Network saw a significant positive inflection in performance

- Velocity, train originations and arrivals notably improved this week
- Right Car Right Train up with improved network speed and execution
- Crew and power resource levels remain well matched to demand
- Hump yard performance steady, dwell levels improved
- Western terminals performing well
- Car ordering and fulfillment process updated, car orders and fulfillment settled higher following holiday
- Local pull and place performance returned to prior levels after holiday-related impacts
- Customer problem logs remained at lower levels
- Interchange volumes current and gateways fluid

**Highlights**

- Velocity reaches new high point of 17.7 mph, 19% improved from 2016 average velocity
- Dwell remains healthy at 10.6 hours, and is 5% improved from 2016 average dwell
- Train originations and arrivals better than 2016 average levels
- Right Car Right Train at best level seen in reporting period
Velocity has fully recovered, now accelerating well above 2016

<table>
<thead>
<tr>
<th>Week Type</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>17.7</td>
<td>19%</td>
</tr>
</tbody>
</table>

Note: Dwell and 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 12th 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>10.6</td>
<td>5%</td>
</tr>
</tbody>
</table>

Note: Dwell and velocity 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.
Velocity, Originations and Arrivals notably improved this week

On Time Originations (%)

On Time Arrivals (%)

Dwell (hours)

Velocity (mph)

Network measures reaching new threshold of positive performance

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 up with improved network speed and execution

- **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 stable; engines to come down in concert with network velocity improvement

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

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

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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, dwell levels improved

- 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

CSX Hump Terminal Overview

- Transitioned to flat-switching operations
- Hump terminals

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

Dwell at Hump Terminals

- 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
- Birmingham, AL
- Montgomery, AL
- Mobile, AL

**Dwell at Western Terminals**

<table>
<thead>
<tr>
<th>Week</th>
<th>Weekly Average</th>
<th>2016 Q1</th>
<th>2017 Weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 25 - Dec. 1</td>
<td></td>
<td>13.0</td>
<td>12.6</td>
</tr>
<tr>
<td>Nov. 18 - 24</td>
<td></td>
<td>13.6</td>
<td>12.1</td>
</tr>
<tr>
<td>Nov. 11 - 17</td>
<td></td>
<td>13.4</td>
<td>12.2</td>
</tr>
<tr>
<td>Oct. 28 - Nov. 4</td>
<td></td>
<td>15.6</td>
<td>14.4</td>
</tr>
<tr>
<td>Oct. 21 - 27</td>
<td></td>
<td>12.5</td>
<td>12.3</td>
</tr>
<tr>
<td>Oct. 14 - 20</td>
<td></td>
<td>11.4</td>
<td>12.4</td>
</tr>
<tr>
<td>Oct. 7 - 13</td>
<td></td>
<td>11.9</td>
<td>12.3</td>
</tr>
<tr>
<td>Oct. 1 - 7</td>
<td></td>
<td>10.6</td>
<td>14.1</td>
</tr>
<tr>
<td>Sep. 24 - 30</td>
<td></td>
<td>11.0</td>
<td>12.2</td>
</tr>
<tr>
<td>Sep. 17 - 23</td>
<td></td>
<td>9.6</td>
<td>12.2</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 orders and fulfillment settled higher following holiday

- 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 48 added nearly 240 orders filled to week 47, adjusted fill increased to 88%
  - Week 48 will further improve into week 49

- 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

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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

Graph: Customer Inquiries
Daily Average Log Volume

- 570 Total Logs in Week 30 at height of service challenges
- 201 269 265 278 247 253 254 266 318 213 258
- Q1 Q2 Q3 40 41 42 43 44 45 46 47 48
- Delayed Cars, Bad Order, Switching Issues

2017
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
## Velocity

<table>
<thead>
<tr>
<th>Former</th>
<th>Line of road miles per hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>Total miles traveled per hour, including intermediate dwell of the train</td>
</tr>
<tr>
<td>Change Reason</td>
<td>Includes full trip of a train and ability to diagnose overall speed profile (in support of improvement in asset cycle)</td>
</tr>
<tr>
<td>Effect on Metric</td>
<td>Reported velocity will be lower</td>
</tr>
</tbody>
</table>

## Dwell

<table>
<thead>
<tr>
<th>Former</th>
<th>Car time at terminal, excluding cars on the same train ID</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>All car time with a terminal work event, including through cars on same train ID (e.g. crew change)</td>
</tr>
<tr>
<td>Change Reason</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>Effect on Metric</td>
<td>Reported dwell will be lower</td>
</tr>
</tbody>
</table>

## Cars Online

<table>
<thead>
<tr>
<th>Former</th>
<th>All cars on CSX, as determined by RailInc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>RailInc cars on CSX, excluding cars stored, under repair, sold, and private cars ex online inventory</td>
</tr>
<tr>
<td>Change Reason</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>Effect on Metric</td>
<td>Reported cars online will be lower</td>
</tr>
</tbody>
</table>

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