



STB UPDATE

MARCH 20, 2018



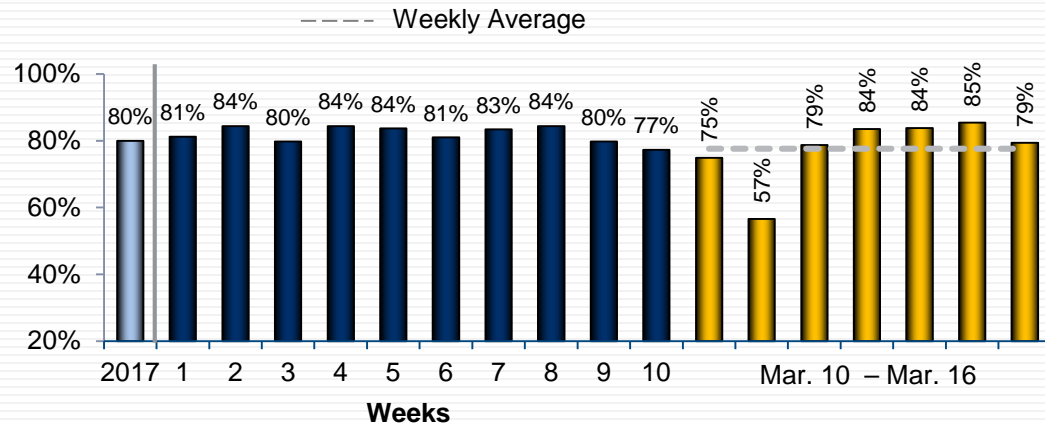
Network service levels consistent despite late winter storms

- Velocity, dwell, originations and arrivals performance steady
- Right Car Right Train flat week-over-week
- Crew and power resource levels well matched to demand
- Hump yards performing reliably and efficiently
- Western terminals performing well
- Car fulfillment settled higher, averaging over 100% year-to-date
- Local pull and place measure healthy
- Customer problem logs remained at lower levels
- Interchange volumes current and gateways fluid

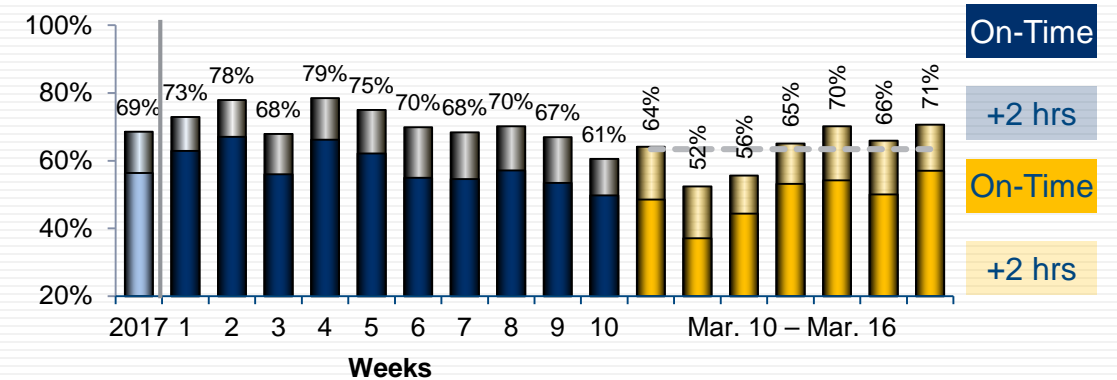


Measures steady, but trending more favorably in back half of week

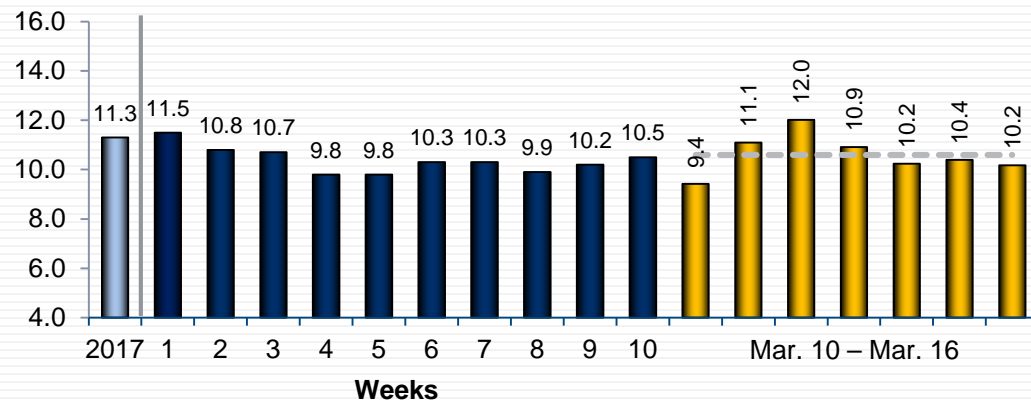
On Time Originations (%)



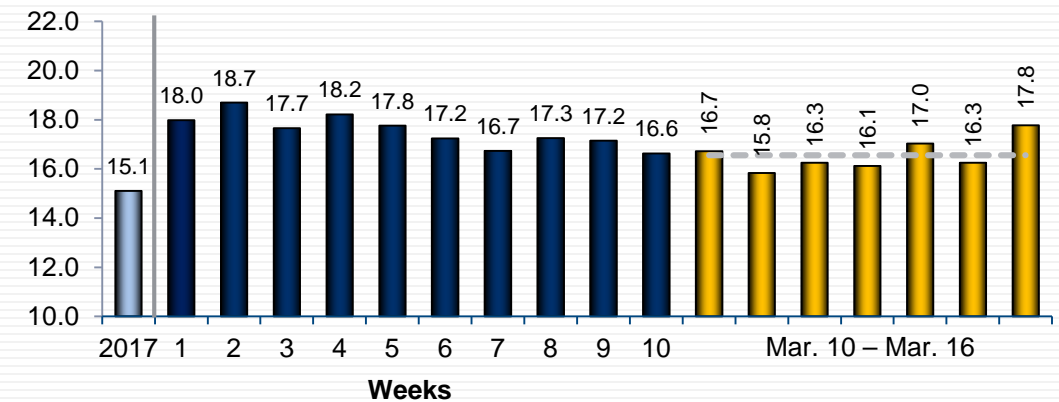
On Time Arrivals (%)



Dwell (hours)



Velocity (mph)

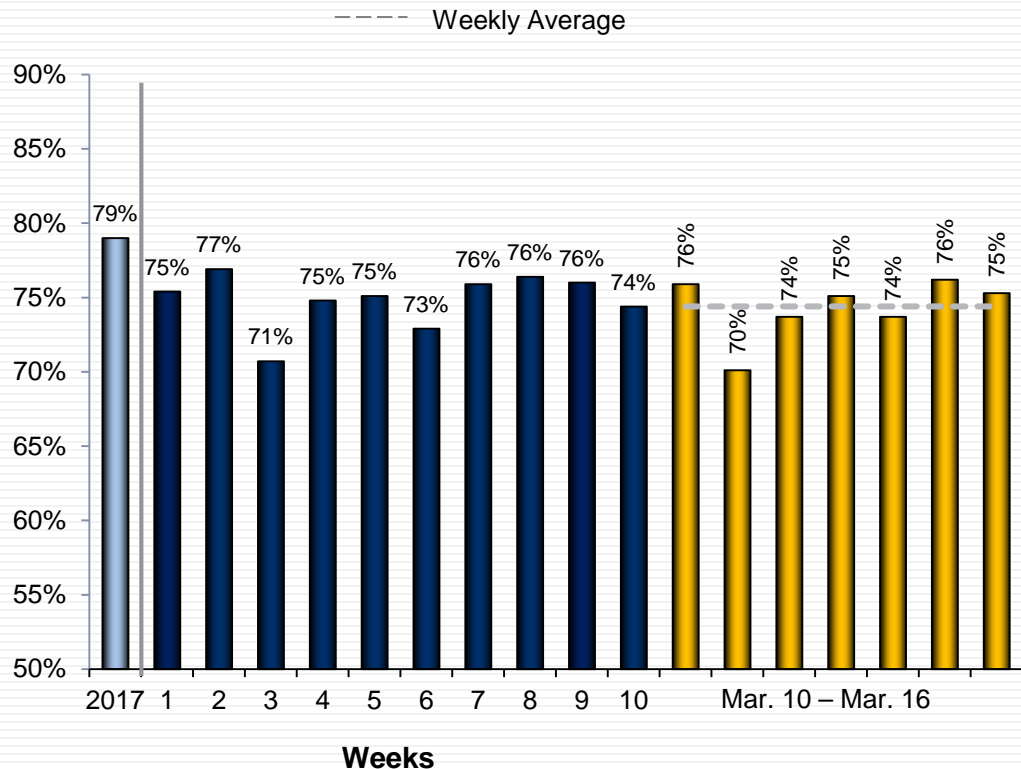


Measures on March 11th and 12th were impacted by an overnight systems outage/reboot on March 11th



Right Car Right Train stable

Right Car Right Train¹



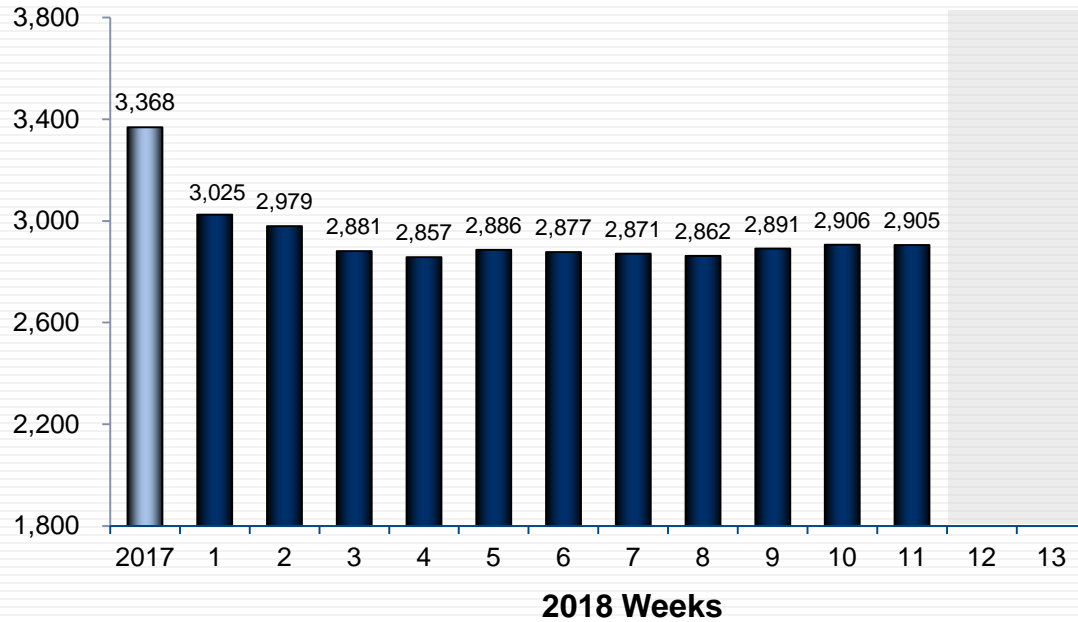
- Right Car Right Train is no longer a measure that CSX uses to manage its operation
 - In scheduled railroading, if a car can be advanced on another train to speed transit or ensure its on-time arrival, there is not one “right train”
- Car priority is to move cars quickly, on next available train
 -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

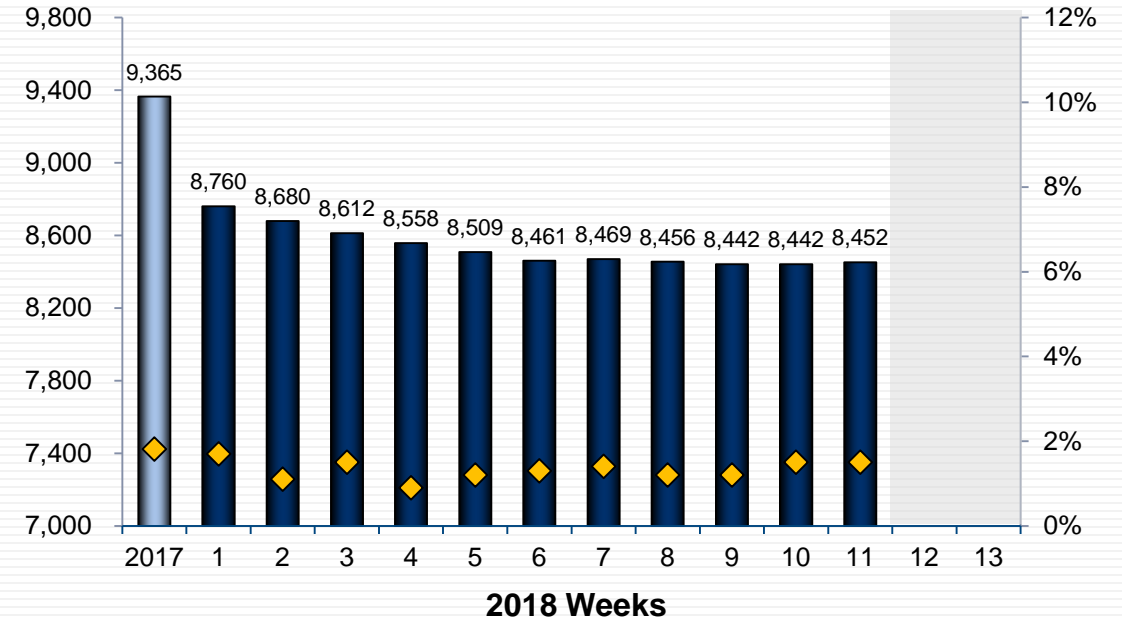


Resourcing appropriately to meet business needs

Active Locomotives



Train & Engine Headcount and Re-crew Rate¹



- Expect locomotive levels to continue coming down in concert with network velocity improvement

- Expect headcount decline to continue with network improvement; recent uptick reflects coal demand

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

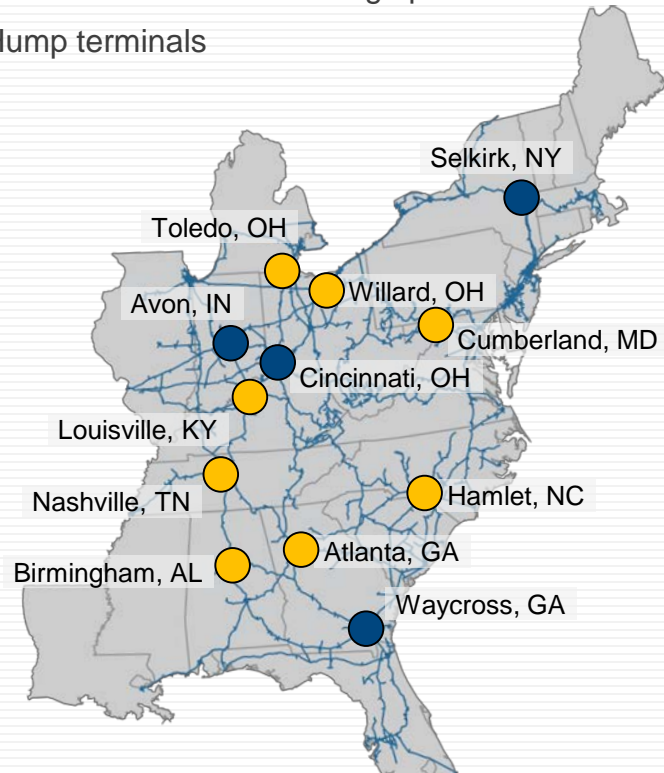
¹ Re-crew rate is re-crew people starts as a percent of total measured people starts, and represents incidences of replacing a crew on the same train ID (generally due to hours of service)



Hump yard performance steady

CSX Hump Terminal Overview

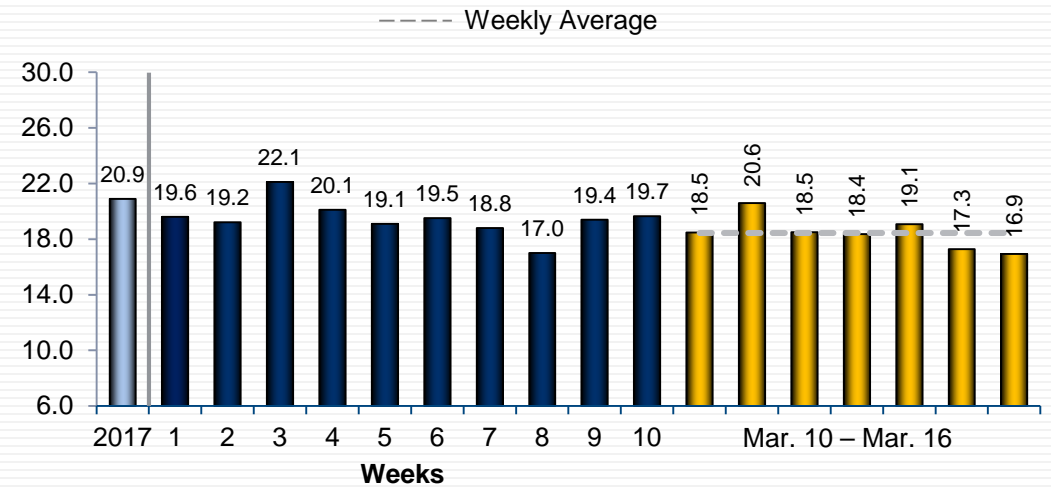
- Transitioned to flat-switching operations
- Hump terminals



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
- Total hump yard volumes remain at normal levels, well below capacity of yards

Dwell at Hump Terminals¹

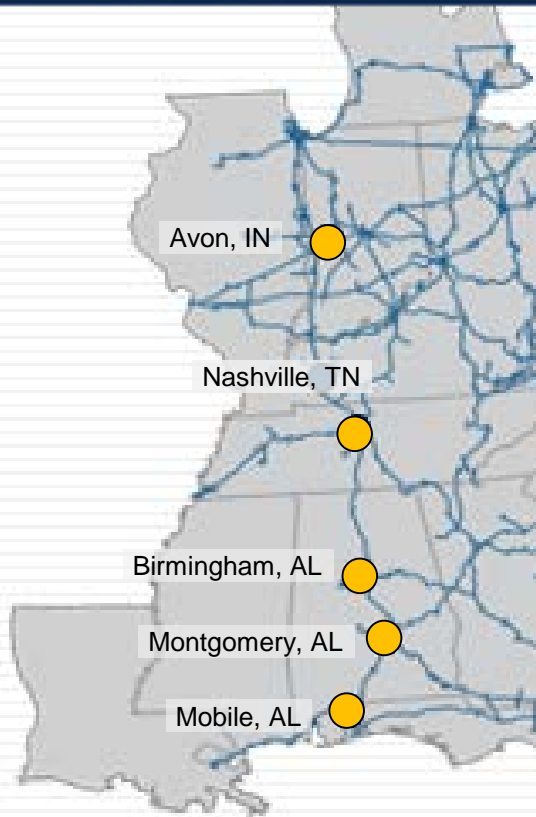


¹ Dwell displayed according to CSX methodology; explanation of CSX methodology can be found at csx.com/servicemetrics. 2017 dwell excludes the Hurricane Irma-impacted period for terminals that held cars through the storm.



Western terminals performing well

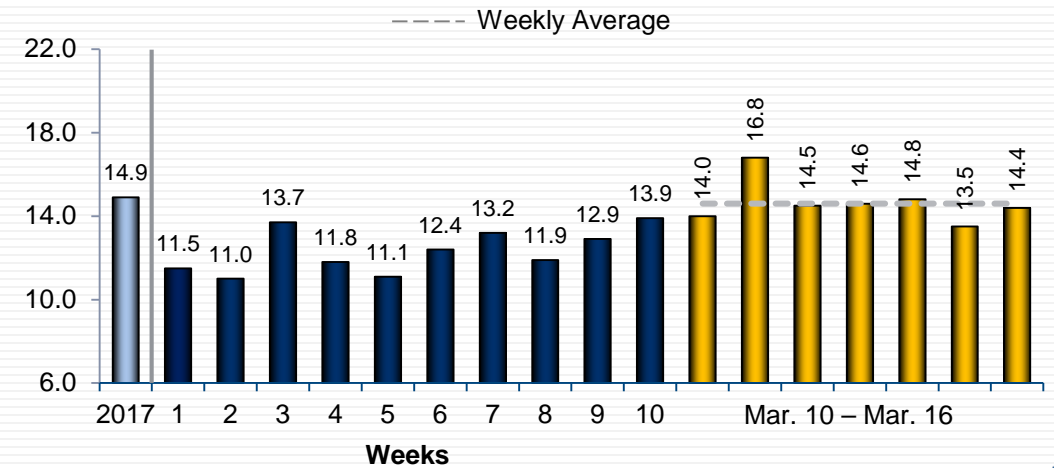
Western Corridor Key Terminals



● Key Western terminals

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

Dwell at Western Terminals¹

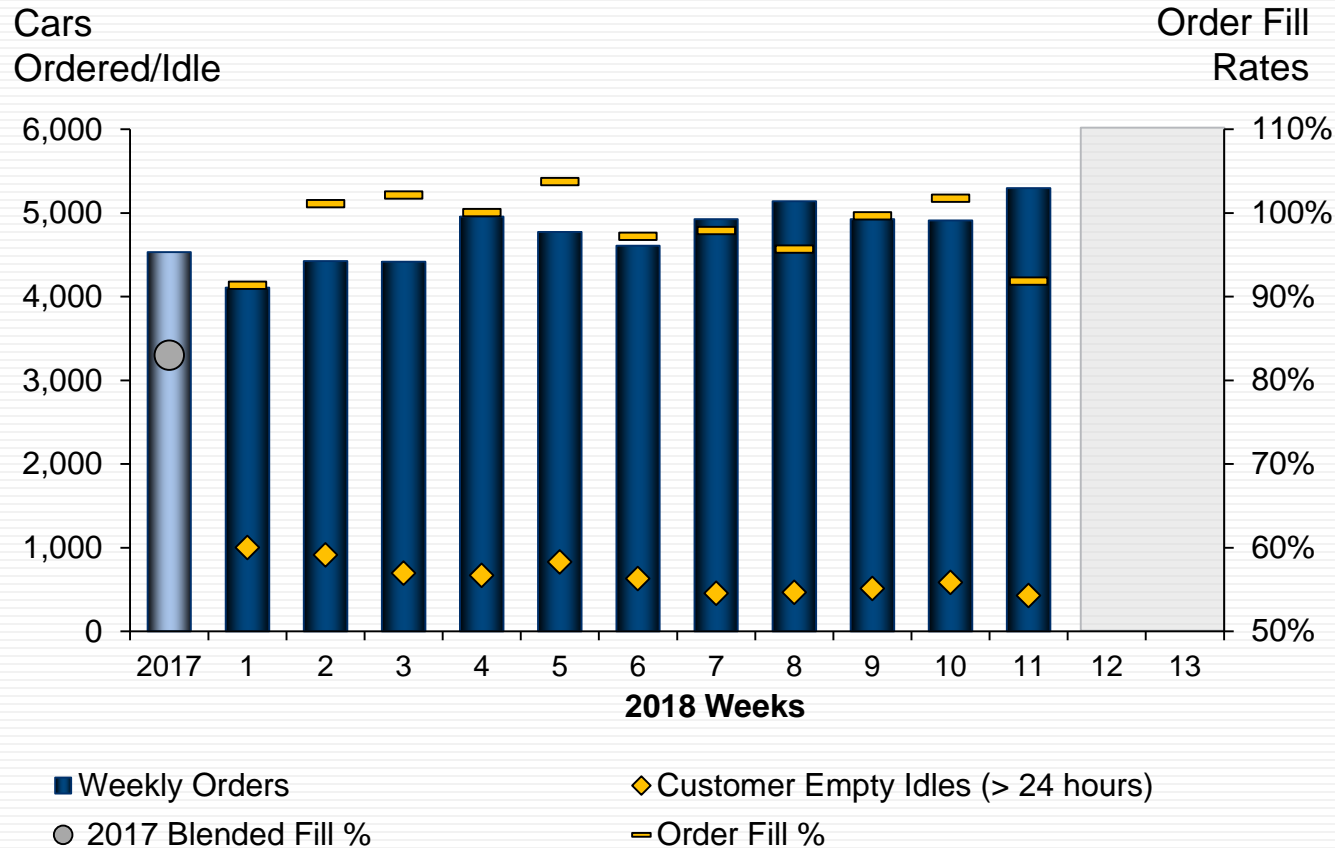


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Car fulfillment settled higher, averaging over 100% year-to-date

Weekly Car Orders, Customer Empty Idles, and Fill Rate¹



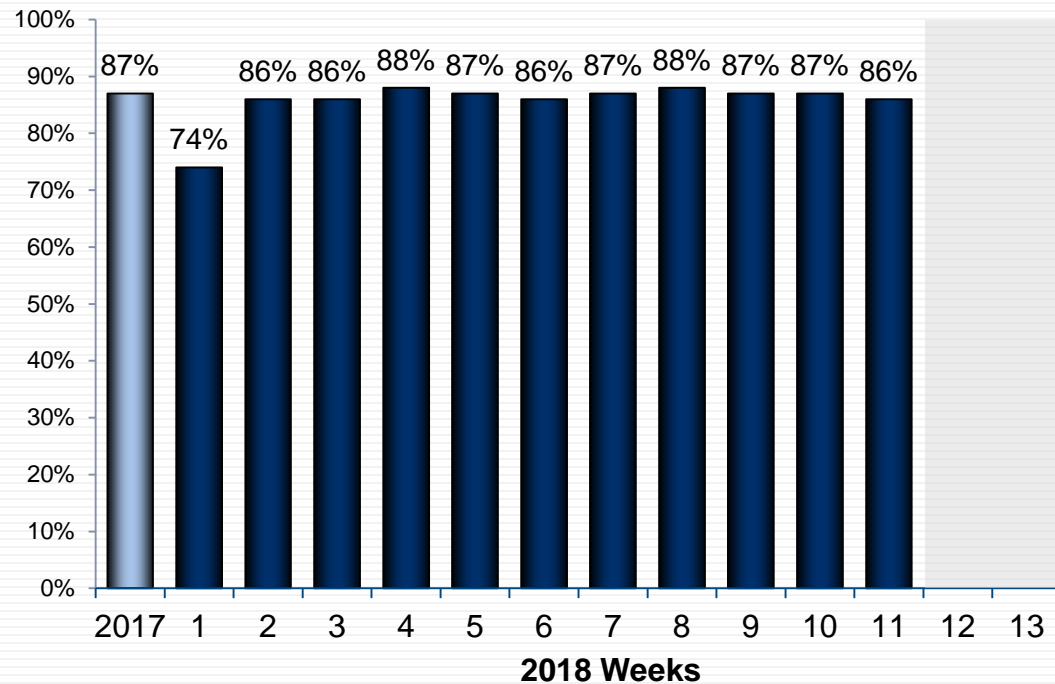
- Over 480 orders filled in week 11 against week 10 open orders, increasing fill above 100%
 - Delivered strong initial fill rate of 92% in week 11 against highest weekly order level year-to-date
- Empty idle car count continuing to trend lower in customer locations, enabling better end-to-end cycles
 - 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 healthy

Local Service Measurement¹



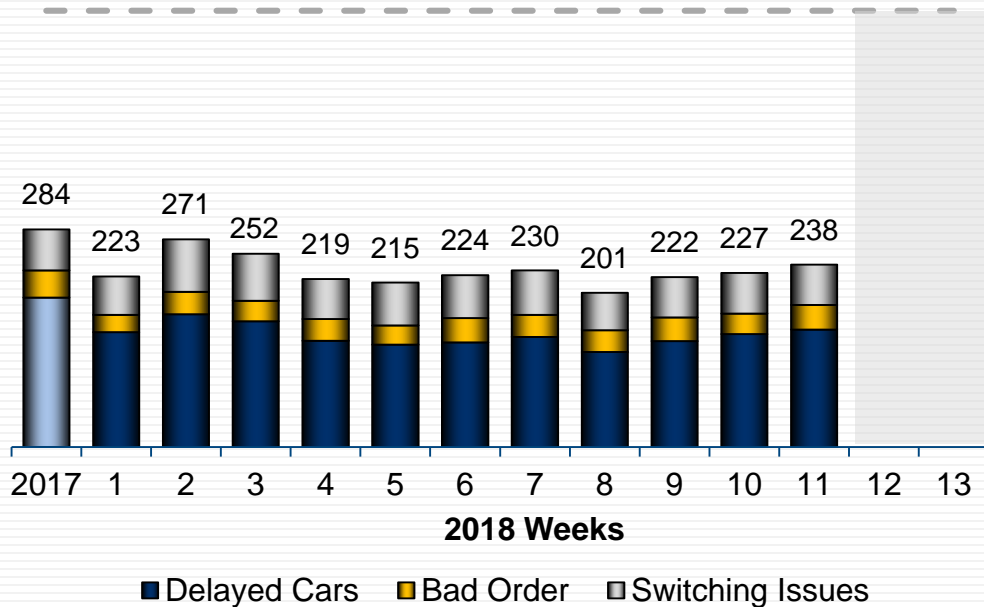
- Local Service Measurement (LSM) is not a primary metric that CSX uses to manage its operation
 - In scheduled railroading, focus on end-to-end transit and customer expectations
- However, reliable pull and place expected as part of service to customers



Customer problem logs remained at lower levels

Customer Problem Logs Daily Average Volume

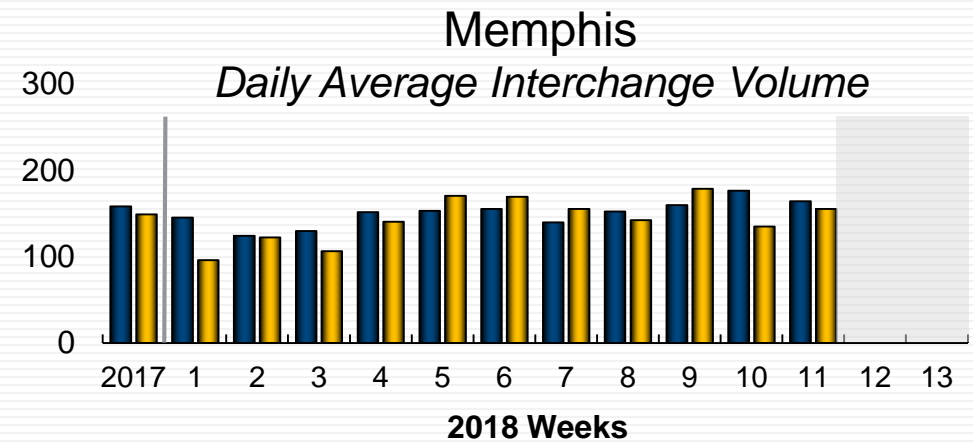
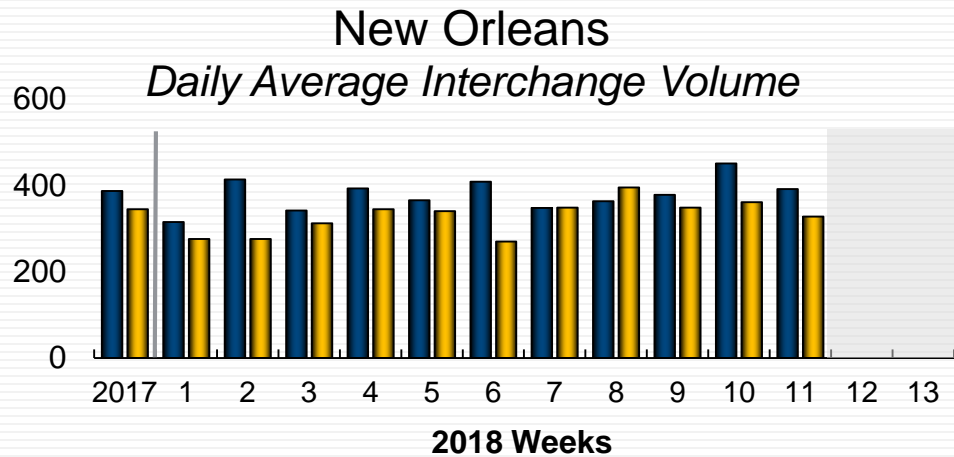
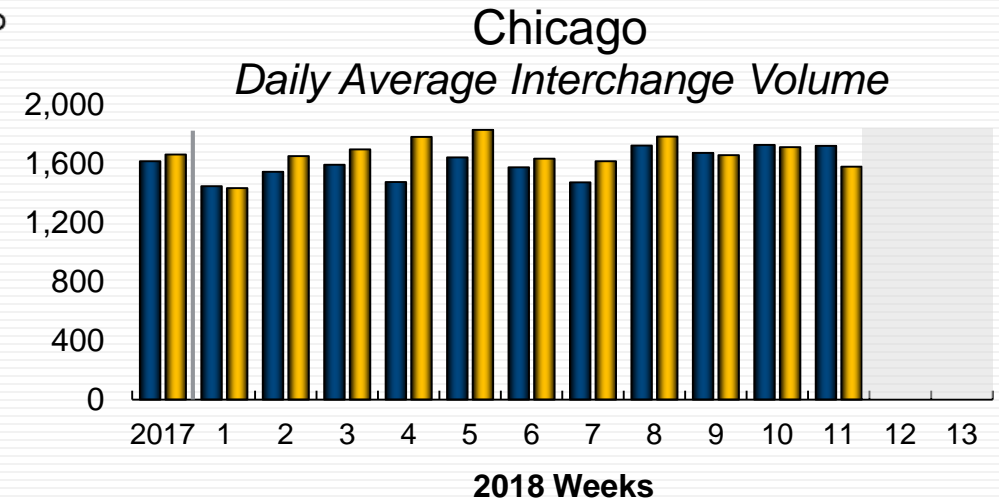
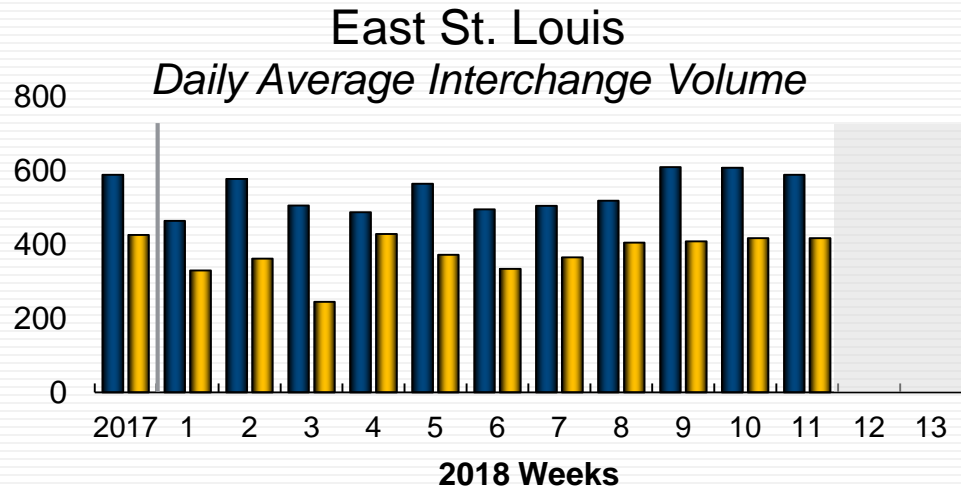
570 Total Logs in Week 30 2017
at height of service challenges



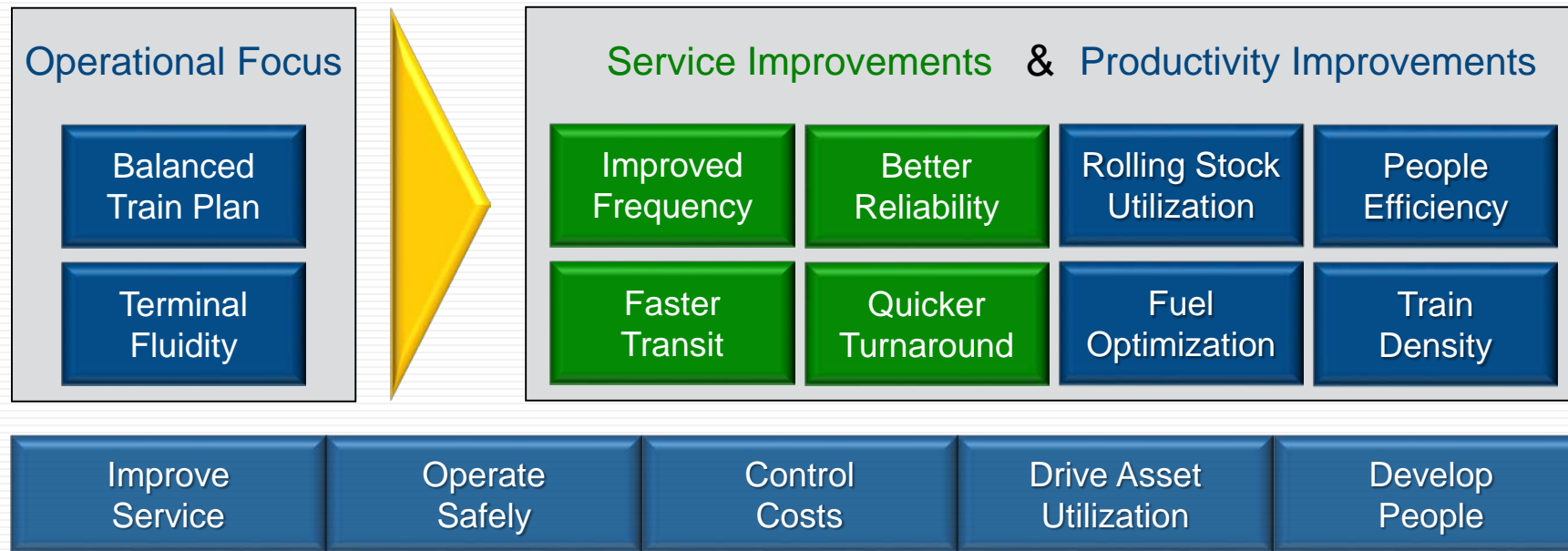
- Improved communication allowing for faster, more local resolution
 - Accountability for resolution of customer issues resides with field responsibility
 - Escalating and resolving critical issues with senior leadership
- Enhancing key customer tools and aligning workstreams to allow for easier, more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

