



STB UPDATE

JANUARY 9, 2018



Network continued to perform well through New Year's week

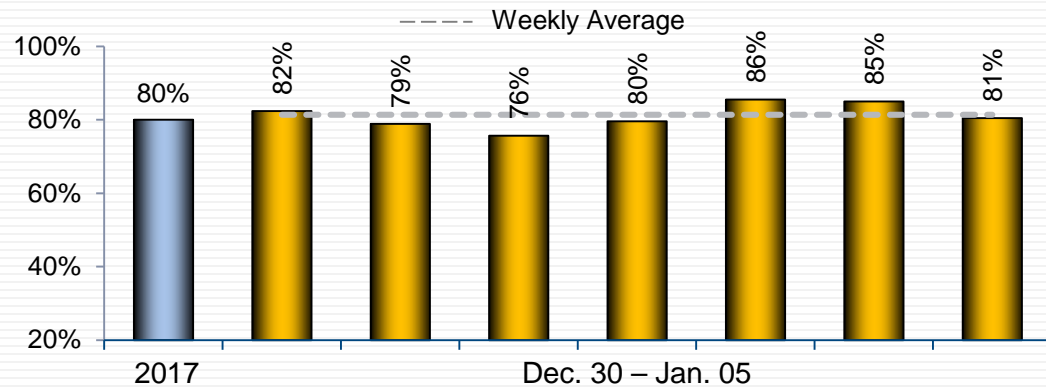
- Dwell, velocity, originations and arrivals recovering quickly after holiday
- Right Car Right Train down slightly due to holiday impacts
- Crew and power resource levels remain well matched to demand
- Hump yard performance steady
- Western terminals performing well
- Car fulfillment settled higher, 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 season allowed for speedy resumption of normal service following customer shutdowns for the New Year's holiday weekend

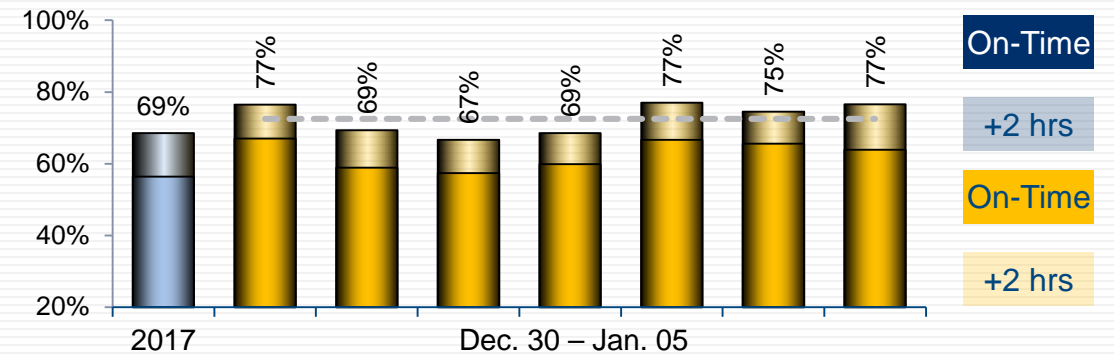


Measures recovered quickly after holiday

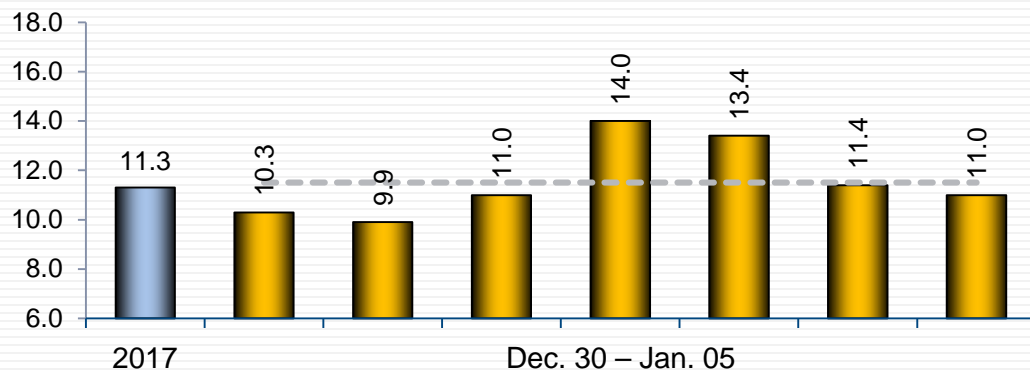
On Time Originations (%)



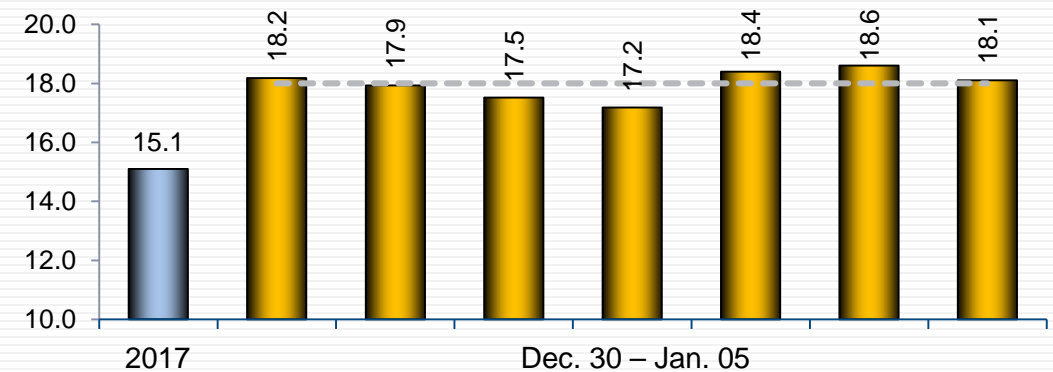
On Time Arrivals (%)



Dwell (hours)



Velocity (mph)

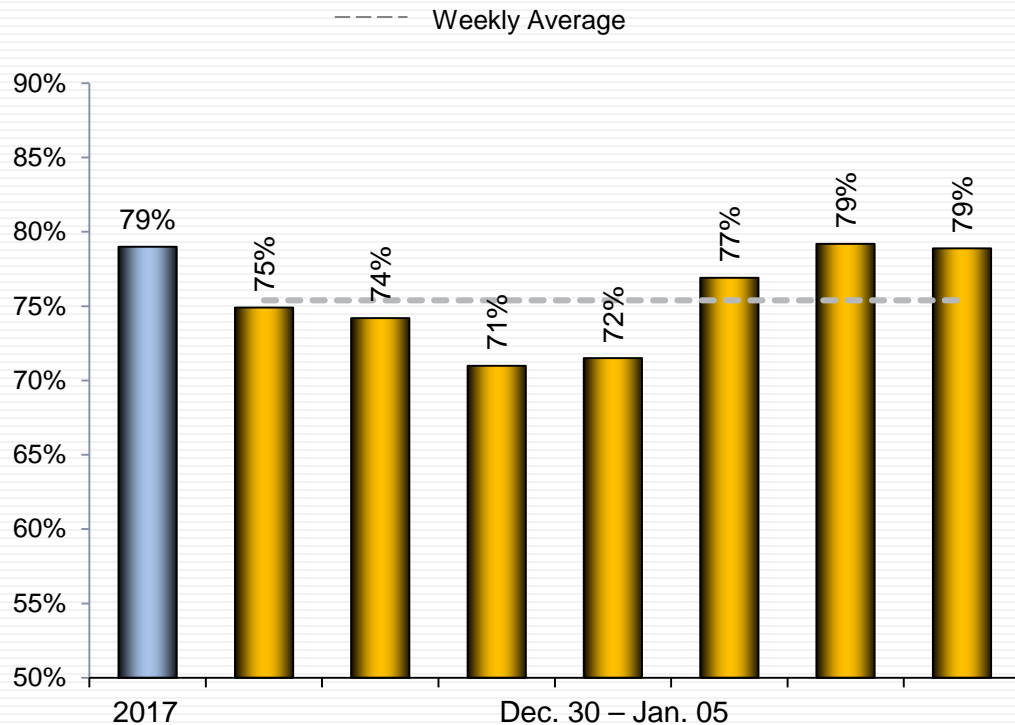


Note: Dwell and velocity displayed according to CSX methodology; explanation of CSX methodology can be found in appendix. 2017 dwell and velocity exclude the Hurricane Irma-impacted period for terminals that held cars and specific trains held through storm, respectively.



Right Car Right Train down slightly due to holiday impacts

Right Car Right Train¹



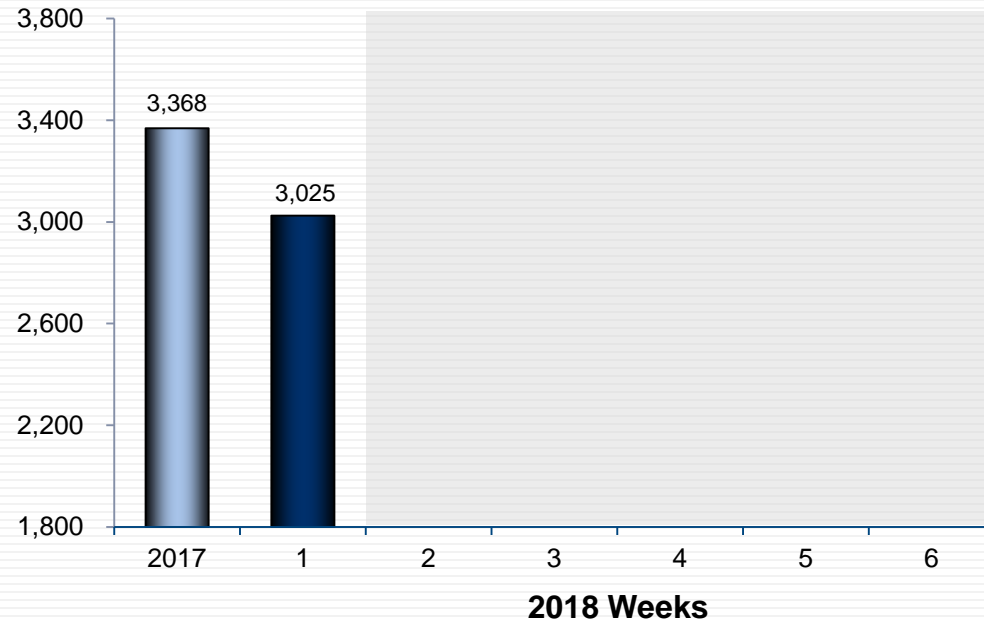
- Holiday-related local train plan adjustments and customer closures impacted measures
- Right Car Right Train is no longer a measure that CSX uses to manage its operation
 - In scheduled railroading, if a car can be advanced on another train to speed transit or ensure its on-time arrival, there is not 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

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

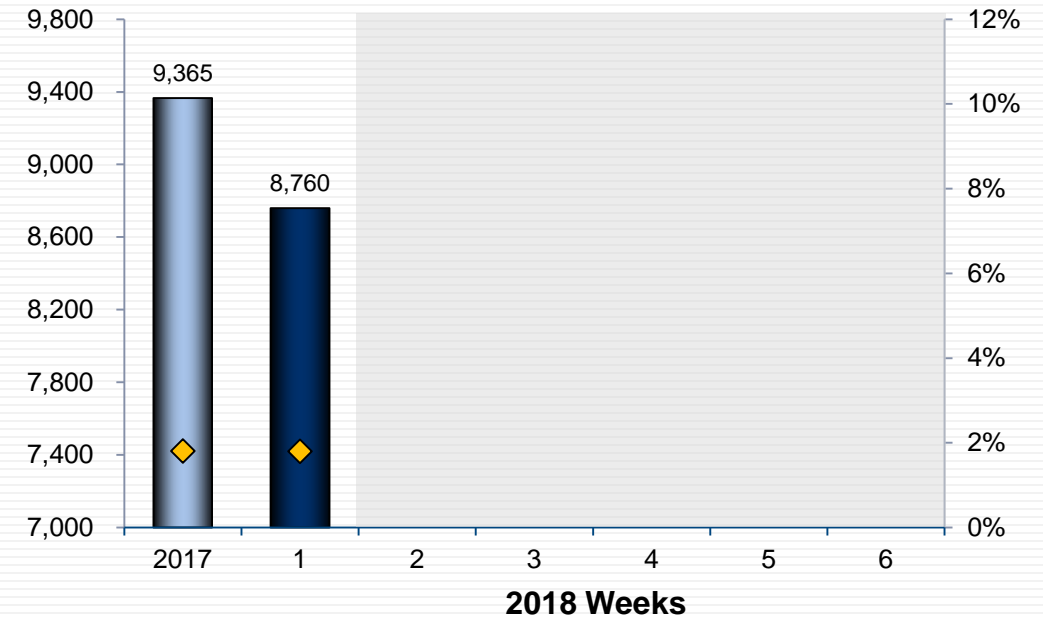


Resourcing appropriately to meet business needs

Active Locomotives



Train & Engine Headcount and Re-crew Rate¹



- Locomotive level coming down in concert with network velocity improvement

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

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

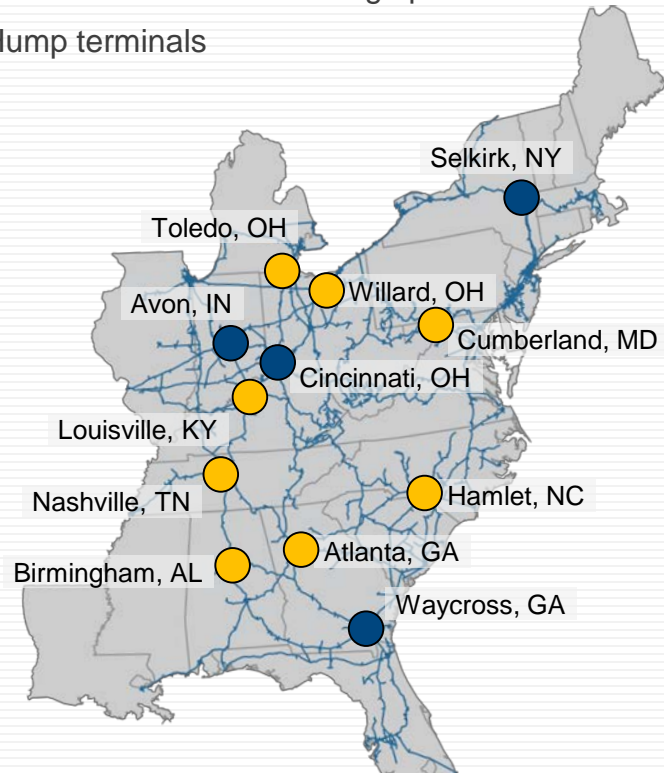
¹ Re-crew rate is re-crew people starts as a percent of total measured people starts, and represents incidences of replacing a crew on the same train ID (generally due to hours of service)



Hump yard performance steady

CSX Hump Terminal Overview

- Transitioned to flat-switching operations
- Hump terminals



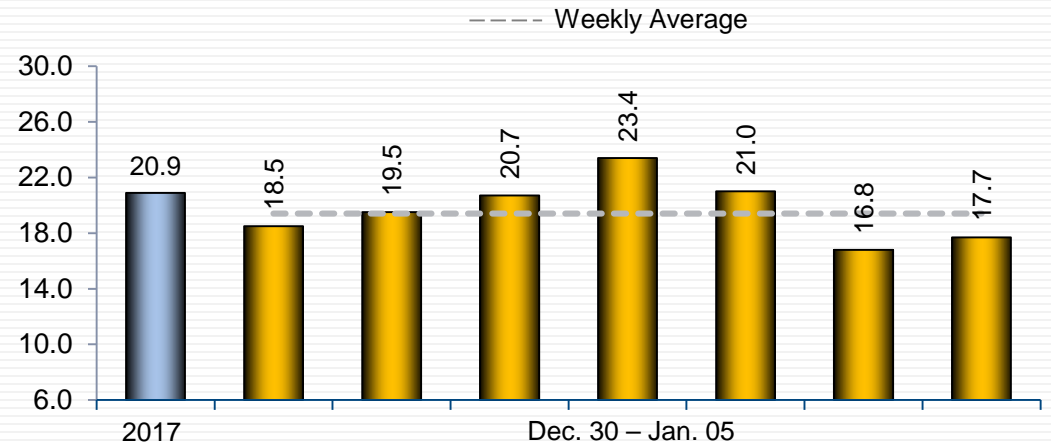
Absolute number of humps not “good” or “bad”; goal is best mix of hump and flat yards for processing efficiency

- Key hump productivity and efficiency measures performing well

- Holiday-related local train plan adjustments and customer closures impacted dwell mid-week

- Total hump yard volumes down slightly in seasonal trend, well below capacity of yards

Dwell at Hump Terminals¹

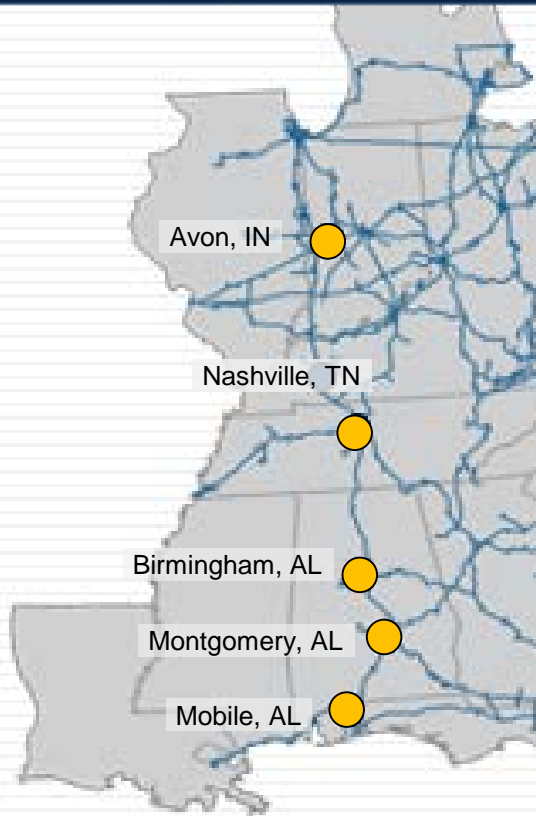


¹ Dwell displayed according to CSX methodology; explanation of CSX methodology can be found in appendix. Q3 dwell excludes the Hurricane Irma-impacted period for terminals that held cars through the storm.



Western terminals performing well

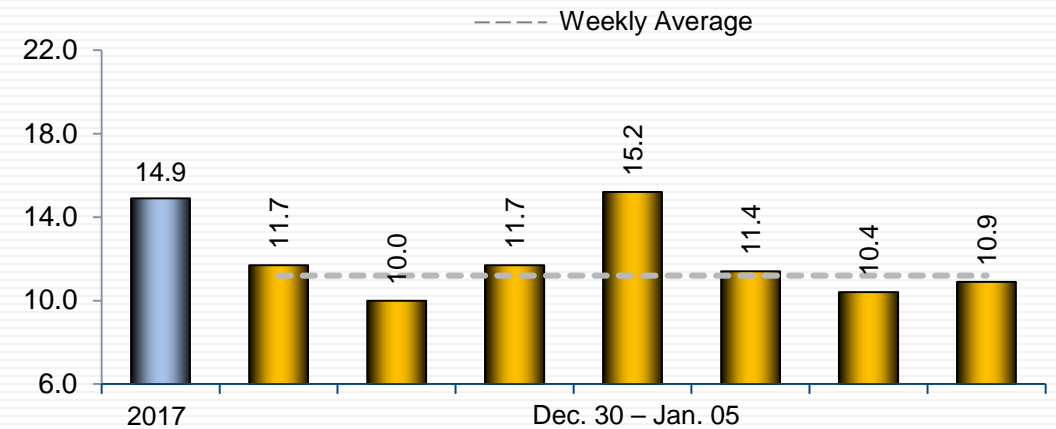
Western Corridor Key Terminals



● Key Western terminals

- Key terminal productivity and performance measures healthy
 - Short spike in dwell from holding of cars through holiday due to local train plan adjustments and customer closures

Dwell at Western Terminals¹

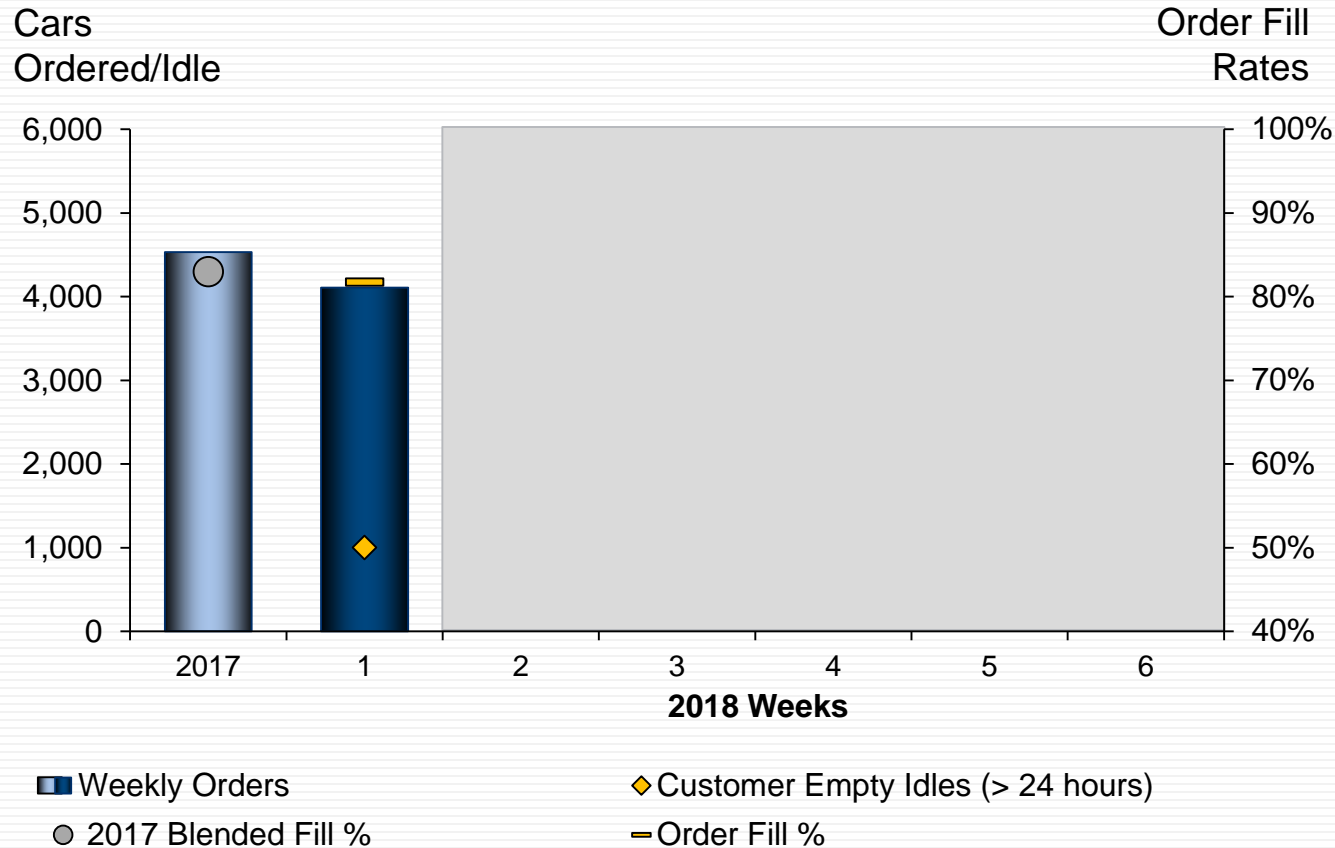


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Car order fulfillment averages 94% following process improvement

Weekly Car Orders, Customer Empty Idles, and Fill Rate¹



- Car orders now remain open for 2 weeks for fulfillment; order fill will settle over a 2-week period

- Accordingly, the current reported week's fill rate will be adjusted in the following week for orders filled

- Nearly 190 orders filled in week 1 against 2017 week 52 open orders, increasing fill to 93%

- Last 2 weeks impacted by customer shutdowns for the holiday; car flows to recover as customers resume

- Empty car dwell remains elevated at customer locations

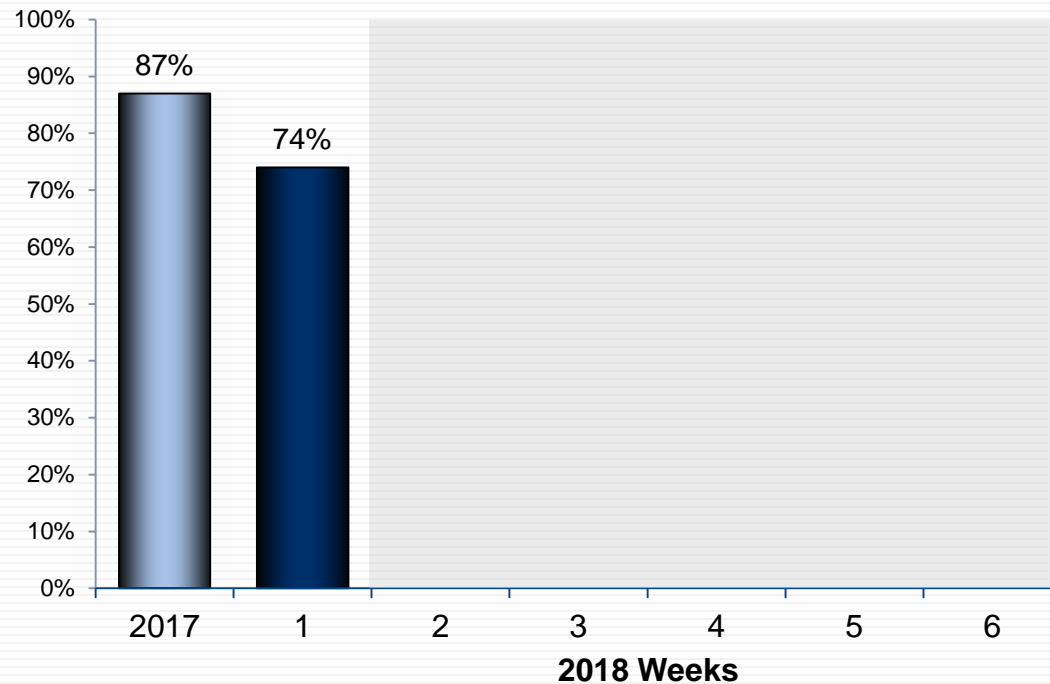
- Empty idle cars at a given customer held >24 hours considered available to fill that customer's orders

¹ 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 lower due to holiday week

Local Service Measurement¹



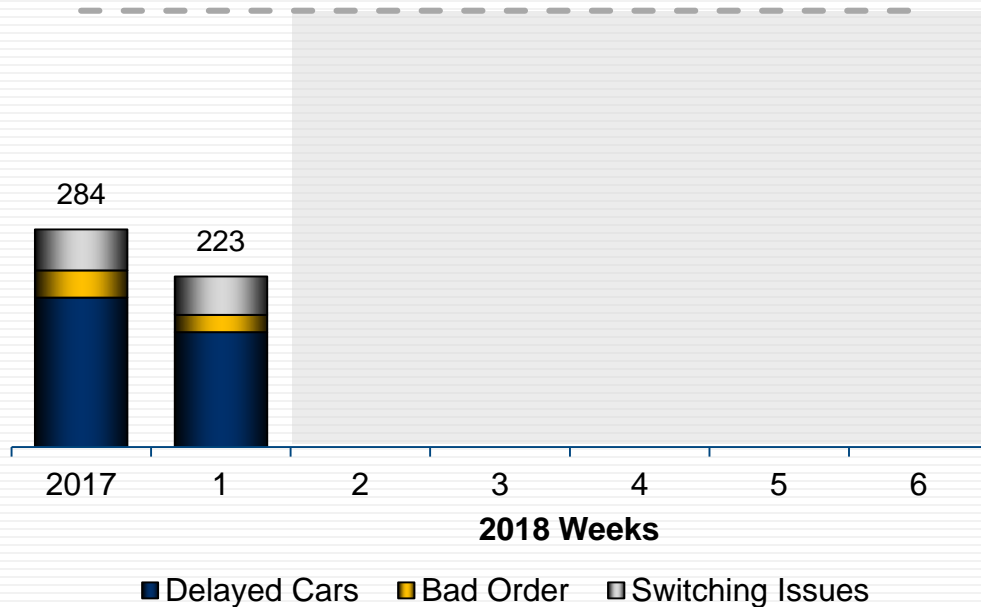
- Holiday-related local train plan adjustments and customer closures impacted measure
- Local Service Measurement (LSM) is not a primary metric that CSX uses to manage its operation
 - In scheduled railroading, focus on end-to-end transit and customer expectations
- However, reliable pull and place expected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



Customer problem logs remain at lower levels

Customer Inquiries Daily Average Log Volume

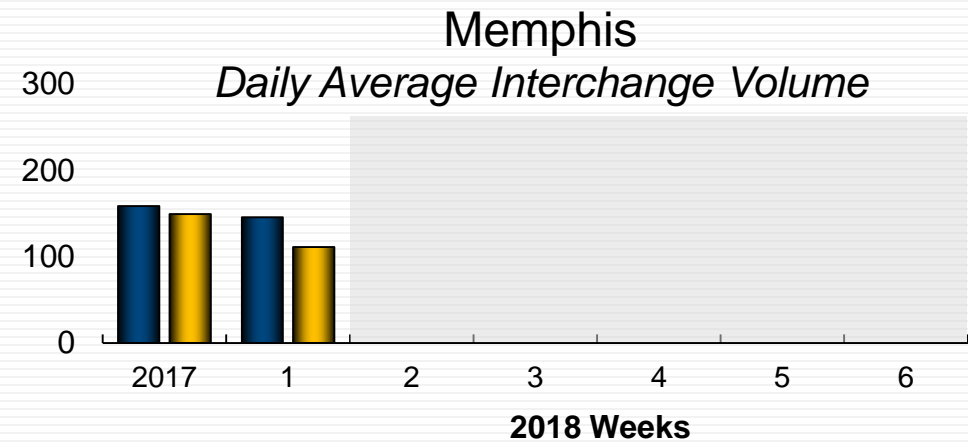
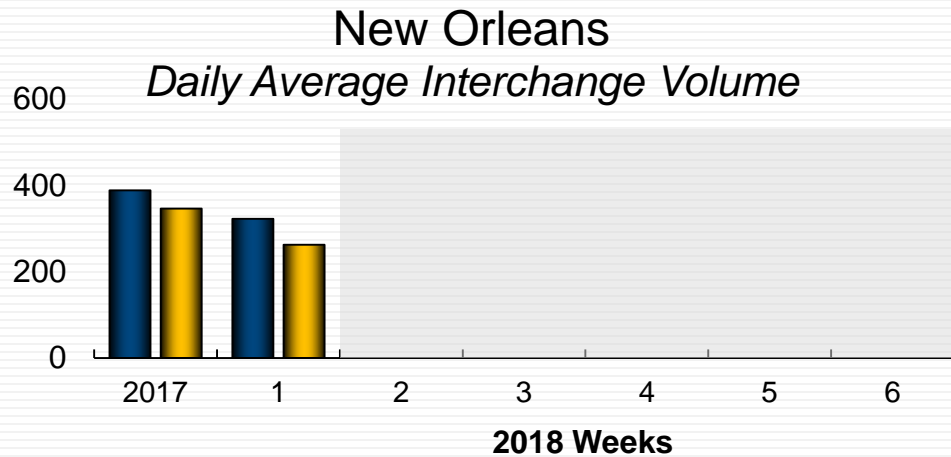
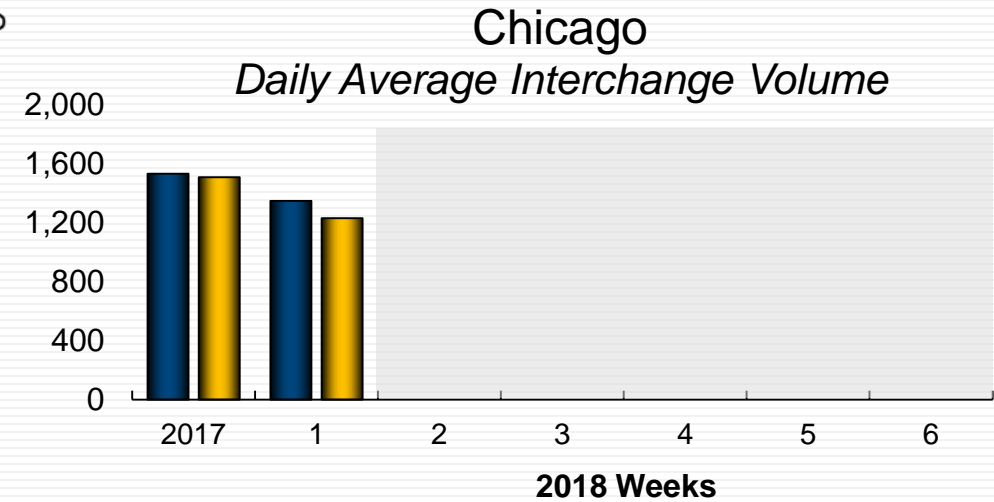
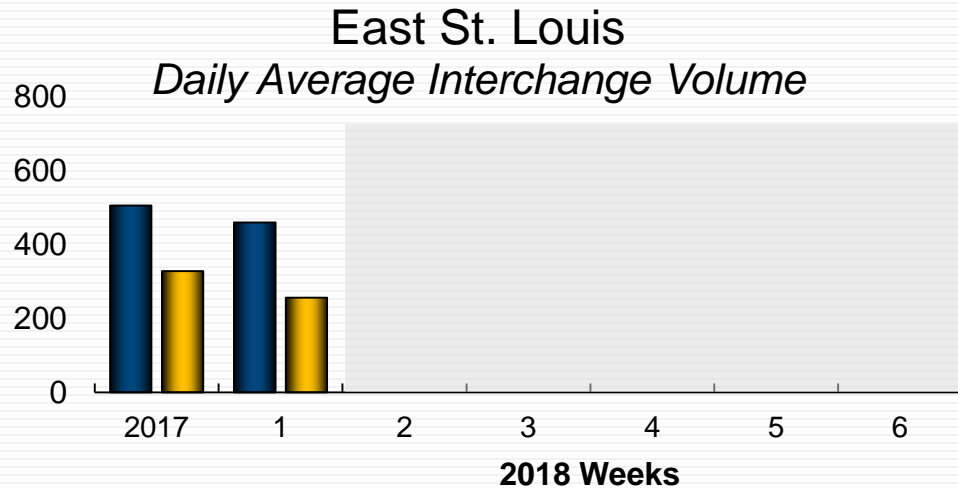
570 Total Logs in Week 30 2017
at height of service challenges



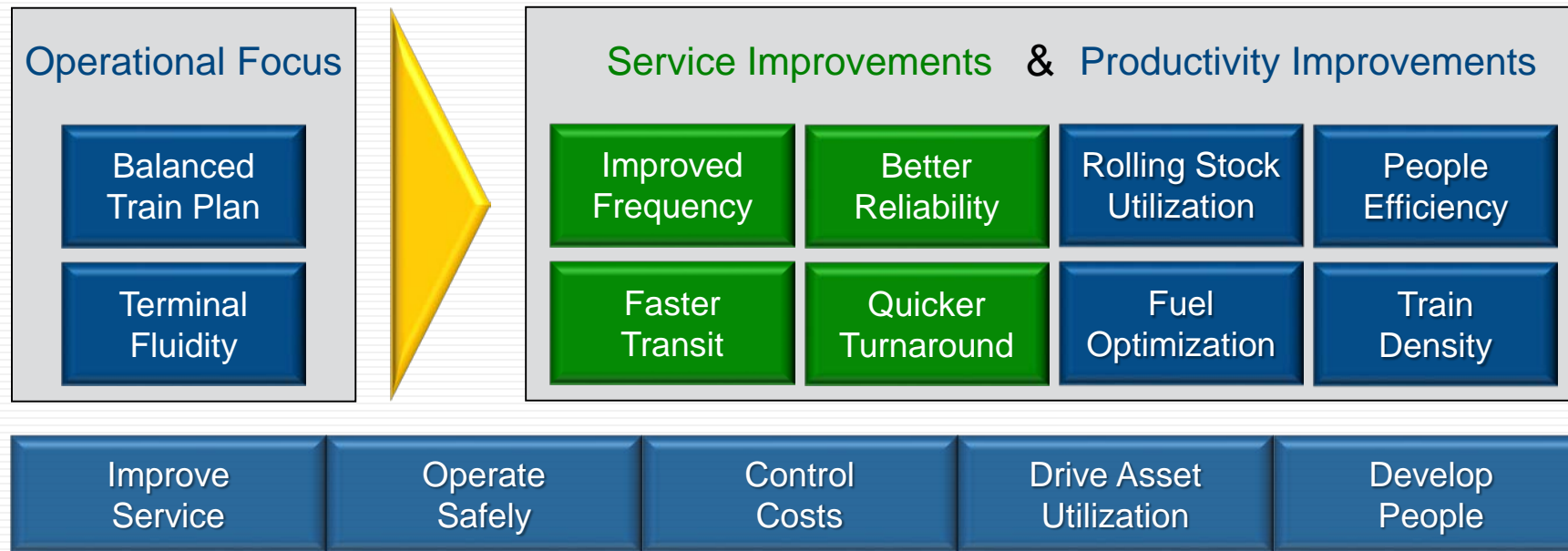
- Customer logs in normal range
 - Week 1 experienced typical lower volume of logs due to holiday
- Improved communication allowing for faster, more local resolution
 - Accountability for resolution of customer issues resides with field responsibility
 - Escalating and resolving critical issues with senior leadership



Interchanges current and performing to expectations



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



APPENDIX

HOW TOMORROW MOVES



CSX has changed methodology on some metrics reported publicly

Velocity

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

Dwell

Former	Car time at terminal, excluding cars on the same train ID
Current	All car time with a terminal work event, including through cars on same train ID (e.g. crew change)
Change Reason	Includes all dwell with ability to diagnose all events impacting car movement (in support of improvement in asset cycle)
Effect on Metric	Reported dwell will be lower

Cars Online

Former	All cars on CSX, as determined by RailInc
Current	RailInc cars on CSX, excluding cars stored, under repair, sold, and private cars ex online inventory
Change Reason	More accurate measurement of active cars on line, i.e. cars for which CSX is focused on real-time, efficient movement
Effect on Metric	Reported cars online will be lower

Restated historical data in new methodology available on [csx.com/service/metrics](https://www.csx.com/service/metrics)

