

INTERCHANGE

CSX Transportation and America's Short Lines: Connecting For Growth

Spring-Summer 2014



AWARDS AND RECOGNITION

OPPORTUNITIES FOR GROWTH

NEWS AND NOTES

CSX and Short Lines – Looking Ahead in 2014

From an external standpoint, the severity and expanse of winter weather was the worst we have seen in almost 30 years. The negative effects to our network operations, yard dwell, car supply, and interchange fluidity were dramatic and wide-ranging.

While our service levels are improving, CSX's network recovery will be gradual and uneven. This is attributable to a recovering economy, "catch-up" demands of our mutual customers, vital interchange locations like Chicago still experiencing very heavy volumes, and various CSX yard operations still being very congested. We certainly appreciate your patience and collaboration in working with us through this very difficult time.

Internally, several organizational changes have occurred, three of which involve our Short Line Marketing group and are covered in this newsletter. Additionally, numerous changes in other CSX departments are occurring. Please contact my team or me if you need any help reaching the correct person for your issue or opportunity.



Business levels have rebounded nicely since a mediocre start to 2014. Through the end of May, overall short line volumes with CSX are up 2.5 percent or approximately 8,540 carloads. On Merchandise traffic, volumes are favorable, with strong results in Agricultural Products, Minerals, Paper, and Metals. Despite a very bad start to the year in Coal, business has improved dramatically in the last few months, and the outlook is

guardedly optimistic for utility coal to rebound further as stockpiles are rebuilt.

We appreciate your business and partnership with CSX. As service levels continue to improve, let's leverage our combined networks and market intelligence to grow profitably in 2014.

– Len Kellermann

Simplify Your Searches with Our Serving Carrier/Reciprocal Switch Tool

The Serving Carrier/Reciprocal Switch (SCRS) tool is a web-based application that enables you to update and retrieve information about customers, serving carriers and reciprocal switch charges in real time.

SCRS provides a standardized verification process to determine whether a railroad may serve, or under what conditions a railroad may serve, a specific customer at common service points. In conjunction with the Interline Settlement System (ISS) and the Rate EDI Network (REN) tools, SCRS ensures that switch charges are applied correctly and accurately. And rates appearing in SCRS can be made public or private for additional security.

The SCRS website provides accurate real-time data and helps you make service decisions. You also can search by Customer Identification File (CIF) numbers, customer names and switch status – creating an audit trail with robust historical data. SCRS

also enables short line partners' access to switch charge information without Class I carrier intervention.

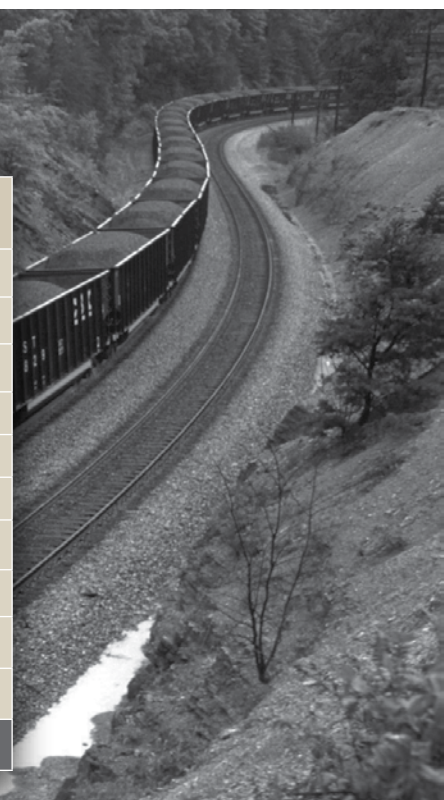
Other benefits include query capability on broad data sets, reduced errors through more accurate data, and more efficient billing processes.



If you would like additional information on REN, please contact Railinc or our CSXT representative **Jason Roberts**, manager-Marketing Services, CSX Transportation by phone at **904-279-5567** or by email at **Jason_Roberts@csx.com**.

SHORT LINE COMMERCIAL METRICS

As of May 23, 2014 2014 Carload Change	Carload Volume	Change from 2013
Agricultural Products	56,191	5,197
Automotive	2,002	(1,472)
Chemicals	56,852	1,326
Coal, Coke & Iron Ore	88,250	(1,114)
Food & Consumer	3,335	(90)
Forest Products	37,807	2,113
Metals	34,499	1,111
Minerals	26,526	2,429
Phosphates	11,794	(268)
Waste & Equipment	14,589	(783)
Sum:	331,845	8,449



Operational Improvements Continue

System Overview

While congestion on our network is easing, we continue to have surges of traffic impacting some of our processing yards, causing isolated congestion on our main lines. A few key indicators of improvement worth mentioning are:

- Late trains in our scheduled train network are down 40%
- Velocity has improved 20%

Service Outlook

After a long and difficult winter, service continues to improve across the network, and continuous improvement is expected through the second quarter. As anticipated, we are experiencing heavy and uneven demand that continues to stress resources at some of our locations. Car orders filled have been at a three-year high over recent months, and our bulk train network is also very heavy as many of our customers continue to restock following the heavy winter. All of these factors, along with a normal surge of volume in the second quarter, are a priority for our operating team.

To help alleviate congestion, we have made the following changes:

- 120 additional locomotives are in service as a result of a reduction in our out-of-service rate
- We have added nearly 300 conductors and nearly 90 engineers to our hiring and training for 2014 – an increase of almost 20%
- Now and in the months ahead, we will need to put train operations on curfew in certain areas to allow planned maintenance on our rail infrastructure. An up-to-date curfew map is available on ShipCSX. Please be sure to note the curfews that may impact your business.
- CSX employees are working around the clock to help restore normal service, and would like to thank you for continued patience and understanding.

Customers with questions about specific shipments can contact CSX Customer Service via www.shipcsx.com or by calling **1-877-ShipCSX (1-877-744-7279)** options 5, 6. You can also contact your customer service and/or local representative.



Save the Date: 26th Annual Short Line Workshop in March 2015

CSX is excited to announce its 26th Annual Short Line Workshop, which will be held March 1-3, 2015, at The Ritz-Carlton, Amelia Island.

This premier beachfront resort is on a barrier island just north of Jacksonville, Fla. It provides luxury accommodations, an on-site spa, fine dining and a private golf course, all amid magnificent natural surroundings. For more information, go to www.ameliaisland.com and click on Resorts.

Chairman, President, and Chief Executive Officer Michael Ward will be the keynote speaker for the workshop, which will also feature other informative presentations by CSX senior leaders. Short line participants will also have the opportunity to network with CSX personnel during our popular Trade Show and gain a broader understanding of the markets during specific presentations or breakout sessions. Registration information and a tentative agenda will be available in December. We encourage all short line employees who have regular dealings with CSX to attend the workshop, and hope to see you in March.



Left to right
Gary Gambill,
John Rickoff,
Doug Whitely

Left to right
Raymond Jones, Jim
Northcraft, Nick Codorow,
Gary Helton



Left to right
Kyle Hancock,
Michael Thomas,
Andrew Fox



Left to right
Chantel Campbell-Goutcher,
Mike Filoni, Jason Mitchell,
Duane Broxterman

Left to right
Bob LeDoux, Fredrik Eliasson,
David Fink, Tony Reck





Left to right
Golf Tournament
Winners - Aubrey
Brown, Robert Fay,
Stella Heath,
Tyler Heath with
Clark Robertson



Sheldon Morant at
Customer Service booth



Welcome banner for the
2014 Short Line Workshop



Group conversation on the
trade show floor



The busy trade show floor

11th Annual Short Line Awards

Commemorative plaques were awarded by Len Kellermann, David Martin and Gina Gordon to the interline or junction settlement roads and switch carriers that grew the most in their volumes with CSX (in volume and percentage).

Currently the top short lines in each category are listed below.



Evansville Western Railway (EVWR) - Highest Interline Incremental Volume



Pickens Railway Co., Honea Path (PKHP) - Highest Interline Percentage Increase



Wilmington Terminal Railway (WTRY) - Highest Switch Incremental Volume



Birmingham Terminal Railway (BHRR) - Highest Switch Percentage Volume

Short Line Standings through April

INTERLINE OR JUNCTION:	Incremental Volume (Carloads)	INTERLINE OR JUNCTION:	Percentage Increase
Evansville & Western Railway (EVWR)	4,695	Mississippi Export Railroad (MSE)	141%
Indiana Railroad Company (INRD)	2,840	Ashland Railway (ASRY)	107%
Florida Northern Railroad Co. (FNOR)	2,789	Apalachicola Northern Railroad (AN)	96%
R. J. Corman Railroad/Memphis (RJCM)	2,560	Florida Northern Railroad Co. (FNOR)	59%
Wheeling & Lake Erie Railway (WE)	1,915	Georgia & Florida Railway (GFRR)	58%

SWITCH:	Incremental Volume (Carloads)	SWITCH:	Percentage Increase
Norfolk & Portsmouth Belt Line Railroad (NPB)	3,240	Indiana Railroad Company (INRD)	124%
Indiana Harbor Belt Railroad (IHB)	2,160	Pittsburgh & McKees Rocks Railroad (PAM)	111%
Golden Isles Terminal Railroad (GITM)	1,059	R. J. Corman Railroad/Central Kentucky Lines (RJCC)	64%
Indiana Railroad Company (INRD)	693	Norfolk & Portsmouth Belt Line Railroad (NPB)	58%
Albany Port Railroad Corp. (APD)	573	Terminal Railroad Association of St. Louis (TRRA)	38%

Customer Service Improvements to Meet Needs and Exceed Expectations

We are putting a spotlight on our Customer Service people and processes to better meet the needs of our customers. In the last year, for example, we've reorganized to improve our alignment with our Sales and Marketing commodity groups in service to our short line customers. In addition, we have organized a group to focus on third-party logistics companies to improve our partnerships with them.



Kendrick Massey, Tiffany Reeves, Travidda Haynes, Gwen Sharpton, Renata Grant, Alicia Robinson and Tom Ebbing

Our Customer Service team is undergoing advanced training to improve associates' knowledge of our systems and network and ways they can use our resources proactively to improve the customer experience.

CSX Customer Service is fully staffed every day around the clock. You can reach them by calling **877-744-7279**, option 5, 6, or by submitting an inquiry through ShipCSX Problem Resolution.

CSX Short Line Team Adds New Members



Jason Kerkezi

Jason has been selected to become the new CSX Midwest Short Line Development Manager. He will be based in Jacksonville and will have a short line portfolio of more than 80 railroads that spans the states of West Virginia, Ohio, Michigan, Indiana, Illinois, Kentucky and Tennessee. Jason brings a combined 12+ years of sales, marketing, and business development experience to this new opportunity, seven of those years with CSX. He has held increasingly responsible roles starting in New Business Development to Chemicals Sales to CSX's International & Ports group, where he was Business Development Manager.



Charles Roots

Charles has been promoted to Manager of Short Line Business Support. In his new role, he will be responsible for analytic support of the Short Line and Regional Development team's growth initiatives. He will also be involved with communications efforts with the short line industry and its trade association (ASLRRA), for improving the quality of CSX's short line website, and with the overall management of our annual Short Line Workshop.

Most recently, Charles was an Assistant Manager of Customer Operations, supporting functions associated with work orders, interchanges, terminal yard management, industrial inventory demurrage switching, on-board work orders, and other data activities. He also worked closely with Customer Service and Process Improvement to expedite our customers' shipments.

Charles earned his bachelor's degree in business administration from the College of Mount Saint Joseph in Cincinnati, Ohio.



Dave Scott

Dave has been selected to become the new CSX Northeast Short Line Development Manager. Dave relocated to the greater Philadelphia area and will be based in Mount Laurel, N.J. He brings a combined 33 years of sales and business development experience with CSX and Sea-Land to this new opportunity. Most recently, Dave nurtured and grew business as part of CSX's Chemicals-East sales team, with responsibility for several national accounts such as Eastman Chemical, Olin Corporation, and SABIC. We welcome Dave to his new post and are confident his skills and experience will benefit our short line partners.



500 Water Street - J848
Jacksonville, FL 32202

2014 CSX Health, Safety, and Environment Training Schedule

CSX provides training classes on important aspects of rail-related health, safety and environment for employees of its short line and regional rail partners.

Health, Safety, Environment and Hazmat Training (1-day sessions)

July 15, 2014	Birmingham, Ala.
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August 5, 2014	Boston, Mass.
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REDI* Center Training Session - Hazmat (2-day session)

September 16-17, 2014	Atlanta, Ga.
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*CSX's Railroad Education and Development Institute

For additional information or to register to participate, please contact **Charles Roots** at **904-359-1964** or your Short Line Development Manager.