



# STB UPDATE

JANUARY 16, 2018



# Network performance continues to improve

## Highlights

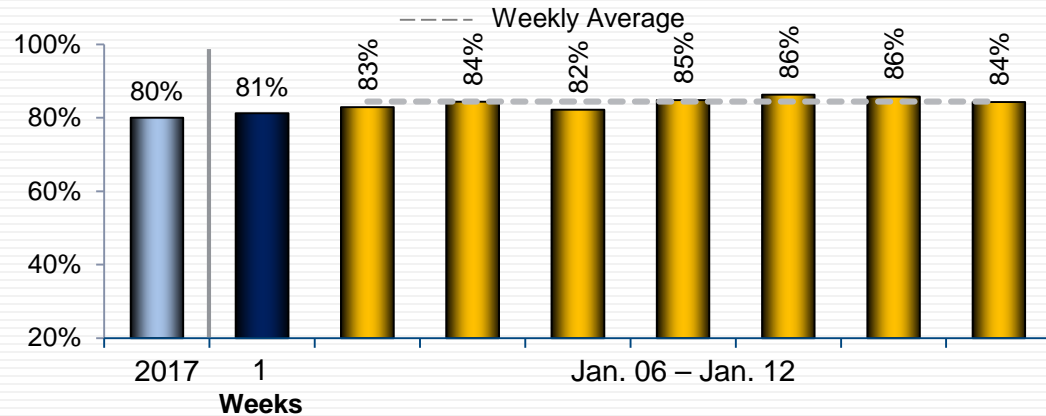
- Velocity reaches new record of 18.7 mph, and is 24% improved from 2017 average velocity
- Dwell remains healthy at 10.8 hours, and is 4% improved from 2017 average dwell

- Velocity continues to rise; dwell, originations and arrivals all further improved this week
- Right Car Right Train improved week-over-week
- Crew and power resource levels remain well matched to demand
- Hump yard performance steady
- Western terminals performing well
- Car fulfillment settled higher, averaging 93% since improved order fulfillment process began
- Local pull and place performance returned to prior levels after holiday-related impacts
- Customer problem logs remained at normal levels
- Interchange volumes current and gateways fluid

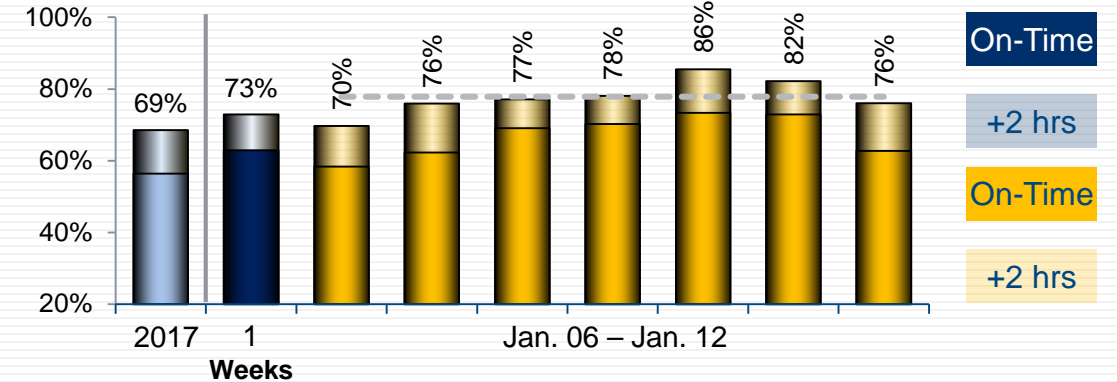


# All measures further improved this week, velocity reached record high

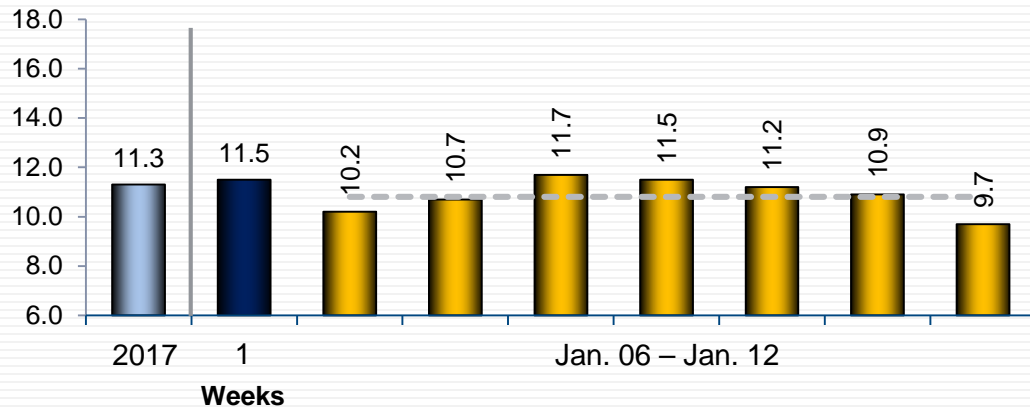
## On Time Originations (%)



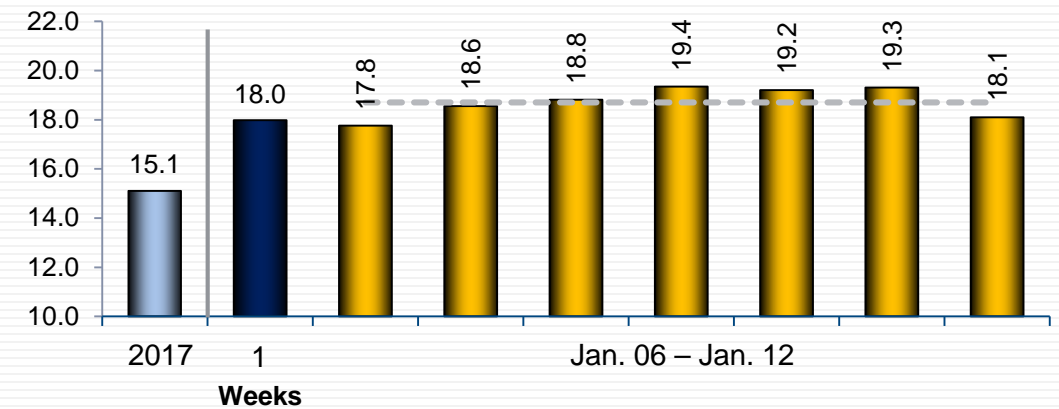
## On Time Arrivals (%)



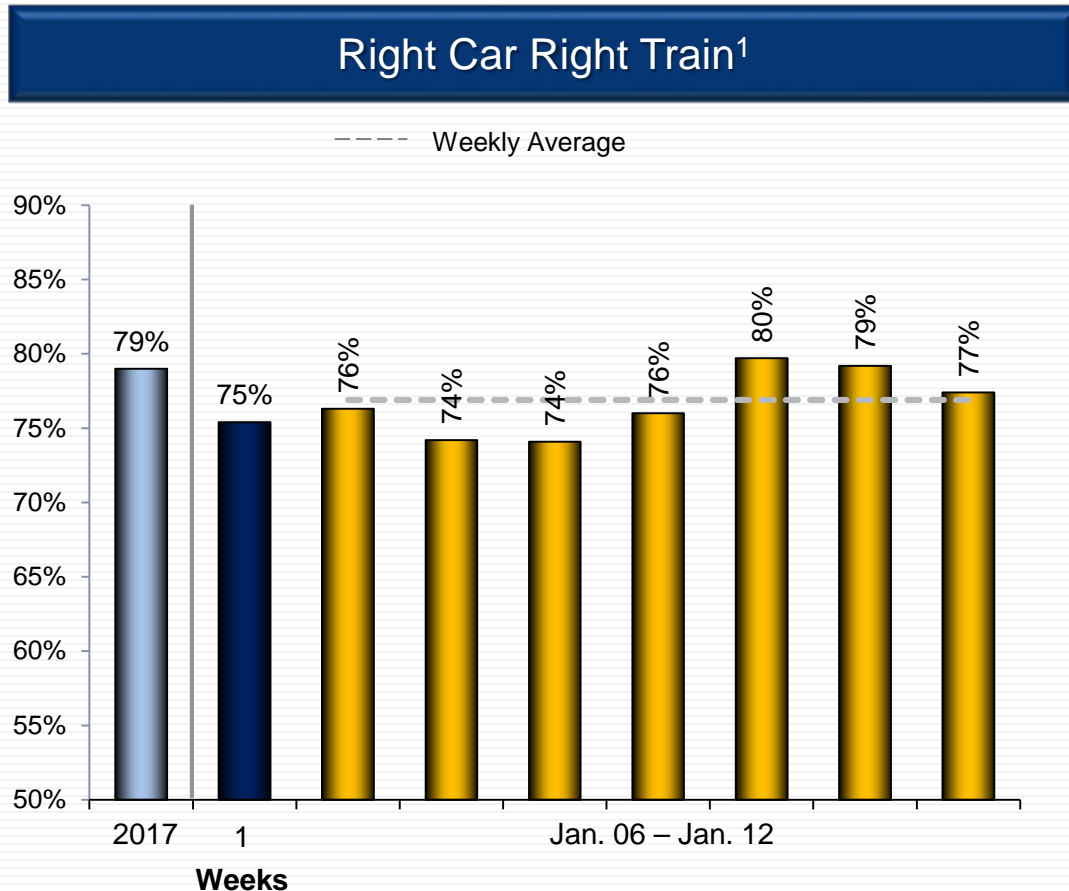
## Dwell (hours)



## Velocity (mph)



# Right Car Right Train improved week-over-week



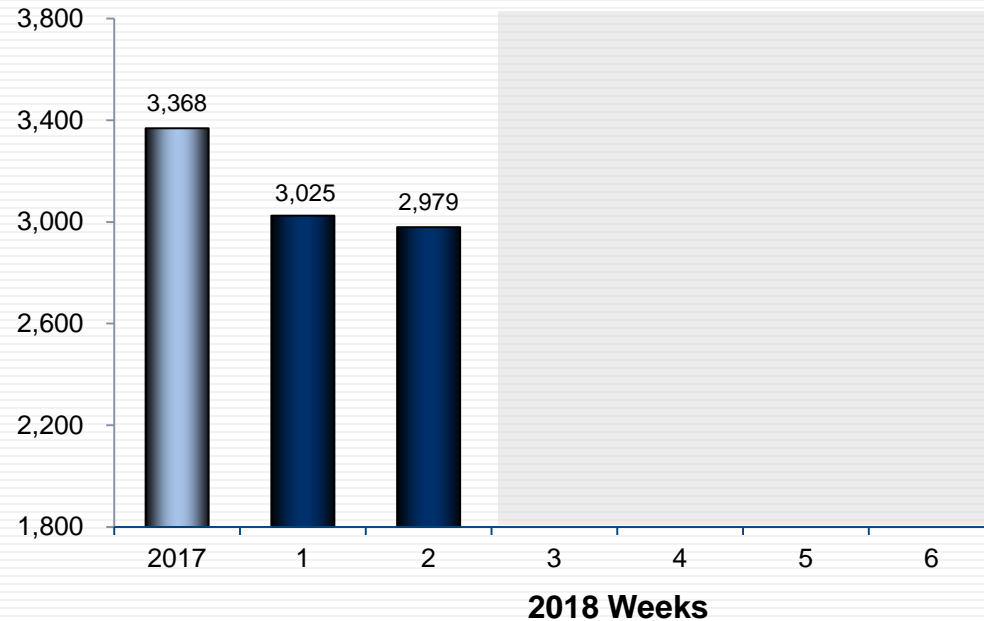
- Right Car Right Train is no longer a measure that CSX uses to manage its operation
  - In scheduled railroading, if a car can be advanced on another train to speed transit or ensure its on-time arrival, there is not one “right train”
- Car priority is to move cars quickly, on next available train
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

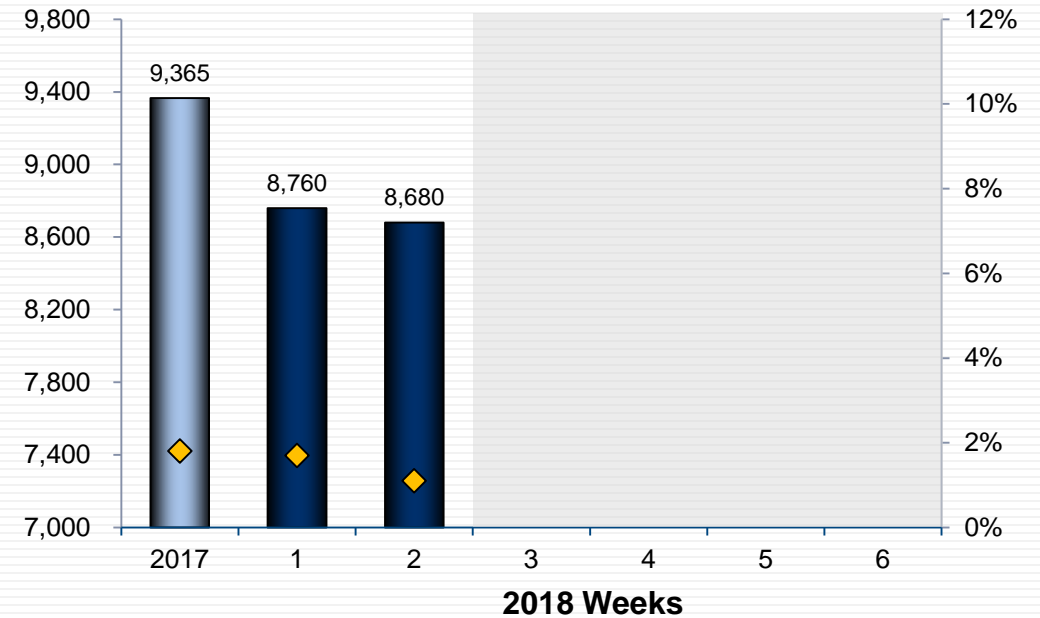


# Resourcing appropriately to meet business needs

## Active Locomotives



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



- Locomotive level coming down in concert with network velocity improvement

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

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

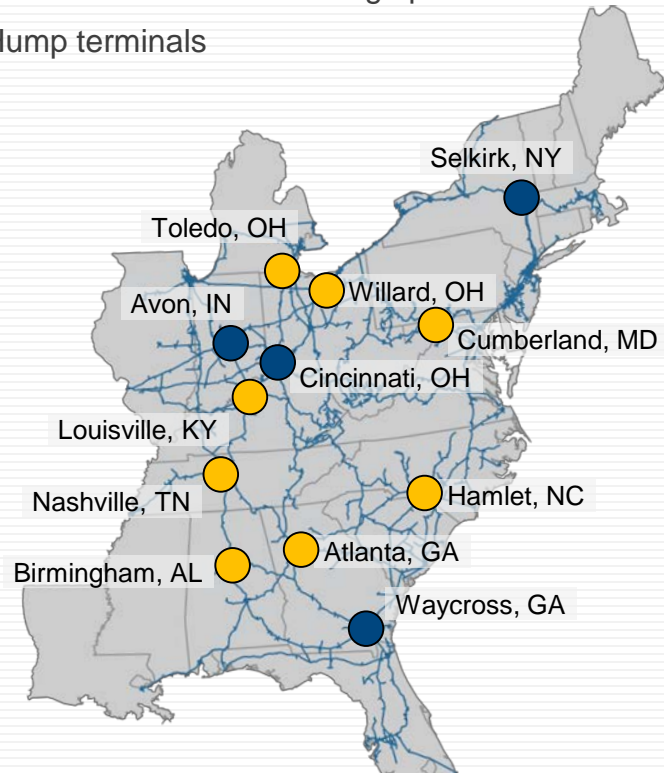
<sup>1</sup> Re-crew rate is re-crew people starts as a percent of total measured people starts, and represents incidences of replacing a crew on the same train ID (generally due to hours of service)



# Hump yard performance steady

## CSX Hump Terminal Overview

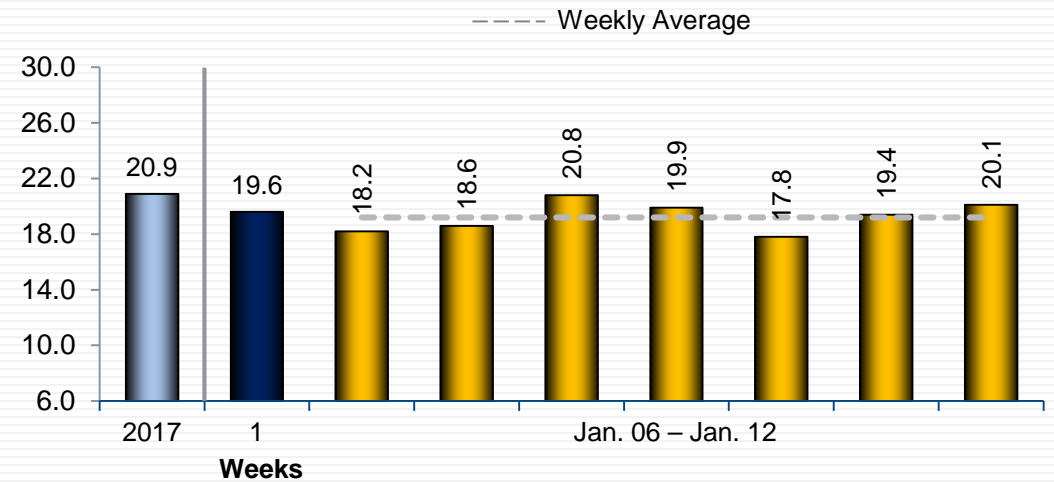
- Transitioned to flat-switching operations
- Hump terminals



*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 back to normal levels after holiday, remain 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 in appendix. 2017 dwell excludes the Hurricane Irma-impacted period for terminals that held cars through the storm.



# Western terminals performing well

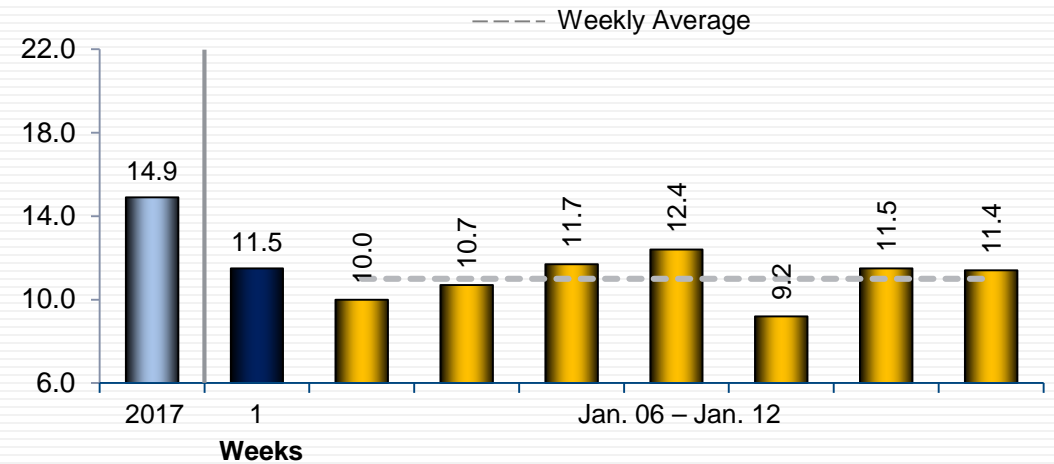
## Western Corridor Key Terminals



● Key Western terminals

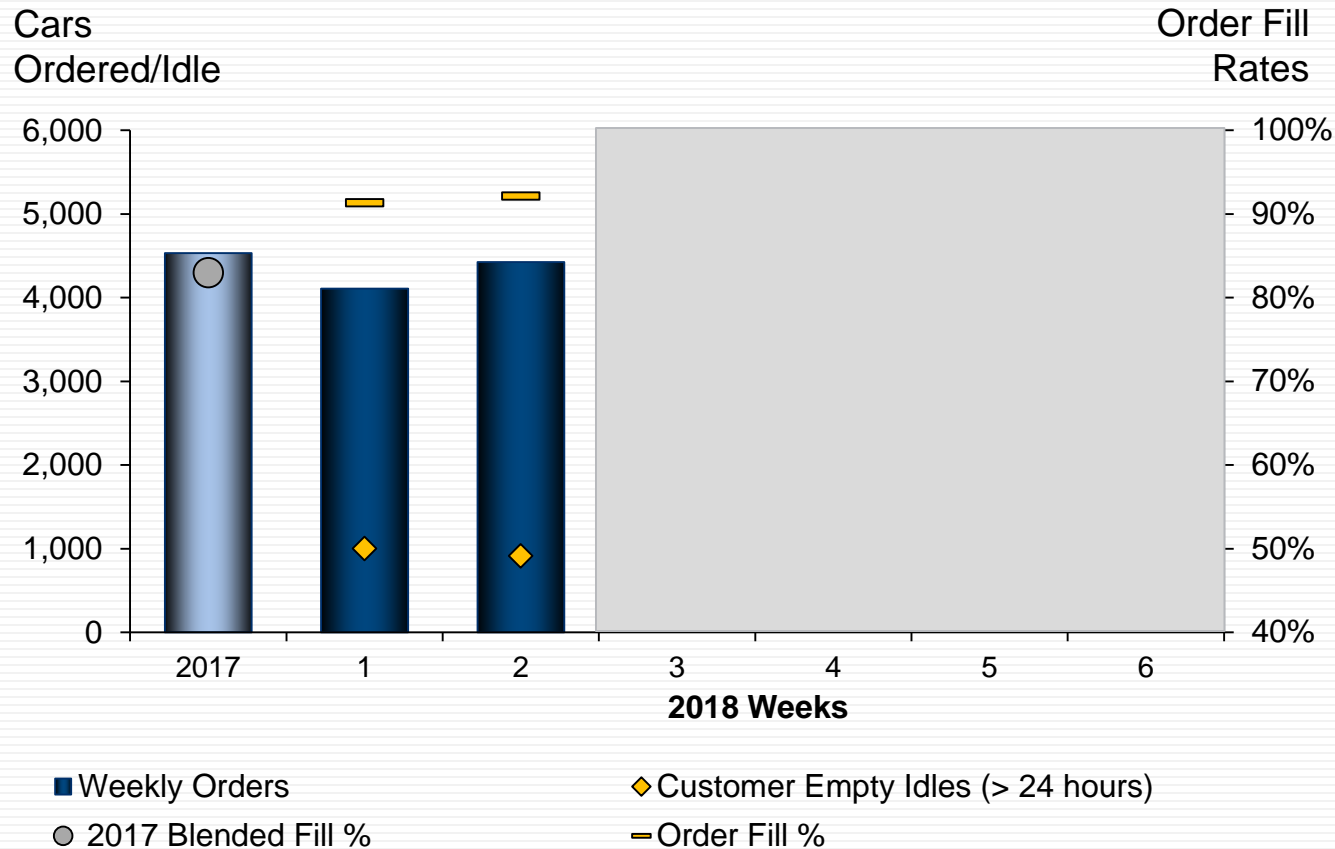
- Key terminal productivity and performance measures healthy, dwell remains well below 2017

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



# Car order fulfillment averages 93% following process improvement

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



- 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 300 orders filled in week 2 against week 1 open orders, increasing fill to 91%
  - Car flows recovering as customers resume operations following holiday
- 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

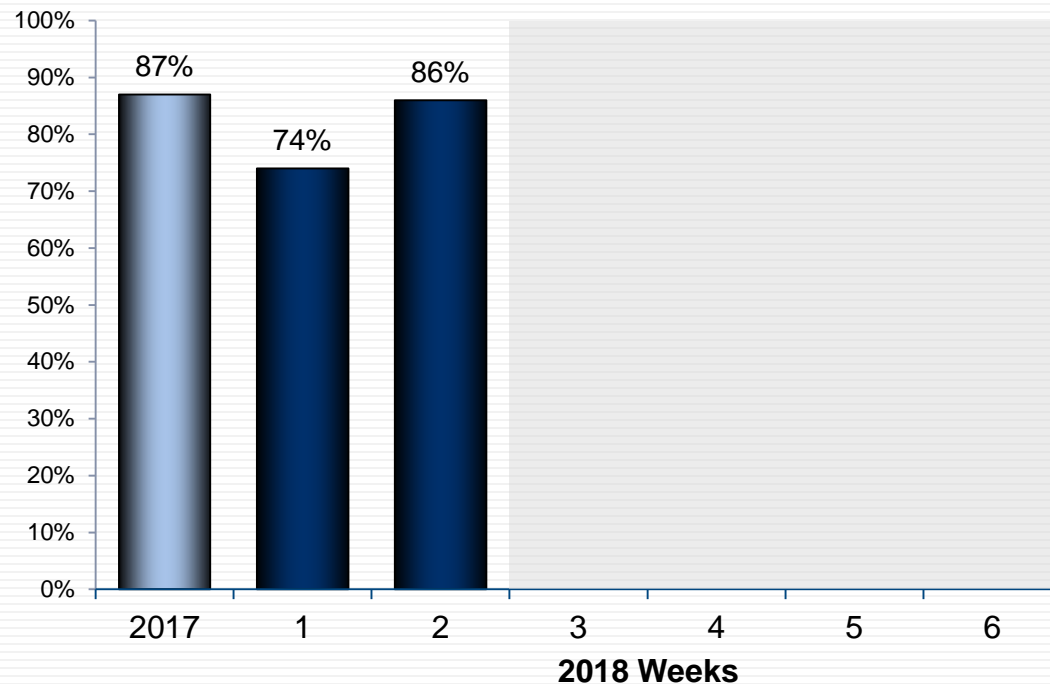
<sup>1</sup> 2017 orders and fill rate normalized for Weeks 14-44 against historical/expected order levels (Q1 2017), as orders were disconnected with demand; starting week 45, improved process leaves orders open for two weeks, counts empty idle cars > 24 hours at a customer location as a filled order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





# Last mile performance measure recovered after holiday week

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



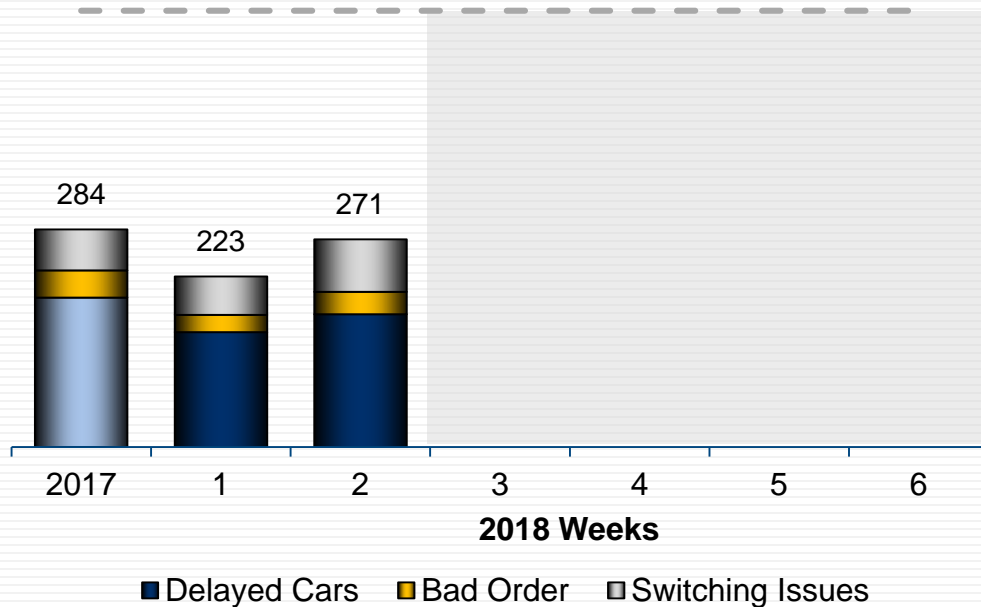
- Holiday-related local train plan adjustments and customer closures impacted week 1
- Local Service Measurement (LSM) is not a primary metric that CSX uses to manage its operation
  - In scheduled railroading, focus on end-to-end transit and customer expectations
- However, reliable pull and place expected as part of service to customers



# Customer problem logs remained at normal levels

## Customer Inquiries Daily Average Log Volume

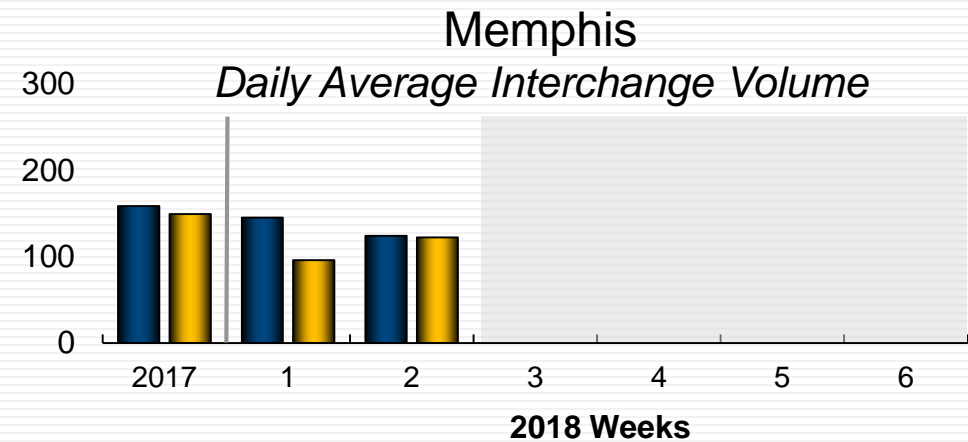
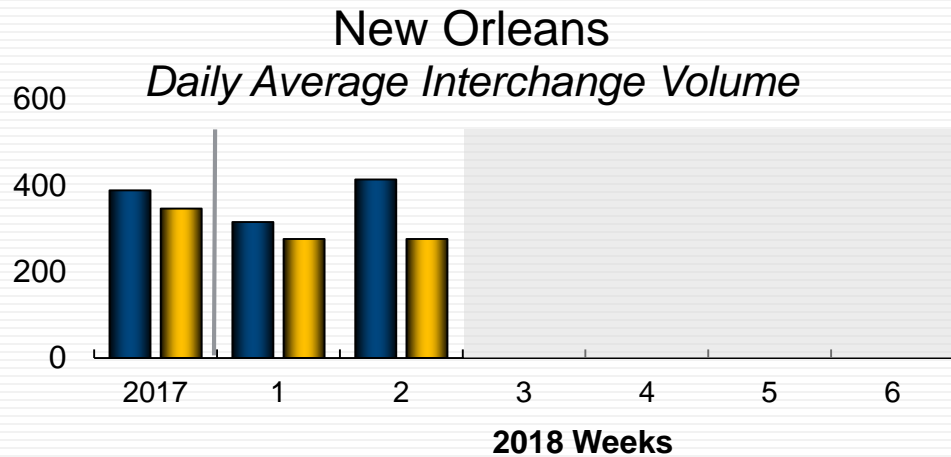
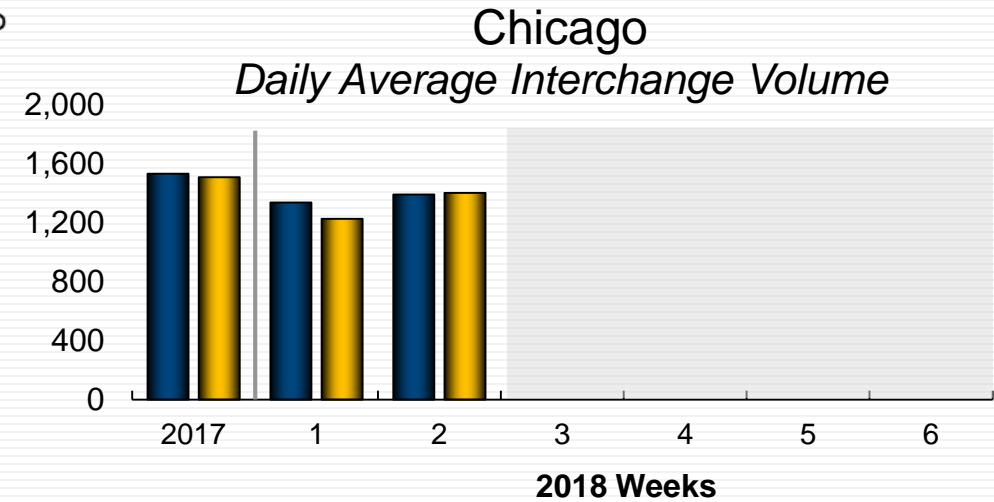
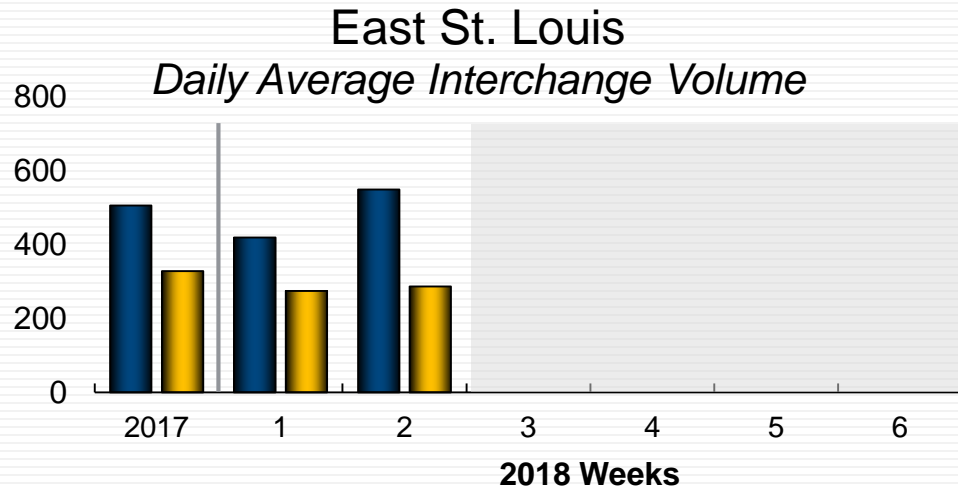
570 Total Logs in Week 30 2017  
at height of service challenges



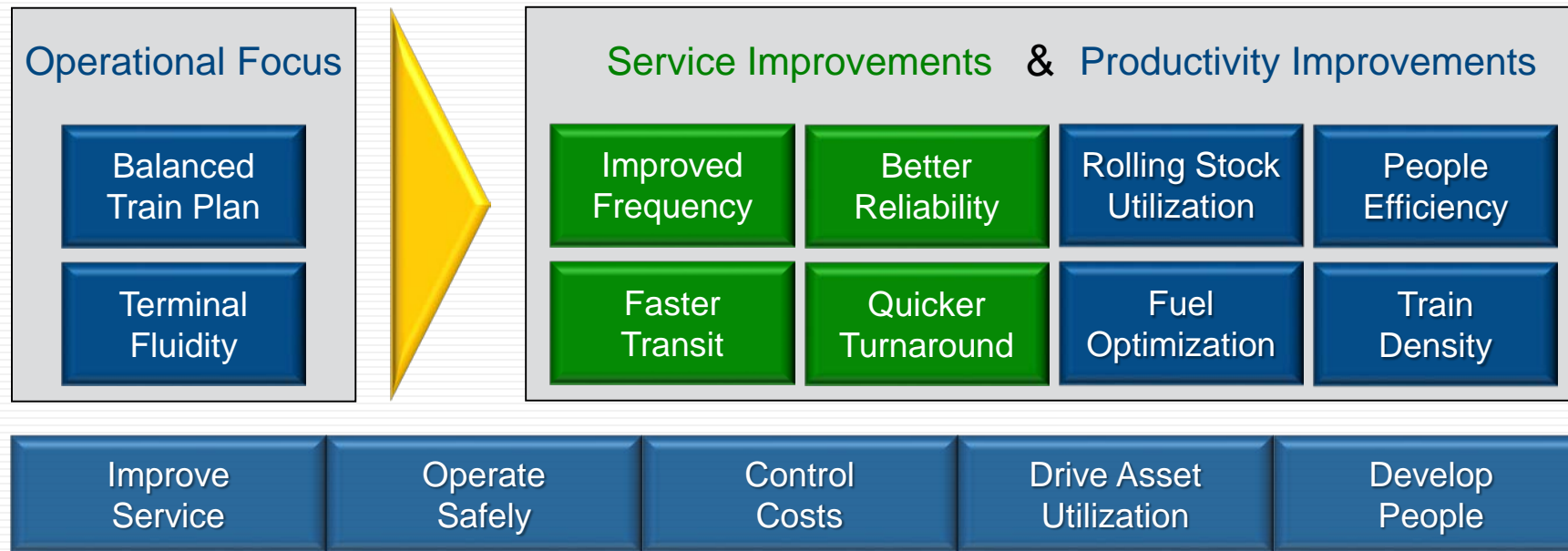
- Customer logs returned to normal levels following holiday week
- Improved communication allowing for faster, more local resolution
  - Accountability for resolution of customer issues resides with field responsibility
  - Escalating and resolving critical issues with senior leadership



# 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

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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/servicemetrics](https://csx.com/servicemetrics)

