



STB UPDATE

NOVEMBER 28, 2017

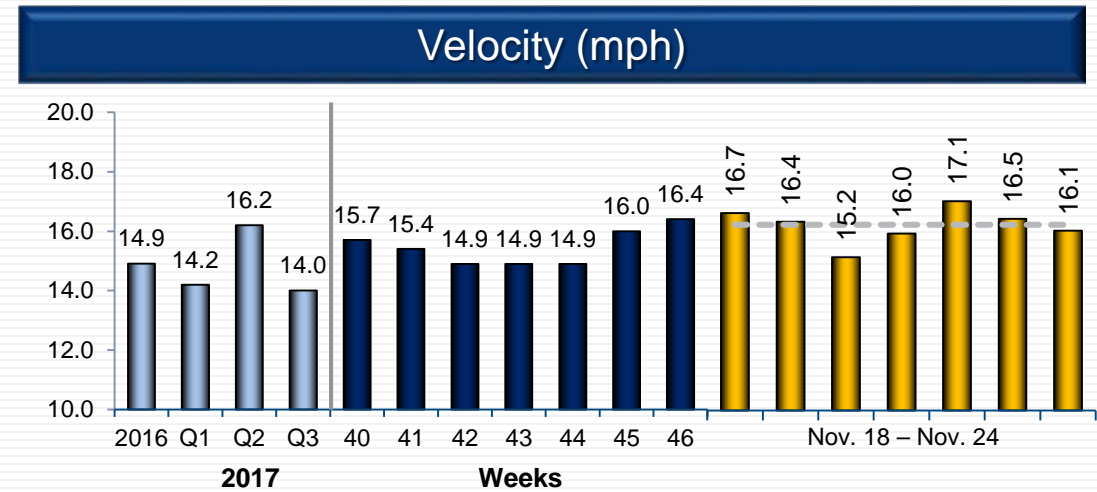
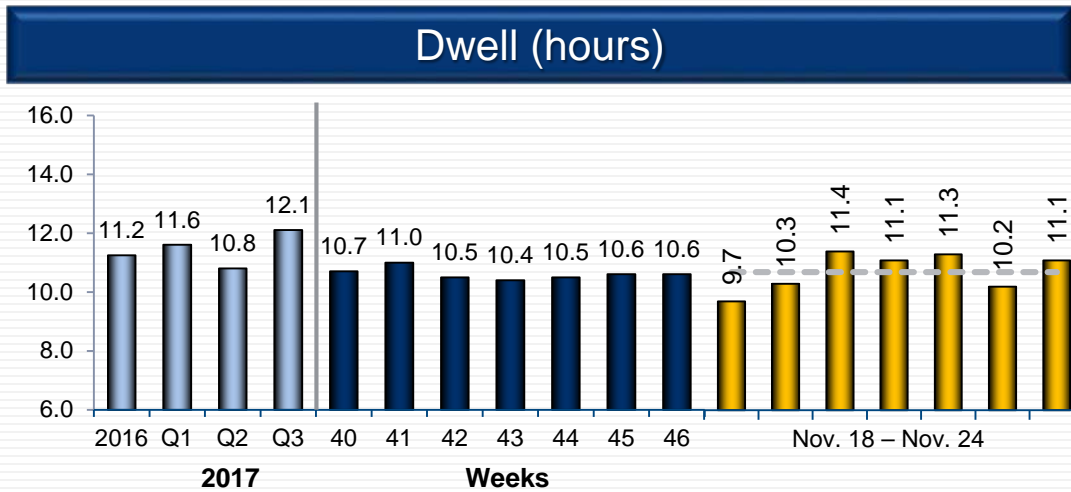
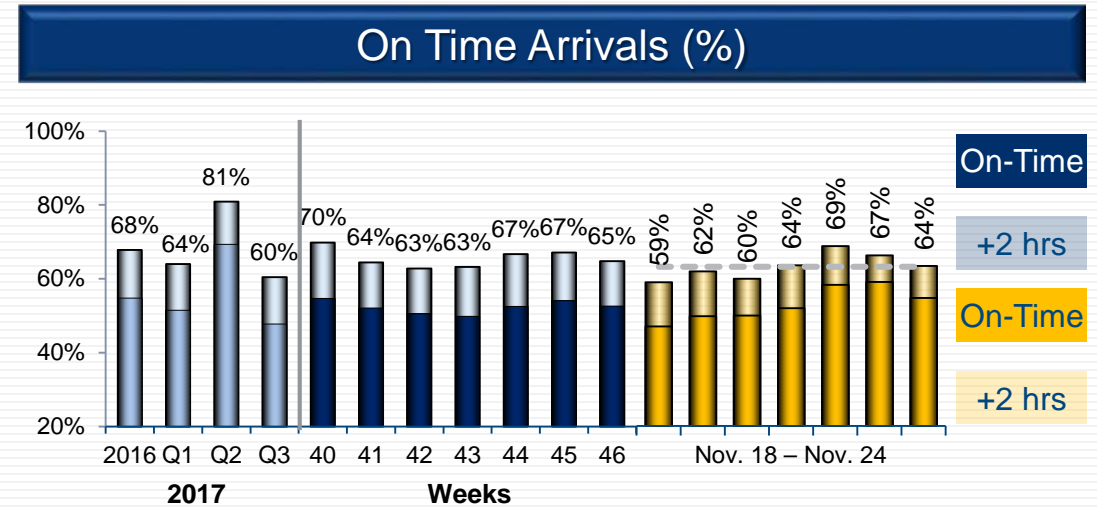
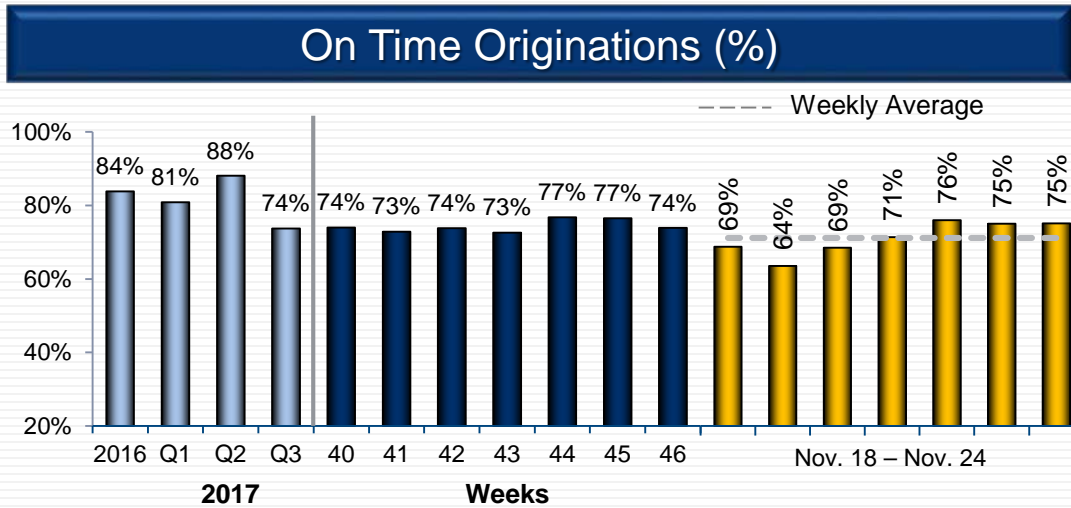


Network performance stable through holiday week

- 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



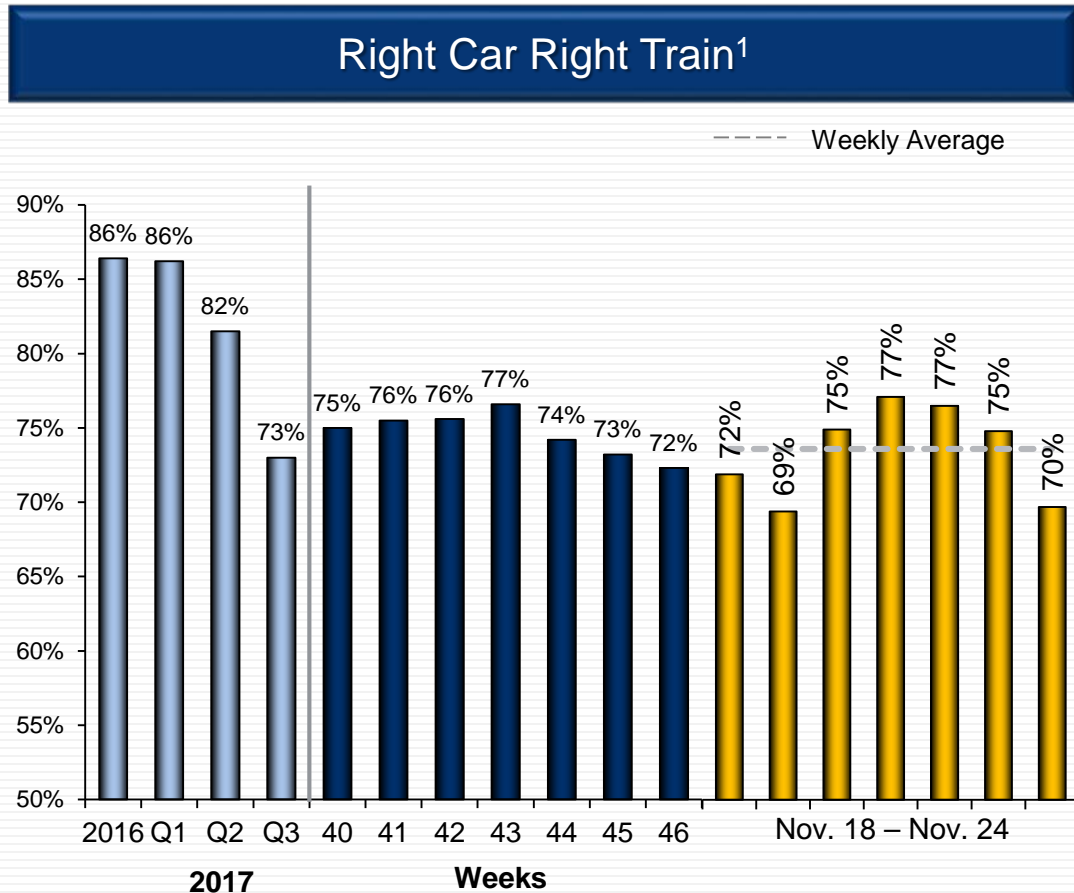
Dwell and velocity steady through holiday week



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



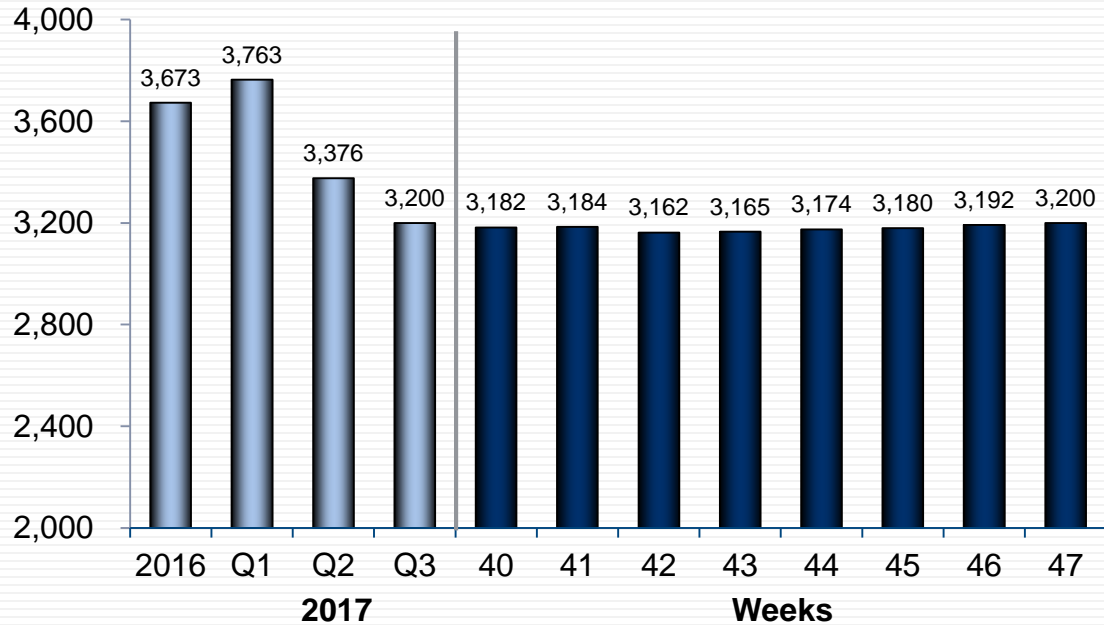
- Right Car Right Train is no longer a measure that CSX uses to manage its operation
 - In precision scheduled railroading (PSR), if a car can be advanced on another train to speed transit or ensure its on-time arrival, there is not one “right train”
- Car priority is to move cars quickly, on next available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

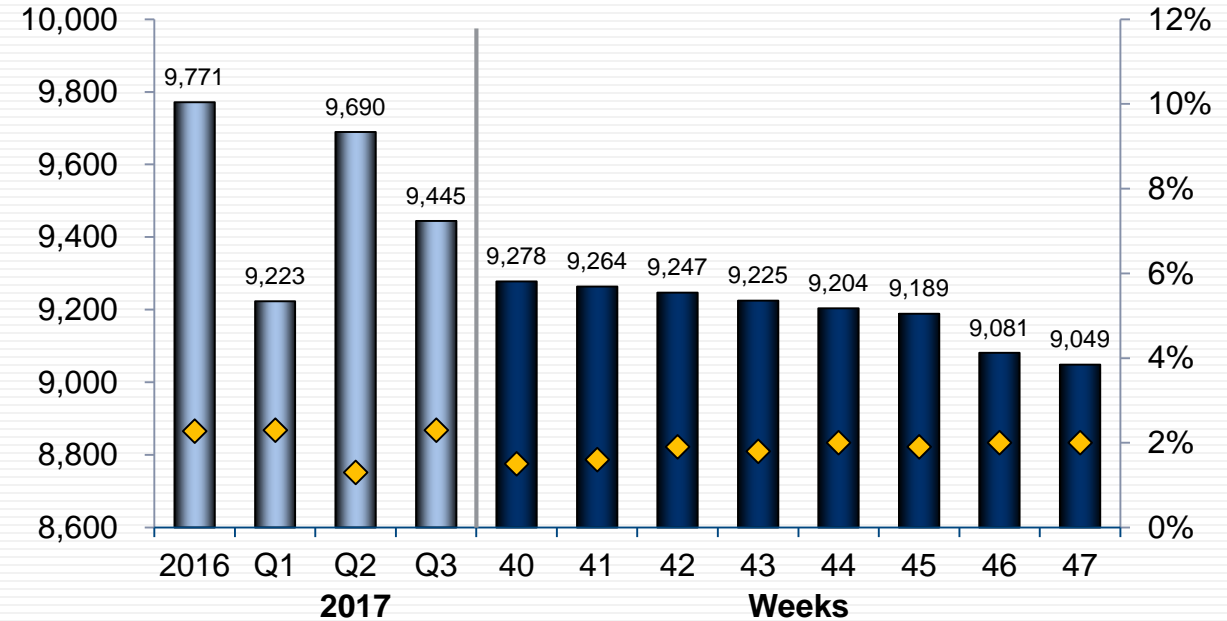


Resourcing appropriately to meet business needs

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

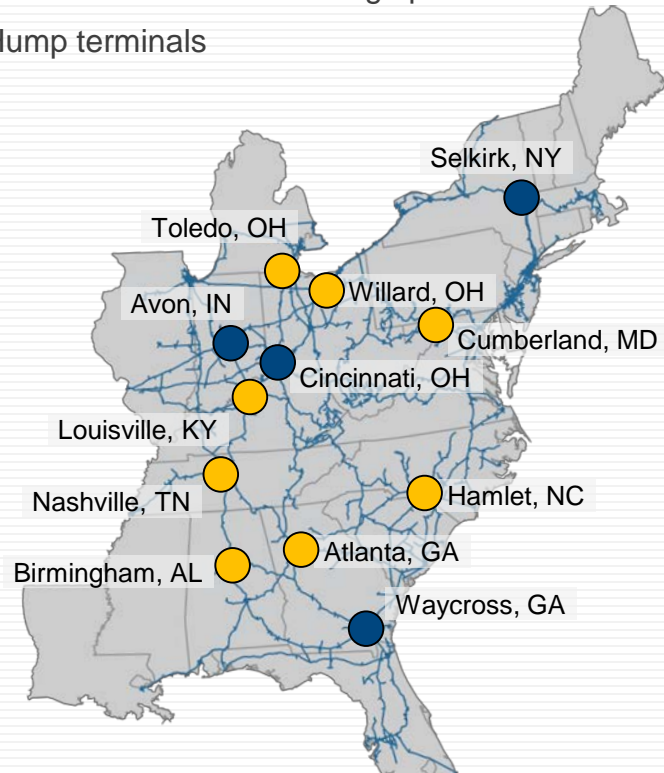
¹ Re-crew rate is re-crew people starts as a percent of total measured people starts, and represents incidences of replacing a crew on the same train ID (generally due to hours of service)



Hump yard performance steady

CSX Hump Terminal Overview

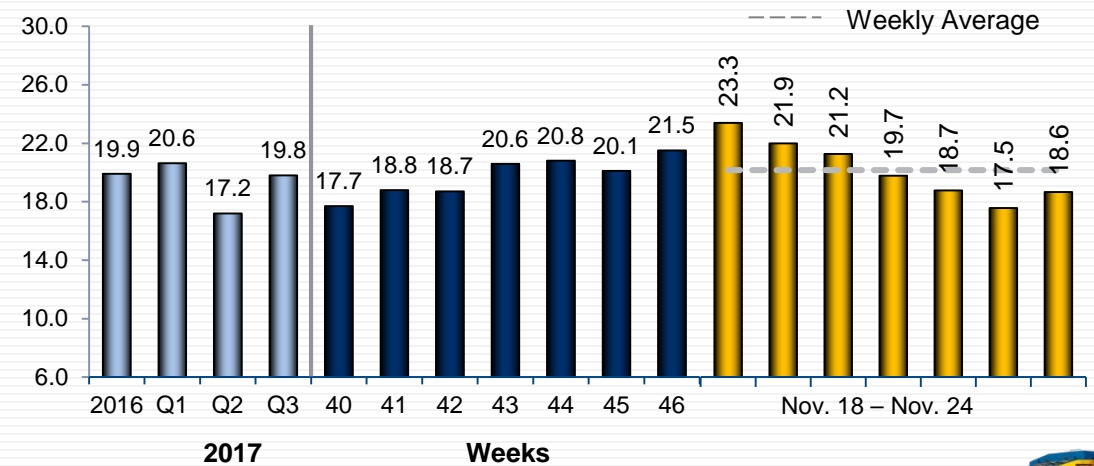
- Transitioned to flat-switching operations
- Hump terminals



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

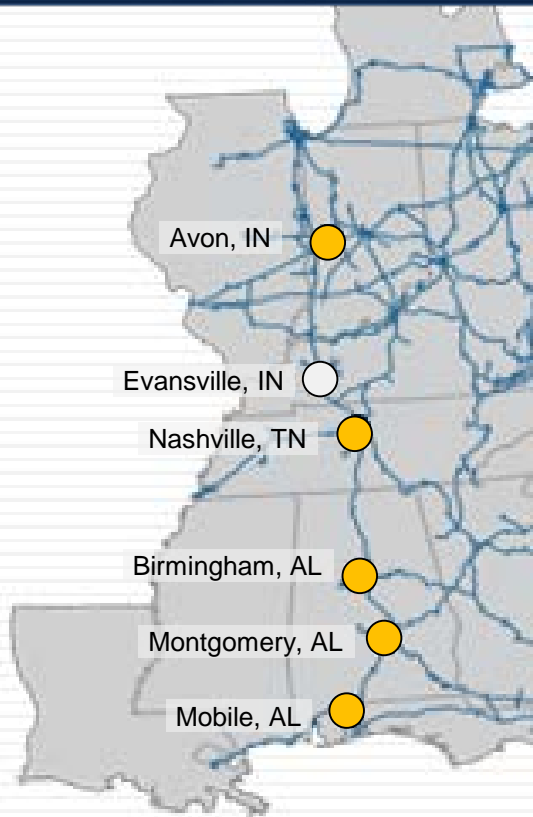


¹ Dwell displayed according to CSX methodology; explanation of CSX methodology can be found in appendix. Q3 dwell excludes the Hurricane Irma-impacted period for terminals that held cars through the storm.



Western terminals performing well

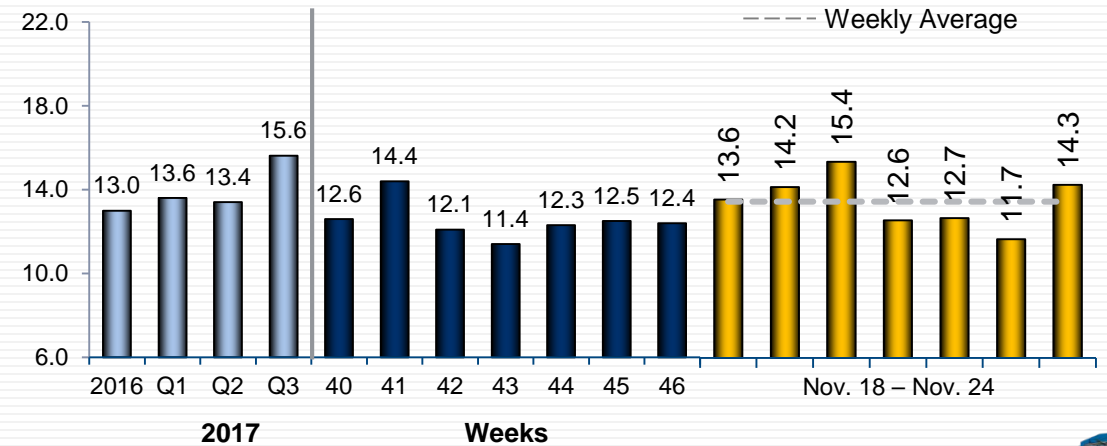
Western Corridor Key Terminals



● Key Western terminals

- 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

Dwell at Western Terminals¹

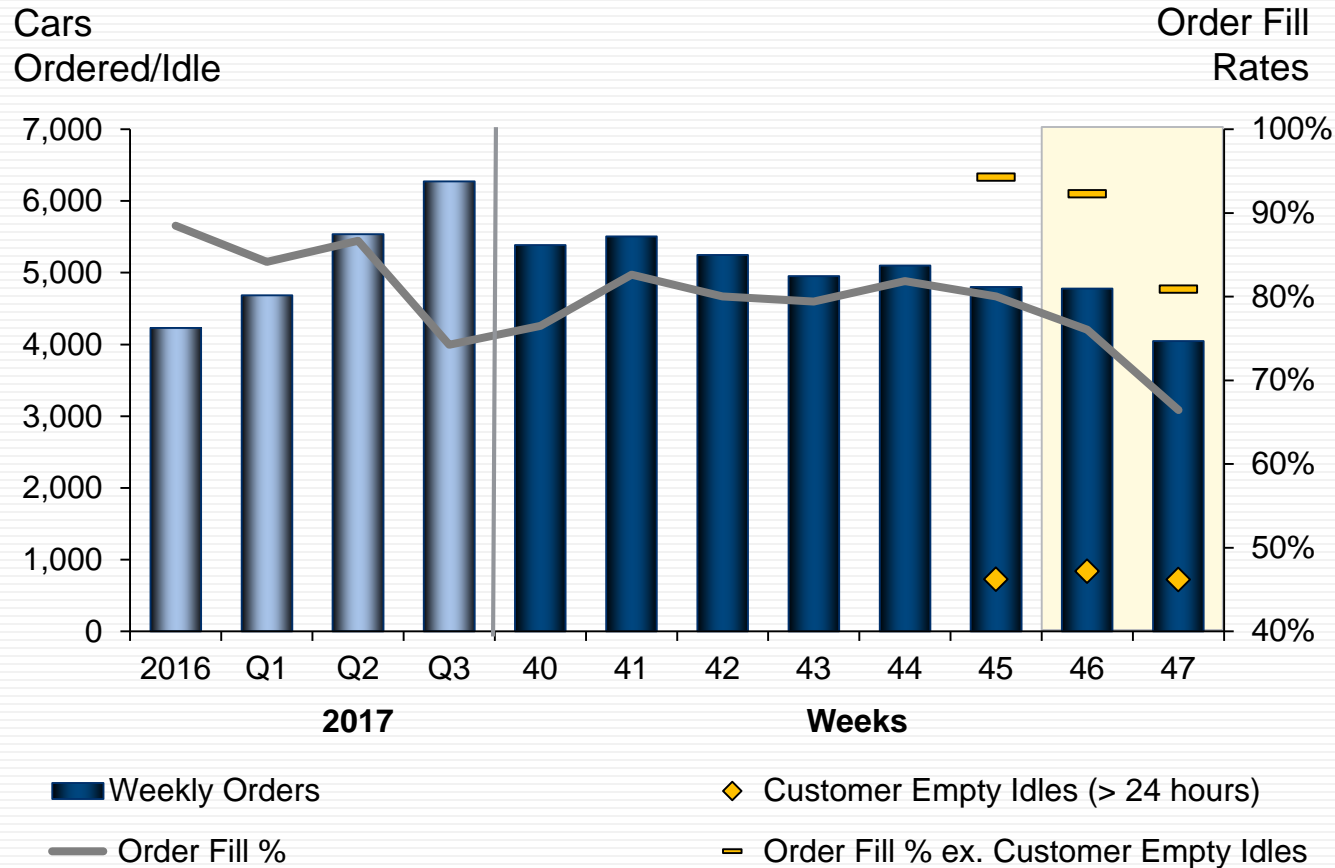


¹ Dwell displayed according to CSX methodology; explanation of CSX methodology can be found in appendix. Q3 dwell excludes the Hurricane Irma-impacted period for terminals that held cars through the storm.



Car orders and fulfillment lower due to holiday

Weekly Car Orders, Customer Empty Idles, and Fill Rate¹



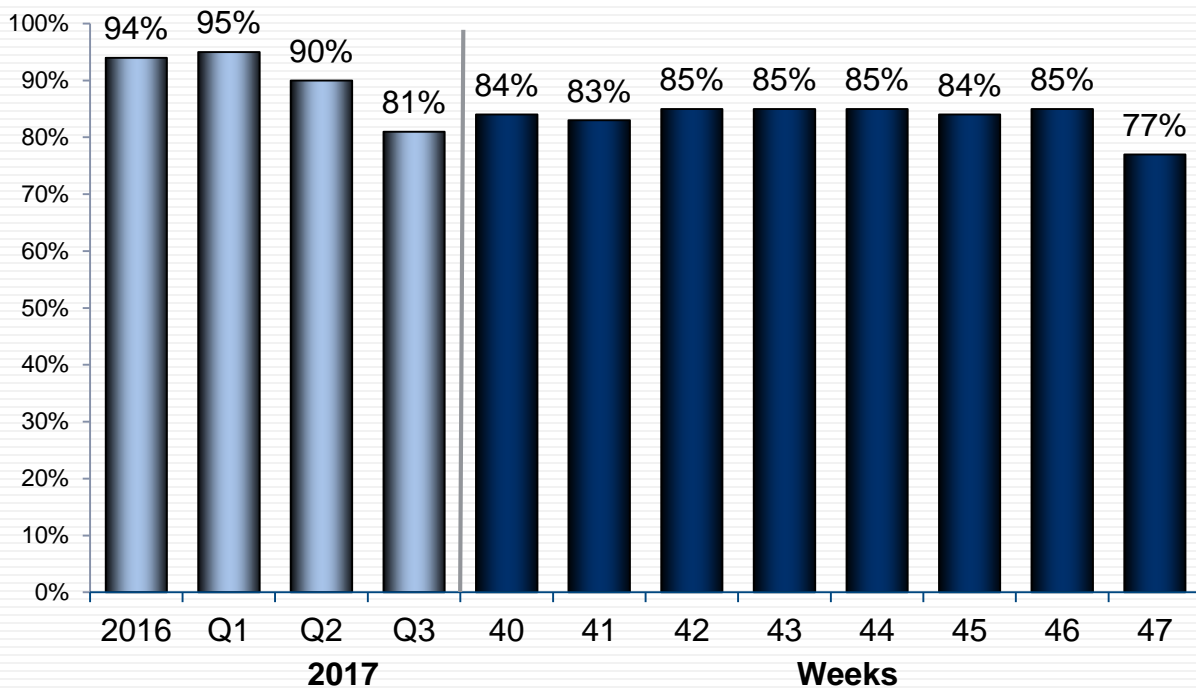
- Holiday-related local train plan adjustments and customer closures impacted measures
- Car ordering and fulfillment process updated as of Week 45
 - Car orders now remain open for 2 weeks for fulfillment; order fill will settle over a 2-week period
 - Accordingly, the current week fill rate will be 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

Local Service Measurement¹

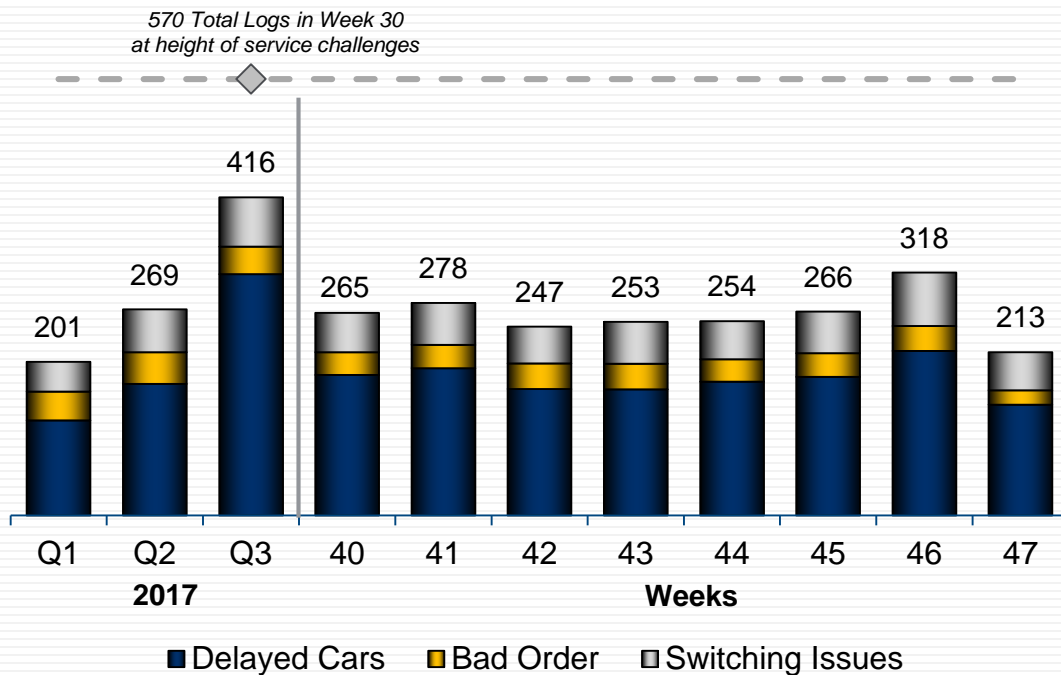


- Holiday-related local train plan adjustments and customer closures impacted measures
- Local Service Measurement (LSM) is no longer a metric that CSX uses to manage its operation
 - In precision scheduled railroading (PSR), focus on end-to-end transit and customer expectations
- Accordingly, LSM as 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



Customer problem logs lower

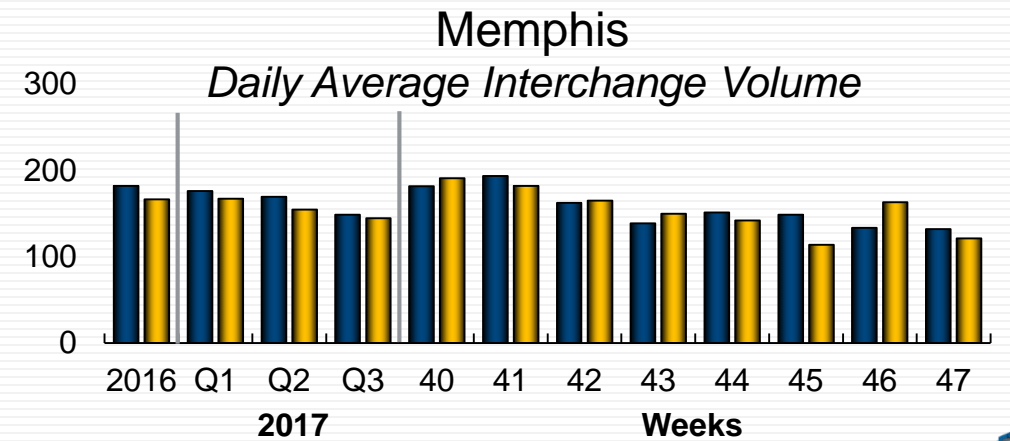
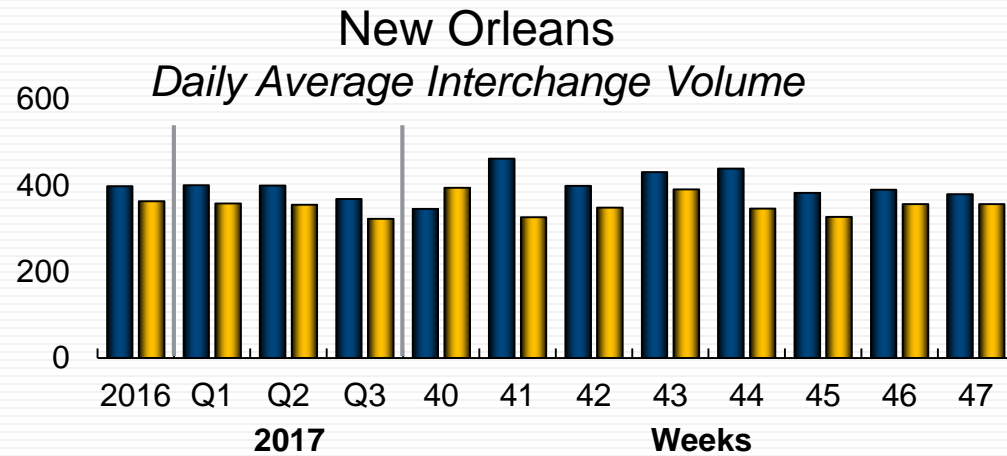
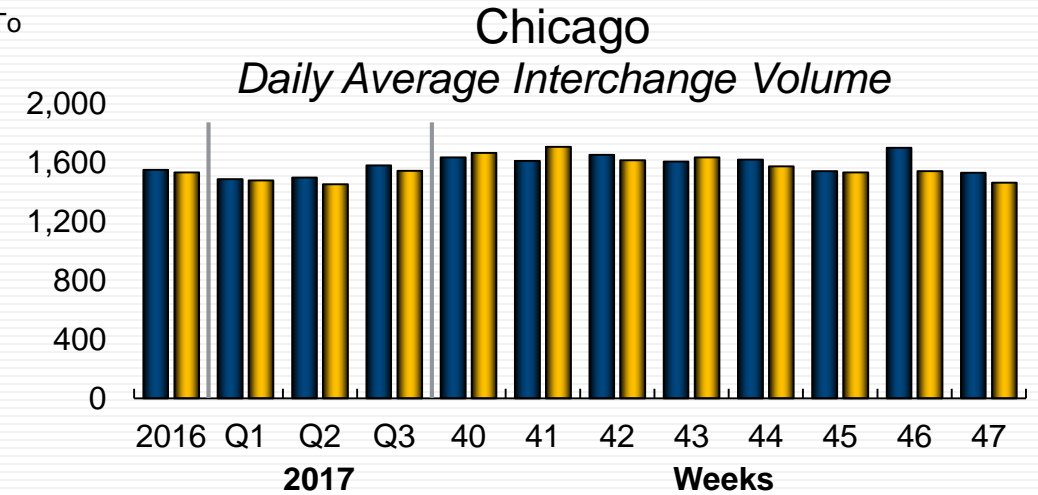
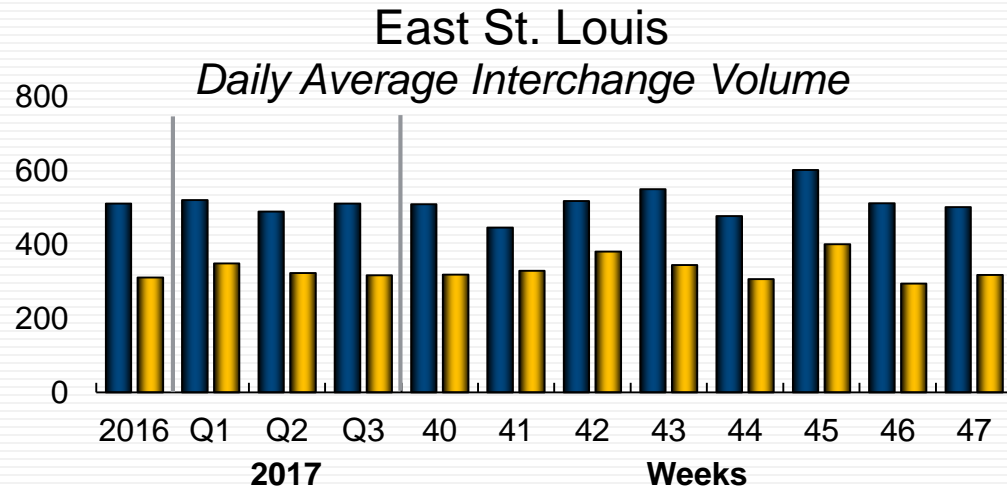
Customer Inquiries Daily Average Log Volume



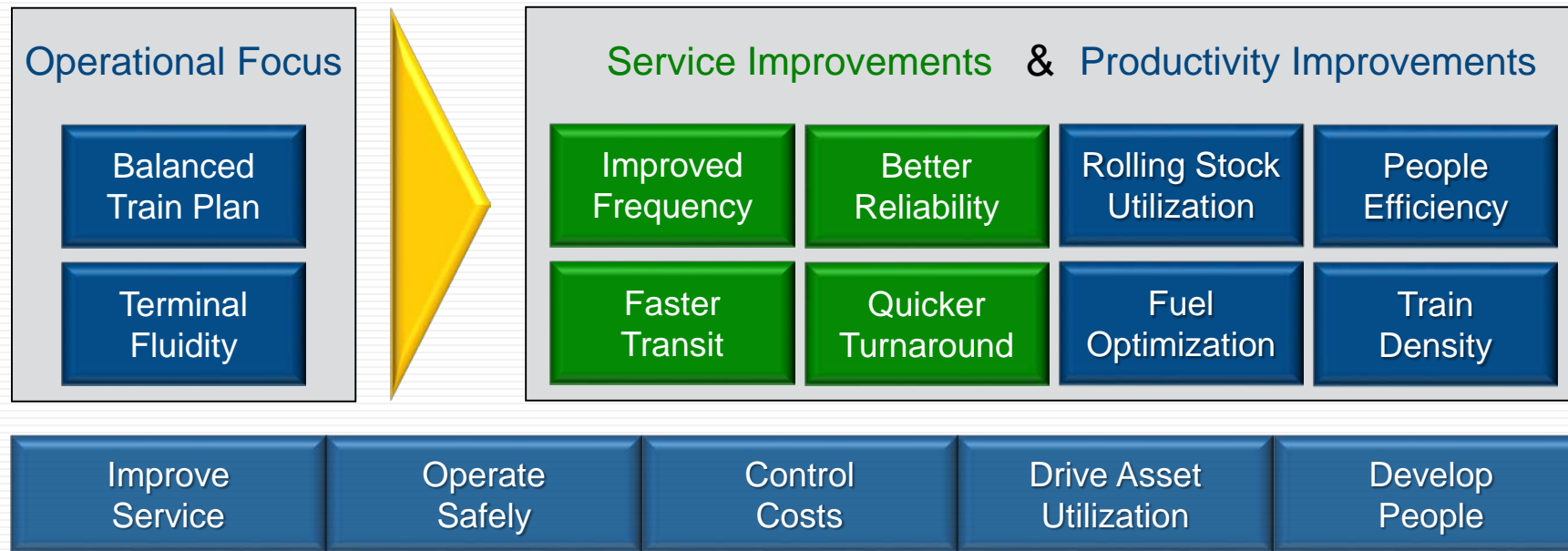
- Customer logs largely back in normal range after network challenges as fluidity has returned
 - Week 47 also experienced typical lower volume of logs due to holiday
- Lower level of logs, improved communication allowing faster, more comprehensive resolution
 - Escalating and resolving critical issues with field leadership, some targeted resource additions as needed



Interchanges current and performing to expectations



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)

