



SERVICE UPDATE

HOW TOMORROW MOVES



CSX SERVICE UPDATE

As this extraordinary year draws to a close, CSX wishes to thank its customers for the opportunity to serve as your transportation partner. It has been a challenging year in many respects, but with your support CSX is making sustained progress toward returning to the consistent level of service that we mutually expect. By continuing to invest in infrastructure, equipment, and people in 2015, CSX is confident that service will continue to improve in the months ahead.

CSX's expanding network capacity, combined with a strengthening U.S. economy, bode well for additional growth in the transportation industry in the New Year. We look forward to continuing this successful partnership in 2015.

SERVICE IMPROVEMENT 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 hired significantly in 2014, bringing on nearly 1,900 new conductor trainees. As a result, the company increased its active crew head count by more than 300 employees by year end and will start 2015 with a robust pipeline of new hire trainees. During the first four months of 2015, CSX expects more than 800 of the current conductor trainees to advance to active service, supplementing the existing workforce and supporting growing customer demand.



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

CSX will add 200 new locomotives to its fleet in 2015, with 75 deliveries expected in the first half of the year and an additional 125 units scheduled to be delivered before year end.

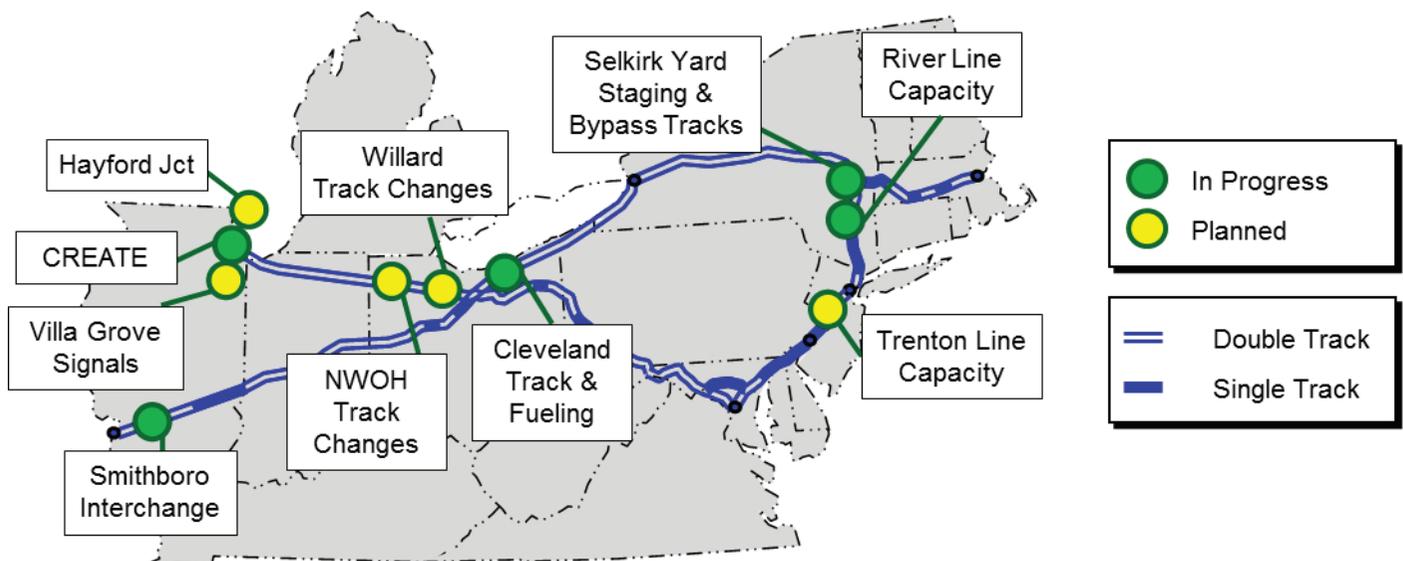
As CSX awaits the delivery of these new locomotives, the company continues to progress both its heavy repair program and its efforts to improve locomotive availability during the winter months. These initiatives have enabled the company to combat the seasonal temperature changes that often impact locomotive failures and out-of-services rates. As a result, CSX's out-of-service rate improved by 150 basis points year-over-year in December, generating approximately 60 additional available locomotives.

DECEMBER 30, 2014

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

On December 10, CSX's Board of Directors approved the company's 2015 capital plan, which prioritizes strategic projects based on their ability to support service improvements and focuses infrastructure investments on the company's Northern Tier (see map below). These planned and ongoing network investments aim to mitigate bottlenecks, further improve Chicago-area fluidity, and prepare CSX for continued volume growth.

Northern Tier Infrastructure Projects



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

The seasonal decline in volume over the Christmas holiday permitted CSX to successfully curtail operations for 24 hours with minimal impact on service. While all of CSX merchandise terminals were essentially closed during this period, the company's interchange operations remained open and CSX allocated available crews to transport critical customer traffic.

RECENT SERVICE DEVELOPMENTS

The Chicago Gateway continues to be fluid with only modest disruptions despite heavy volumes. As a result, the Chicago Transportation Coordination Office Alert Level has remained Normal for the past two months.

CSX continues to invest in the railroad through maintenance programs, which can temporarily impact train performance along specific segments of the network. However, as the map below illustrates, CSX completed the last of these programs for 2014 by mid-December and will not commence 2015 projects until mid-January. The map also visually indicates locations where CSX has experienced line-of-road and terminal congestion over the past two weeks.

