Network healthy, quickly recovered from weather and derailment

- Dwell and velocity degraded slightly, but remained at improved levels
- Right Car Right Train down slightly
- Crew and power resource levels remain well matched to demand
- Hump yard performance steady
- Western terminals performing well
- Car order fulfillment settled higher
- Local pull and place performance stable
- Customer problem logs remained at lower levels
- Interchange volumes current and gateways fluid
Velocity fully recovered, remains well above 2016

![Velocity graph]

<table>
<thead>
<tr>
<th></th>
<th>Velocity (mph)</th>
<th>Fav (Unfav) % Change vs. 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Full Year Average</td>
<td>14.9</td>
<td></td>
</tr>
<tr>
<td>PSR Implementation</td>
<td>13.8</td>
<td>(7%)</td>
</tr>
<tr>
<td>Height of Service Disruption</td>
<td>13.0</td>
<td>(13%)</td>
</tr>
<tr>
<td>STB Listening Session</td>
<td>15.4</td>
<td>3%</td>
</tr>
<tr>
<td>Current Week</td>
<td>17.1</td>
<td>15%</td>
</tr>
</tbody>
</table>

Note: Velocity displayed according to CSX methodology; explanation of CSX methodology can be found in appendix. Week 37 & 38 velocity excludes specific trains held through Hurricane Irma.
Dwell at or below 2016 full year levels for 14th consecutive week

<table>
<thead>
<tr>
<th>Event</th>
<th>Dwell (hours)</th>
<th>Fav (Unfav) % Change vs. 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Full Year Average</td>
<td>11.2</td>
<td></td>
</tr>
<tr>
<td>PSR Implementation</td>
<td>11.6</td>
<td>4%</td>
</tr>
<tr>
<td>Height of Service Disruption</td>
<td>13.1</td>
<td>(17%)</td>
</tr>
<tr>
<td>STB Listening Session</td>
<td>11.0</td>
<td>2%</td>
</tr>
<tr>
<td>Current Week</td>
<td>10.4</td>
<td>7%</td>
</tr>
</tbody>
</table>

Note: Dwell displayed according to CSX methodology; explanation of CSX methodology can be found in appendix. Week 37 & 38 dwell excludes terminals that held cars through Hurricane Irma-impacted period.
Dwell and velocity degraded slightly, but remained at improved levels

Note: Dwell and velocity displayed according to CSX methodology; explanation of CSX methodology can be found in appendix. Q3 dwell and velocity exclude the Hurricane Irma-impacted period for terminals that held cars and specific trains held through storm, respectively.
Right Car Right Train down slightly

- **Right Car Right Train** is no longer a measure that CSX uses to manage its operation
  - In precision scheduled railroading (PSR), if a car can be advanced on another train to speed transit or ensure its on-time arrival, there is not one “right train”

- **Car priority is to move cars quickly, on next available train**
  - Asset utilization a key tenet of PSR

- **Train priority is blocking integrity and departing all available, relevant cars from the yard**
  - Blocking integrity certifies that a train is built correctly and shipments are headed to the correct location
  - Managed through field supervision

---

1 ‘Right Car Right Train’ is defined as the percentage of cars that departed from a yard in accordance with their car scheduling trip plan
Resourcing appropriately to meet business needs

- Locomotive level coming down in concert with network velocity improvement

Power and crew availability steady in fourth quarter at approximately 99% and 95%, respectively

- Recent headcount reduction driven by train staffing efficiency and adjustments to extra boards

---

1 Re-crew rate is re-crew people starts as a percent of total measured people starts, and represents incidences of replacing a crew on the same train ID (generally due to hours of service)
Hump yard performance steady

Total hump yard volumes remain in a consistent band week-over-week, well below capacity of yards

Key hump productivity and efficiency measures performing well, four humps remaining

Absolute number of humps not “good” or “bad”; goal is best mix of hump and flat yards for processing efficiency

1 Dwell displayed according to CSX methodology; explanation of CSX methodology can be found in appendix. Q3 dwell excludes the Hurricane Irma-impacted period for terminals that held cars through the storm.
Western terminals performing well

- Key terminal productivity and performance measures recovered in former “trouble” spots
- Train plan changes at Evansville have resulted in very few cars processed, no longer a key terminal

### Western Corridor Key Terminals

- Avon, IN
- Evansville, IN
- Nashville, TN
- Avon, IN
- Montgomery, AL
- Mobile, AL

### Dwell at Western Terminals

<table>
<thead>
<tr>
<th>Week</th>
<th>2016 Q1</th>
<th>2016 Q2</th>
<th>2016 Q3</th>
<th>2016 Q4</th>
<th>2017 Q1</th>
<th>2017 Q2</th>
<th>2017 Q3</th>
<th>2017 Q4</th>
<th>Weekly Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec. 9 – Dec. 15</td>
<td>13.0</td>
<td>13.6</td>
<td>13.4</td>
<td>12.6</td>
<td>15.6</td>
<td>14.4</td>
<td>12.1</td>
<td>11.4</td>
<td>13.9</td>
</tr>
</tbody>
</table>

1 Dwell displayed according to CSX methodology; explanation of CSX methodology can be found in appendix. Q3 dwell excludes the Hurricane Irma-impacted period for terminals that held cars through the storm.
Car order fulfillment settled higher

- Car ordering and fulfillment process updated as of Week 45
  - Car orders now remain open for 2 weeks for fulfillment; order fill will settle over a 2-week period
  - Accordingly, the current week fill rate will be adjusted in the following week for orders filled

- Week 50 added over 200 orders filled to week 49, adjusted fill increased to 93%

- Empty car dwell remains elevated at customer locations, impacts order fill
  - Empty idle cars at a given customer held >24 hours considered available to fill that customer’s orders

---

1 2017 fill rate has been normalized through Week 44 against historical/expected order levels (Q1 2017), as order levels disconnected with demand beginning in Q2 2017; 2016 orders and fulfillment and 2017 Week 45 and beyond do not warrant normalizing
Local Service Measurement (LSM) is no longer a metric that CSX uses to manage its operation

- In precision scheduled railroading (PSR), focus on end-to-end transit and customer expectations

Accordingly, LSM as a reported metric was discontinued upon start of PSR implementation

- At request of STB, last mile tracking reinstated to monitor through implementation period

Reliable pull and place expected as part of service to customers

---

1 ‘Local Service Measurement’ is defined as the percentage of cars that were pulled or placed at a customer location based upon daily customer request, the local service plan and available inventory at the local serving yard
Customer problem logs remained at lower levels

- Customer logs largely back in normal range after network challenges as fluidity has returned

- Lower level of logs, improved communication allowing faster, more comprehensive resolution
  - Accountability for resolution of customer issues resides with field responsibility
  - Escalating and resolving critical issues with senior leadership
Interchanges current and performing to expectations

East St. Louis
Daily Average Interchange Volume

New Orleans
Daily Average Interchange Volume

Chicago
Daily Average Interchange Volume

Memphis
Daily Average Interchange Volume
Precision scheduled railroading producing service improvement

- Realigned service frequency in second quarter
- Set the groundwork of a balanced train plan in early July
- Terminals’ improved efficiency and traffic flow adjustments have recovered service
- Improved execution on this foundation to drive long-term service and productivity improvements
APPENDIX

HOW TOMORROW MOVES
CSX has changed methodology on some metrics reported publicly

<table>
<thead>
<tr>
<th>Velocity</th>
<th>Dwell</th>
<th>Cars Online</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Former</strong></td>
<td><strong>Current</strong></td>
<td><strong>Former</strong></td>
</tr>
<tr>
<td>Line of road miles per hour</td>
<td>Total miles traveled per hour, including intermediate dwell of the train</td>
<td>All cars on CSX, as determined by RailInc</td>
</tr>
<tr>
<td></td>
<td><strong>Current</strong></td>
<td><strong>Current</strong></td>
</tr>
<tr>
<td></td>
<td>Car time at terminal, excluding cars on the same train ID</td>
<td>RailInc cars on CSX, excluding cars stored, under repair, sold, and private cars ex online inventory</td>
</tr>
<tr>
<td></td>
<td><strong>Change</strong></td>
<td><strong>Current</strong></td>
</tr>
<tr>
<td></td>
<td>Includes full trip of a train and ability to diagnose overall speed profile (in support of improvement in asset cycle)</td>
<td>Includes all dwell with ability to diagnose all events impacting car movement (in support of improvement in asset cycle)</td>
</tr>
<tr>
<td><strong>Change Reason</strong></td>
<td><strong>Reason</strong></td>
<td><strong>Reason</strong></td>
</tr>
<tr>
<td></td>
<td>Reason</td>
<td>Reason</td>
</tr>
<tr>
<td></td>
<td>Includes all dwell with ability to diagnose all events impacting car movement (in support of improvement in asset cycle)</td>
<td>More accurate measurement of active cars on line, i.e. cars for which CSX is focused on real-time, efficient movement</td>
</tr>
<tr>
<td><strong>Effect on Metric</strong></td>
<td><strong>Metric</strong></td>
<td><strong>Effect on Metric</strong></td>
</tr>
<tr>
<td>Reported velocity will be lower</td>
<td>Reported dwell will be lower</td>
<td>Reported cars online will be lower</td>
</tr>
</tbody>
</table>

Restated historical data in new methodology available on csx.com/servicemetrics