



# STB UPDATE

FEBRUARY 27, 2018



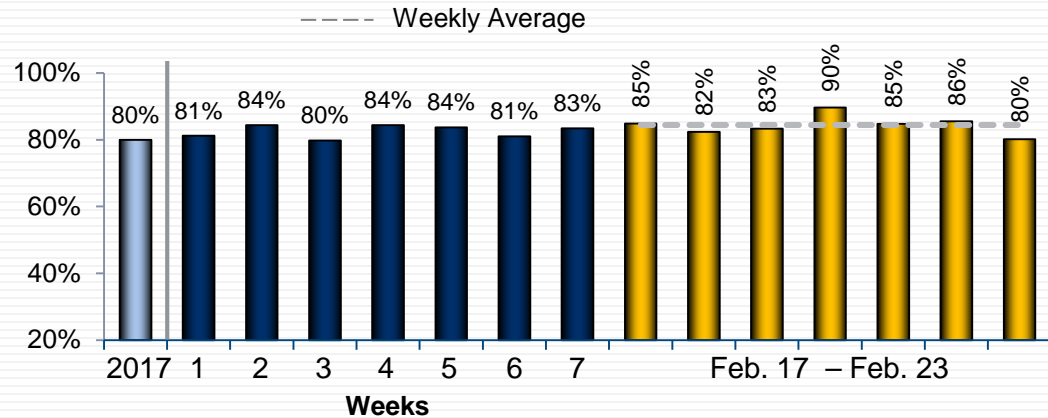
# Network continued to perform at high levels

- Velocity, dwell, originations and arrivals performance improved
- Right Car Right Train stable week-over-week
- Crew and power resource levels well matched to demand
- Hump yard dwell continued to move lower week-over-week
- Western terminals performing well
- Car fulfillment settled higher, averaging over 100% year-to-date
- Local pull and place performing well
- Customer problem logs remained at lower levels
- Interchange volumes current and gateways fluid

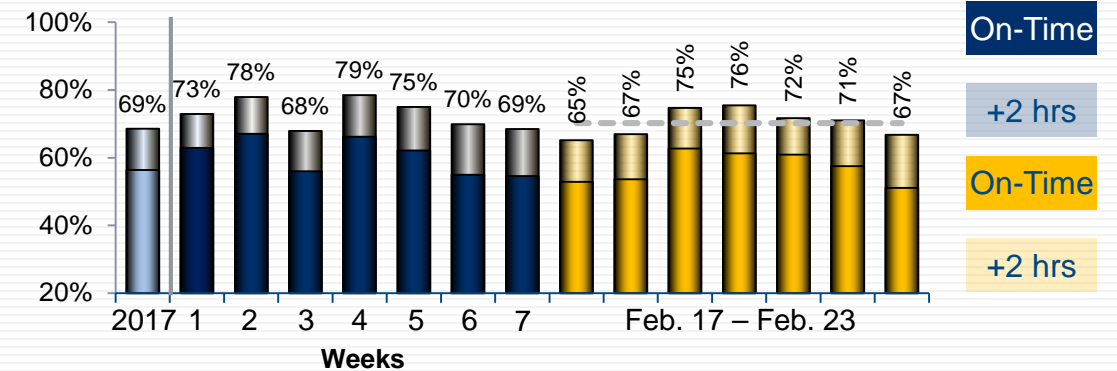


# Measures improved this week, all better than 2017 averages

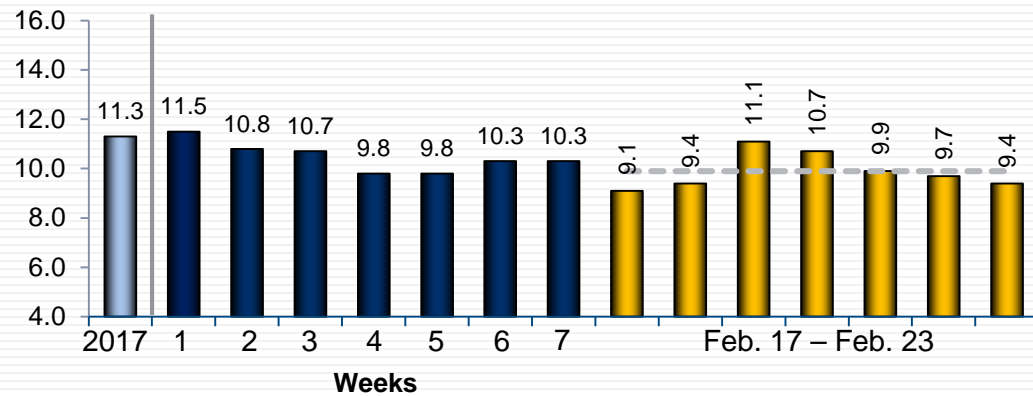
## On Time Originations (%)



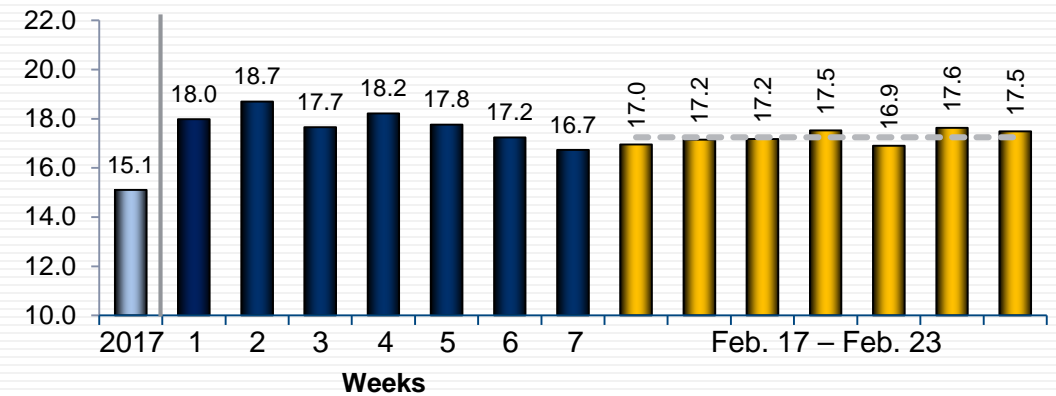
## On Time Arrivals (%)



## Dwell (hours)

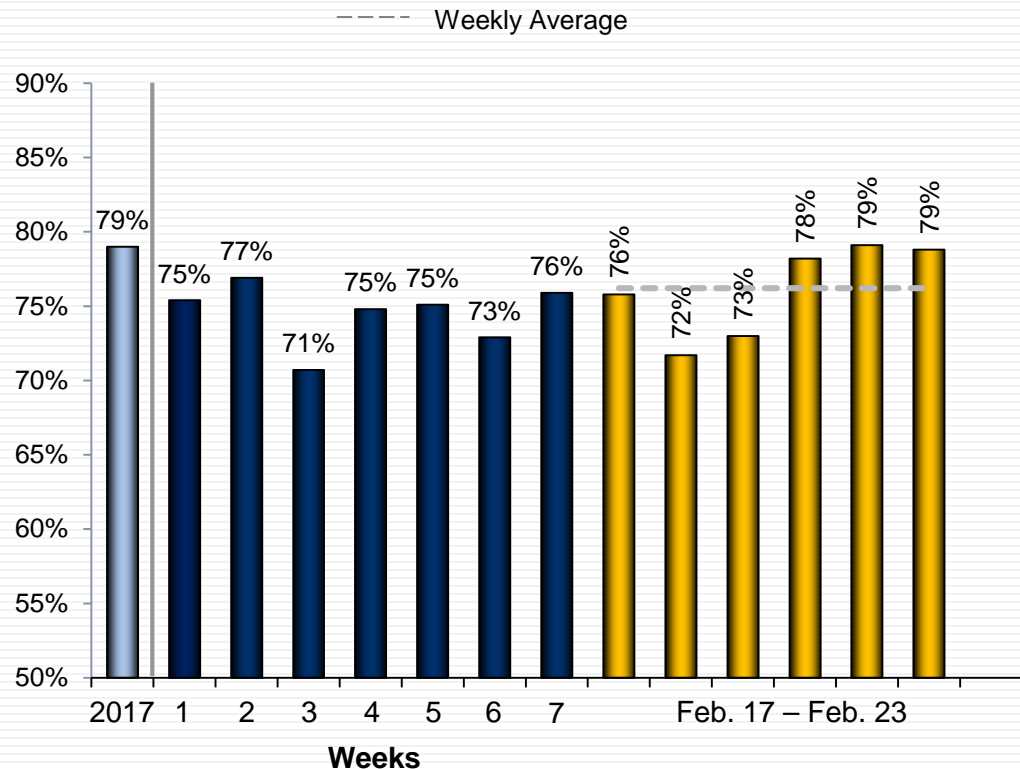


## Velocity (mph)



# Right Car Right Train stable

## Right Car Right Train<sup>1</sup>



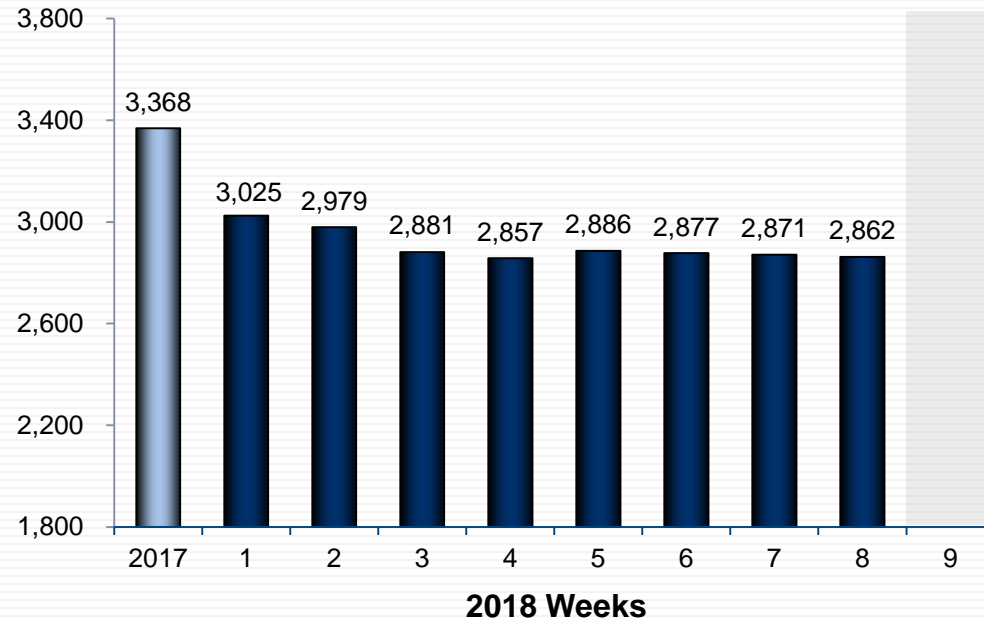
- Right Car Right Train is no longer a measure that CSX uses to manage its operation
  - In scheduled railroading, if a car can be advanced on another train to speed transit or ensure its on-time arrival, there is not one “right train”
- Car priority is to move cars quickly, on next available train
  - Asset utilization a key tenet of scheduled railroading
- 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

<sup>1</sup> 'Right Car Right Train' is defined as the percentage of cars that departed from a yard in accordance with their car scheduling trip plan

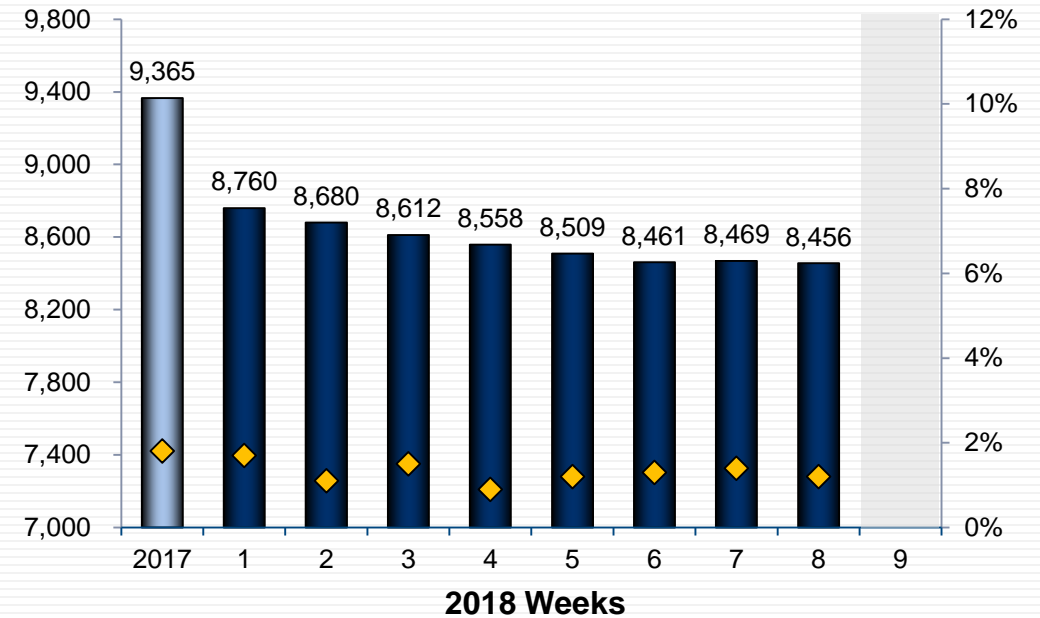


# Resourcing appropriately to meet business needs

## Active Locomotives



## Train & Engine Headcount and Re-crew Rate<sup>1</sup>



- Locomotive level coming down in concert with network velocity improvement

- Expect headcount decline to continue via train staffing efficiency and velocity improvement

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

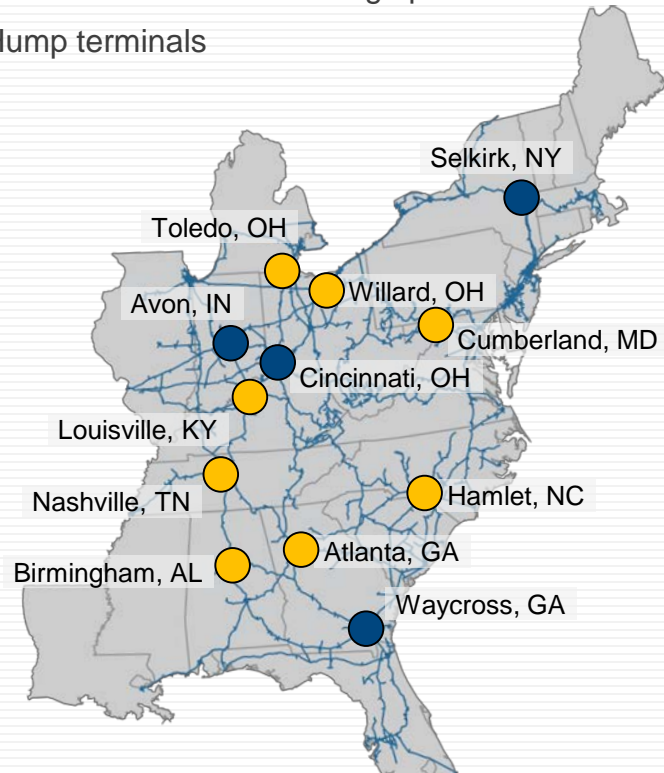
<sup>1</sup> Re-crew rate is re-crew people starts as a percent of total measured people starts, and represents incidences of replacing a crew on the same train ID (generally due to hours of service)



# Hump yard performance steady, dwell lower week-over-week

## CSX Hump Terminal Overview

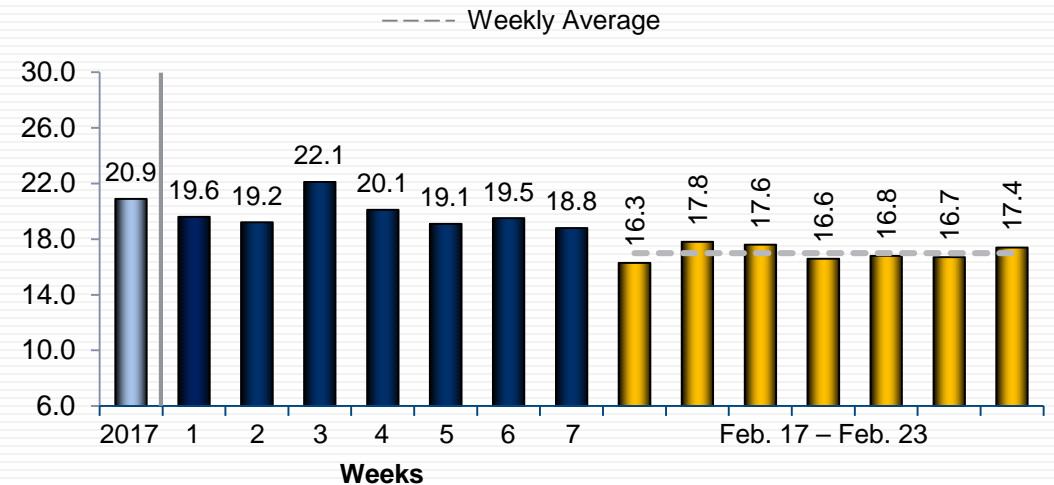
- Transitioned to flat-switching operations
- Hump terminals



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

- Key hump productivity and efficiency measures performing well
- Total hump yard volumes remain at normal levels, well below capacity of yards

## Dwell at Hump Terminals<sup>1</sup>



<sup>1</sup> Dwell displayed according to CSX methodology; explanation of CSX methodology can be found at [csx.com/servicemetrics](http://csx.com/servicemetrics). 2017 dwell excludes the Hurricane Irma-impacted period for terminals that held cars through the storm.



# Western terminals performing well

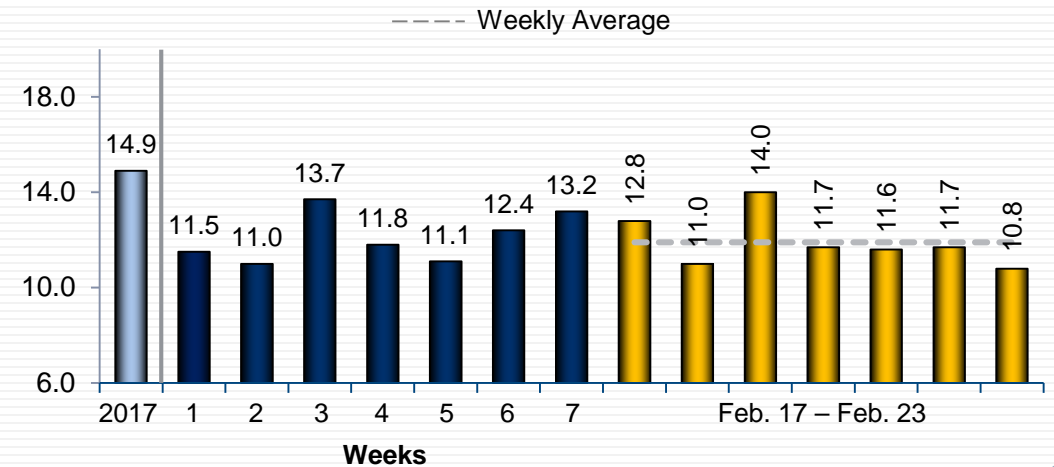
## Western Corridor Key Terminals



● Key Western terminals

- Key terminal productivity and performance measures healthy, dwell remains well below 2017

## Dwell at Western Terminals<sup>1</sup>

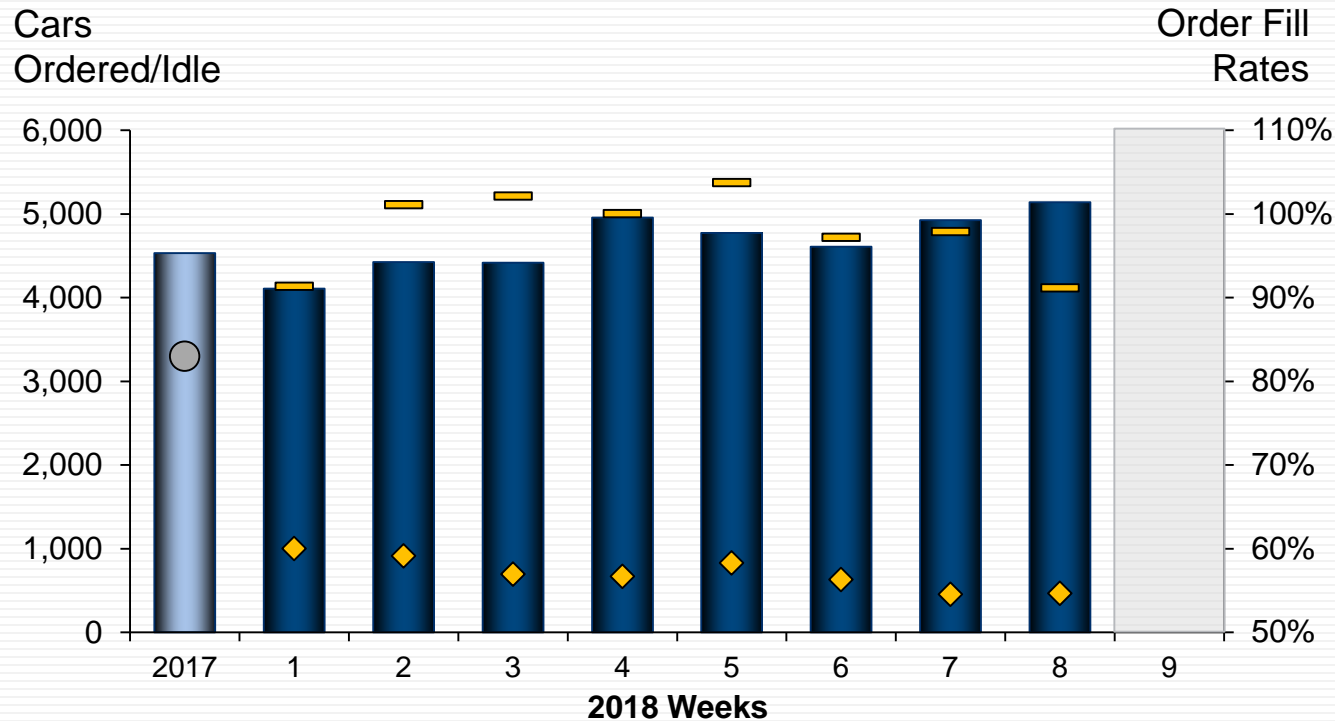


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# Car fulfillment settled higher, averaging over 100% year-to-date

## Weekly Car Orders, Customer Empty Idles, and Fill Rate<sup>1</sup>



- Weekly Orders
- ◇ Customer Empty Idles (> 24 hours)
- 2017 Blended Fill %
- Order Fill %

- Over 300 orders filled in week 8 against week 7 open orders, increasing fill to 98%
  - Delivered strong initial fill rate in week 8 against higher order levels
- Empty idle car count down modestly in customer locations, with opportunity for better end-to-end cycles
  - Empty idle cars at a given customer held >24 hours considered available to fill that customer's orders

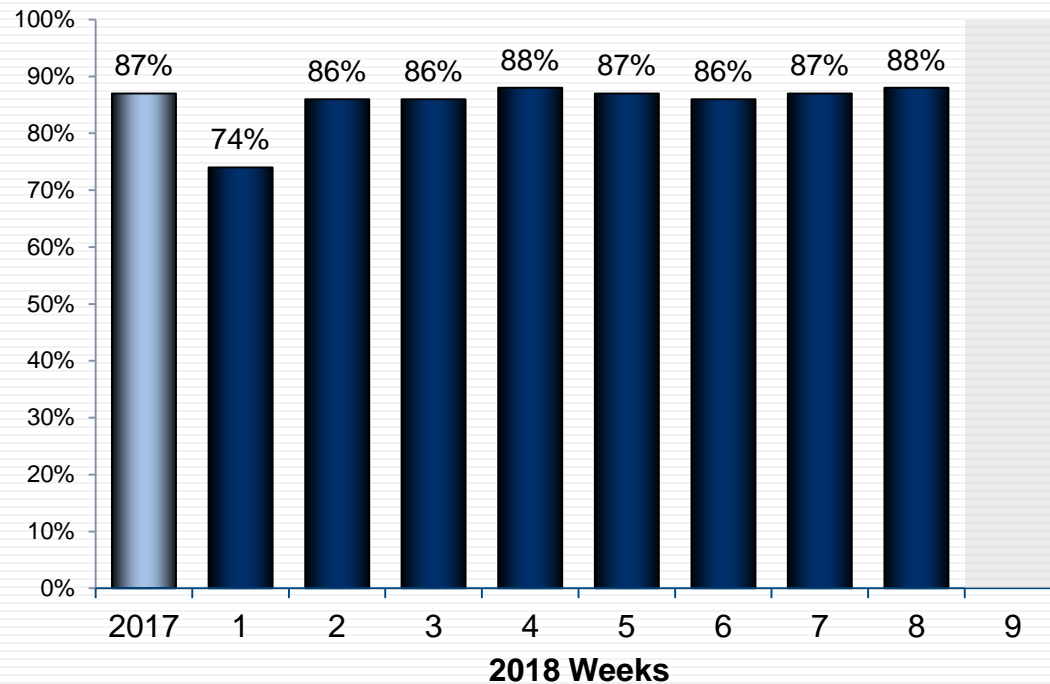
<sup>1</sup> 2017 orders and fill rate normalized for Weeks 14-44 against historical/expected order levels (Q1 2017), as orders were disconnected with demand; starting week 45, improved process leaves orders open for two weeks, counts empty idle cars > 24 hours at a customer location as a filled order for that day





# Last mile performance measure healthy

## Local Service Measurement<sup>1</sup>



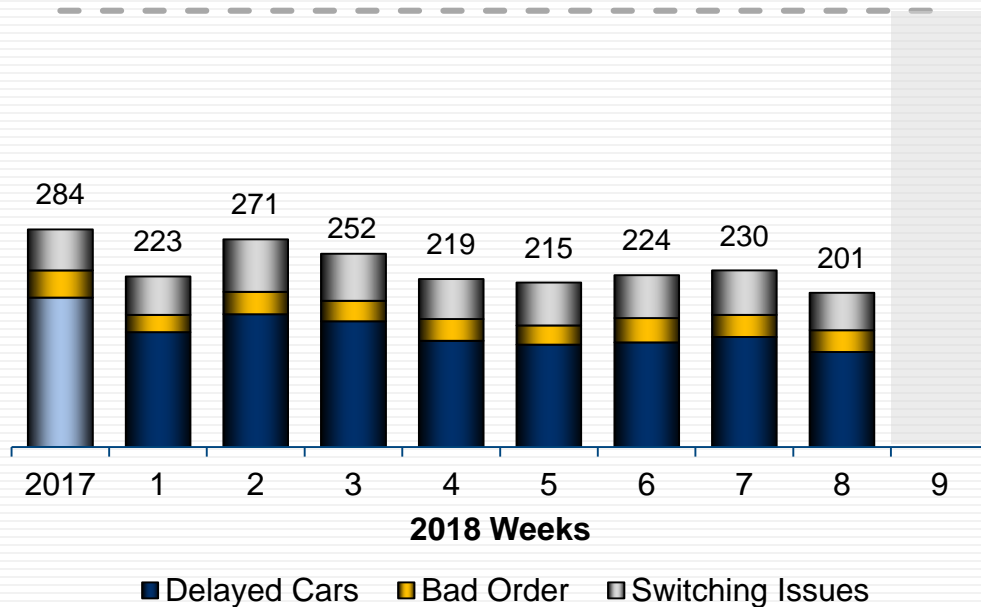
- Local Service Measurement (LSM) is not a primary metric that CSX uses to manage its operation
  - In scheduled railroading, focus on end-to-end transit and customer expectations
- However, reliable pull and place expected as part of service to customers



# Customer problem logs remained at lower levels

## Customer Problem Logs Daily Average Volume

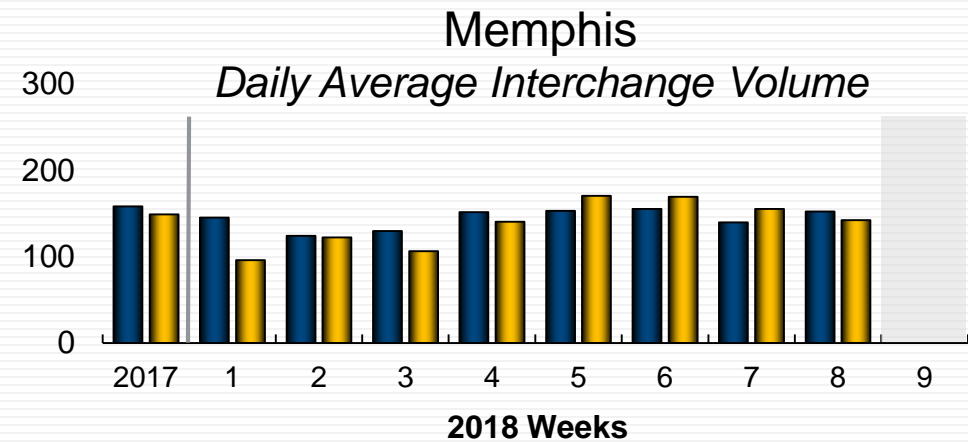
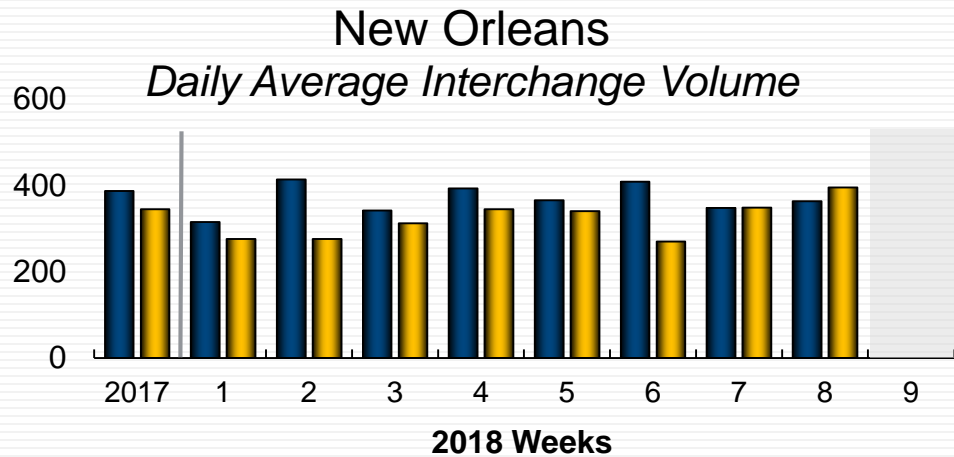
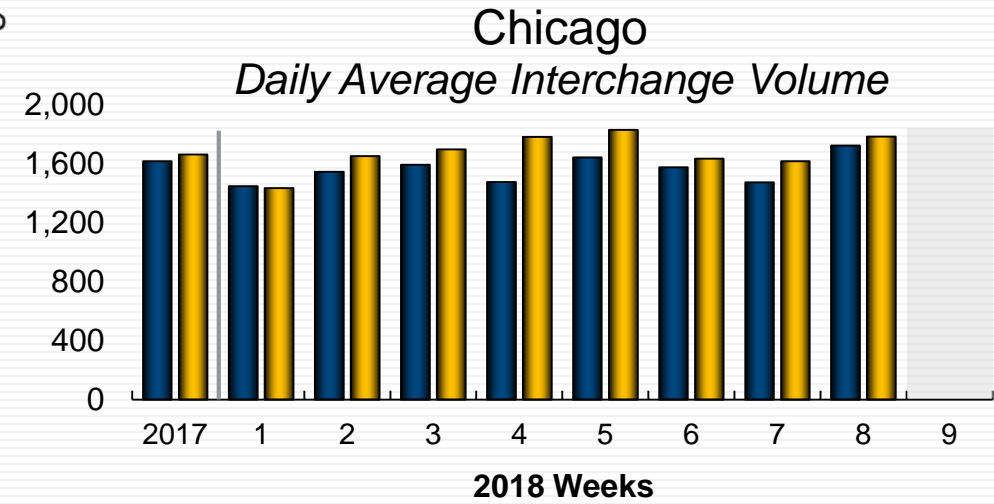
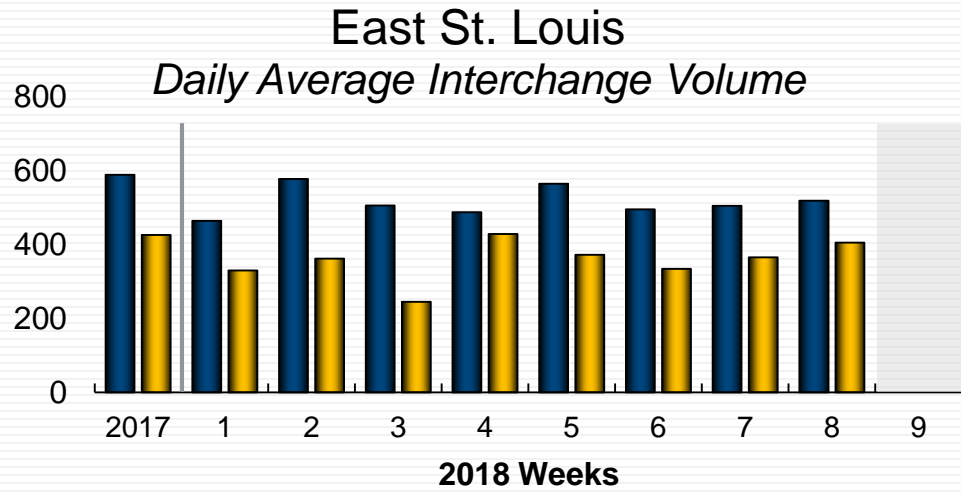
570 Total Logs in Week 30 2017  
at height of service challenges



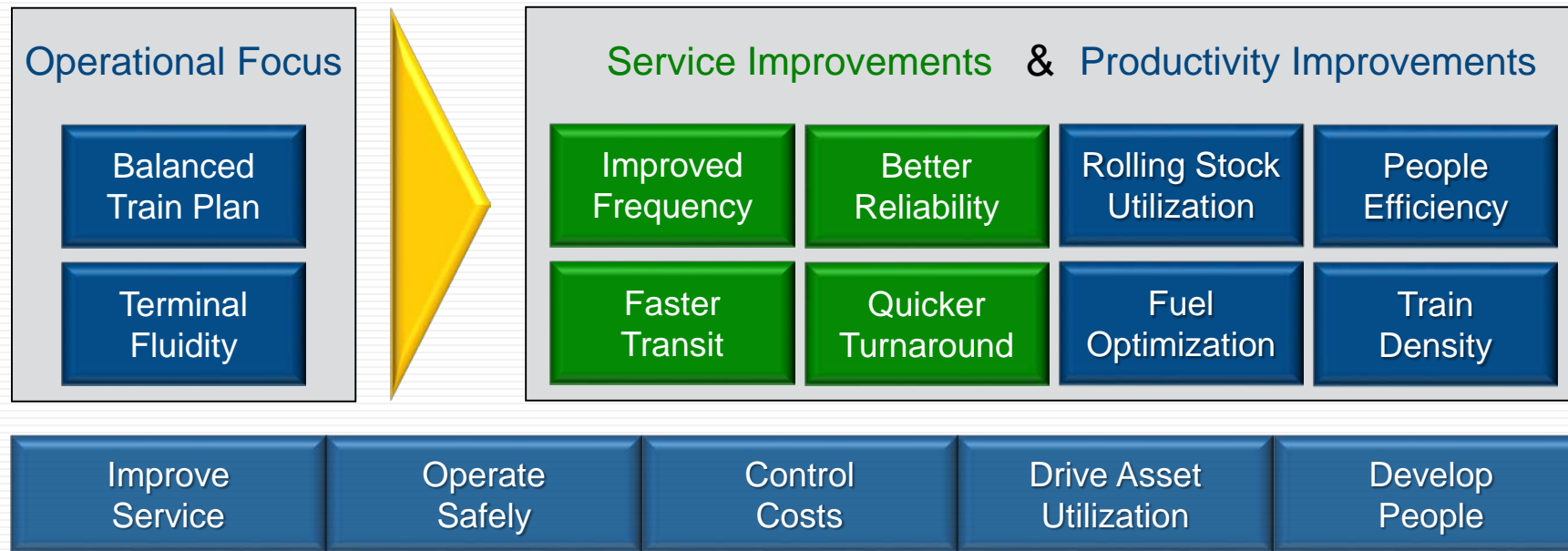
- Improved communication allowing for faster, more local resolution
  - Accountability for resolution of customer issues resides with field responsibility
  - Escalating and resolving critical issues with senior leadership
- Enhancing key customer tools and aligning workstreams to allow for easier, more direct connections and self-service



# Interchanges current and performing to expectations



# Scheduled railroading producing service improvement



- Accomplishments in 2017: realigned service frequency, balanced train plan, improved terminal efficiency
- Improved execution on this foundation to drive long-term service and productivity improvements

