Network performance levels consistent

- **Dwell remained at lower levels, velocity continues to rise**
- **Right Car Right Train down slightly**
- **Crew and power resource levels remain well matched to demand**
- **Hump yard performance steady, four humps remaining**
- **Western terminals performing well**
- **Car ordering and fulfillment process updated, order levels moderating**
- **Local pull and place performance stable**
- **Customer problem logs up moderately due to localized issues**
- **Interchange volumes current and gateways fluid**

**Highlights**

- Velocity reaches 16.4 mph, the highest since Q2, and is 10% 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 continues to rise

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

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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 to come down in light of weak grain harvest season

- Recent headcount reduction driven by seasonal vacation increase 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

- 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

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

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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.
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

Western Corridor Key Terminals

- Avon, IN
- Evansville, IN
- Nashville, TN
- Birmingham, AL
- Montgomery, AL
- Mobile, AL

Dwell at Western 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.
Car order fulfillment process updated, order levels moderating

Weekly Car Orders, Customer Empty Idles, and Fill Rate

- Car order levels have come back into balance in recent weeks
  - Effective week 45, no longer normalizing orders

- Car ordering and fulfillment process updated
  - Car orders now remain open for 2 weeks for fulfillment; order fill will settle over a 2-week period
  - Active communication continues with customers to ensure understanding/alignment

- Empty car dwell remains elevated at customer locations, impacts order fill
  - Empty idle cars at a given customer held >24 hours considered available to fill that customer's orders
  - Week 45 order fill nearly 95%, Week 46 at 86% when idles are removed from total weekly orders to better reflect demand

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1 2017 fill rate has been normalized through Week 44 against historical/expected order levels (Q1 2017), as order levels disconnected with demand beginning in Q2 2017; 2016 orders and fulfillment and 2017 Week 45 and beyond do not warrant normalizing.
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 increased moderately, impacts localized

- Customer logs largely back in normal range after network challenges as fluidity has returned
- Lower level of logs, improved communication allowing faster, more comprehensive resolution
- Some localized increases in logs in Week 46, actively engaged with customers and operations to resolve
  - Escalating and resolving critical issues with field leadership, some targeted local crew resource additions
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 have recovered service
- 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>Car time at terminal, excluding cars on the same train ID</td>
<td>All cars on CSX, as determined by RailInc</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td>All car time with a terminal work event, including through cars on same train ID (e.g. crew change)</td>
<td>RailInc cars on CSX, excluding cars stored, under repair, sold, and private cars ex online inventory</td>
</tr>
<tr>
<td><strong>Change Reason</strong></td>
<td>Includes all dwell with ability to diagnose all events impacting car movement (in support of improvement in asset cycle)</td>
<td>More accurate measurement of active cars on line, i.e. cars for which CSX is focused on real-time, efficient movement</td>
</tr>
<tr>
<td><strong>Effect on Metric</strong></td>
<td>Reported dwell will be lower</td>
<td>Reported cars online will be lower</td>
</tr>
</tbody>
</table>

### 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**