



SCHEDULED RAILROADING 101



SCHEDULED RAILROADING AT CSX

THE 5 PILLARS ARE THE CORNERSTONES OF SR

SCHEDULED RAILROADING DRIVES RESULTS

—
**IMPROVE
SERVICE**

—
**OPERATE
SAFELY**

—
**CONTROL
COSTS**

—
**DRIVE ASSET
UTILIZATION**

—
**DEVELOP
PEOPLE**

WHAT CHANGED? – IMPROVED SERVICE

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**DEVELOP
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WHAT CHANGED? – OPERATE SAFELY

SCHEDULED RAILROADING DRIVES RESULTS



WHAT CHANGED? – CONTROL COSTS

SCHEDULED RAILROADING DRIVES RESULTS



WHAT CHANGED? – DRIVE ASSET UTILIZATION

SCHEDULED RAILROADING DRIVES RESULTS

IMPROVE
SERVICE

OPERATE
SAFELY

CONTROL
COSTS

DRIVE ASSET
UTILIZATION

DEVELOP
PEOPLE

WHAT CHANGED? – DEVELOP PEOPLE

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HOW DID WE DO IT? STEP 1: HUMP CONVERSIONS

CSX Hump Terminal Overview

● Transitioned to flat-switching operations

● Hump terminals



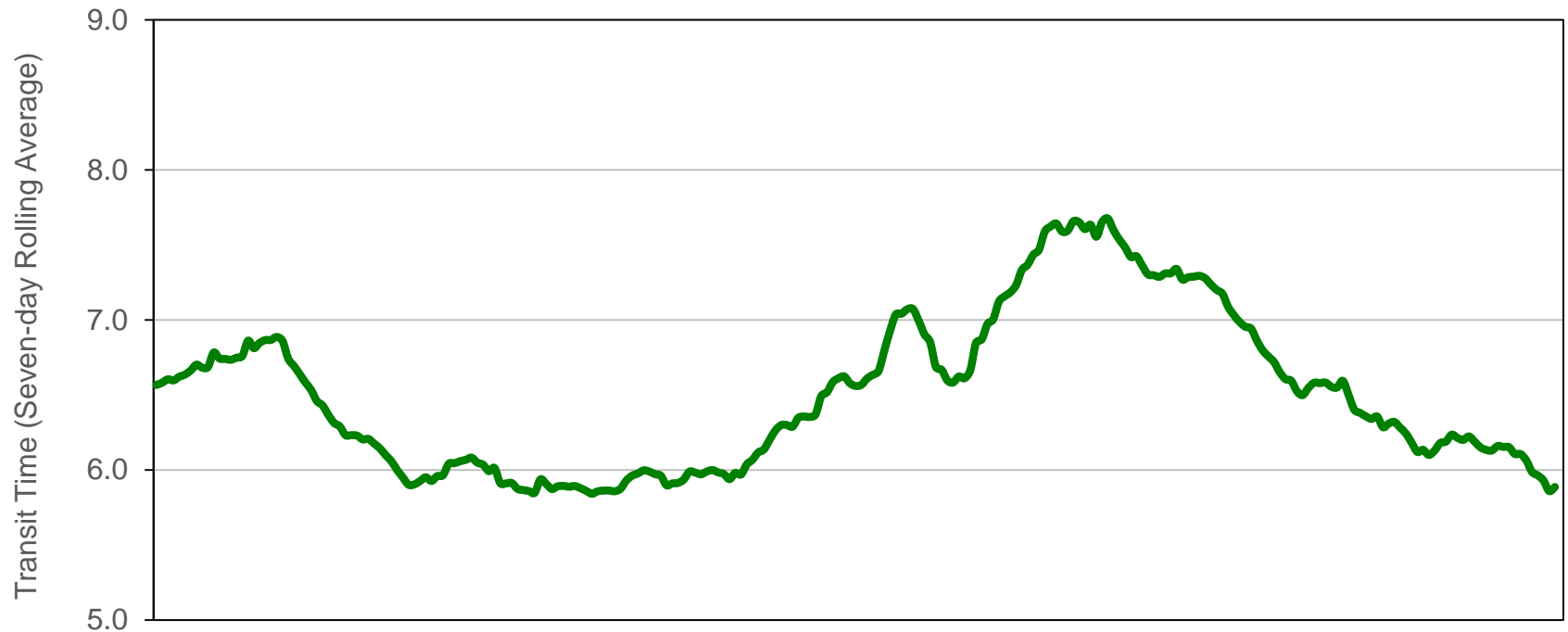
- Humps are our most expensive operation
- Old network was a conglomeration of multiple railroads
- Reducing intermediate handlings improves service
- Now plan for the furthest node

HOW DID WE DO IT? STEP 2: BALANCE THE NETWORK



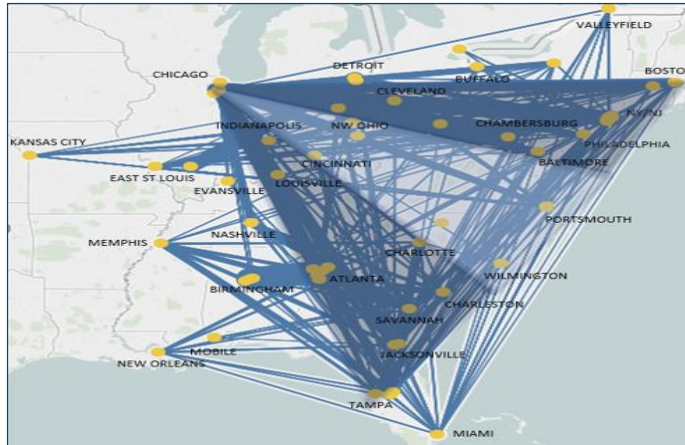
A balanced network ensures assets and resources are in the optimal location

How DID WE DO IT? Step 3: Asset Reductions



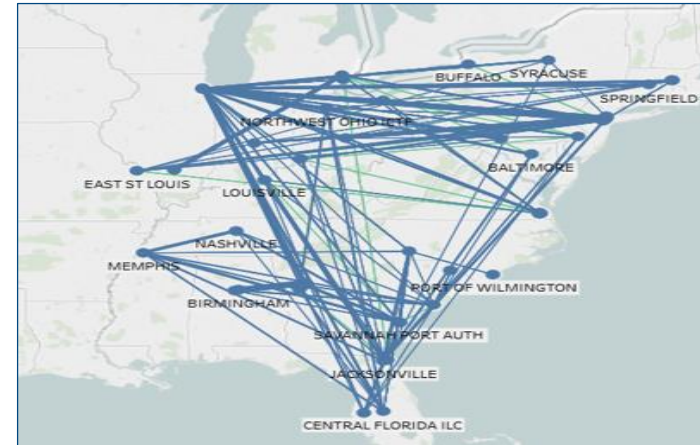
INTERMODAL NETWORK TRANSFORMATION

Hub & Spoke Network



- Sub-optimized rail network
- Operational complexity
 - Impeded service performance
- Low density lanes
 - Less than a car per day
- Additional handling
 - Lifts, switching and out of route miles

Scheduled Railroading Network



- Consolidated trains and eliminated hub strategy
- Streamlined interchanges and focused on fluidity
- Removed complexity allowing focus on healthy growth

SERVICE IMPROVEMENTS DRIVE PRODUCTIVITY

SCHEDULED RAILROADING DRIVES RESULTS

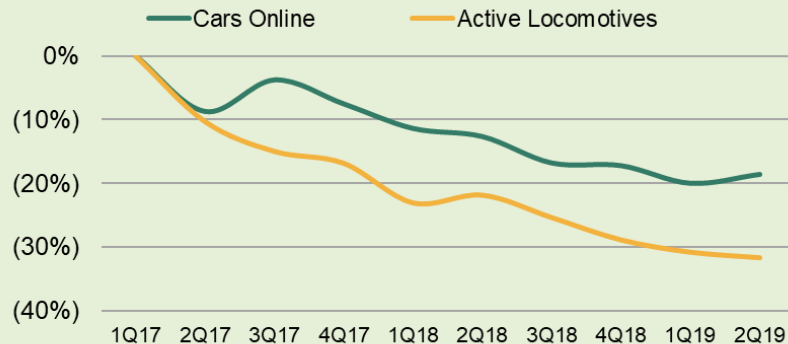


YEAR	QUARTER	VELOCITY
2017	1	14.19
2019	1	20.40

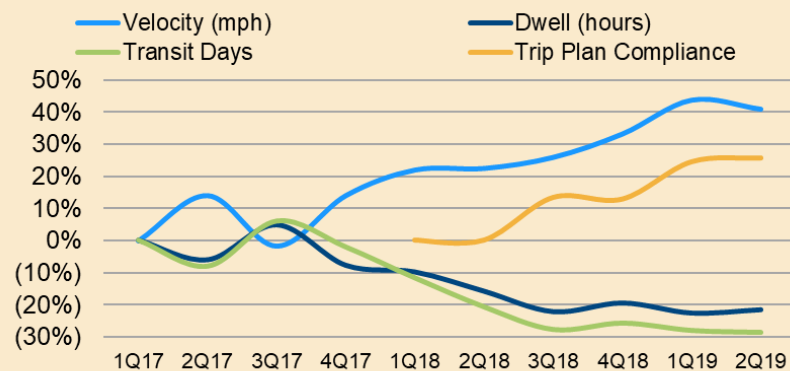
AVG DWELL
11.55
8.94

EFFICIENCY GAINS AND SERVICE CREATE VIRTUOUS CYCLE

Efficiency



Service



Significantly improved reliability corresponds with reduced asset base

SCHEDULED RAILROADING IS NOW THE MINDSET OF CSX

- Continuous improvement off of a strong foundation
- Ability to drive customers to CSX because we have a superior service product
- More efficient and vastly improved service product
- The railroad has capacity, a product to sell, and we are poised for growth

