

# INTERCHANGE

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

Fall 2015



AWARDS AND RECOGNITION

OPPORTUNITIES FOR GROWTH

NEWS AND NOTES

## CSX, Regional and Short Lines - Looking Ahead in 2015



At the end of September, CSX interline volumes with the short line industry were 2 percent favorable to 2014, or 12,964 carloads. Strength was seen in chemicals, coal,

phosphates and fertilizers, and waste and equipment, with all of these business units delivering greater than 6 percent interline growth with our short line partners. Domestic utility coal continues to perform well since 2014, producing significant improvement to our short line coal volumes. In spite of tremendous headwinds across the broader portfolio, these are exceptional results! We expect to close the year at more than 860,000 carloads with our interline partners. Adding volumes that move in conjunction with switch carriers, we will exceed 1.15 million carloads handled.

**As we close 2015, we need our short line partners to stay focused on interchange service efficiency and continued focus**

**on asset utilization. Improvements in the velocity of the boxcar, gondola, and open top and covered hopper fleets yield higher satisfaction levels for our mutual customers.**

Service levels have stabilized at CSX, and we will add resources as needed to support Fall Peak volumes and network performance through the winter. We've received 115 new locomotives year to date with an additional 85 new locomotives expected before year end. CSX will also take delivery of 100 more in the first half of 2016.

Strategic infrastructure projects aimed at reducing congestion and enabling future growth continue. While the rail industry has made significant progress toward PTC (positive train control) implementation, the 2015 deadline continues to present challenges in our ability to safely implement and test the technology. Potential impacts of PTC will vary by short line and regional railroad; we look forward to formal communications in the coming weeks outlining our plan of action for those affected.

**We face many challenges in the coming months in several of our markets, but will maintain our commercial and operating focus along with our short line partners. We'll be closely monitoring the market fluctuations in all sectors and will make adjustments in our resources to adapt to market conditions.**

As I reflect on my first six months in my role as director of short line development at CSX, I appreciate the support, guidance, insights and commitment from those I've had the good fortune to meet. I'm anxious to engage with each of you, so please don't hesitate to contact me with any questions or suggestions. I look forward to building on CSX's reputation as an industry leader within the short line and regional rail community.

Best wishes for a safe and enjoyable holiday season.

– Arthur Adams

## Get to Know ShipCSX: New Notifications Provide Transparency at Interchanges

CSX has been developing eBusiness tools throughout the past year to improve communications with short lines regarding our service.

Short line partners can now sign up through ShipCSX to receive five new notifications that provide the information you need regarding your CSX interchange(s).

**Stay informed by signing up for any of the notices below:**

**Short Line Annulment Notice** - Informs you that the CSX train for that date will not be interchanging with your railroad.

**Short Line Work Order Notice** - Provides a list of the equipment CSX plans to deliver to the interchange.

**Short Line Work Order Exception Notice** - Informs you of the work that was not performed, although it was originally shown on your Short Line Work Order notice.

**Estimated Arrival at Short Line Notice** - Notifies you when the conductor of your CSX serving train has an ETA for interchange.

**Short Line Curfew Notice** - Informs you when track maintenance may affect the normal interchange schedule.

To subscribe to receive any of these email notifications, as well as view them online, log on to ShipCSX, and go to "Notifications and Subscriptions" under the Ship drop-down.

To receive access to these new features and more, or for help subscribing, please contact us directly through the CSX eBusiness Hotline at **1-877-ShipCSX (744-7279), option 2.**

## SHORT LINE COMMERCIAL METRICS

As of September 25, 2015 2015 Carload Change	Carload Volume	Change from 2014
Agricultural Products	99,287	(1,096)
Automotive	3,964	480
Chemicals	121,219	12,063
Coal, Coke & Iron Ore	183,957	11,041
Food & Consumer	6,710	456
Forest Products	66,919	(4,053)
Metals	57,025	(8,334)
Minerals	50,101	(1,124)
Phosphates & Fertilizers	21,365	1,175
Waste & Equipment	34,896	2,356
<b>Sum:</b>	<b>645,443</b>	<b>12,964</b>

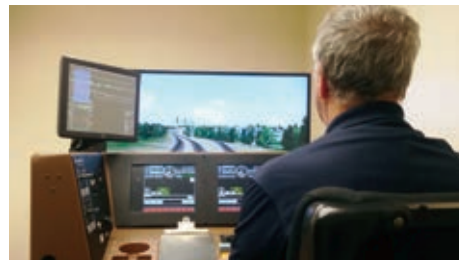
# CSX Offers Training for All Railroaders at the REDI in Atlanta

CSX Transportation is excited to expand its partnership with short line and regional railroads through industry-leading training at the CSX Railroad Education and Development Institute (REDI).

While REDI was opened in 2005 in Atlanta, Ga., to serve the training needs of CSX, it has now thrown open its doors to welcome all railroaders. It offers a full training curriculum including programs for developing specialized skills such as welding or signal maintenance, as well as training for careers as conductors or remote control operators.

The state-of-the-art facilities and comprehensive curriculum allow us to provide beginning and advanced training, as well as certifications in specific skills. Although we customize our curriculum to meet the specific needs of the companies and crafts attending REDI, the one thing that remains constant is our commitment to safety. Every program at REDI includes a thorough course in rail safety.

For more information on the certified training courses offered by REDI, please visit [CSX.com/REDI](http://CSX.com/REDI) or call **1-888-752-9168**, option 1.



## Short Line Standings through September

INTERLINE OR JUNCTION:	Incremental Volume (Carloads)	INTERLINE OR JUNCTION:	Percentage Increase
Evansville & Western Railway (EVWR)	25,913	St. Mary's Railroad (via FCRD) (SM)	372%
Paducah & Louisville Railroad (PAL)	7,662	Transkentucky Transportation Railroad, Inc. (TTIS)	364%
Gary Railway Company (GRW)	7,037	R. J. Corman Railroad/Cleveland (RJCL)	297%
Wheeling & Lake Erie Railway (WE)	6,231	Chesapeake & Indiana Railroad (CKIN)	160%
R. J. Corman Railroad/Cleveland (RJCL)	3,799	Falls Road Railroad Co., Inc. (FRR)	127%

SWITCH:	Incremental Volume (Carloads)	SWITCH:	Percentage Increase
Indiana Harbor Belt (IHB)	6,546	Port Jersey Railroad (PJR)	250%
Port Jersey Railroad (PJR)	1,966	New Castle Industrial Railroad (NCIR)	51%
Golden Isles Terminal Railroad (GITM)	1,732	Indiana Harbor Belt (IHB)	39%
Albany Port Railroad Corp. (APD)	1,506	Aliquippa & Ohio River Railroad (AOR)	39%
Wilmington Terminal Railroad (WTRY)	1,312	Baltimore Industrial Railroad (BDR)	36%

# Save the Date for 2016 Short Line Workshop

We look forward to welcoming our short line partners for another thought-provoking session at the 2016 Short Line Workshop. We'll be returning to a venue familiar to many of you – the World Golf Village Renaissance, St. Augustine, Florida.

## Save the Date: Short Line Workshop 2016 • March 6-8



Many of our senior leaders' roles have changed in 2015, and you'll be hearing their presentations from a fresh perspective in 2016. Chairman and CEO Michael Ward will again be the keynote speaker at our main dinner event. As in years past, you will be able to meet with CSX personnel you've worked with perhaps only by phone in our popular Trade Show and in one-on-one meeting sessions. Together, we can share our ideas on business opportunities for our mutual growth.

Watch for registration information and a tentative agenda in January. We hope you'll plan to attend in March. We'll look forward to seeing you.



Left to right  
Scott Parsons, Gary Gambill,  
Kevin McEwan, James Bonner



Left to right  
Jim Cavanaugh, Carol  
Craig, Duane Barton,  
Dale Montgomery



Left to right  
Len Kellermann, Andy Laurent,  
Mike Stickel, Drew Nelson

Left to right  
Bryan Watson,  
Aubrey Brown,  
Doug Halverson



Mark Nuchurch, manager  
of safety and security,  
demonstrates a locomotive  
simulator at REDI.



Left to right  
Dan Kelley, Charles Roots,  
Ken Dziwulski, Jonathan Carnes



Left to right  
John Steiniger, Heather Williams,  
Dave Collins, Dave Scott



Len Kellermann receiving  
retirement commemoration  
with logos of all CSX Short Line  
partners from Jim Howarth.

Agriculture Marketing Team showing  
off their trade show booth.



Gina Gordon and Terese Avery made sure the  
TRANSFLO booth had loads of pizzazz.



## 2015 CSXT Short Line Caucus Committee Members

### Andrew Fox President

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Bill.Henderson@RJCorman.com

## Promotions

### Arthur L. Adams Jr.

Director – Short Line and  
Regional Railroads

**Arthur Adams** is responsible for CSX’s short line and regional railroads sales and business development initiative.

He joined CSX in January 2007 as director-Customer Service and Administration. He has also led the Domestic Rail and Private Asset Sales organization within the intermodal business unit. Before joining CSX, Arthur spent five years at Target serving in a range of sales leadership and strategy positions.

Arthur received his Bachelor of Science in Finance and Marketing from Jacksonville University. He also holds a Master of Science in Transportation degree from Denver University, as well as management certificates from University of Virginia and Harvard University.

## Senior Leadership Changes at CSX

In September, CSX Chairman and CEO Michael Ward announced a number of senior management changes. They include:

- **Clarence Gooden** appointed President, overseeing both Operations and Sales and Marketing, from his previous position as Executive Vice President and Chief Sales and Marketing Officer.
- **Cindy Sanborn** appointed Executive Vice President and Chief Operating Officer, from her prior position as Executive Vice President-Operations.
- **Frank Longro** appointed Executive Vice President and Chief Financial Officer, from his previous position as Vice President-Service Design.
- Resignation of President **Oscar Munoz**, who was named President and Chief Executive of United Continental Holdings, Inc.

## Important CSX Contacts

### Railroad Emergencies

800-232-0144

### Clearance Bureau

800-581-5049

### Interline Reporting Issues

Dave Barefield, 904-279-5376

Dave\_Barefield@csx.com

Sheldon Morant, 904-279-4990

Sheldon\_Morant@csx.com

### Interline Service Agreements

Skip Fogg, 904-359-1378

Skip\_Fogg@csx.com

### Junction Settlement/Interline Accounting

Pam Batoon, 904-279-5427

Pam\_Batoon@csx.com

### Load Engineering & Design

Kevin Conlon, 904-279-6350

Kevin\_Conlon@csx.com

### (Required for loads in excess of)

More than 11 feet high

More than 11 feet wide

More than 60 feet long

Shorter than 18 feet long

Heavier than 150,000 pounds

### Mechanical Department

904-366-5313

CSX AAR Hotline

### Car Management

Kyle Campbell, 904-359-3346

Kyle\_Campbell@csx.com

### Car Accounting

Dale Cassels, 904-279-6905

Dale\_Cassels@csx.com

### Joint Facilities

James Allan, 904-359-7654

James\_Allan@csx.com

John Widowfield, 708-832-2150

John\_Widowfield@csx.com

Lizabeth Brubeck, 904-359-3188

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Nina Irish, 904-366-3830

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Jennifer Fry, 904-359-3326

Jenn\_Fry@csx.com

### Commercial Contacts

#### Short Line Development

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Jason Kerkezi, 904-359-7419

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Dave Scott, 856-778-5119

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Charles Roots, 904-359-1964

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#### Regional Development

800-226-5962

#### Inside Sales

877-744-7279 Option 5 - 1

#### Service Start Up & Integration

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Gary\_Gambill@csx.com

## Customer Service

**877-744-7279**

**1-877-ShipCSX**

### Shipment Information

Divert/Reconsign a shipment

Option 5 – 2 – 2

Touch Trace

Option 5 – 3

### eBusiness Tools

ShipCSX or EDI

Option 2 – 1

### Problem Resolution

Option 5 – 6

### Freight Claims

Option 5 – 5 – 1

Visit the CSX Short Line website at  
[www.csx.com](http://www.csx.com) > Customers > Short Line and Regional Railroads

## Market Manager Look-Up Tool

CSX has a web-based tool to help you find the correct contact information faster.

To find a market manager for a commodity, follow the steps below:

**[www.csx.com](http://www.csx.com) > Customers > Tools > Market Manager Look-Up**

From here, you can find the correct market manager by STCC, commodity description or employee name. Once you enter one of the three search criteria, the correct market manager and contact information will appear.



500 Water Street - J848  
Jacksonville, FL 32202

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CSX Interchange

## CSX Updates Third Quarter and Full Year Financial Expectations

*CSX seeks to keep its short line partners, customers, investors and the public current with its financial news through the end of 2015. Below is the text of a press release distributed in September 2015.*

In September, Fredrik Eliasson, then chief financial officer and now executive vice president and chief commercial officer, reviewed CSX's performance in the first half of 2015 and updated investors on the company's third quarter and full-year expectations at the Cowen and Company 8th Annual Global Transportation Conference in Boston, Mass. He said the company delivered strong financial, service and efficiency improvements in the first six months of 2015, but faces intensifying headwinds in coal markets for the remainder of the year.

"In the third quarter, we see strong pricing that reflects the value of our service, and we continue to drive greater asset utilization and reduce costs as we match our resources with demand while improving our service product," he said. "At the same time, overall volume to date is down about two percent, with both our domestic coal and merchandise markets tracking slightly below the company's original third quarter expectations."



Despite domestic coal revenue declines as the energy market continues to transform and natural gas prices remain low, the company expects to deliver modest earnings growth for 2015.

"While we continue to target flat earnings per share for the third quarter, achieving that estimate will be more challenging given the weaker than expected volumes," Fredrik said. "In addition, with the volume declines this quarter and ongoing challenges to coal that are expected to continue in the fourth quarter, CSX now expects full-year earnings per share growth in the mid-single digits."

To continue progressing toward the company's longer term goal, he said, CSX will continue to focus on the three key value drivers for the company: growing merchandise and intermodal business, increasing efficiency and value pricing.