



STB UPDATE

NOVEMBER 21, 2017



Network performance levels consistent

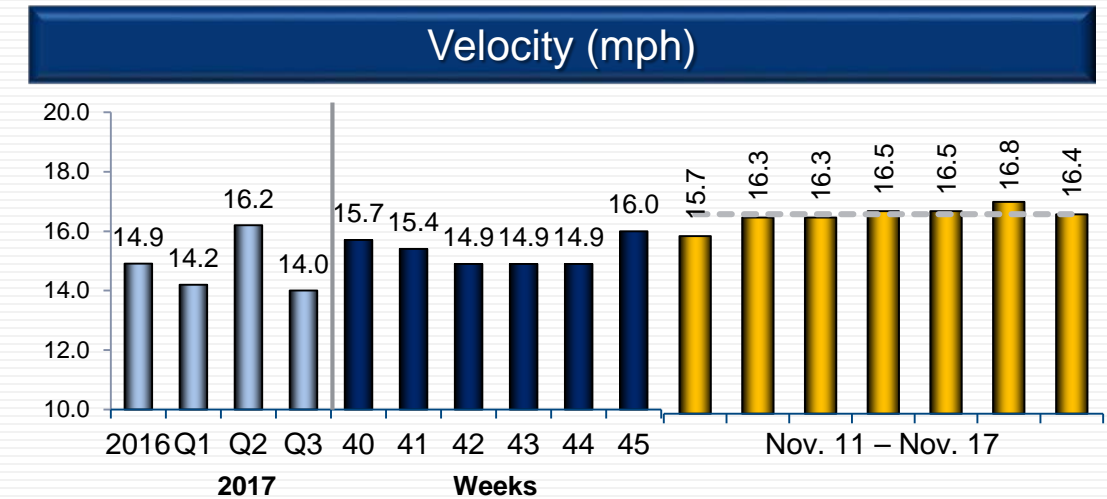
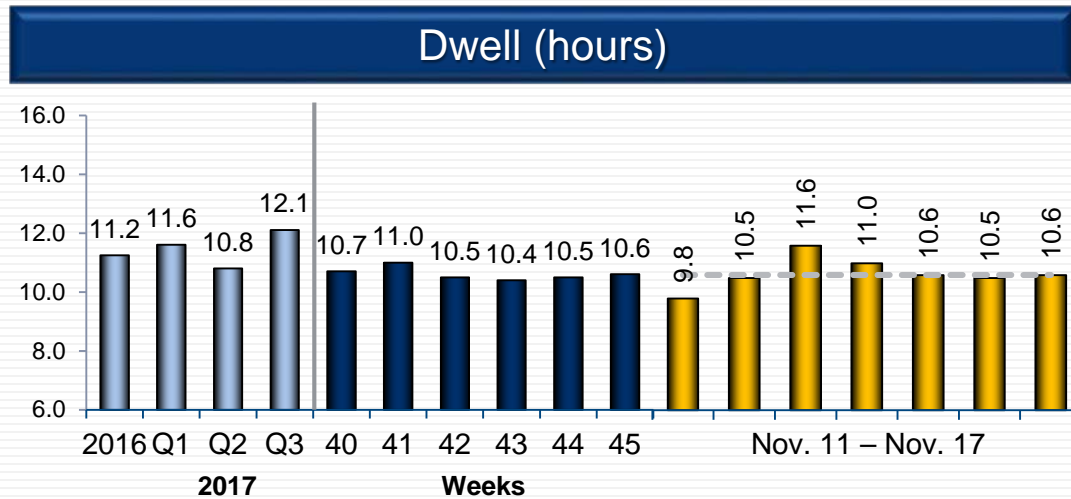
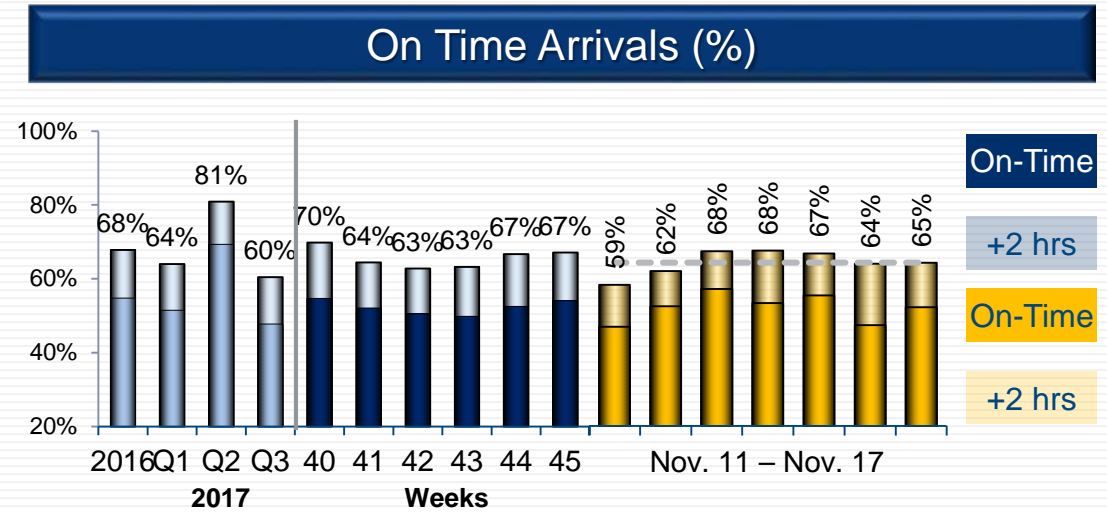
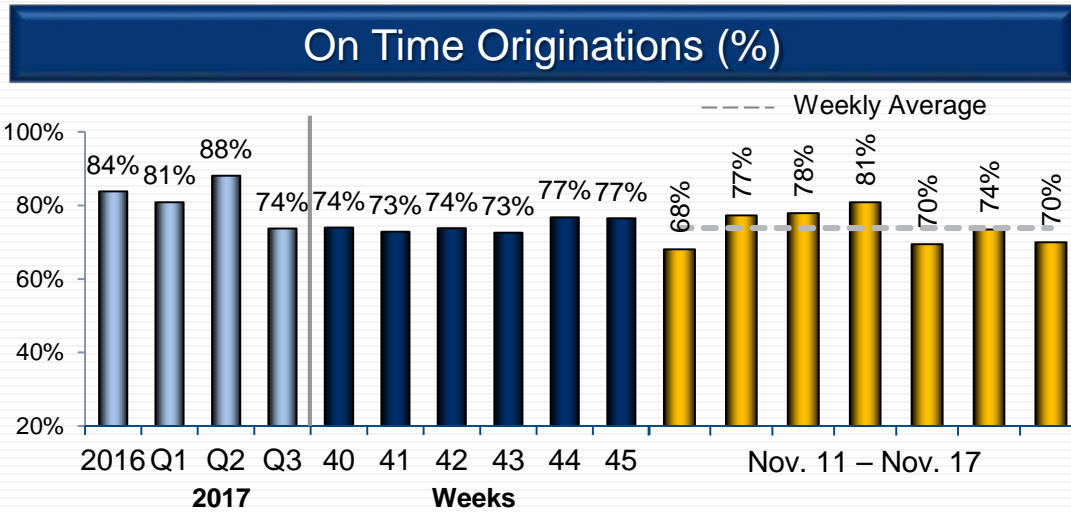
Highlights

- 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
- 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



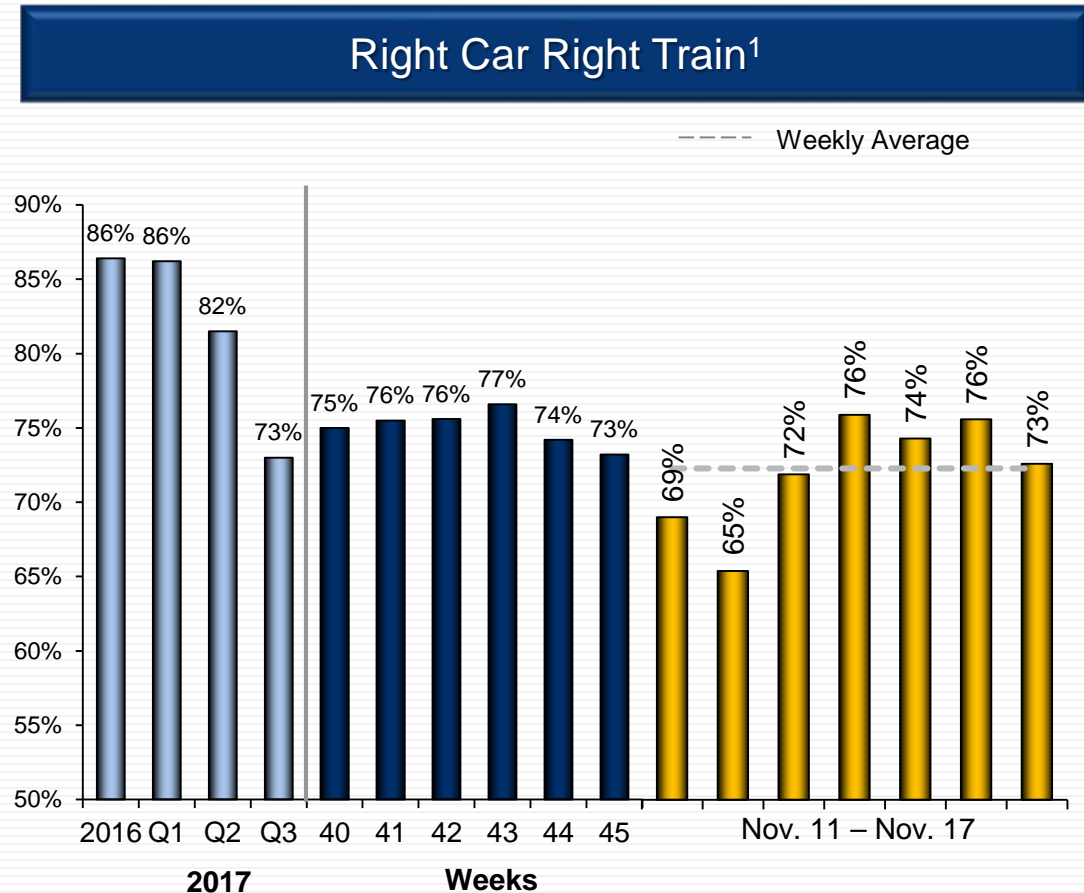
Dwell remained at lower levels, velocity continues to rise



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



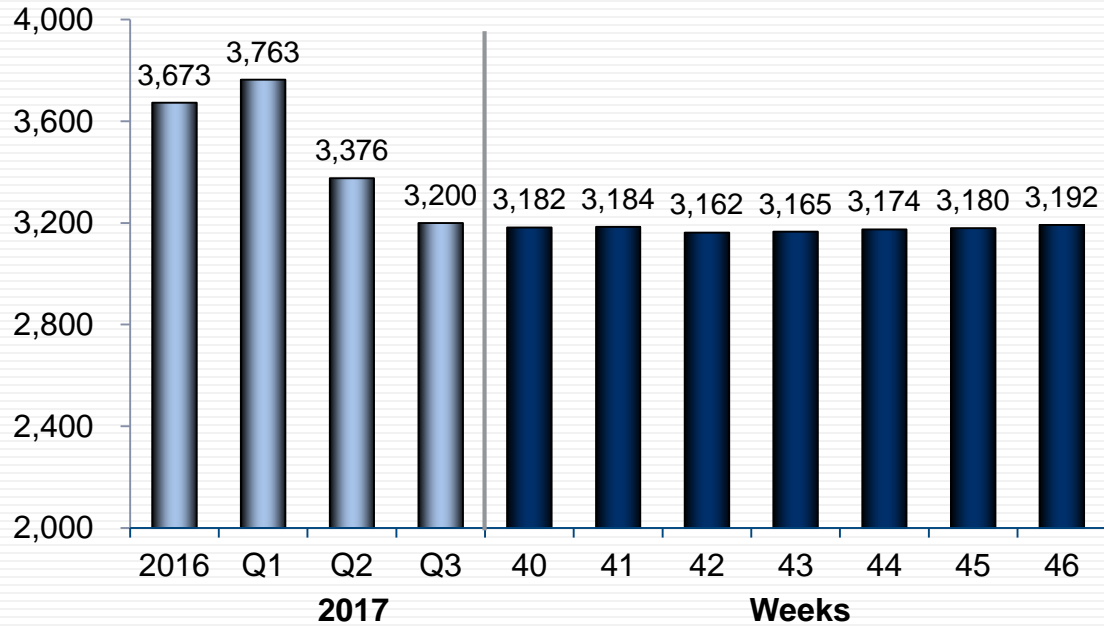
- Right Car Right Train is no longer a measure that CSX uses to manage its operation
 - In precision scheduled railroading (PSR), if a car can be advanced on another train to speed transit or ensure its on-time arrival, there is not one “right train”
- Car priority is to move cars quickly, on next available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

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

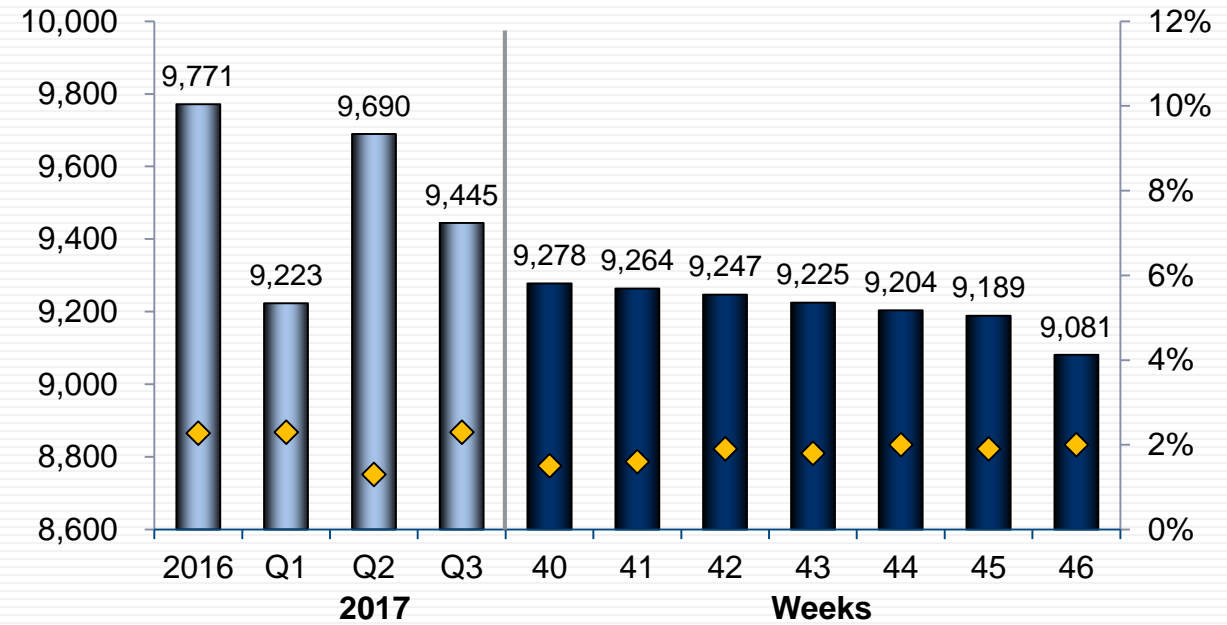


Resourcing appropriately to meet business needs

Active Locomotives



Train & Engine Headcount and Re-crew Rate¹



- Locomotive level 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

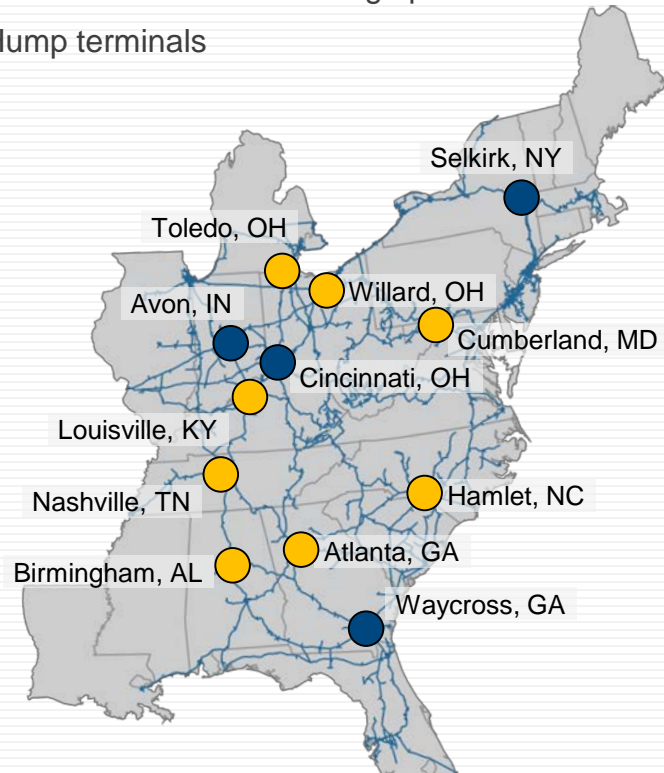
¹ Re-crew rate is re-crew people starts as a percent of total measured people starts, and represents incidences of replacing a crew on the same train ID (generally due to hours of service)



Hump yard performance steady

CSX Hump Terminal Overview

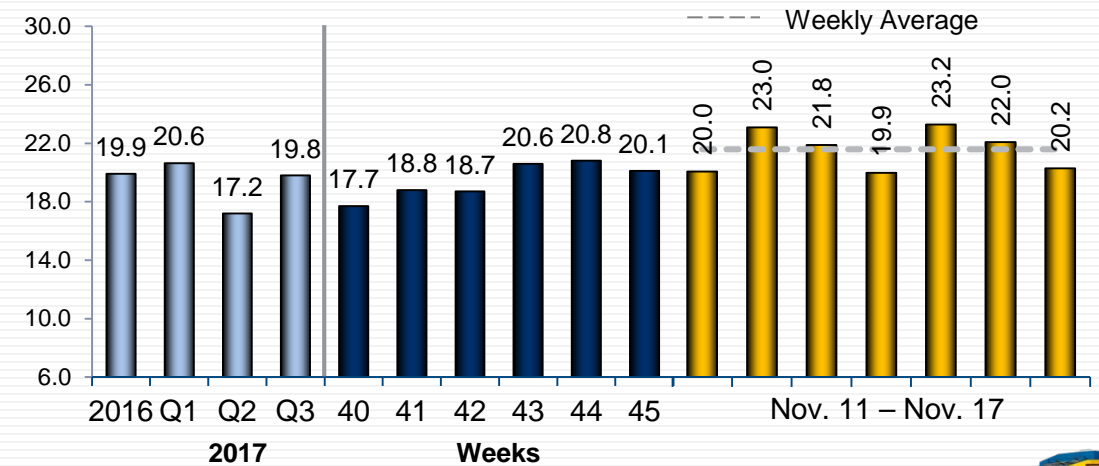
- Transitioned to flat-switching operations
- Hump terminals



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

- 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

Dwell at Hump Terminals¹

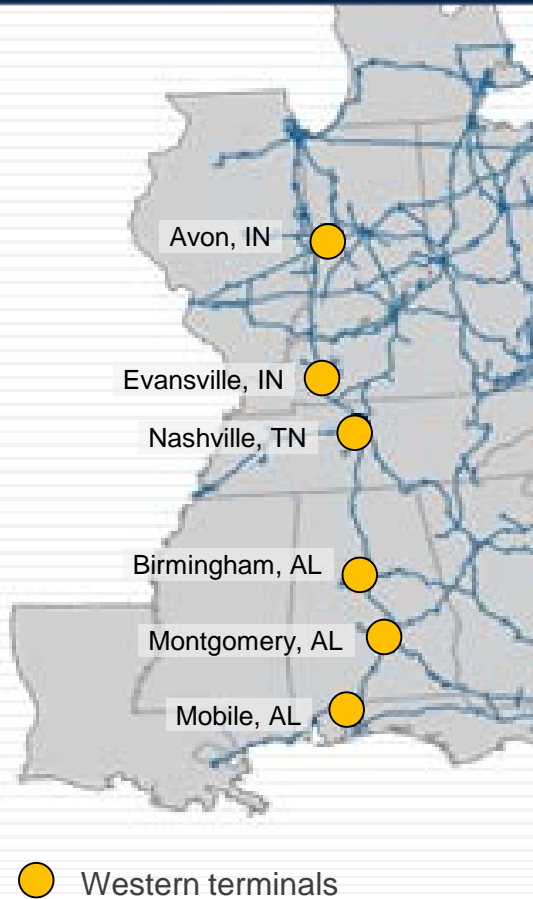


¹ Dwell displayed according to CSX methodology; explanation of CSX methodology can be found in appendix. Q3 dwell excludes the Hurricane Irma-impacted period for terminals that held cars through the storm.



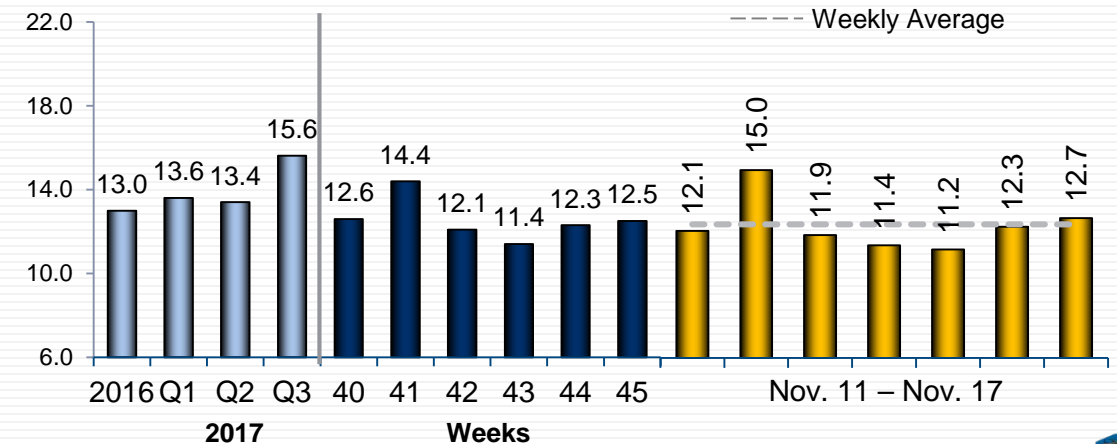
Western terminals performing well

Western Corridor Key Terminals



- Key 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

Dwell at Western Terminals¹

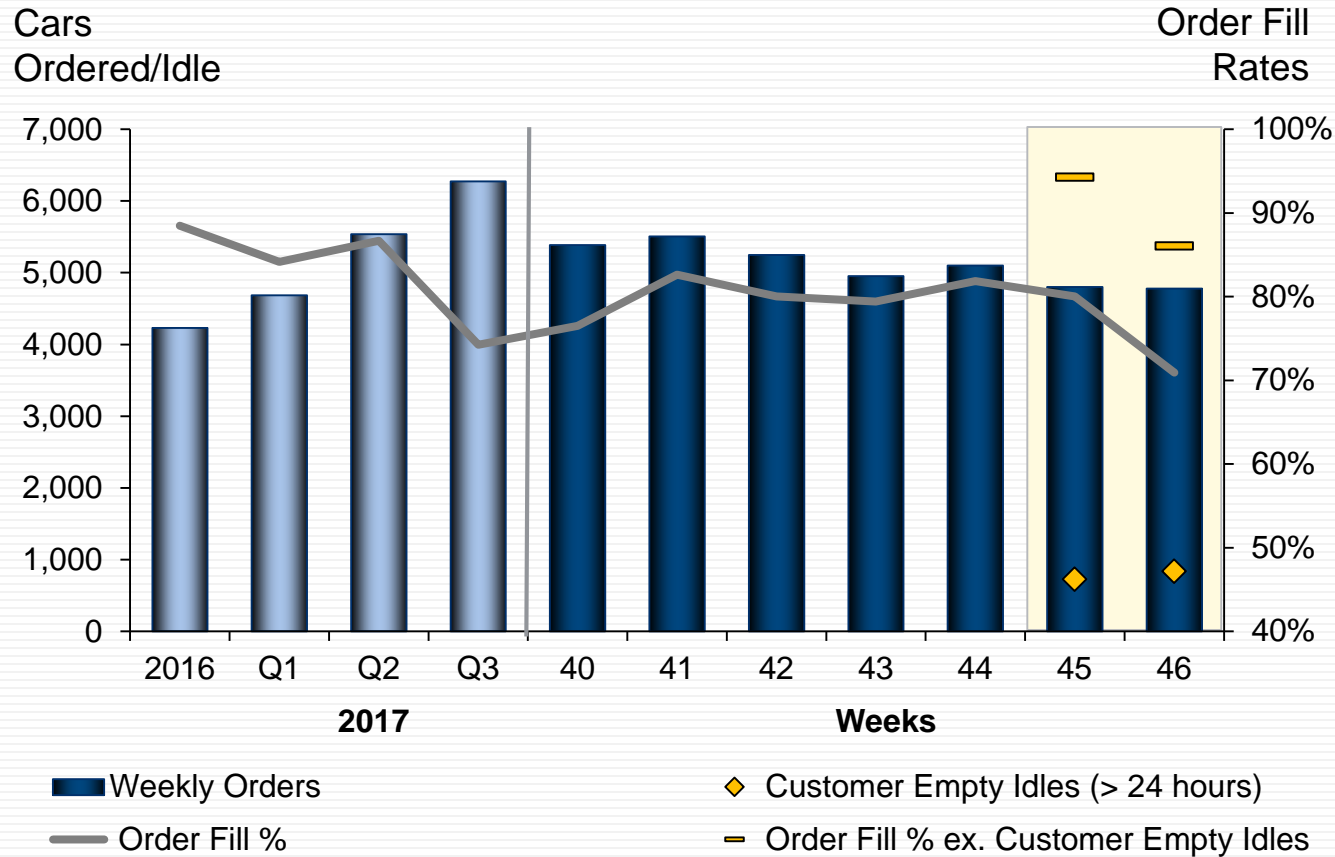


¹ Dwell displayed according to CSX methodology; explanation of CSX methodology can be found in appendix. Q3 dwell excludes the Hurricane Irma-impacted period for terminals that held cars through the storm.



Car order fulfillment process updated, order levels moderating

Weekly Car Orders, Customer Empty Idles, and Fill Rate¹



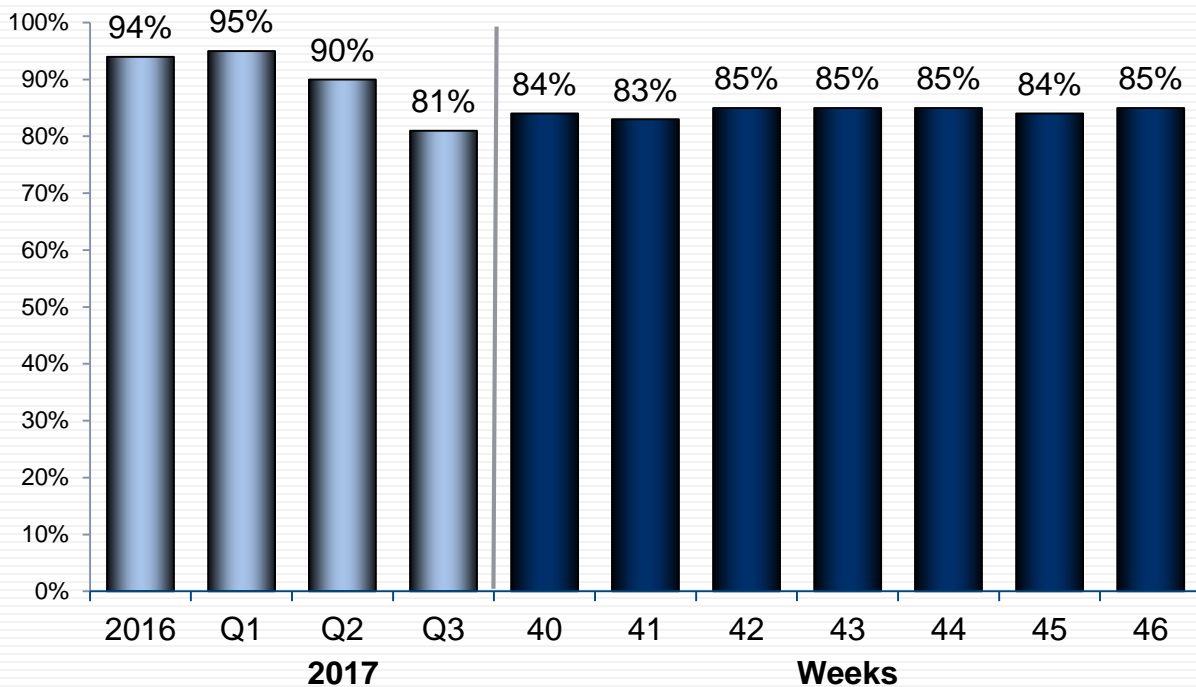
- Car order levels have come back into balance in recent weeks
 - Effective week 45, no longer normalizing orders
- Car ordering and fulfillment process updated
 - Car orders now remain open for 2 weeks for fulfillment; order fill will settle over a 2-week period
 - Active communication continues with 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

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



Last mile performance stable

Local Service Measurement¹

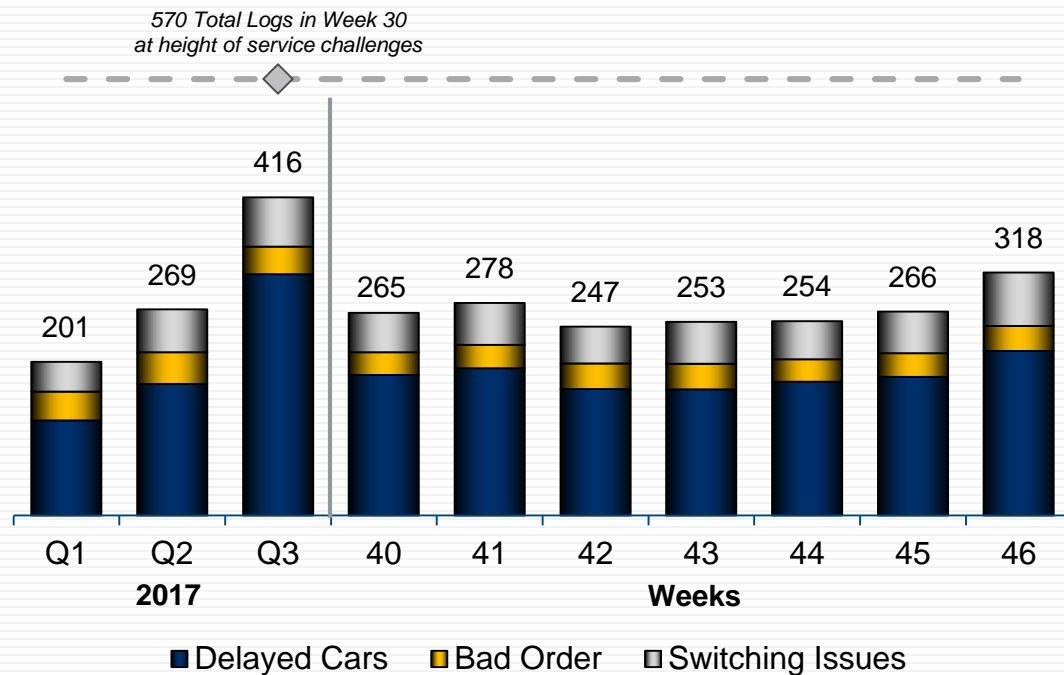


- Local Service Measurement (LSM) is no longer a metric that CSX uses to manage its operation
 - In precision scheduled railroading (PSR), focus on end-to-end transit and customer expectations
 - Last mile performance must be in combination with, not independent of, overall performance
- Accordingly, 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



Customer problem logs increased moderately, impacts localized

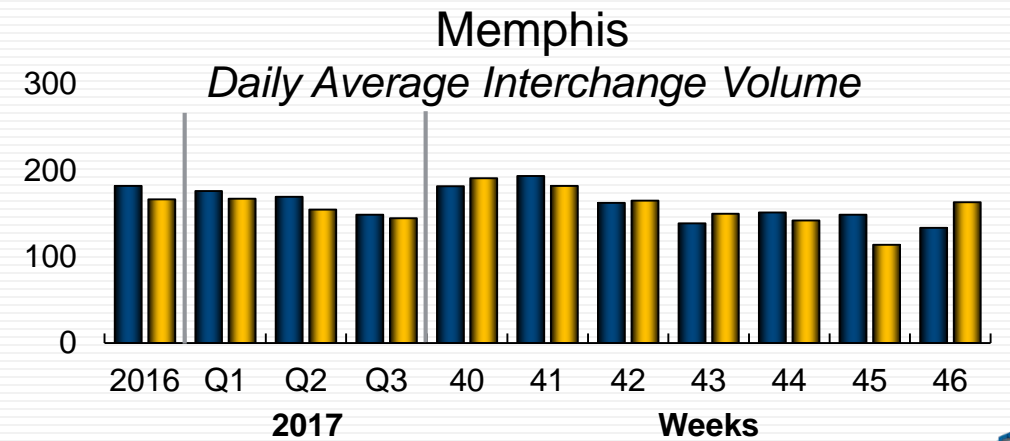
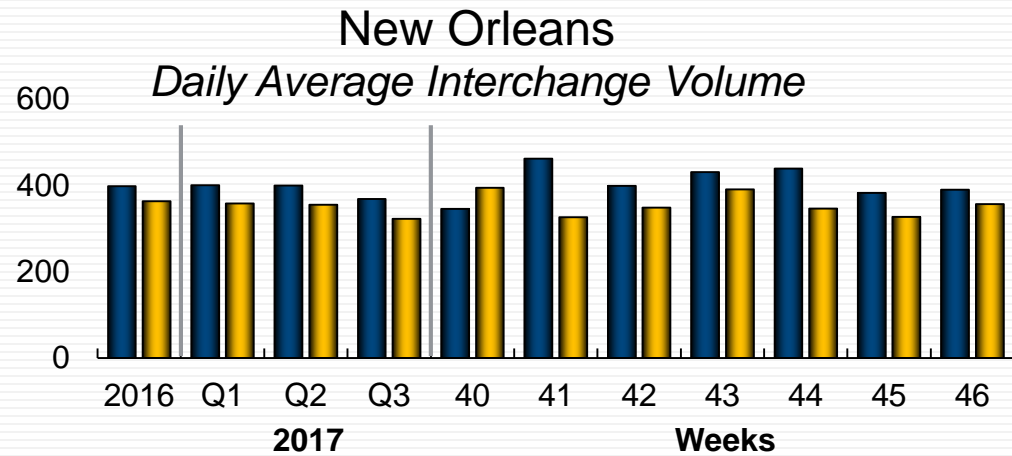
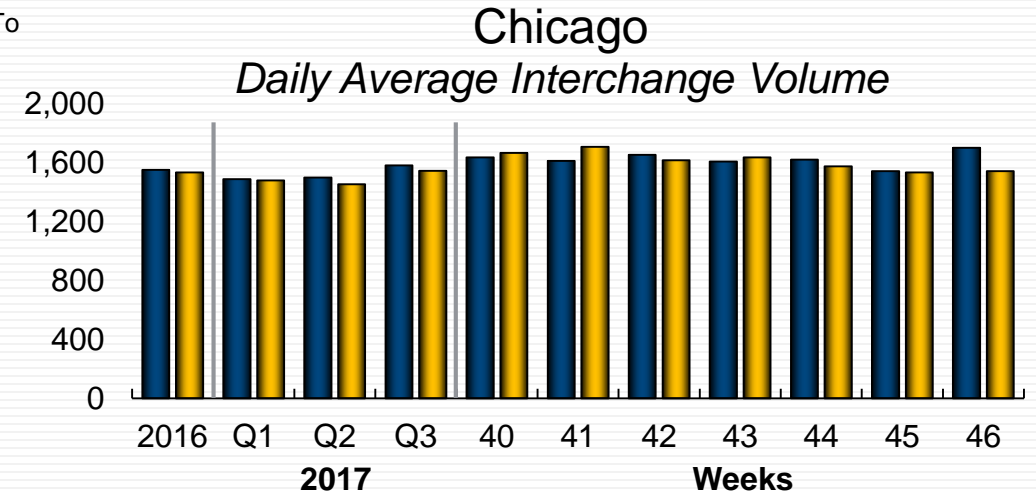
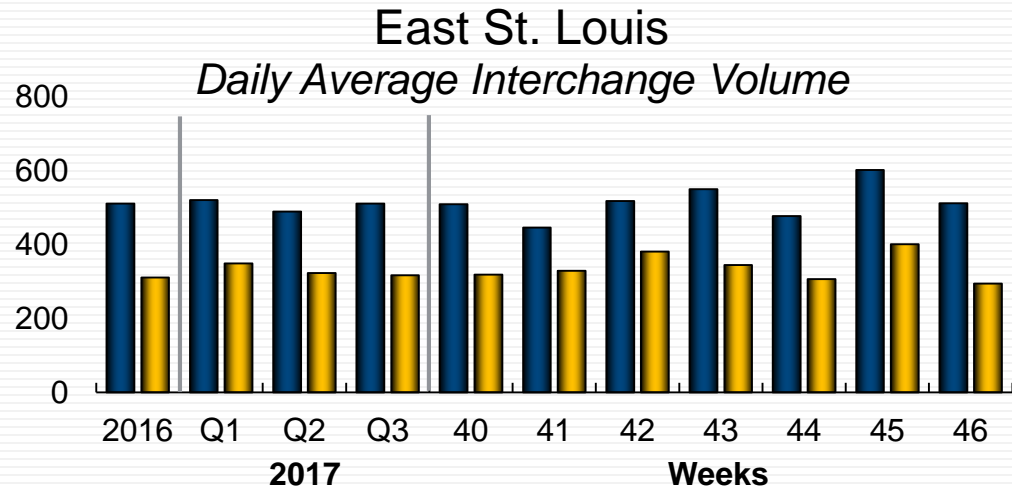
Customer Inquiries Daily Average Log Volume



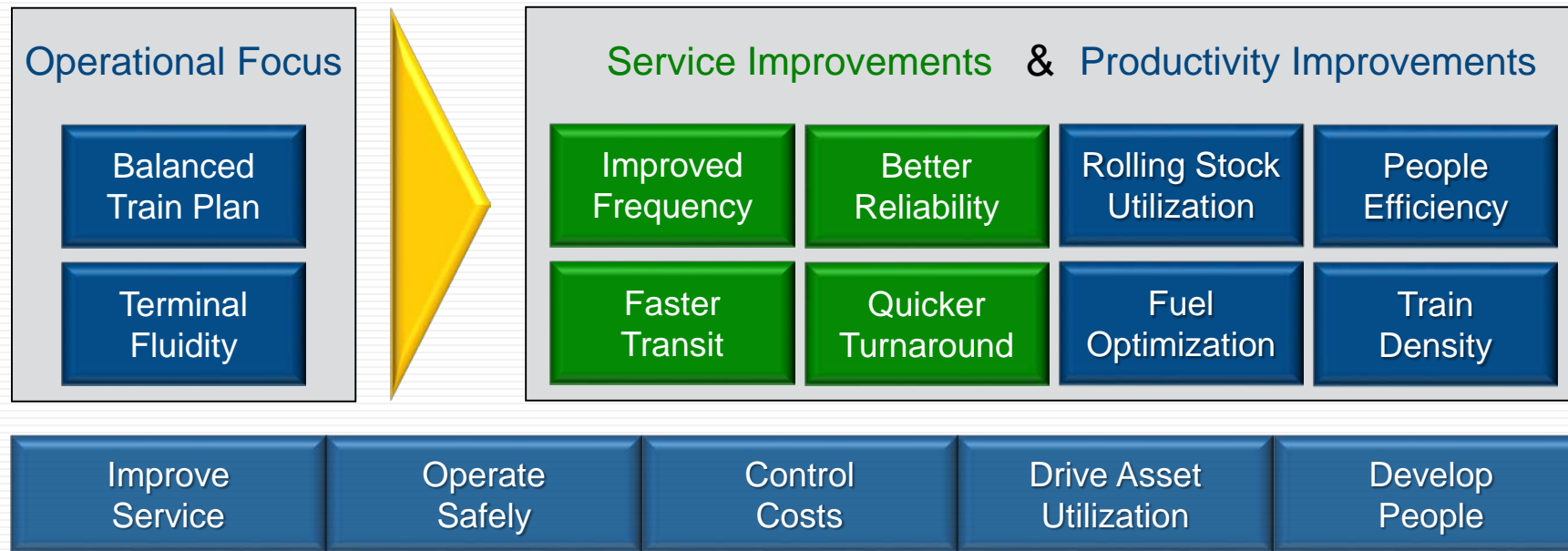
- Customer logs largely back in normal range after network challenges as fluidity has returned
- Lower level of logs, improved communication allowing faster, more comprehensive resolution
- Some localized increases in logs in Week 46, actively engaged with customers and operations to resolve
 - Escalating and resolving critical issues with field leadership, some targeted local crew resource additions



Interchanges current and performing to expectations



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



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)

