Network performed well through holiday week

- Dwell, velocity, originations and arrivals recovering quickly after holiday
- Right Car Right Train down slightly due to holiday impacts
- Crew and power resource levels remain well matched to demand
- Hump yard performance steady
- Western terminals performing well
- Car fulfillment settled higher, averaging 94% since improved order fulfillment process began
- Local pull and place performance lower as measure does not account for holiday-related local train plan adjustments or customer closures
- Customer problem logs lower than normal, typical for holiday week
- Interchange volumes current and gateways fluid

Planning and execution in advance of the holiday allowed for speedy resumption of normal service following customer shutdowns for the long holiday weekend
Velocity year in review: full-year 2017 above 2016, up significantly in Q4

Full-year average velocity improved versus 2016, and 8 consecutive weeks of velocity performing above both 2017 and 2016 full-year averages

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 year in review: full-year 2017 in line with 2016, strong recent trend

Full-year average dwell equal to 2016 and dwell improved YOY for 13 consecutive weeks

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.
Measures recovered quickly after holiday

### On Time Originations (%)

<table>
<thead>
<tr>
<th>2017</th>
<th>Weeks</th>
<th>2016 Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
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<th>Q3</th>
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<tr>
<td>2016 Q1</td>
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<td>78%</td>
<td>81%</td>
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### On Time Arrivals (%)

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<th>2017</th>
<th>Weeks</th>
<th>2016 Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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</table>

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### Dwell (hours)

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<th>Weeks</th>
<th>2016 Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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<td>10.5</td>
<td>10.4</td>
<td>10.1</td>
<td>10.6</td>
<td>10.6</td>
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<td>10.6</td>
<td>9.8</td>
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<td>Dec. 23 – Dec. 29</td>
<td>Dec. 23 – Dec. 29</td>
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### Velocity (mph)

<table>
<thead>
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<th>2017</th>
<th>Weeks</th>
<th>2016 Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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<th>Q2</th>
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<th>Q4</th>
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<tbody>
<tr>
<td>14.9</td>
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<tr>
<td></td>
<td>Dec. 23 – Dec. 29</td>
<td>Dec. 23 – Dec. 29</td>
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</tbody>
</table>

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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 due to holiday impacts

- Holiday-related local train plan adjustments and customer closures impacted measures

- 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
- 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

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

- Key hump productivity and efficiency measures performing well, holiday-related local train plan adjustments and customer closures impacted dwell

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

---

Dwell at Hump Terminals

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.

---

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

---

1 Transitioned to flat-switching operations
2 Hump terminals

---

CSX Hump Terminal Overview

- Selkirk, NY
- Cumberland, MD
- Willard, OH
- Cincinnati, OH
- Louisville, KY
- Nashville, TN
- Birmingham, AL
- Atlanta, GA
- Waycross, GA
- Toledo, OH
- Avon, IN
- Cincinnati, OH
- Hamlet, NC
- Avon, IN
- Waycross, GA
- Waycross, GA
-Selkirk, NY

---

Hump yard performance steady

- Key hump productivity and efficiency measures performing well, holiday-related local train plan adjustments and customer closures impacted dwell

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

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Dwell at Hump Terminals

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.

---

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

- Key terminal productivity and performance measures recovered in former “trouble” spots
  - Short spike in dwell from holding of cars through holiday due to local train plan adjustments and customer closures
- Train plan changes at Evansville have resulted in very few cars processed, no longer a key terminal

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 averages 94% following process improvement

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

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

Over 250 orders filled in week 52 against week 51 open orders, increasing fill to 95%
- Week 52 impacted by customer shutdowns for the holiday; car flows to recover as customers resume

---

1 2017 fill rate normalized for Weeks 14-44 against historical/expected order levels (Q1 2017), as orders were disconnected with demand
2 New process, starting Week 45, 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 lower due to holiday week

- Holiday-related local train plan adjustments and customer closures impacted measure

- 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
  - Week 52 experienced typical lower volume of logs due to holiday

- 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
Interchanges current and performing to expectations

**East St. Louis**
*Daily Average Interchange Volume*

**Chicago**
*Daily Average Interchange Volume*

**New Orleans**
*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 recovered service in Q3
- Improved execution on this foundation to drive long-term service and productivity improvements
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>Line of road miles per hour</td>
<td>Car time at terminal, excluding cars on the same train ID</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td>Total miles traveled per hour, including intermediate dwell of the train</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><strong>Change Reason</strong></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>Effect on Metric</strong></td>
<td>Reported velocity will be lower</td>
<td>Reported dwell will be lower</td>
</tr>
</tbody>
</table>

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