities	(27)	37	9
Net Cash Used in Investing Activities	(1,684)	(1,495)	(1,798)
FINANCING ACTIVITIES			
Long-term Debt Issued (Note 9)	3,000	850	2,200
Long-term Debt Repaid (Note 9)	(19)	(333)	(1,419)
Dividends Paid	(751)	(708)	(680)
Shares Repurchased	(4,671)	(1,970)	(1,056)
Other Financing Activities	(59)	(18)	(313)
Net Cash Used in Financing Activities	(2,500)	(2,179)	(1,268)
Net Increase (Decrease) in Cash and Cash Equivalents	457	(202)	(25)
CASH AND CASH EQUIVALENTS			
Cash and Cash Equivalents at Beginning of Period	401	603	628
Cash and Cash Equivalents at End of Period	\$ 858	\$ 401	\$ 603
SUPPLEMENTAL CASH FLOW INFORMATION			
Interest Paid - Net of Amounts Capitalized	\$ 614	\$ 555	\$ 606
Income Taxes Paid	\$ 814	\$ 911	\$ 580

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