



CSX Corporation 2023 Annual Meeting of Shareholders Questions and Answers

CSX encourages shareholder participation and provides transparency in the virtual Annual Meeting. Below are the questions we received for the 2023 Annual Meeting, either in advance of the meeting or during the Q&A session at the meeting, as well as our responses, including for those questions that we were unable to cover during the meeting. In cases where we received multiple questions on the same topic, we have consolidated those questions and provided a summary response. We have also made minor edits for clarity, corrected typos, removed inappropriate language or language that otherwise violates our published meeting rules of conduct, and removed names of individuals. Any forward-looking statements in our responses reflect management's views as of May 10, 2023. CSX undertakes no obligation to update or revise any such statement. Forward-looking statements are subject to a number of risks and uncertainties, and actual performance or results could differ materially from that anticipated by any forward-looking statements. Important assumptions and factors that could cause actual results to differ materially from those in the forward-looking statements are specified in the Company's SEC reports, accessible on the SEC's website at www.sec.gov and the Company's website at www.csx.com.

- Audit firm independence is critical to protecting the integrity of corporate financial reporting. Given that audit firm and corporate client relationships are generally long tenured, federal regulations require that the lead engagement partner be rotated out of that position every five years. Could the Chair of the Audit Committee or a representative of Ernst and Young, which has been the Company's audit firm since 1981, describe the lead audit partner rotation process, and indicate who makes the decision in the selection of the new lead partner?***

As David M. Moffett, Chair of the Audit Committee, shared during the Annual Meeting on May 10, 2023:

It is the policy of E&Y to rotate their partners every five years. We concur with that process and they have followed that process since the regulation was put in place. The second part of your question is, in the final year of the lead partner's service, the Audit Committee will do a few things. One, they will evaluate the quality of the services that E&Y has provided to us. The cost of those services will be done as well. We also compare our own assessment of those services along with management's assessment of the services. And then we will begin the process of interviewing candidates, partners from E&Y, and then we'll go through a selection process and then basically decide on that partner at the end of that service period of the partner. We would view this process as a critical component of the issue you asked for, and that is because of the long-tenured area of the change of partners every five years, which I think is very good.

- I commend CEO Hinrichs for his exceptional performance and engagement with both customers and employees. However, given the possibility of economic turbulence in the upcoming quarters, which might have an adverse impact on earnings, I would like to understand the Board's strategy to navigate these potential difficulties. Could you provide details on the tangible measures the Board has already implemented, or plans to implement, to ensure our initiatives remain unimpacted by such economic headwinds?***

As Joseph R. Hinrichs, President and Chief Executive Officer, shared during the Annual Meeting on May 10, 2023:

First and foremost, going into any kind of economic uncertainty, it's important for any company to have a strong balance sheet and to have the capital resources necessary to withstand any kind of shocks to the system. I feel very confident, as the Board does, that we have a very strong balance sheet. We have very strong cash flow and we



have good cash balance. So we feel really good about our liquidity and our capacity to be able to withstand any kind of economic cycles.

Having said that, the most important thing that we can do is continue to improve the service to our customers and demonstrate sustainably and reliably that we can do that over time. That is rewarding us with incremental business wins and also giving customers confidence that they can continue to count on CSX to provide the service they require to their business long term.

Kevin Boone, our head of marketing and sales, has talked often about the opportunity we have with our customers to demonstrate through our service that we can win business by regaining that confidence in the rail business, whether that's truck conversions or whether that's other opportunities on merchandise and the like.

So our confidence is high that we have the financial ability to withstand any economic cycles and importantly, we're delivering service to our customers that will give them the confidence to continue to not only do business with us, but invest with us for the future to make that happen. And then also, as we've been demonstrating for the last several months, the continued improvement of our work experience and the culture with our employees is a big contributor to building that foundation for success for the future. As we continue to improve the culture and the work experience that our employees are having, we think that directly correlates to the service we provide to our customers, which then has the benefits I talked about earlier. So we feel very confident that we're seeing our ability to withstand any kind of economic uncertainty. And frankly, given what we're seeing in the economy so far this year, we're confident that we will continue to grow our merchandise business and our revenue ton per mile.

3. *What steps is management taking to assure railroad safety in light of the recent string of major derailments in the industry?*¹

As Joseph R. Hinrichs, President and Chief Executive Officer, shared during the Annual Meeting on May 10, 2023:

Thank you for the question. Very important topic. In fact, our Board of Directors, even today is going through a deep dive on our safety processes and our incident response processes to make sure that we're all aligned with our capabilities and our priorities. The most important thing we can do is ensure that we have a healthy network that's running with great fluidity and leveraging technology so that we can identify potential issues before they rise to the point where we have a derailment or something to the like. We're proud of our results over the last several years. CSX has had the lowest number of reported incidents and accidents amongst the U.S. Class I Rails. But we're not satisfied with where we are, and we know there's always risks out there.

So we have a first class safety team in place. We're adding resources to our HAZMAT team to ensure that we have the class-leading kind of response capabilities that we're looking for. And we are out there doing a lot of training, first responder and police and fire department training, to make sure that our communities are ready if anything were to happen, they have familiarity with the equipment before anything were to happen.

So we believe that the culture that we're building within One CSX contributes greatly to the possibility to improve our safety because as the network flows better, as our employees are engaged and feeling appreciated and valued and motivated to serve the customer, it reduces the risk to our business. Leveraging technology along with that culture, we believe, provides us the ammunition we need to make sure that we can try to avoid as much as we can accidents.

Having said that, we said on our first earnings call that we saw an increase in incident rates for injuries and accidents at CSX. So we have redoubled our efforts. We've had a number of safety initiatives put in place over the last month and a half or so, increasing the frequency of our discussions with our employees on safety. We're also working on

¹ CSX notes that another question on derailments was received, and answered as part of the response to this question.



several things in the yard, around initiatives, around safety, so that we should see improved progress for our risk management going forward.

4. *I've recently seen news of electric locomotives being tested to service the ports of Los Angeles and Long Beach, California. Is CSX considering the use of electric locomotives in any of its operations?*

As Joseph R. Hinrichs, President and Chief Executive Officer, shared during the Annual Meeting on May 10, 2023:

This is a very important topic and one I'm familiar with from my previous life. We have nothing to announce today, but you can certainly appreciate that we are deeply involved in discussions on these topics and we'll have more to say at a later date. We know how important it is to be investing for the future in propulsion technologies for our locomotives. And again, we'll have more to say at a later date.

5. *How will the Inflation Reduction Act impact CSX?*

As Joseph R. Hinrichs, President and Chief Executive Officer, shared during the Annual Meeting on May 10, 2023:

Well, at the highest level, there are a number of initiatives in the Inflation Reduction Act that contribute to our business. First and foremost, any infrastructure investments which are going on across the economy benefit our ability to move things on rail, especially aggregates rock supporting everything from cement to steel production. In addition to that, a number of initiatives inside the Inflation Reduction Act supported electric vehicles. And as you're seeing across our network, we're seeing several wins of electric vehicle manufacturing plants being put on our network. In addition, EV battery plants are also being put in the southeast supporting our network. So there are a number of ways the Inflation Reduction Act is contributing to business wins for CSX, and we'll continue to look for those opportunities. Most importantly, if we can, in fact, see inflation reduce will be another important factor in our business, because the general economy overall is being impacted by inflation. And so the economic activity increases and increases our success as well. So we feel really good about where we are and the initiatives that are in place with that act.

6. *Questions we were not able to address during the Annual Meeting covered the topic of expansion of services.*

CSX communicates regularly with Amtrak and other passenger rail agencies on a wide range of safety and service issues. These include daily operating concerns as well as proposals for new or expanded service. We are always willing to consider passenger rail proposals that serve the public interest without jeopardizing safety or degrading freight rail service to customers who are vital to a strong and growing economy. In 2022, for example, we reached a key agreement to restore Amtrak service in the Gulf Coast corridor.

CSX has no plans at this time to expand our rail network to the West Coast.