Network performance stable through holiday week

- Dwell and velocity levels consistent
- Right Car Right Train up 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 and fulfillment lower due to holiday
- Local pull and place performance lower as measure does not account for holiday-related local train plan adjustments or customer closures
- Customer problem logs lower than normal, typical for holiday week
- Interchange volumes current and gateways fluid
Dwell and velocity steady through holiday week

On Time Originations (%)

On Time Arrivals (%)

Dwell (hours)

Velocity (mph)

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 up 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 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

- 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

Dwell at Hump Terminals

<table>
<thead>
<tr>
<th>2017</th>
<th>Weeks</th>
<th>2016 Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
<th>Q6</th>
<th>Nov. 18 – Nov. 24</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>19.9</td>
<td>20.6</td>
<td>19.8</td>
<td>17.7</td>
<td>17.8</td>
<td>18.7</td>
<td>20.6</td>
</tr>
</tbody>
</table>

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

- Train plan changes at Evansville have resulted in very few cars processed, no longer a key terminal
  - Evansville dwell removed for Week 47 and forward

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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 orders and fulfillment lower due to holiday

- Holiday-related local train plan adjustments and customer closures impacted measures
- Car ordering and fulfillment process updated as of Week 45
  - Car orders now remain open for 2 weeks for fulfillment; order fill will settle over a 2-week period
  - Accordingly, the current week fill rate will be adjusted in the following week for orders filled
- 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 46 order fill settled at 92%, Week 47 currently at 81% when idles are removed from total weekly orders

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 measure lower due to holiday week

- Holiday-related local train plan adjustments and customer closures impacted measures
- 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
- 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
- Reliable pull and place expected as part of service to customers

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 lower

- Customer logs largely back in normal range after network challenges as fluidity has returned
  - Week 47 also experienced typical lower volume of logs due to holiday

- Lower level of logs, improved communication allowing faster, more comprehensive resolution
  - Escalating and resolving critical issues with field leadership, some targeted resource additions as needed
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
## 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