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The Honorable Ann D. Begeman, Chairman
United States Surface Transportation Board
395 E Street, S.W.
Washington D.C. 20423

The Honorable Deb Miller, Vice Chairman
United States Surface Transportation Board
395 E Street, S.W.
Washington D.C. 20423

Dear Chairman Begeman and Vice Chairman Miller:

Thank you for this opportunity to address your recent inquires and for your recent recognition of CSX's "marked improvement" in our service metrics. Since the initial implementation of our scheduled railroad model, our dedicated workforce has delivered six months of service improvement based on key metrics. Our recent performance is above 2017 averages and we've achieved record levels for velocity, car order fulfillment and dwell.

This is the beginning of a new chapter for CSX. We have the right plan and the right team in place to deliver on the potential of our extraordinary rail network and market reach. Our scheduled railroad model provides substantial opportunities to further optimize the network by yielding faster transit times, better service and increased asset utilization. This virtuous cycle is driving us towards our goal of being the best and the safest railroad in North America.

I'll now turn to the seven questions raised in your March 16 letter:

I. Locomotive Availability

CSX has approximately 2,900 active locomotives, with more than 600 additional locomotives in a stored serviceable status and available as needed. As reported previously, locomotive power availability has remained steady at 99%, demonstrating that our locomotive levels are consistently meeting train service demands.

CSX performance metrics have shown remarkable progress as train velocity and car dwell continue to significantly outperform last year's levels despite challenging winter conditions. Improved line-of-road fluidity, in concert with more efficient terminals, means that fewer locomotives, crews, and cars are needed to handle the same amount of freight. Current locomotive levels are adequate to meet demand and we have no plans to acquire locomotives in 2018.

II. Employee Resources

CSX's train and engine headcount currently stands at 8,474 employees, with more than 900 employees furloughed and available for recall should they be needed. Re-crew rates are at historic lows of less than 2%, while crew availability has been consistent at 95% over several months. Improved network performance and a focus on balanced resources have allowed for sustainable, lower crew counts that are adequately meeting service demand. Based on current furlough levels, we do not expect to increase train and engine headcount this year.

CSX's scheduled railroad model places particular emphasis on the responsibility of our local managerial teams for the daily execution of a safe, efficient operation that meets our customers' on-the-ground needs. This spring, we are training 50 new trainmasters that will be deployed throughout the network to backfill vacancies and further strengthen our field management. We are making steady progress in developing strong leadership within our trainmaster group, which is important to both employee morale and customer service.

III. Local Service Performance

The principal focus of our scheduled railroad model is on end-to-end transit and meeting customer expectations for the complete movement. Local service is a key element of that complete movement and we have made significant improvements in this critical area with terminal productivity and performance measures at normal, healthy levels across the network. We have empowered our local leadership to accelerate decision making and build a stronger relationship with our customers.

CSX is making good progress in the development and testing of an end-to-end trip plan compliance measurement which will track cars in all operating circumstances and allow for real-time management and decision making to maximize delivery as scheduled. While the development of this new measure is underway, customers continue to have readily available access to CSX capabilities and performance via ShipCSX, customized to that shipper's freight needs and patterns. All customers who use ShipCSX currently have access to the trip plan for a given car in scheduled service and can view this information to plan, ship, and trace their shipments. Our online tools allow customers to monitor their service schedules, provide on-demand railcar tracking with an estimated time of arrival, as well as view planned and historical transits that can be quickly analyzed for transit performance and exceptions.

IV. Demand

CSX currently expects total growth in 2018 to be basically flat with last year. So far this year demand has been largely aligned with expectations, with the exception of higher export coal demand driven by global market conditions. To meet this uptick in coal demand, we successfully matched power and crews to effectively meet service needs. In the event volumes exceed our growth expectations as we move through the year, CSX is well positioned with significant reserves in both power and crews to address upward fluctuations.

V. Communication

CSX is committed to a culture of customer advocacy. Just last week I had the opportunity to meet with customers at the National Freight Transportation Association Conference in Arizona. Our discussions focused on traffic growth and service opportunities and I'm pleased to report that many customers complimented our service improvements. On the topic of conferences, our Sales and Marketing team regularly attends customer forums to provide updates and receive feedback. The team is actively listening and responding to our customer's needs.

Our Customer Service personnel address customer concerns when needed to supplement the direct outreach channels of local operations and Sales and Marketing. We also communicate with our customers through the electronic platforms of ShipCSX, Service Advisories, and Intermodal Fast Facts. We will continue to be in close communication with our customers to ensure responsiveness to their supply chains, and to address issues quickly and directly as they arise.

VI. Capacity Constraints

CSX's network and terminals are fluid. We have effectively delivered service to our customers through extended winter conditions and we are well-prepared to handle the seasonal rise in volumes during the second quarter. Our operations team continues to work with other rail carriers on interchange and blocking plans in and outside of Chicago to improve interline connections. Whenever practicable, we re-route traffic through less congested interchange locations and assemble blocks of traffic for destinations further into our respective networks—thus reducing congestion and overall transit time.

Of note, intermodal demand is rising across the industry, resulting in longer container dwell at terminals. To ensure ongoing terminal fluidity and support asset utilization that benefits both CSX and customers, we have adjusted intermodal terminal storage policies and are working with customers to more effectively align terminal capacity with trucking operations.

VII. NGFA and Auto Alliance

As the NGFA letter noted, CSX implemented several tariff updates earlier this year. With advance notice, CSX adopted protocols to improve accountability and help our customers and our company plan more effectively and flow rail cars to desired locations in a more timely and consistent manner. These and other initiatives strive to improve transit times and car order fulfillment to the benefit of both customers and CSX.

I am also pleased to add that CSX Vice President of Merchandise Michael Rutherford and CSX Vice President of Agricultural and Mineral Products Tim McNulty represented CSX at the recent NGFA conference in Arizona. They promoted traffic growth opportunities and made themselves available to address any service concerns. Agriculture is an important part

of our business and we work hard to align our resources with our customer's needs to achieve growth in this sector.

There were a few stated concerns in the NGFA letter related to CSX service at unspecified locations. We have reached out to NGFA and extended an invitation to have a conference call to address any specific concerns from their individual members.

With respect to the Auto Alliance letter, CSX is actively working with customers and our interline partners to increase utilization and reduce turn times of the bi-level car fleet. While bi-level cars are presently constrained across the rail industry, CSX's network is ready to handle additional auto volumes when the bi-level fleet is restored to more normal levels and availability.

I appreciate this opportunity to highlight the success of our scheduled railroad model. We firmly believe that a high performing CSX is one where customers, shareholders and the communities we serve all benefit. We're driven by our commitment to excellence in safety and customer service. We are excited about the progress we are making towards our goal of becoming the best performing railroad in North America.

Sincerely,



James M. Foote