



SERVICE UPDATE

HOW TOMORROW MOVES



CSX SERVICE UPDATE

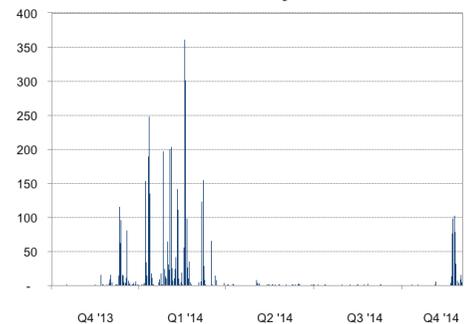
CSX remains relentless in its commitment to deliver the high level of service customers expect. To help ensure the company's capacity meets customer needs, CSX continues to focus on four critical areas: People, Assets, Infrastructure, and Processes. This update details the company's progress in these areas since mid-November.

WINTER WEATHER UPDATE

CSX continues to take strategic action to help to minimize the impact of winter weather on its network. The company's advanced winter planning and preparation proved effective during the first real test of the 2014-15 winter season, as lake effect snow pelted a portion of the company's Northern Tier. The area in and around Buffalo, NY, was at the epicenter of this snowstorm and experienced an accumulation of over six feet of snow.

Ahead of the approaching storms, and working from newly enhanced winter action plans, CSX's operating leaders held preparatory calls and readied a response team for rapid deployment. As the storm materialized, the company deployed this team of 10 additional managers to the affected areas. These managers fortified the field leadership team, helped to provide around-the-clock management coverage, and provided additional crew transportation services to reduce the impact of taxi service shutdowns. Although the snow prevented a number of crew employees from being able to leave their homes and come to work, crew unavailability due to weather over the past two weeks was far better than what CSX experienced during the major snowstorms last winter. As can be seen in the chart to the right, crew unavailability due to weather during this winter event peaked on November 21, at 102 employees. Last winter, weather related unavailability exceeded 100 on 14 separate occasions and reached as high as 361 on February 14.

CSX Crew Unavailability Due to Weather



As part of CSX's post-storm clean-up effort, the company deployed engineering department employees to affected areas and brought in additional resources to help clear snow from locations that were most heavily impacted. Although the snowfall quickly exceeded the initial projection of two feet, and forced CSX to temporarily suspend service to local customers and adjust the routing of some road trains, the operating teams adapted well to the challenge and acted quickly to restore service. Following the storms, CSX continued to monitor conditions as post-snow flooding was predicted for the Buffalo area. As a result, the potential impacts of these conditions were also successfully mitigated.

SERVICE RECOVERY ACTIONS

Crews – The ability to deploy additional train crews, especially in key geographies, increases on-time originations, improves on-time arrivals at customer destinations, and reduces terminal dwell

CSX continued its aggressive hiring initiative in November to support the company's ongoing efforts to improve service and match its workforce with the growing demand levels. Through the first 11 months of the year, CSX has hired over 1,800 new conductor trainees and promoted almost 1,100 new conductors into active service.

Locomotives – Adding locomotives drives up on-time performance, aids in network fluidity, and supports ongoing growth

A key component of CSX's strategy to handle growing customer demand is to improve locomotive availability and asset utilization. To do this, the company is working to reduce the average time a locomotive spends awaiting repairs. This effort is particularly critical in cold weather months, as low temperatures tend to drive up engine failures and reduce locomotive availability. Despite the early winter weather, November was CSX's second best month of the year for locomotive availability. In addition, CSX's program to expedite the return of locomotives requiring heavy repairs to active service through the use of third party repair facilities gained momentum in November, with CSX returning eight road locomotives to the fleet through this program.

Infrastructure – Increasing terminal and line-of-road capacity helps streamline interchanges, improve network throughput, and increase system velocity

CSX's newly reopened Chicago locomotive facility has begun working one shift, with plans to increase to two shifts in January, and if necessary, further expand to three shifts in 2015.

The new staging tracks in Selkirk Yard, near Albany, NY, have been completed and are now in service. CSX is currently working on preliminary engineering for a broader plan for Selkirk Yard, including the creation of a bypass track which would allow pass-through trains to progress past the yard more quickly.

Capitalizing on the temporary reduction in traffic density experienced on Thanksgiving Day, CSX's engineering department completed maintenance projects to replace two diamond track intersections (track configurations that allow one track to cross over another at grade) along the Northern Tier. Due to excellent planning and execution, these projects in the heavily trafficked areas around Chicago, IL, and Garrett, IN, were completed with minimal impact to operations.

Process – Adjusting processes provides near-term relief and longer-term strategic improvement as volume grows, mix changes, and traffic patterns shift

As described earlier, several key CSX locations experienced severe winter weather over the past two weeks (namely Buffalo and surrounding areas), offering the first real challenge to the newly revised winter action plans. Guided by the company's response triggers, and building on the lessons learned from the previous winter, the company's operations persevered through the storms and CSX returned quickly to standard operations.

To further the company's service performance, and in contrast to the planned curtailment of operations last Thanksgiving, the company maintained normal operations through the holiday this year. Overall operational fluidity has improved coming out of the holiday.

RECENT SERVICE DEVELOPMENTS

Although the cold weather that crossed the Northern Tier over the past two weeks also passed through Chicago, there were no major weather related impacts on terminal operations in that area. The Chicago Transportation Coordination Office Alert Level remained Normal, where it has been since October 7.

As the map below illustrates, CSX continues to invest in the railroad through maintenance programs which can temporarily impact train performance along specific segments of the network. The map also visually indicates locations where CSX has experienced line-of-road and terminal congestion over the past two weeks.

