Network performance recovered and continuing to improve

- Dwell lower than 2016, as well as Q1 and Q2 2017 (averages); velocity performance at best level since June, with both velocity and transit on similar trend to April 2017’s strong progression
- Right Car Right Train stable
- Crew and power resource levels remain well matched to demand
- Hump yards performing reliably and efficiently
- Western terminals recovered, secondary congestion recovered as well
- Empty car fulfillment stable, demand down modestly following month-end surge
- Local pull and place performance stable
- Customer problem logs have returned to normal levels as performance has improved
- Interchange volumes and performance steady

Significant operating improvements during third quarter put CSX on a solid foundation for fall peak
Dwell and velocity improved, performance at best levels since June

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. Week 37 & 38 dwell and velocity exclude terminals that held cars through Hurricane Irma-impacted period and specific trains held through storm, respectively.
Right Car Right Train holding stable; 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

- Q3 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 third 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
  - Dwell continues to improve, at lowest levels since June

Absolute number 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. Week 37 & 38 dwell excludes terminals that held cars through Hurricane Irma-impacted period.
Western performance recovered; plan changes alleviated congestion

- Key terminal productivity and performance measures recovered in former “trouble” spots
- Train plan addressed secondary concerns
  - Leveraged Avon as offset of increased volume flow through Russell, Columbus and Louisville
  - Dwell at these three locations down 51% from high point and an additional 11% week-over-week

Western Corridor Key Terminals

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

Western terminals

1 Dwell displayed according to CSX methodology; explanation of CSX methodology can be found in appendix. Week 37 & 38 dwell excludes terminals that held cars through Hurricane Irma-impacted period.
Car order fulfillment remained at higher levels

- Car orders down modestly following month-end surge seen in prior week
- Empty car dwell continues to rise at customer locations
  - Indicates improved car supply and availability
  - Customers maintaining buffer stock, which elongates total asset turn times

1 Normalized fill rate is a proxy of demand fulfillment against historical/expected order levels, as current order levels are disconnected with demand.
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 down further, and in normal range

- Delayed cars remain most frequent concern, but 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

- Nearly 90% of last two weeks’ problem logs have been addressed and closed to-date
  - Leaving more logs open through final destination
  - Managing pipeline of customer concerns to full resolution
Interchanges remain 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
- 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 significantly recovered service
- Improved execution on this foundation to drive long-term service and productivity improvements
## CSX has changed methodology on some metrics reported publicly

### Velocity

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

## Dwell

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

## Cars Online

<table>
<thead>
<tr>
<th>Former</th>
<th>All cars on CSX, as determined by RailInc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>RailInc cars on CSX, excluding cars stored, under repair, sold, and private cars ex online inventory</td>
</tr>
<tr>
<td>Change Reason</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>Effect on Metric</td>
<td>Reported cars online will be lower</td>
</tr>
</tbody>
</table>

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