Post-Labor Day Highlights

- Terminal fluidity largely restored with yards well-equipped to execute the plan
- Dwell and >48 hour dwelling cars now below late Q2 levels
- Velocity continues acceleration with reduction of train delays while en route
- Customer issue logs returning to expected levels as a result of network improvement
- The combination of lower dwell, increased speed and reduced train delay will continue to aid car fulfillment, transit and overall service experience
- CSX preparing for sound execution into a period of heavier volume

Hurricane Irma not expected to interfere with broad recovery momentum; however, will have localized effect on week 37 metrics (to be identified)
Sound progression in network performance through holiday week

- Dwell improved last six weeks; velocity climbed last three weeks, significantly so last week
- Right Car Right Train in a stable range
- Crew and power resource levels remain well matched to demand
- Hump yards performing reliably as hump volume stays at elevated levels
- Western terminals recovered, secondary congestion substantially recovered
- Empty car fulfillment remained higher last week
- Local pull and place performance stable
- Customer problem logs down three weeks in a row and approaching normal levels
- Interchange volumes and performance steady

CSX experienced congestion challenges at Western corridor terminals from mid-late July (weeks 29-31); original terminals now healthy and network recovery progressing
Dwell improved each of the last six weeks; strong velocity performance

Two disruptive derailments occurred in weeks 31 and 32, detrimentally impacting network performance.

Note: Dwell and velocity displayed according to CSX methodology; explanation of CSX methodology can be found in appendix.
Right Car Right Train holding relatively 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

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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

- Q3 locomotive level stable; recently added engines in response to incremental coal demand

- T&E trend tracking normal seasonality; re-crew rates remain at historic lows and stable

Power and crew availability steady in third quarter at approximately 99% and 95%, respectively

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

- Key hump productivity and efficiency measures performing well
  - Cars per man hour at hump yards accelerating through the quarter, indicating yard productivity with higher volume at remaining humps
  - Dwell up slightly, though expected to return to lower levels (post-hurricane impact)

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CSX Hump Terminal Overview

- Transitioned to flat-switching operations
- Hump terminals

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Dwell at Hump Terminals

- Weekly Average

<table>
<thead>
<tr>
<th>Weeks</th>
<th>25</th>
<th>26</th>
<th>27</th>
<th>28</th>
<th>29</th>
<th>30</th>
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<th>32</th>
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<tbody>
<tr>
<td>Dwell</td>
<td>19.5</td>
<td>19.0</td>
<td>20.0</td>
<td>18.0</td>
<td>18.8</td>
<td>19.3</td>
<td>19.0</td>
<td>19.9</td>
<td>19.0</td>
<td>20.3</td>
<td>21.4</td>
</tr>
</tbody>
</table>

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

1 Dwell displayed according to CSX methodology; explanation of CSX methodology can be found in appendix
Western performance improved; plan changes alleviating congestion

- Key terminal productivity and performance measures recovered in former “trouble” spots
  - Dwell recovered and performing well
  - Greater yard productivity evident in cars per man-hour processed

- Train plan addressed secondary concerns
  - Leveraged Avon as near-term offset of increased volume flow through Russell, Columbus and Louisville
  - Dwell at these three locations down an additional 12% week-over-week, and 33% over three-week time period

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Western Corridor Key Terminals

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

- Western terminals

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Dwell at Western Terminals¹

<table>
<thead>
<tr>
<th>Western terminals</th>
<th>25</th>
<th>26</th>
<th>27</th>
<th>28</th>
<th>29</th>
<th>30</th>
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<th>32</th>
<th>33</th>
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<th>35</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Corridor</td>
<td>16.0</td>
<td>16.9</td>
<td>16.8</td>
<td>17.3</td>
<td>19.9</td>
<td>22.1</td>
<td>19.5</td>
<td>16.0</td>
<td>14.0</td>
<td>13.7</td>
<td>14.8</td>
</tr>
</tbody>
</table>

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1 Dwell displayed according to CSX methodology; explanation of CSX methodology can be found in appendix
Car order fill slowly climbing; car flows to be interrupted by hurricane

- Orders remain detached from demand
  - Car orders up ~40% in Q3 vs. Q1 2017
  - Merchandise carload expectations down slightly in comparable timeframe

- Empty car dwell increasing at customer locations; down on CSX
  - Climb of empty customer dwell indicates improved car supply and availability; prevention of shutdown situations
  - Reduction of empty railroad dwell indicates improving network flow of empty cars

- Normalized fill rate\(^1\) ranging 70-85%
  - Process evaluation underway to realign order level with demand and improve fulfillment accountability

\(^1\) Normalized fill rate is a proxy of demand fulfillment against historical/expected order levels, as current order levels have disconnected with demand
Last mile performance stable and returned to levels at end of Q2

- 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 more than 50% over last three weeks

- Delayed cars remain most frequent concern
  - Trend in problem logs mirrors timeframe of network challenges and recovery
  - Enhanced focus on long-dwell cars ensures all cars benefit from fluidity gains

- Customer service and commercial presence at key field location has aided communication and problem resolution

- 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
Westbound interchange ticked down in week 36, steady performance

- **East St. Louis**
  - *Daily Average Interchange Volume*
  - Weeks: 25 to 36

- **Chicago**
  - *Daily Average Interchange Volume*
  - Weeks: 25 to 36

- **New Orleans**
  - *Daily Average Interchange Volume*
  - Weeks: 25 to 36

- **Memphis**
  - *Daily Average Interchange Volume*
  - Weeks: 25 to 36
Precision scheduled railroading to produce service improvement

- Realigned service frequency in second quarter
- Set the groundwork of a balanced train plan in early July
- Currently balancing between terminals’ improving efficiency and modest adjustments in traffic flows to recover near-term service
- Improved execution on this foundation to drive long-term service and productivity improvements
<table>
<thead>
<tr>
<th>Velocity</th>
<th>Dwell</th>
<th>Cars Online</th>
</tr>
</thead>
<tbody>
<tr>
<td>Former Line of road miles per hour</td>
<td>Former Car time at terminal, excluding cars on the same train ID</td>
<td>Former All cars on CSX, as determined by RailInc</td>
</tr>
<tr>
<td>Current Total miles traveled per hour, including intermediate dwell of the train</td>
<td>Current All car time with a terminal work event, including through cars on same train ID (e.g. crew change)</td>
<td>Current RailInc cars on CSX, excluding cars stored, under repair, sold, and private cars ex online inventory</td>
</tr>
<tr>
<td>Change Reason Includes full trip of a train and ability to diagnose overall speed profile (in support of improvement in asset cycle)</td>
<td>Change Reason Includes all dwell with ability to diagnose all events impacting car movement (in support of improvement in asset cycle)</td>
<td>Change Reason 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 Reported velocity will be lower</td>
<td>Effect on Metric Reported dwell will be lower</td>
<td>Effect on Metric Reported cars online will be lower</td>
</tr>
</tbody>
</table>

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