Network performance levels consistent

- Dwell remained at lower levels, velocity highest since Q2
- Right Car Right Train stable
- Crew and power resource levels remain well matched to demand
- Hump yard performance steady, four humps remaining
- Western terminals performing well
- Empty car fulfillment down slightly, order levels moderating
- Local pull and place performance stable
- Customer problem logs remain at lower levels and in normal range
- Interchange volumes current and gateways fluid

**Highlights**
- Velocity reaches 16 mph, the highest since Q2, and is 7% improved from 2016 average velocity
- Dwell remains healthy at 10.6 hours, and is 5% improved from 2016 average dwell
Dwell remained at lower levels, velocity highest since Q2

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; less relevant in PSR

- 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 stable; engines in place to support grain harvest season
- Re-crew rates remain at historic lows and stable

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

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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

- Total hump yard volumes remain in a consistent band week-over-week, well below capacity of yards
- Key hump productivity and efficiency measures performing well, four humps remaining

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

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.
Western terminals performing well

- Key terminal productivity and performance measures recovered in former “trouble” spots
  - Dwell remains below 2016 levels

- Train plan adjustments have recovered service
  - Leveraged Avon as offset of increased volume flow through Russell, Columbus and Louisville

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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 down slightly, order levels moderating

- **Improvements to car ordering process being introduced**
  - Intended to improve accountability in ordering and fulfillment to better capture demand in a timely manner
  - Active communication underway and to continue to ensure customer understanding/alignment

- **Empty car dwell remains elevated at customer locations**
  - Indicates improved car supply and availability
  - Customers maintaining increased buffer stock, which elongates total asset turn times and reduces asset pool available to fill other customers' requests

1 Normalized fill rate is a proxy of 2017 demand fulfillment against historical/expected order levels (Q1 2017), as order levels disconnected with demand beginning in Q2 2017; 2016 orders and fulfillment do not warrant normalizing
**Last mile performance stable**

- 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
  - Last mile performance must be in combination with, not independent of, overall performance

- 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
  - Data reflects passive information flow, lacking prior focus on field reporting to ensure LSM capture

- Reliable pull and place expected as part of service to customers

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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 stable at lower levels

- Delayed cars have returned to normal levels (<1% of traffic)
  - Trend in problem logs mirrors timeframe of network challenges and recovery, followed by Hurricane Irma
  - Lower levels of long-dwelling cars reflects overall fluidity improvements

- Lower level of logs, improved communication allowing faster, more comprehensive resolution
  - Managing pipeline of customer concerns to full resolution
Interchanges current and performing to expectations

East St. Louis
*Daily Average Interchange Volume*

New Orleans
*Daily Average Interchange Volume*

Chicago
*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 have recovered service
- Improved execution on this foundation to drive long-term service and productivity improvements
APPENDIX

HOW TOMORROW MOVES
### Velocity

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

### Dwell

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

### Cars Online

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

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