UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(☒) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2023

OR

(☐) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-8022

CSX CORPORATION

(Exact name of registrant as specified in its charter)

Virginia					**62-1051971**	
(State or other jurisdiction of incorporation or organization)					*(I.R.S. Employer Identification No.)*	
500 Water Street	**15th Floor**	**Jacksonville**	**FL**	**32202**	**904**	**359-3200**
(Address of principal executive offices)				*(Zip Code)*	*(Telephone number, including area code)*	

No Change

(Former name, former address and former fiscal year, if changed since last report.)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of exchange on which registered**
Common Stock, $1 Par Value	CSX	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes (X) No ( )

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes (X) No ( )

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company (as defined in Exchange Act Rule 12b-2).

Large Accelerated Filer (X) Accelerated Filer ( ) Non-accelerated Filer ( ) Smaller Reporting Company (☐) Emerging growth company (☐)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ( )

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes (☐) No (X)

There were 2,033,054,922 shares of common stock outstanding on March 31, 2023 (the latest practicable date that is closest to the filing date).

CSX CORPORATION
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2023
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CSX CORPORATION
PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENTS *(Unaudited)*

(Dollars in millions, except per share amounts)

	First Quarters	
	2023	2022
Revenue	**$ 3,706**	$ 3,413
Expense		
Labor and Fringe	**723**	692
Purchased Services and Other	**688**	675
Depreciation and Amortization	**393**	360
Fuel	**364**	331
Equipment and Other Rents	**82**	100
Gains on Property Dispositions	**(8)**	(27)
Total Expense	**2,242**	2,131
Operating Income	**1,464**	1,282
Interest Expense	**(201)**	(179)
Other Income - Net	**41**	26
Earnings Before Income Taxes	**1,304**	1,129
Income Tax Expense	**(317)**	(270)
Net Earnings	**$ 987**	$ 859
Per Common Share (Note 2)		
Net Earnings Per Share, Basic	**$ 0.48**	$ 0.39
Net Earnings Per Share, Assuming Dilution	**$ 0.48**	$ 0.39
Average Shares Outstanding *(In millions)*	**2,054**	2,188
Average Shares Outstanding, Assuming Dilution *(In millions)*	**2,058**	2,193

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS *(Unaudited)*

(Dollars in millions)

	First Quarters	
	2023	2022
Total Comprehensive Earnings (Note 10)	**$ 989**	$ 890

See accompanying notes to consolidated financial statements.

CSX CORPORATION
ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

	(Unaudited) **March 31, 2023**	December 31, 2022
ASSETS		
Current Assets:		
Cash and Cash Equivalents	**$ 1,291**	$ 1,958
Short-term Investments	**178**	129
Accounts Receivable - Net (Note 8)	**1,377**	1,313
Materials and Supplies	**394**	341
Other Current Assets	**115**	108
Total Current Assets	**3,355**	3,849
Properties	**48,441**	48,105
Accumulated Depreciation	**(14,148)**	(13,863)
Properties - Net	**34,293**	34,242
Investment in Affiliates and Other Companies	**2,313**	2,292
Right-of-Use Lease Asset	**489**	505
Goodwill and Other Intangible Assets - Net	**500**	502
Other Long-term Assets	**528**	522
Total Assets	**$ 41,478**	$ 41,912
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	**$ 1,203**	$ 1,130
Labor and Fringe Benefits Payable	**367**	707
Casualty, Environmental and Other Reserves (Note 4)	**151**	144
Current Maturities of Long-term Debt (Note 7)	**11**	151
Income and Other Taxes Payable	**361**	111
Other Current Liabilities	**228**	228
Total Current Liabilities	**2,321**	2,471
Casualty, Environmental and Other Reserves (Note 4)	**287**	292
Long-term Debt (Note 7)	**17,911**	17,896
Deferred Income Taxes - Net	**7,605**	7,569
Long-term Lease Liability	**478**	488
Other Long-term Liabilities	**542**	571
Total Liabilities	**29,144**	29,287
Shareholders' Equity:		
Common Stock, $1 Par Value	**2,033**	2,066
Other Capital	**587**	574
Retained Earnings	**10,092**	10,363
Accumulated Other Comprehensive Loss (Note 10)	**(386)**	(388)
Non-controlling Minority Interest	**8**	10
Total Shareholders' Equity	**12,334**	12,625
Total Liabilities and Shareholders' Equity	**$ 41,478**	$ 41,912

See accompanying notes to consolidated financial statements.

CSX CORPORATION
ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENTS *(Unaudited)*

(Dollars in millions)

	Three Months	
	2023	2022
OPERATING ACTIVITIES		
Net Earnings	**$ 987**	$ 859
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	**393**	360
Deferred Income Taxes	**35**	37
Gains on Property Dispositions	**(8)**	(27)
Other Operating Activities	**(31)**	4
Changes in Operating Assets and Liabilities:		
Accounts Receivable	**(63)**	(131)
Other Current Assets	**(72)**	(40)
Accounts Payable	**70**	82
Income and Other Taxes Payable	**266**	225
Other Current Liabilities	**(326)**	(70)
Net Cash Provided by Operating Activities	**1,251**	1,299
INVESTING ACTIVITIES		
Property Additions	**(443)**	(331)
Purchases of Short-term Investments	**(101)**	(19)
Proceeds from Sales of Short-term Investments	**53**	—
Proceeds and Advances from Property Dispositions	**8**	8
Business Acquisition, Net of Cash Acquired	**(2)**	(9)
Other Investing Activities	**5**	(17)
Net Cash Used In Investing Activities	**(480)**	(368)
FINANCING ACTIVITIES		
Long-term Debt Repaid (Note 7)	**(142)**	(6)
Dividends Paid	**(226)**	(218)
Shares Repurchased	**(1,067)**	(1,016)
Other Financing Activities	**(3)**	6
Net Cash Used in Financing Activities	**(1,438)**	(1,234)
Net Decrease in Cash and Cash Equivalents	**(667)**	(303)
CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents at Beginning of Period	**1,958**	2,239
Cash and Cash Equivalents at End of Period	**$ 1,291**	$ 1,936

See accompanying notes to consolidated financial statements.

CSX CORPORATION
ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY *(Unaudited)*

(Dollars in millions)

Three Months 2023	Common Shares Outstanding *(Thousands)*	Common Stock and Other Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)[a]	Non-controlling Minority Interest	Total Shareholders' Equity
Balance December 31, 2022	2,066,367	$ 2,640	$ 10,363	$ (388)	$ 10	$ 12,625
Comprehensive Earnings:						
Net Earnings	—	—	987	—	—	987
Other Comprehensive Income	—	—	—	2	—	2
Total Comprehensive Earnings						989
Common stock dividends, $0.11 per share	—	—	(226)	—	—	(226)
Share Repurchases	(35,157)	(35)	(1,032)	—	—	(1,067)
Stock Option Exercises and Other	1,865	15	—	—	(2)	13
Balance March 31, 2023	2,033,075	$ 2,620	$ 10,092	$ (386)	$ 8	$ 12,334

Three Months 2022	Common Shares Outstanding *(Thousands)*	Common Stock and Other Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)[a]	Non-controlling Minority Interest	Total Shareholders' Equity
Balance December 31, 2021	2,201,787	$ 2,268	$ 11,630	$ (408)	$ 10	13,500
Comprehensive Earnings:						
Net Earnings	—	—	859	—	—	859
Other Comprehensive Income	—	—	—	31	—	31
Total Comprehensive Earnings						890
Common stock dividends, $0.10 per share	—	—	(218)	—	—	(218)
Share Repurchases	(29,365)	(29)	(987)	—	—	(1,016)
Stock Option Exercises and Other	1,831	38	—	—	1	39
Balance March 31, 2022	2,174,253	$ 2,277	$ 11,284	$ (377)	$ 11	$ 13,195

(a) Accumulated Other Comprehensive Loss balances shown above are net of tax. The associated taxes were $121 million and $99 million as of March 31, 2023, and March 31, 2022, respectively. For additional information, see Note 10, Other Comprehensive Income.

See accompanying notes to consolidated financial statements.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. Nature of Operations and Significant Accounting Policies

Background

CSX Corporation together with its subsidiaries ("CSX" or the “Company”), based in Jacksonville, Florida, is one of the nation's leading transportation companies. The Company provides rail-based transportation services including traditional rail service, the transport of intermodal containers and trailers, as well as other transportation services such as rail-to-truck transfers and bulk commodity operations.

CSX's principal operating subsidiary, CSX Transportation, Inc. (“CSXT”), provides an important link to the transportation supply chain through its approximately 20,000 route mile rail network and serves major population centers in 26 states east of the Mississippi River, the District of Columbia and the Canadian provinces of Ontario and Quebec. The Company's intermodal business links customers to railroads via trucks and terminals. On June 1, 2022, CSX completed its acquisition of Pan Am Systems, Inc. (“Pan Am”), which is the parent company of Pan Am Railways, Inc. This acquisition expanded CSXT’s reach in the Northeastern United States. CSXT is also responsible for the Company's real estate sales, leasing, acquisition and management and development activities, substantially all of which are focused on supporting railroad operations.

Other entities

In addition to CSXT, the Company’s subsidiaries include Quality Carriers, Inc. ("Quality Carriers"), CSX Intermodal Terminals, Inc. (“CSX Intermodal Terminals”), Total Distribution Services, Inc. (“TDSI”), Transflo Terminal Services, Inc. (“Transflo”), CSX Technology, Inc. (“CSX Technology”) and other subsidiaries. Quality Carriers is the largest provider of bulk liquid chemicals truck transportation in North America. CSX Intermodal Terminals owns and operates a system of intermodal terminals, predominantly in the eastern United States and also performs drayage services (the pickup and delivery of intermodal shipments) for certain customers. TDSI serves the automotive industry with distribution centers and storage locations. Transflo connects non-rail served customers to the many benefits of rail by transferring products from rail to trucks. The biggest Transflo markets are chemicals and agriculture, which includes shipments of plastics and ethanol. CSX Technology and other subsidiaries provide support services for the Company.

Sale of Property Rights to the Commonwealth of Virginia

On March 26, 2021, the Company entered into a comprehensive agreement to sell certain property rights in three CSX-owned line segments to the Commonwealth of Virginia (“Commonwealth”) over three phases. The timing and amount of gains recognized were based on the allocation of fair value to each conveyance, the timing of conveyances and collectability. Over the course of this transaction, which was completed in 2022, total proceeds of $525 million were collected and total gains of $493 million were recognized. A gain of $20 million was recognized in first quarter 2022 related to the closing of the second phase.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. Nature of Operations and Significant Accounting Policies, *continued*

Basis of Presentation

In the opinion of management, the accompanying consolidated financial statements contain all normal, recurring adjustments necessary to fairly present the consolidated financial statements and accompanying notes. Where applicable, prior year information has been reclassified to conform to the current presentation. Pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”), certain information and disclosures normally included in the notes to the annual financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been omitted from these interim financial statements. CSX suggests that these financial statements be read in conjunction with the audited financial statements and the notes included in CSX's most recent annual report on Form 10-K and any subsequently filed current reports on Form 8-K.

Fiscal Year

The Company's fiscal periods are based upon the calendar year. Except as otherwise specified, references to “first quarter(s)” or “three months” indicate CSX's fiscal periods ending March 31, 2023 and March 31, 2022, and references to "year-end" indicate the fiscal year ended December 31, 2022.

New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. As the London Interbank Offered Rate ("LIBOR") will no longer be available beginning July 2023, this standard update provides practical expedients for contract modifications made as part of the transition from LIBOR to alternative reference rates. The guidance was effective upon issuance and at present can generally be applied through December 31, 2024. As of March 31, 2023, the Company has not applied the practical expedient to any contracts.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 2. Earnings Per Share

The following table sets forth the computation of basic earnings per share and earnings per share, assuming dilution.

	First Quarters	
	2023	2022
Numerator *(Dollars in millions)*:		
Net Earnings	**$ 987**	$ 859
Denominator *(Units in millions)*:		
Average Common Shares Outstanding	**2,054**	2,188
Other Potentially Dilutive Common Shares	**4**	5
Average Common Shares Outstanding, Assuming Dilution	**2,058**	2,193
Net Earnings Per Share, Basic	**$ 0.48**	$ 0.39
Net Earnings Per Share, Assuming Dilution	**$ 0.48**	$ 0.39

Basic earnings per share is based on the weighted-average number of shares of common stock outstanding. Earnings per share, assuming dilution, is based on the weighted-average number of shares of common stock outstanding and common stock equivalents adjusted for the effects of common stock that may be issued as a result of potentially dilutive instruments. CSX's potentially dilutive instruments are made up of equity awards including performance units and employee stock options.

When calculating diluted earnings per share, the potential shares that would be outstanding if all outstanding stock options were exercised are included. This number is different from outstanding stock options because it is offset by shares CSX could repurchase using the proceeds from these hypothetical exercises to obtain the common stock equivalent. The total average outstanding stock options that were excluded from the diluted earnings per share calculation because their effect was antidilutive is in the table below.

	First Quarters	
	2023	2022
Antidilutive Stock Options Excluded from Diluted EPS *(Units in millions)*	**4**	1

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 2. Earnings Per Share, *continued*

Share Repurchases

In July 2022, the share repurchase program announced in October 2020 was completed and the Company announced a $5 billion share repurchase program. Total repurchase authority remaining was $2.2 billion as of March 31, 2023.

Share repurchases may be made through a variety of methods including, but not limited to, open market purchases, purchases pursuant to Rule 10b5-1 plans, accelerated share repurchases and negotiated block purchases. The timing of share repurchases depends upon management's assessment of marketplace conditions and other factors, and the program remains subject to the discretion of the Board of Directors. Future share repurchases are expected to be funded by cash on hand, cash generated from operations and debt issuances. Shares are retired immediately upon repurchase. In accordance with the *Equity Topic* in the Accounting Standards Codification ("ASC"), the excess of repurchase price over par value is recorded in retained earnings.

During first quarters 2023 and 2022, the Company engaged in the following repurchase activities:

	First Quarters	
	2023	2022
Shares Repurchased *(Millions)*	**35**	29
Cost of Shares *(Dollars in millions)*	**$ 1,067**	$ 1,016

Dividend Increase

On February 14, 2023, the Company's Board of Directors authorized a 10% increase in the quarterly cash dividend to $0.11 per common share effective March 2023.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 3. Stock Plans and Share-Based Compensation

Under CSX's share-based compensation plans, awards consist of performance units, stock options and restricted stock units for management and stock grants for directors. Share-based compensation expense for awards under share-based compensation plans is measured using the fair value of the award on the grant date and is recognized on a straight-line basis over the service period of the respective award. Alternatively, expense is recognized upon death or over an accelerated service period for retirement-eligible employees whose agreements allow for continued vesting upon retirement. Forfeitures are recognized as they occur. Total pre-tax expense and income tax benefits associated with share-based compensation are shown in the table below. Income tax benefits include impacts from option exercises and the vesting of other equity awards.

	First Quarters	
(Dollars in millions)	**2023**	2022
Share-Based Compensation Expense:		
Restricted Stock Units	**$ 4**	$ 6
Performance Units	**3**	20
Stock Options	**3**	7
Stock Awards for Directors	**2**	2
Employee Stock Purchase Plan	**1**	1
Total Share-Based Compensation Expense	**$ 13**	$ 36
Income Tax Benefit	**$ 4**	$ 9

Long-term Incentive Plan

On February 15, 2023, the Company granted the following awards under a new long-term incentive plan ("LTIP") for the years 2023 through 2025, which was adopted under the CSX 2019 Stock and Incentive Award Plan.

	Granted	**Weighted Avg. Fair Value**
Performance Units	680	$ 32.77
Restricted Stock Units	648	31.67
Stock Options	1,067	9.86

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 3. Stock Plans and Share-Based Compensation, *continued*

Performance Units

Payouts will be made in CSX common stock with a payout range for most participants between 0% and 200% of the target awards depending on Company performance against predetermined goals. Payouts for certain executive officers are subject to formulaic upward or downward adjustment by up to 25%, capped at an overall payout of 250%, based upon the Company's total shareholder return relative to specified comparable groups over the performance period. The fair values of performance units granted to certain executive officers were calculated using a Monte-Carlo simulation model.

Measurement against goals related to both average annual operating income growth and CSX Cash Earnings ("CCE"), in each case excluding non-recurring items as defined in the plan, will each comprise 50% of the payout. As defined under the plan, CCE is a cash-flow based measure of economic profit that incentivizes strategic investments earning more than the required return and is calculated as CSX’s gross cash earnings (after-tax EBITDA) minus the required return on gross operating assets.

Stock Options

Stock options were granted with ten-year terms and vest over three years in equal installments each year on the anniversary of the grant date. These awards are time-based and are not based upon attainment of performance goals. The fair values of stock option awards were estimated at the grant date using the Black-Scholes valuation model.

Restricted Stock Units

The restricted stock units awarded vest over three years in equal installments each year on the anniversary of the grant date and are settled in CSX common stock on a one-for-one basis. These awards are time-based and are not based upon CSX's attainment of performance goals.

For more information related to the Company's outstanding long-term incentive compensation, see CSX's most recent annual report on Form 10-K.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 4. Casualty, Environmental and Other Reserves

Personal injury and environmental reserves are considered critical accounting estimates due to the need for management judgment. Casualty, environmental and other reserves are provided for in the consolidated balance sheets as shown in the table below.

	March 31, 2023			December 31, 2022		
(Dollars in millions)	**Current**	**Long-term**	**Total**	Current	Long-term	Total
Casualty:						
Personal Injury	**$ 40**	**$ 87**	**$ 127**	$ 40	$ 86	$ 126
Occupational	**10**	**56**	**66**	10	58	68
Total Casualty	**50**	**143**	**193**	50	144	194
Environmental	**53**	**109**	**162**	53	108	161
Other	**48**	**35**	**83**	41	40	81
Total	**$ 151**	**$ 287**	**$ 438**	$ 144	$ 292	$ 436

These liabilities are accrued when probable and reasonably estimable in accordance with the *Contingencies Topic* in the ASC. Actual settlements and claims received could differ, and final outcomes of these matters cannot be predicted with certainty. Considering the legal defenses currently available, the liabilities that have been recorded and other factors, it is the opinion of management that none of these items individually, when finally resolved, will have a material adverse effect on the Company's financial condition, results of operations or liquidity. Should a number of these items occur in the same period, however, their combined effect could be material in that particular period.

Casualty

Casualty reserves of $193 million and $194 million as of March 31, 2023 and December 31, 2022, respectively, represent accruals for personal injury, occupational disease and occupational injury claims primarily related to railroad operations. The Company's self-insured retention amount for casualty claims is $100 million per occurrence. Currently, no individual claim is expected to exceed the self-insured retention amount.

Personal Injury

Personal injury reserves represent liabilities for employee work-related and third-party injuries. Work-related injuries for CSXT employees are primarily subject to the Federal Employers' Liability Act ("FELA"). CSXT retains an independent actuary to assist management in assessing the value of personal injury claims. An analysis is performed by the actuary quarterly and is reviewed by management. This analysis did not result in a material adjustment to the personal injury reserve in the quarters ended March 31, 2023 or March 31, 2022.

Occupational

Occupational reserves represent liabilities arising from allegations of exposure to certain materials in the workplace (such as solvents, soaps, chemicals and diesel fumes), past exposure to asbestos or allegations of chronic physical injuries resulting from work conditions (such as repetitive stress injuries). The Company retains an independent actuary to analyze the Company's historical claim filings, settlement amounts, and dismissal rates to assist in determining future anticipated claim filing rates and average settlement values. This analysis is performed by the actuary and reviewed by management quarterly. The analysis did not result in a material adjustment to the occupational reserve in the quarters ended March 31, 2023 or March 31, 2022.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 4. Casualty, Environmental and Other Reserves, *continued*

Environmental

Environmental reserves were $162 million and $161 million as of March 31, 2023, and December 31, 2022, respectively. The Company is a party to various proceedings related to environmental issues, including administrative and judicial proceedings involving private parties and regulatory agencies. The Company has been identified as a potentially responsible party at approximately 240 environmentally impaired sites. Many of these are, or may be, subject to remedial action under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), also known as the Superfund Law, or similar state statutes. Most of these proceedings arose from environmental conditions on properties used for ongoing or discontinued railroad operations. A number of these proceedings, however, are based on allegations that the Company, or its predecessors, sent hazardous substances to facilities owned or operated by others for treatment, recycling or disposal. In addition, some of the Company's land holdings were leased to others for commercial or industrial uses that may have resulted in releases of hazardous substances or other regulated materials onto the property and could give rise to proceedings against the Company.

In any such proceedings, the Company is subject to environmental clean-up and enforcement actions under the Superfund Law, as well as similar state laws that may impose joint and several liability for clean-up and enforcement costs on current and former owners and operators of a site without regard to fault or the legality of the original conduct. These costs could be substantial.

The Company reviews its role with respect to each site identified at least quarterly. Based on management's review process, amounts have been recorded to cover contingent anticipated future environmental remediation costs with respect to each site to the extent such costs are reasonably estimable and probable. Payments related to these liabilities are expected to be made over the next several years. Environmental remediation costs are included in purchased services and other on the consolidated income statements.

Currently, the Company does not possess sufficient information to reasonably estimate the amounts of additional liabilities, if any, on some sites until completion of future environmental studies. In addition, conditions that are currently unknown could, at any given location, result in additional exposure, the amount and materiality of which cannot presently be reasonably estimated. Based upon information currently available, however, the Company believes its environmental reserves accurately reflect the estimated cost of remedial actions currently required.

Other

Other reserves were $83 million and $81 million as of March 31, 2023 and December 31, 2022, respectively. Other reserves include liabilities for various claims, such as automobile, property, general liability, workers' compensation and longshoremen disability claims.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 5. Commitments and Contingencies

Insurance

The Company maintains insurance programs with substantial limits for property damage, including resulting business interruption, and third-party liability. A certain amount of risk is retained by the Company on each insurance program. Under its property insurance program, the Company retains all risk up to $100 million per occurrence for losses from floods and named windstorms and up to $75 million per occurrence for other property losses. For third-party liability claims, the Company retains all risk up to $100 million per occurrence. As CSX negotiates insurance coverage above its full self-retention amounts, it retains a percentage of risk at various layers of coverage. While the Company believes its insurance coverage is adequate, future claims could exceed existing insurance coverage or insurance may not continue to be available at commercially reasonable rates.

Legal

The Company is involved in litigation incidental to its business and is a party to a number of legal actions and claims, various governmental proceedings and private civil lawsuits, including, but not limited to, those related to fuel surcharge practices, tax matters, environmental and hazardous material exposure matters, FELA and labor claims by current or former employees, other personal injury or property claims and disputes and complaints involving certain transportation rates and charges. Some of the legal proceedings include claims for compensatory as well as punitive damages and others are, or are purported to be, class actions. While the final outcome of these matters cannot be predicted with certainty, considering, among other things, the legal defenses available and liabilities that have been recorded along with applicable insurance, it is currently the opinion of management that none of these pending items is likely to have a material adverse effect on the Company's financial condition, results of operations or liquidity. An unexpected adverse resolution of one or more of these items, however, could have a material adverse effect on the Company's financial condition, results of operations or liquidity in that particular period.

The Company is able to estimate a range of possible loss for certain legal proceedings for which a loss is reasonably possible in excess of reserves established. The Company has estimated this range to be $3 million to $22 million in aggregate at March 31, 2023. This estimated aggregate range is based upon currently available information and is subject to significant judgment and a variety of assumptions. Accordingly, the Company's estimate will change from time to time, and actual losses may vary significantly from the current estimate.

Fuel Surcharge Antitrust Litigation

In May 2007, class action lawsuits were filed against CSXT and three other U.S.-based Class I railroads alleging that the defendants' fuel surcharge practices relating to contract and unregulated traffic resulted from an illegal conspiracy in violation of antitrust laws. The class action lawsuits were consolidated into one case in federal court in the District of Columbia. In 2017, the District Court issued its decision denying class certification. On August 16, 2019, the U.S. Court of Appeals for the D.C. Circuit affirmed the District Court’s ruling. The consolidated case is now moving forward without class certification. Although the class was not certified, individual shippers have since brought claims against the railroads, which have been consolidated into a separate case.

CSXT believes that its fuel surcharge practices were arrived at and applied lawfully and that the case is without merit. Accordingly, the Company intends to defend itself vigorously. However, penalties for violating antitrust laws can be severe, and resolution of these matters individually or when aggregated could have a material adverse effect on the Company's financial condition, results of operations or liquidity in that particular period.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 5. Commitments and Contingencies, *continued*

Environmental

CSXT is indemnifying Pharmacia LLC, formerly known as Monsanto Company, ("Pharmacia") for certain liabilities associated with real estate located in Kearny, New Jersey along the Lower Passaic River (the “Property”). The Property, which was formerly owned by Pharmacia, is now owned by CSXT. CSXT's indemnification and defense duties arise with respect to several matters. The U.S. Environmental Protection Agency ("EPA"), using its CERCLA authority, seeks the investigation and cleanup of hazardous substances in the 17-mile Lower Passaic River Study Area (the "Study Area”). CSXT, on behalf of Pharmacia, and a significant number of other potentially responsible parties are together conducting a Remedial Investigation and Feasibility Study of the Study Area pursuant to an Administrative Settlement Agreement and Order on Consent with the EPA. Pharmacia’s share of responsibility, indemnified by CSXT, for the investigation and cleanup costs of the Study Area may be determined through various mechanisms including (a) an allocation and settlement with EPA; (b) litigation brought by EPA against non-settling parties; or (c) litigation among the responsible parties.

For the lower 8 miles of the Study Area, EPA issued its Record of Decision detailing the agency’s mandated remedial process in March 2016. Approximately 80 parties, including Pharmacia, are participating in an EPA-directed allocation and settlement process to assign responsibility for the remedy selected for the lower 8 miles of the Study Area. CSXT is participating in the EPA-directed allocation and settlement process on behalf of Pharmacia. For the remainder of the Study Area, EPA has selected an interim remedy in a Record of Decision dated September 28, 2021.

On March 2, 2022, EPA issued a Notice Letter to Pharmacia, Occidental Chemical Corporation and eight other parties alleging they are liable under Section 107(a) of CERCLA for releases or threatened releases of hazardous substances and requesting each party, individually or collectively, submit good faith offers to EPA in connection with the Study Area. CSX, on behalf of Pharmacia, responded to the Notice Letter and submitted a good faith offer to EPA on June 27, 2022, following meetings with a mediator from EPA’s Conflict Prevention and Resolution Center. Negotiations with EPA and other parties to resolve this matter continue. On March 2, 2023, the EPA issued an administrative order requiring Occidental Chemical Corporation to design the interim remedy for the remainder of the Study Area.

CSXT is also defending and indemnifying Pharmacia with regard to the Property in litigation filed by Occidental Chemical Corporation, which is seeking to recover various costs. These costs include costs for the remedial design of the lower 8 miles of the Study Area, as well as anticipated costs associated with the future remediation of the entire Study Area. Alternatively, Occidental seeks to compel some, or all of the defendants to participate in the remediation of the Study Area. Pharmacia is one of approximately 110 defendants in this federal lawsuit filed by Occidental on June 30, 2018. CSXT is also defending and indemnifying Pharmacia in a cooperative natural resource damages assessment process related to the Property.

Based on currently available information, the Company does not believe its share of remediation costs as determined by the EPA-directed allocation with respect to the Property and the Study Area would be material to the Company's financial condition, results of operations or liquidity.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 6. Employee Benefit Plans

The Company sponsors defined benefit pension plans principally for salaried, management personnel. The CSX Pension Plan, the largest plan based on benefit obligation, was closed to new participants beginning in 2020.

Independent actuaries compute the amounts of liabilities and expenses relating to these plans subject to the assumptions that the Company determines are appropriate based on historical trends, current market rates and future projections. These amounts are reviewed by management. Only the service cost component of net periodic benefit costs is included in labor and fringe expense on the consolidated income statement. All other components of net periodic benefit cost are included in other income - net.

	Pension Benefits Cost First Quarters	
(Dollars in millions)	**2023**	2022
Service Cost Included in Labor and Fringe	**$ 6**	$ 8
Interest Cost	**28**	16
Expected Return on Plan Assets	**(41)**	(47)
Amortization of Net Loss	**7**	12
Total Included in Other Income - Net	**(6)**	(19)
Net Periodic Benefit Credit	**$ —**	$ (11)

Qualified pension plan obligations are funded in accordance with regulatory requirements and with an objective of meeting or exceeding minimum funding requirements necessary to avoid restrictions on flexibility of plan operation and benefit payments. No contributions to the Company's qualified pension plans are expected in 2023.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 7. Debt and Credit Agreements

Total activity related to long-term debt as of the end of first quarter 2023 is shown in the table below. For fair value information related to the Company's long-term debt, see Note 9, *Fair Value Measurements*.

(Dollars in millions)	Current Portion	Long-term Portion	Total
Long-term Debt as of December 31, 2022	$ 151	$ 17,896	$ 18,047
2023 Activity:			
Long-term Debt Repaid	(142)	—	(142)
Reclassifications	2	(2)	—
Hedging, Discount, Premium and Other Activity	—	17	17
Long-term Debt as of March 31, 2023	**$ 11**	**$ 17,911**	**$ 17,922**

Interest Rate Derivatives

Fair Value Hedges

In first quarter 2022, CSX entered into five separate fixed-to-floating interest rate swaps classified as fair value hedges. The swaps are designed to hedge 10 years of interest rate risk associated with market fluctuations attributable to the Secured Overnight Financing Rate on a cumulative $800 million of fixed rate outstanding notes which are due between 2036 and 2040. The cumulative fair value of these swaps, which is included in other long-term liabilities on the consolidated balance sheet, was a liability of $103 million and $118 million as of March 31, 2023, and December 31, 2022, respectively. The associated cumulative adjustment to the hedged notes is included in long-term debt. Gains and losses resulting from changes in fair value of the interest rate swaps offset changes in the fair value of the hedged portion of the underlying debt with no gain or loss recognized due to hedge ineffectiveness. The difference in the net fixed-to-float interest settlement on the derivatives is recognized in interest expense and was not material in first quarter 2023 or 2022. The swaps will expire in 2032. If settled early, the remaining cumulative fair value adjustment to the hedged notes will be amortized over the remaining life of the associated notes. The amounts recorded in long-term debt on the consolidated balance sheet related to these fair value hedges is summarized in the table below.

(Dollars in millions)	March 31, 2023	December 31, 2022
Notional Value of Hedged Notes	$ 800	$ 800
Cumulative Fair Value Adjustment to Hedged Notes	(103)	(118)
Carrying Amount of Hedged Notes	**$ 697**	$ 682

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 7. Debt and Credit Agreements, *continued*

Cash Flow Hedges

The unsettled aggregate notional value of forward starting interest rate swaps, classified as cash flow hedges, executed in 2020 is $340 million. These swaps were effected to hedge the benchmark interest rate associated with future interest payments related to the anticipated refinancing of $850 million of 3.25% notes due in 2027. As of March 31, 2023, and December 31, 2022, the asset value of the forward starting interest rate swaps was $124 million and $127 million, respectively, and was recorded in other long-term assets on the consolidated balance sheet. Unrealized gains or losses associated with changes in the fair value of the hedge are recorded net of tax in accumulated other comprehensive income (“AOCI”) on the consolidated balance sheet. Unless settled early, the remainder of the swaps will expire in 2027 and the unrealized gain or loss in AOCI will be recognized in earnings as an adjustment to interest expense over the same period during which the hedged transaction affects earnings. Unrealized amounts, recorded net of tax in other comprehensive income, related to the hedge were a loss of $3 million in first quarter 2023 and gain of $21 million in first quarter 2022.

See Note 9, *Fair Value Measurements*, and Note 10, *Other Comprehensive Income (Loss)*, for additional information about the Company's hedges.

Credit Facility

On February 28, 2023, CSX replaced its existing $1.2 billion unsecured revolving credit facility with a new $1.2 billion unsecured revolving credit facility backed by a diverse syndicate of banks. This facility allows same-day borrowings at floating interest rates, based on Secured Overnight Financing Rate ("SOFR") or an agreed-upon replacement reference rate, plus a spread that depends upon CSX's senior unsecured debt ratings. This facility expires in February 2028. As of March 31, 2023, the Company had no outstanding balances under this facility.

Commitment fees and interest rates payable under the facility were similar to fees and rates available to comparably rated investment-grade borrowers. As of first quarter 2023, CSX was in compliance with all covenant requirements under this facility.

Commercial Paper

Under its commercial paper program, which is backed by the revolving credit facility, the Company may issue unsecured commercial paper notes up to a maximum aggregate principal amount of $1.0 billion outstanding at any one time. Proceeds from issuances of the notes are expected to be used for general corporate purposes. At March 31, 2023, the Company had no outstanding debt under the commercial paper program.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 8. Revenues

The Company's revenues are primarily derived from the transportation of freight as performance obligations that arise from its contracts with customers are satisfied. The following table presents the Company's revenues disaggregated by market as this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors:

(Dollars in millions)	First Quarters	
	2023	2022
Chemicals	**$ 650**	$ 618
Agricultural and Food Products	**437**	387
Automotive	**274**	227
Forest Products	**261**	228
Metals and Equipment	**239**	197
Minerals	**173**	144
Fertilizers	**129**	120
Total Merchandise	**2,163**	1,921
Coal	**633**	533
Intermodal	**499**	527
Trucking	**233**	230
Other	**178**	202
Total	**$ 3,706**	$ 3,413

The Company's accounts receivable - net consists of freight and non-freight receivables, reduced by an allowance for credit losses. Freight receivables include amounts earned, billed and unbilled, and currently due from customers for transportation-related services. Non-freight receivables include amounts billed and unbilled and currently due related to government reimbursement receivables and other non-revenue receivables. As of March 31, 2023, non-freight receivables includes $42 million related to an insurance recovery recognized in first quarter 2023.

(Dollars in millions)	**March 31, 2023**	December 31, 2022
Freight Receivables	**$ 1,056**	$ 1,067
Freight Allowance for Credit Losses	**(17)**	(16)
Freight Receivables, net	**1,039**	1,051
Non-Freight Receivables	**356**	279
Non-Freight Allowance for Credit Losses	**(18)**	(17)
Non-Freight Receivables, net	**338**	262
Total Accounts Receivable, net	**$ 1,377**	$ 1,313

The Company maintains an allowance for credit losses to provide for the estimated amount of receivables that will not be collected. The allowance is based upon an assessment of risk characteristics, historical payment experience, and the age of outstanding receivables adjusted for forward-looking economic conditions as necessary. Credit losses recognized on the Company's accounts receivable were not material in the first quarters 2023 and 2022.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 9. Fair Value Measurements

Investments

The Company's investment assets are carried at fair value on the consolidated balance sheet in accordance with the *Fair Value Measurements and Disclosures Topic* in the ASC. They are valued with assistance from a third-party trustee and consist of fixed income mutual funds, corporate bonds, government securities and short-term time deposits. The fixed income mutual funds are valued at the net asset value of shares held based on quoted market prices determined in an active market, which are Level 1 inputs. The corporate bonds and government securities are valued using broker quotes that utilize observable market inputs, which are Level 2 inputs. The carrying amount of time deposits as reported in the consolidated balance sheet, using Level 2 inputs, approximates fair value due to their short-term nature. Unrealized losses as of March 31, 2023 were not material. The Company believes any impairment of investments held with gross unrealized losses to be temporary and not the result of credit risk.

The Company's investment assets are carried at fair value on the consolidated balance sheets as summarized in the following table.

	March 31, 2023			December 31, 2022		
(Dollars in millions)	**Level 1**	**Level 2**	**Total**	Level 1	Level 2	Total
Fixed Income Mutual Funds	**$ 77**	**$ —**	**$ 77**	$ 89	$ —	$ 89
Corporate Bonds	**—**	**49**	**49**	—	49	49
Time Deposits	**—**	**100**	**100**	—	—	—
Government Securities	**—**	**18**	**18**	—	58	58
Total investments at fair value	**$ 77**	**$ 167**	**$ 244**	$ 89	$ 107	$ 196
Total investments at amortized cost			**$ 247**			$ 201

These investments have the following maturities:

(Dollars in millions)	**March 31, 2023**	December 31, 2022
Less than 1 year	**$ 178**	$ 129
1 - 5 years	**24**	24
5 - 10 years	**9**	10
Greater than 10 years	**33**	33
Total investments at fair value	**$ 244**	$ 196

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 9. Fair Value Measurements, *continued*

Long-term Debt

Long-term debt is reported at carrying amount on the consolidated balance sheets and is the Company's only financial instrument with fair values significantly different from their carrying amounts. The fair value of a company's debt is a measure of its current value under present market conditions. It does not impact the financial statements under current accounting rules. The majority of the Company's long-term debt is valued with assistance from a third party that utilizes closing transactions, market quotes or market values of comparable debt. For those instruments not valued by the third party, the fair value has been estimated by applying market rates of similar instruments to the scheduled contractual debt payments and maturities. These market rates are provided by the same third party. All of the inputs used to determine the fair value of the Company's long-term debt are Level 2 inputs.

The fair value and carrying value of the Company's long-term debt is as follows:

(Dollars in millions)	**March 31, 2023**	December 31, 2022
Long-term Debt (Including Current Maturities):		
Fair Value	**$ 16,592**	$ 16,135
Carrying Value	**17,922**	18,047

Interest Rate Derivatives

The Company’s fixed-to-floating and forward starting interest rate swaps are carried at their respective fair values, which are determined with assistance from a third party based upon pricing models using inputs observed from actively quoted markets. All of the inputs used to determine the fair value of the swaps are Level 2 inputs. The fair value of the Company’s fixed-to-floating interest rate swaps was a liability of $103 million and $118 million as of March 31, 2023, and December 31, 2022, respectively. The fair value of the Company’s forward starting interest rate swap asset was $124 million and $127 million as of March 31, 2023, and December 31, 2022, respectively. See Note 7, *Debt and Credit Agreements*, for further information.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 10. Other Comprehensive Income (Loss)

Total comprehensive earnings are defined as all changes in shareholders' equity during a period, other than those resulting from investments by and distributions to shareholders (e.g. issuance of equity securities and dividends). Generally, for CSX, total comprehensive earnings equal net earnings plus or minus adjustments for pension and other post-retirement liabilities as well as derivative activity and other adjustments. Total comprehensive earnings represent the activity for a period net of tax and was $989 million and $890 million for first quarters 2023 and 2022, respectively.

While total comprehensive earnings is the activity in a period and is largely driven by net earnings in that period, AOCI represents the cumulative balance of other comprehensive income, net of tax, as of the balance sheet date. Changes in the AOCI balance by component are shown in the following table. Amounts reclassified in pension and other post-employment benefits to net earnings relate to the amortization of actuarial losses and are included in other income - net on the consolidated income statements. See Note 6, *Employee Benefit Plans*, for further information. Interest rate derivatives consist of forward starting interest rate swaps classified as cash flow hedges. See Note 7, *Debt and Credit Agreements*, for further information. Other primarily represents CSX's share of AOCI of equity method investees. Amounts reclassified in other to net earnings are included in purchased services and other or equipment and other rents on the consolidated income statements.

(Dollars in millions)	Pension and Other Post-Employment Benefits	Interest Rate Derivatives	Other	Accumulated Other Comprehensive Income (Loss)
Balance December 31, 2022, Net of Tax	$ (497)	$ 150	$ (41)	$ (388)
Other Comprehensive Income (Loss)				
Income Before Reclassifications	—	(3)	—	(3)
Amounts Reclassified to Net Earnings	4	—	2	6
Tax (Expense)/Benefit	(1)	—	—	(1)
Total Other Comprehensive Income	3	(3)	2	2
Balance March 31, 2023, Net of Tax	**$ (494)**	**$ 147**	**$ (39)**	**$ (386)**

FIRST QUARTER 2023 HIGHLIGHTS

- Revenue increased $293 million, or 9% year over year.
- Expenses increased $111 million, or 5% year over year.
- Operating income of $1.5 billion increased $182 million, or 14%, year over year.
- Operating ratio of 60.5% decreased 190 basis points versus prior year.
- Earnings per diluted share of $0.48 increased $0.09, or 23%, year over year.

	First Quarters			
	2023	2022	*Fav/ (Unfav)*	*% Change*
Volume *(in thousands)*	**1,486**	1,498	*(12)*	*(1)%*
(in millions)				
Revenue	**$ 3,706**	$ 3,413	*$ 293*	*9*
Expense	**2,242**	2,131	*(111)*	*(5)*
Operating Income	**$ 1,464**	$ 1,282	*$ 182*	*14%*
Operating Ratio	**60.5 %**	62.4 %	*190*	*bps*
Earnings Per Diluted Share	**$ 0.48**	$ 0.39	*$ 0.09*	*23%*

CSX CORPORATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Volume and Revenue *(Unaudited)*

Volume (Thousands of units); Revenue (Dollars in Millions); Revenue Per Unit (Dollars)

First Quarters

	Volume			Revenue			Revenue Per Unit		
	2023	2022	*% Change*	**2023**	2022	*% Change*	**2023**	2022	*% Change*
Chemicals	**160**	161	*(1)%*	**$ 650**	$ 618	*5 %*	**$ 4,063**	$ 3,839	*6 %*
Agricultural and Food Products	**122**	118	*3*	**437**	387	*13*	**3,582**	3,280	*9*
Automotive	**86**	78	*10*	**274**	227	*21*	**3,186**	2,910	*9*
Minerals	**83**	72	*15*	**173**	144	*20*	**2,084**	2,000	*4*
Forest Products	**73**	70	*4*	**261**	228	*14*	**3,575**	3,257	*10*
Metals and Equipment	**73**	66	*11*	**239**	197	*21*	**3,274**	2,985	*10*
Fertilizers	**50**	56	*(11)*	**129**	120	*8*	**2,580**	2,143	*20*
Total Merchandise	**647**	621	*4*	**2,163**	1,921	*13*	**3,343**	3,093	*8*
Intermodal	**654**	722	*(9)*	**499**	527	*(5)*	**763**	730	*5*
Coal	**185**	155	*19*	**633**	533	*19*	**3,422**	3,439	—
Trucking	**—**	—	—	**233**	230	*1*	**—**	—	—
Other	**—**	—	—	**178**	202	*(12)*	**—**	—	—
Total	**1,486**	1,498	*(1)%*	**$ 3,706**	$ 3,413	*9 %*	**$ 2,494**	$ 2,278	*9 %*

First Quarter 2023

Revenue

Total revenue increased 9% in first quarter 2023 when compared to first quarter 2022 primarily due to volume growth in coal and merchandise, higher fuel recovery, and pricing gains in merchandise and intermodal, partially offset by lower intermodal volume.

Merchandise Volume

Chemicals - Decreased due to lower shipments of materials used in making plastics, partially offset by higher shipments of energy-related commodities.

Agricultural and Food Products - Increased due to higher shipments of feed grain for both the domestic and export markets.

Automotive - Increased due to higher North American vehicle production as semiconductor availability has improved.

Minerals - Increased due to higher shipments of aggregates and cement driven by increased road construction and other infrastructure-related activities.

Forest Products - Increased due to higher shipments of building products, supported by strength in multi-family residential construction.

Metals and Equipment - Increased due to higher scrap and steel shipments, as well as stronger equipment shipments.

Fertilizers - Decreased due to declines in short-haul shipments, which were partially offset by slight increases in long-haul phosphate shipments.

Intermodal Volume

Lower volume was primarily due to decreased international shipments driven by high inventory levels and lower imports. Domestic shipments also decreased primarily due to the impacts of a softening truck market.

Coal Volume

Export coal increased due to higher shipments of metallurgical and thermal coal, partially due to the prior year impact from reduced capacity at Curtis Bay coal pier. Domestic coal increased due to higher shipments of utility coal including the benefit of replenishing stockpiles as well as higher steel and industrial shipments.

Trucking Revenue

Trucking revenue increased $3 million versus prior year due to higher fuel surcharge.

Other Revenue

Other revenue was $24 million lower primarily resulting from lower intermodal storage and equipment usage, partially offset by increases in demurrage and higher affiliate revenue.

Expenses

Expenses of $2.2 billion increased $111 million, or 5%, in first quarter 2023 when compared to the first quarter 2022.

Labor and Fringe expense increased $31 million due to the following:

- An increase of $39 million was driven by inflation.
- Incentive compensation costs decreased $31 million due to the impacts of accelerated expense for eligible employees in the prior year as well as lower expected payouts.
- Other costs increased $23 million primarily due to increased headcount and training costs.

Purchased Services and Other expense increased $13 million due to the following:

- Operating support costs increased $35 million primarily as a result of inflation, higher scheduled locomotive maintenance costs and increased coal and merchandise volume. These increases were partially offset by lower intermodal expenses.
- Other costs decreased $22 million as a $46 million insurance recovery and the impact of prior year environmental reserve adjustments were partially offset by the inclusion of Pan Am's operations and other non-significant items.

Depreciation and Amortization expense increased $33 million primarily as the result of a 2022 equipment depreciation study as well as a larger asset base.

Fuel costs increased $33 million primarily resulting from a 6% increase in locomotive fuel prices as well as higher fuel consumption.

Equipment and Other Rents expense decreased $18 million primarily driven by lower net car hire costs resulting from improved days per load across all markets.

Gains on Property Dispositions decreased to $8 million from $27 million in the prior year. First quarter 2022 included gains of $20 million related to the sale of property rights to the Commonwealth of Virginia under a multi-phase agreement.

Interest Expense

Interest expense increased $22 million primarily due to higher average debt balances and higher interest rates.

Other Income - Net

Other income - net increased $15 million primarily due to higher interest income, partially offset by a decrease in net pension benefit credits.

Income Tax Expense

Income tax expense increased $47 million mostly due to higher earnings before income taxes.

Non-GAAP Measures - Unaudited

CSX reports its financial results in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). CSX also uses certain non-GAAP measures that fall within the meaning of Securities and Exchange Commission Regulation G and Regulation S-K Item 10(e), which may provide users of the financial information with additional meaningful comparison to prior reported results. Non-GAAP measures do not have standardized definitions and are not defined by U.S. GAAP. Therefore, CSX's non-GAAP measures are unlikely to be comparable to similar measures presented by other companies. The presentation of these non-GAAP measures should not be considered in isolation from, as a substitute for, or as superior to the financial information presented in accordance with GAAP. Reconciliations of non-GAAP measures to corresponding GAAP measures are below.

Free Cash Flow

Management believes that free cash flow is supplemental information useful to investors as it is important in evaluating the Company's financial performance. More specifically, free cash flow measures cash generated by the business after reinvestment. This measure represents cash available for both equity and bond investors to be used for dividends, share repurchases or principal reduction on outstanding debt. Free cash flow is calculated by using net cash from operations and adjusting for property additions and proceeds and advances from property dispositions. Free cash flow should be considered in addition to, rather than a substitute for, cash provided by operating activities. The decrease in free cash flow before dividends from the prior year of $160 million is due to higher property additions and less cash from operating activities.

The following table reconciles cash provided by operating activities (GAAP measure) to free cash flow, before dividends (non-GAAP measure).

	Three Months	
(Dollars in millions)	**2023**	2022
Net cash provided by operating activities [(a)]	**$ 1,251**	**$ 1,299**
Property Additions	(443)	(331)
Proceeds and Advances from Property Dispositions	8	8
Free Cash Flow (before payment of dividends)	$ 816	$ 976

(a) Net Cash Provided by Operating Activities for three months ended March 31, 2023, includes the impact of $232 million in payments of retroactive wages and bonuses related to finalized labor agreements.

Operating Statistics (Estimated)

The Company is committed to continuous improvement in safety and service performance through training, innovation and investment. Training and safety programs are designed to prevent incidents that can adversely impact employees, customers and communities. Technological innovations that can detect and avoid many types of human factor incidents are designed to serve as an additional layer of protection for the Company's employees. Continued capital investment in the Company's assets, including track, bridges, signals, equipment and detection technology also supports safety performance.

The FRA train accident rate of 3.47 in first quarter 2023 increased by 20% compared to prior year. The personal injury frequency index of 1.04 increased 27% compared to prior year. Safety is a guiding principle at CSX, and the Company remains focused on instilling safety culture, especially in new hires. CSX is committed to reducing risk and enhancing the overall safety of its employees, customers and communities in which the Company operates.

CSX CORPORATION
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In first quarter 2023, velocity increased by 16% and dwell improved by 20% versus prior year. Carload trip plan performance and intermodal trip plan performance improved by 34% and 10%, respectively. Service metrics continue to improve with increased employee availability and engagement as well as effective execution of the operating plan.

	First Quarters		
	2023	2022	*Improvement/ (Deterioration)*
Operations Performance			
Train Velocity *(Miles per hour)* [(a)]	**18.5**	16.0	*16 %*
Dwell *(Hours)* [(a)]	**9.0**	11.2	*20 %*
Cars Online [(a)]	**126,293**	138,466	*9 %*
On-Time Originations [(a)]	**84 %**	65 %	*29 %*
On-Time Arrivals [(a)]	**77 %**	57 %	*35 %*
Carload Trip Plan Performance [(a)]	**86 %**	64 %	*34 %*
Intermodal Trip Plan Performance [(a)]	**96 %**	87 %	*10 %*
Fuel Efficiency	**1.02**	1.01	*(1)%*
Revenue Ton-Miles *(Billions)*			
Merchandise	**32.3**	31.2	*4 %*
Coal	**9.2**	7.6	*21 %*
Intermodal	**6.9**	7.6	*(9)%*
Total Revenue Ton-Miles	**48.4**	46.4	*4 %*
Total Gross Ton-Miles *(Billions)*	**94.4**	91.4	*3 %*
Safety			
FRA Personal Injury Frequency Index [(a)]	**1.04**	0.82	*(27)%*
FRA Train Accident Rate [(a)]	**3.47**	2.88	*(20)%*

(a) These metrics do not include results from the network acquired from Pan Am. These metrics will be updated to include the Pan Am network results as data becomes available.

Certain operating statistics are estimated and can continue to be updated as actuals settle. The methodology for calculating train velocity, dwell, cars online and trip plan performance differs from that used by the Surface Transportation Board. The Company will continue to report these metrics to the Surface Transportation Board using the prescribed methodology.

Key Performance Measures Definitions

Train Velocity - Average train speed between origin and destination in miles per hour (does not include locals, yard jobs, work trains or passenger trains). Train velocity measures the profiled schedule of trains (from departure to arrival and all interim time), and train profiles are periodically updated to align with a changing operation.

Dwell - Average amount of time in hours between car arrival to and departure from the yard.

Cars Online - Average number of active freight rail cars on lines operated by CSX, excluding rail cars that are being repaired, in storage, those that have been sold, or private cars dwelling at a customer location more than one day.

On-Time Originations - Percent of scheduled road trains that depart the origin yard on-time or ahead of schedule.

On-Time Arrivals - Percent of scheduled road trains that arrive at the destination yard on-time to within two hours of scheduled arrival.

Carload Trip Plan Performance - Percent of measured cars destined for a customer that arrive at or ahead of the original estimated time of arrival, notification or interchange (as applicable).

Intermodal Trip Plan Performance - Percent of measured containers destined for a customer that arrive at or ahead of the original estimated time of arrival, notification or interchange (as applicable).

Fuel Efficiency - Gallons of locomotive fuel per 1,000 gross ton-miles.

Revenue Ton-Miles (RTM's) - The movement of one revenue-producing ton of freight over a distance of one mile.

Gross Ton-Miles (GTM's) - The movement of one ton of train weight over one mile. GTM's are calculated by multiplying total train weight by distance the train moved. Total train weight is comprised of the weight of the freight cars and their contents.

FRA Personal Injury Frequency Index - Number of FRA-reportable injuries per 200,000 man-hours.

FRA Train Accident Rate - Number of FRA-reportable train accidents per million train-miles.

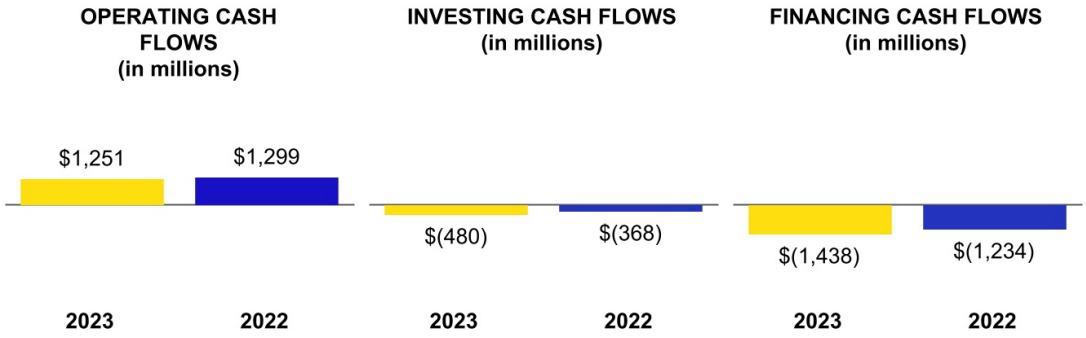
LIQUIDITY AND CAPITAL RESOURCES

The following are material changes in the significant cash flows, sources of cash and liquidity, capital investments, consolidated balance sheets and working capital, which provide an update to the discussion included in CSX's most recent annual report on Form 10-K.

Material Changes in Significant Cash Flows

Significant Cash Flows

The following chart highlights the operating, investing and financing components of the net decreases of $667 million and $303 million in cash and cash equivalents for three months ended 2023 and 2022, respectively.



- Cash provided by operating activities decreased $48 million primarily driven by unfavorable working capital activities, including the payments of $232 million for retroactive wages and bonuses related to finalized labor agreements. This decrease was partially offset by higher cash-generating income.
- Cash used in investing activities increased $112 million primarily as a result of higher property additions and higher net purchases of short-term investments.
- Cash used in financing activities increased $204 million driven by higher debt repayments and increased share repurchases.

Sources of Cash and Liquidity and Uses of Cash

As of the end of first quarter 2023, CSX had $1.5 billion of cash, cash equivalents and short-term investments. CSX uses current cash balances for general corporate purposes, which may include capital expenditures, working capital requirements, reduction or refinancing of outstanding indebtedness, redemptions and repurchases of CSX common stock, dividends to shareholders, acquisitions and other business opportunities, and contributions to the Company's qualified pension plan. See Note 7, *Debt and Credit Agreements*.

The Company has multiple sources of liquidity, including cash generated from operations and financing sources. The Company filed a shelf registration statement with the SEC on February 16, 2022, which may be used to issue debt or equity securities at CSX's discretion, subject to market conditions and CSX Board authorization. While CSX seeks to give itself flexibility with respect to cash requirements, there can be no assurance that market conditions would permit CSX to sell such securities on acceptable terms at any given time, or at all. During the three months ended 2023, CSX did not issue any long-term debt.

CSX has a $1.2 billion unsecured, revolving credit facility backed by a diverse syndicate of banks that expires in February 2028. At March 31, 2023, the Company had no outstanding balances under this facility. The Company also has a commercial paper program, backed by the revolving credit facility, under which the Company may issue unsecured commercial paper notes up to a maximum aggregate principal amount of $1.0 billion outstanding at any one time. At March 31, 2023, the Company had no outstanding debt under the commercial paper program.

Planned capital investments for 2023 are expected to be approximately $2.3 billion. Of the 2023 investment, approximately 75% is expected to be used to sustain the core infrastructure and operating equipment. The remaining amounts will be used to promote profitable growth, including projects supporting service enhancements and productivity. CSX intends to fund capital investments primarily through cash generated from operations.

Material Changes in the Consolidated Balance Sheets and Working Capital

Consolidated Balance Sheets

Total assets decreased $434 million from year end primarily due to the $667 million decrease in cash as noted above. This decrease was partially offset by a $64 million increase in accounts receivable, $42 million of which relates to an insurance recovery, as well as a $51 million increase in net property consistent with planned capital expenditures.

Total liabilities decreased $143 million from year end primarily due to a $340 million decrease in labor and fringe benefits payable and a $140 million decrease in current debt driven by the maturity of secured equipment notes. The decrease in labor and fringe benefits payable was driven by payouts of accrued retroactive wages and bonuses as well as incentive compensation. These decreases were partially offset by an increase in income and other taxes payable of $250 million due to the timing of tax payments. Total shareholders' equity decreased $291 million from year end primarily driven by share repurchases of $1.1 billion and dividends paid of $226 million, partially offset by net earnings of $987 million.

Working capital is considered a measure of a company's ability to meet its short-term needs. CSX had a working capital surplus of $1.0 billion as of March 31, 2023 and $1.4 billion as of December 31, 2022. This decrease of $344 million since year end is primarily due to cash paid for share repurchases of $1.1 billion, property additions of $443 million and dividends paid of $226 million, partially offset by cash from operations. The Company's working capital balance varies due to factors such as the timing of scheduled debt payments and changes in cash and cash equivalent balances as discussed above. The Company continues to maintain adequate liquidity to satisfy current liabilities and maturing obligations when they come due. CSX has sufficient financial capacity, including its revolving credit facility, commercial paper program and shelf registration statement to manage its day-to-day cash requirements and any anticipated obligations. The Company from time to time accesses the credit markets for additional liquidity.

CSX is committed to returning cash to shareholders and maintaining an investment-grade credit profile. Capital structure, capital investments and cash distributions, including dividends and share repurchases, are reviewed at least annually by the Board of Directors. Management's assessment of market conditions and other factors guides the timing and volume of repurchases. Future share repurchases are expected to be funded by cash on hand, cash generated from operations and debt issuances.

Completed Transactions

Acquisition of Pan Am Systems, Inc.

On June 1, 2022, CSX acquired Pan Am for a purchase price of $600 million. The results of Pan Am's operations and its cash flows were consolidated prospectively.

Sale of Property Rights to the Commonwealth of Virginia

On March 26, 2021, the Company entered into a comprehensive agreement to sell certain property rights in three CSX-owned line segments to the Commonwealth of Virginia (“Commonwealth”) over three phases. The timing and amount of gains recognized were based on the allocation of fair value to each conveyance, the timing of conveyances and collectability. Over the course of this transaction, which was completed in 2022, total proceeds of $525 million were collected and total gains of $493 million were recognized. A gain of $20 million was recognized in first quarter 2022 related to the closing of the second phase.

Guaranteed Notes Issued By CSXT

In 2007, CSXT, a wholly-owned subsidiary of CSX Corporation, issued in a registered public offering $381 million of equipment notes, which were fully and unconditionally guaranteed by CSX Corporation. These notes matured on January 15, 2023.

In accordance with SEC rules, including amendments adopted in 2020, CSX is not required to present separate condensed consolidating financial information for wholly-owned subsidiaries who issued or guaranteed notes. Additionally, presentation of combined summary financial information regarding subsidiary issuers and guarantors is not required because the assets, liabilities and results of operations of the combined issuers and guarantors of the notes are not materially different from the corresponding amounts presented in the consolidated financial statements.

LABOR AGREEMENTS

Approximately 17,300 of the Company's approximately 22,600 employees are members of a rail labor union. As of December 2, 2022, all 12 rail unions at CSX that participated in national bargaining were covered by national agreements with the Class I railroads and CSX-specific agreements that will remain in effect through December 31, 2024.

CSX CORPORATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires that management make estimates in reporting the amounts of certain assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and certain revenues and expenses during the reporting period. Actual results may differ from those estimates. These estimates and assumptions are discussed with the Audit Committee of the Board of Directors on a regular basis. Consistent with the prior year, significant estimates using management judgment are made for the areas below. For further discussion of CSX's critical accounting estimates, see the Company's most recent annual report on Form 10-K.

- personal injury and environmental reserves;
- pension plan accounting;
- depreciation policies for assets under the group-life method; and
- goodwill and other intangible assets.

FORWARD-LOOKING STATEMENTS

Certain statements in this report and in other materials filed with the Securities and Exchange Commission, as well as information included in oral statements or other written statements made by the Company, are forward-looking statements. The Company intends for all such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements within the meaning of the Private Securities Litigation Reform Act may contain, among others, statements regarding:

- projections and estimates of earnings, revenues, margins, volumes, rates, cost-savings, expenses, taxes or other financial items;
- expectations as to results of operations and operational initiatives;
- expectations as to the effect of claims, lawsuits, environmental costs, commitments, contingent liabilities, labor negotiations or agreements on the Company's financial condition, results of operations or liquidity;
- management's plans, strategies and objectives for future operations, capital expenditures, workforce levels, dividends, share repurchases, safety and service performance, proposed new services and other matters that are not historical facts, and management's expectations as to future performance and operations and the time by which objectives will be achieved; and
- future economic, industry or market conditions or performance and their effect on the Company's financial condition, results of operations or liquidity.

Forward-looking statements are typically identified by words or phrases such as "will," "should," “believe,” “expect,” “anticipate,” “project,” “estimate,” “preliminary” and similar expressions. The Company cautions against placing undue reliance on forward-looking statements, which reflect its good faith beliefs with respect to future events and are based on information currently available to it as of the date the forward-looking statement is made. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the timing when, or by which, such performance or results will be achieved.

CSX CORPORATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-looking statements are subject to a number of risks and uncertainties and actual performance or results could differ materially from those anticipated by any forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statement. If the Company does update any forward-looking statement, no inference should be drawn that the Company will make additional updates with respect to that statement or any other forward-looking statements. The following important factors, in addition to those discussed in Part I, Item 1A Risk Factors of CSX's most recent annual report on Form 10-K and elsewhere in this report, may cause actual results to differ materially from those contemplated by any forward-looking statements:

- legislative, regulatory or legal developments involving transportation, including rail or intermodal transportation, the environment, hazardous materials, taxation, international trade and initiatives to further regulate the rail industry;
- the outcome of litigation, claims and other contingent liabilities, including, but not limited to, those related to fuel surcharge, environmental matters, taxes, shipper and rate claims subject to adjudication, personal injuries and occupational illnesses;
- changes in domestic or international economic, political or business conditions, including those affecting the transportation industry (such as the impact of industry competition, conditions, performance and consolidation) and the level of demand for products carried by CSXT;
- natural events such as severe weather conditions, including floods, fire, hurricanes and earthquakes, a pandemic crisis affecting the health of the Company's employees, its shippers or the consumers of goods, or other unforeseen disruptions of the Company's operations, systems, property, equipment or supply chain;
- competition from other modes of freight transportation, such as trucking and competition and consolidation or financial distress within the transportation industry generally;
- the cost of compliance with laws and regulations that differ from expectations as well as costs, penalties and operational and liquidity impacts associated with noncompliance with applicable laws or regulations;
- the impact of increased passenger activities in capacity-constrained areas, including potential effects of high speed rail initiatives, or regulatory changes affecting when CSXT can transport freight or service routes;
- unanticipated conditions in the financial markets that may affect timely access to capital markets and the cost of capital, as well as management's decisions regarding share repurchases;
- changes in fuel prices, surcharges for fuel and the availability of fuel;
- the impact of natural gas prices on coal-fired electricity generation;
- the impact of global supply and price of seaborne coal on CSXT's export coal market;

- availability of insurance coverage at commercially reasonable rates or insufficient insurance coverage to cover claims or damages;
- the inherent business risks associated with safety and security, including the transportation of hazardous materials or a cybersecurity attack which would threaten the availability and vulnerability of information technology;
- adverse economic or operational effects from actual or threatened war or terrorist activities and any governmental response;
- loss of key personnel or the inability to hire and retain qualified employees;
- labor and benefit costs and labor difficulties, including stoppages affecting either the Company's operations or customers' ability to deliver goods to the Company for shipment;
- the Company's success in implementing its strategic, financial and operational initiatives, including acquisitions;
- the impact of conditions in the real estate market on the Company's ability to sell assets;
- changes in operating conditions and costs, including the impacts of inflation, or commodity concentrations;
- the impacts of a public health crisis and any policies or initiatives instituted in response; and
- the inherent uncertainty associated with projecting economic and business conditions.

Other important assumptions and factors that could cause actual results to differ materially from those in the forward-looking statements are specified elsewhere in this report and in CSX's other SEC reports, which are accessible on the SEC's website at www.sec.gov and the Company's website at www.csx.com. The information on the CSX website is not part of this quarterly report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in market risk from the information provided under Part II, Item 7A (Quantitative and Qualitative Disclosures about Market Risk) of CSX's most recent annual report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

As of March 31, 2023, under the supervision and with the participation of CSX's Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), management has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the CEO and CFO concluded that, as of March 31, 2023, the Company's disclosure controls and procedures were effective at the reasonable assurance level in timely alerting them to material information required to be included in CSX's periodic SEC reports. There were no changes in the Company's internal controls over financial reporting during the first quarter of 2023 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

CSX CORPORATION
PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Item 103 of SEC Regulation S-K requires disclosure of certain environmental matters when a governmental authority is a party to the proceedings and such proceedings involve potential monetary sanctions that the Company reasonably believes will exceed a specified threshold. Pursuant to SEC amendments to this Item, the Company will be using a threshold of $1 million for such proceedings. For further details, refer to Note 5, *Commitments and Contingencies* of this quarterly report on Form 10-Q. Also refer to Part I, Item 3, Legal Proceedings in CSX's most recent annual report on Form 10-K.

Item 1A. Risk Factors

For information regarding factors that could affect the Company's results of operations, financial condition and liquidity, see the risk factors discussed under Part I, Item 1A (Risk Factors) of CSX's most recent annual report on Form 10-K. See also Part I, Item 2 (Forward-Looking Statements) of this quarterly report on Form 10-Q.

Item 2. CSX Purchases of Equity Securities

The Company continues to repurchase shares under the $5 billion program announced in July 2022. Total repurchase authority remaining as of March 31, 2023, was $2.2 billion. For more information about share repurchases, see Note 2, *Earnings Per Share*. Share repurchase activity for the first quarter 2023 was as follows:

	CSX Purchases of Equity Securities for the Quarter			
First Quarter	**Total Number of Shares Purchased**	**Average Price Paid per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs**
Beginning Balance				$ 3,271,977,916
January 1 - January 31, 2023	6,996,932	$ 30.95	6,996,932	3,055,413,621
February 1 - February 28, 2023	11,211,300	31.15	11,211,300	2,706,147,435
March 1 - March 31, 2023	16,948,724	29.59	16,948,724	2,204,587,299
Ending Balance	35,156,956	$ 30.36	35,156,956	$ 2,204,587,299

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

None

CSX CORPORATION
PART II

Item 6. Exhibits

Exhibit designation	Nature of exhibit	Previously filed as exhibit to
10.1	$1,200,000,000 Five-Year Revolving Credit Agreement, dated as of February 28, 2023, among CSX Corporation, as borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent	March 3, 2023 Exhibit 10.1, Form 8-K
10.2* **	Form of LTIP Performance Unit Award Agreement	
10.3* **	Form of LTIP Performance Unit Award Agreement for Joseph R. Hinrichs	
10.4* **	Form of LTIP Stock Option Agreement	
10.5* **	Form of LTIP Stock Option Agreement for Joseph R. Hinrichs	
10.6* **	Form of LTIP Restricted Stock Unit Award Agreement	
10.7* **	Form of LTIP Restricted Stock Unit Award Agreement for Joseph R. Hinrichs	
Officer certifications:		
31*	Rule 13a-14(a) Certifications	
32*	Section 1350 Certifications	
Interactive data files:		
101*	The following financial information from CSX Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 filed with the SEC on April 20, 2023, formatted in inline XBRL includes: (i) consolidated income statements for the quarters ended March 31, 2023, and March 31, 2022, (ii) condensed consolidated comprehensive income statements for the quarters ended March 31, 2023, and March 31, 2022, (iii) consolidated balance sheets at March 31, 2023, and December 31, 2022, (iv) consolidated cash flow statements for the three months ended March 31, 2023, and March 31, 2022, (v) consolidated statement of changes in shareholders' equity for the quarters ended March 31, 2023, and March 31, 2022, and (vi) the notes to consolidated financial statements.	
104	Cover Page Interactive Data File (embedded within the Inline XBRL document contained in Exhibit 101)	

* Filed herewith

** Management contract or compensatory plan or arrangement

CSX CORPORATION
PART II

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CSX CORPORATION
(Registrant)

By: /s/ ANGELA C. WILLIAMS
Angela C. Williams
Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

Dated: April 20, 2023



Notice of Performance Unit Grant

Name of Participant:	[Name]
Person Number:	[ID #]
Target Grant Amount:	[Target Grant Amount]
Number of Units Granted:	[# Units Granted]
Grant Date:	[Grant Date]
Performance Period:	January 01, 2023 – December 31, 2025
Grant Number:	[Grant #]

CSX Corporation ("CSX" or the "Company") has granted to you performance units as part of the Company's 2023 – 2025 Long-Term Incentive Plan, wherein each performance unit represents one share of CSX common stock. Your grant has been made pursuant to the CSX 2019 Stock and Incentive Award Plan (the "Plan"), which is incorporated herein by reference, and together with this Notice and Performance Unit Award Agreement (the "Award Agreement") set forth the terms and conditions of this grant.

CSX reserves the right to terminate, change or amend this Award Agreement or the Plan at any time in accordance with the terms of the Plan. Receipt of this grant does not obligate CSX to make any additional grants to you. This grant, or a portion thereof, may be subject to forfeiture if you terminate employment as set forth in this Award Agreement.

ACTION REQUIRED: YOU MUST ACCEPT YOUR AWARD AGREEMENT ELECTRONICALLY OR YOUR AWARD MAY BE SUBJECT TO FORFEITURE.

Please review the terms of the Notice, Award Agreement and the Plan carefully; a copy of the Plan is available for review on the CSX Gateway.

2023-2025 LTIP Performance Unit Award Agreement
Terms and Conditions

PURPOSE AND OBJECTIVE
CSX Corporation ("CSX" or the "Company") issues Performance Grants, as described in the CSX 2019 Stock and Incentive Award Plan (referred to herein as Performance Units) in order to reward eligible employees for their contribution toward CSX's improved operating and financial performance, ultimately creating shareholder value and driving long-term success for CSX. The Performance Units are issued as part of the Company's 2023 – 2025 Long-Term Incentive Plan and are subject to the terms and conditions of the CSX 2019 Stock and Incentive Award Plan (the "Plan"). A Performance Unit represents the right to receive one share of CSX common stock.

Performance Units are settled and paid out upon certification of CSX's achievement of predetermined performance goals set forth on Exhibit A (the "Performance Measures") during the Performance Period (as set forth on Exhibit A). Grants of Performance Units are approved by the Compensation and Talent Management Committee of the Board of Directors of CSX (the "Committee").

PERFORMANCE PERIOD
The Performance Period and the Performance Measures for purposes of the Performance Units are set forth on Exhibit A attached hereto.

EARNING PERFORMANCE UNITS
As shown in Exhibit A, the number of Performance Units earned will be equal to a percentage of a Participant's granted Performance Units based upon the achievement of the Performance Measures. All earned Performance Units will be settled in CSX common stock.

No Performance Unit will be earned unless and until the Committee approves the payout percentage based upon the level of achievement of the Performance Measures for the Performance Period.

IMPACT OF CHANGE IN EMPLOYMENT STATUS
Performance Units generally will be earned and vested subject to a Participant's continued employment with CSX or its affiliates through the end of the Performance Period. Except as provided below, a Participant whose employment terminates prior to the end of the Performance Period shall forfeit any and all Performance Units. All earned and vested Performance Units will be settled as soon as practicable, but in no event later than 60 days, following the end of the Performance Period.

Termination Due to Death or Disability Prior to Vesting
A Participant whose employment terminates due to death or Disability prior to the last day of the Performance Period shall be eligible to continue to vest in and earn the Performance Units that the Participant would otherwise have earned at the end of the Performance Period had the Participant remained continuously employed, subject to the satisfaction of the Performance Measures. Such Performance Units shall be paid to the Participant, or, in the case of death, the Participant's estate or as otherwise required by law, and will be paid out as soon as practicable, but in no event later than 60 days, following the conclusion of the Performance Period. "Disability" shall mean long-term disability as defined in the long-term disability plan of CSX covering the Participant.

Termination Due to Retirement Prior to Vesting
In the event of a Participant's termination of employment due to Retirement (as defined below), prior to the last day of the Performance Period, the Performance Units shall become fully vested and eligible to become earned at the end of the Performance Period had the Participant remained continuously employed, subject to the satisfaction of the Performance Measures. Any earned Performance Units will be paid out as soon as practicable, but in no event later than 60 days, following the conclusion of the Performance Period. "Retirement" shall mean: the attainment of age 55 with a minimum of 12 years of service, the attainment of age 60 with a minimum of 5 years of service or the attainment of age 65 — each as approved by the President and Chief Executive Officer or Executive Vice President and Chief Administrative Officer for non-Section 16 management employees or the Compensation and Talent Management Committee of the CSX Board of Directors for Section 16 Officers. A participant must be employed through December 31st of the year of the grant of the Performance Units to receive full vesting under this paragraph. For clarity, if a Participant terminates from employment due to Retirement prior to December 31st of the year of the grant of the Performance Units, or if the Participant's Retirement eligibility is not approved for purposes of the Performance Units, the Performance Units will be forfeited and terminated.

Termination Due to Reduction in Force or Voluntary Return to Contract Prior to Vesting
In the event of a Participant's termination of employment due to reduction in force (subject to execution of a separation agreement), or voluntary return to contract employment prior to the last day of the Performance Period, a prorated portion of the Performance Units that the Participant would otherwise have earned at the end of the Performance Period had the Participant remained continuously employed will be eligible to vest, subject to the satisfaction of the Performance Measures. The pro-rata number of Performance Units vested will be determined based upon the number of full months employed prior to the month in which the termination of employment occurs relative to the number of months in the Performance Period and any earned Performance Units will be paid out as soon as practicable, but in no event later than 60 days, following the conclusion of the Performance Period. A return to contract employment following involuntary termination from a management position shall not be deemed a voluntary return to contract.

Competing Employment Following Termination
(This provision only applies to Heads of Department and above)
Notwithstanding the foregoing, if the Participant's employment terminates for any reason before the end of the Performance Period and the Participant "Engages in Competing Employment" (as defined in the applicable Confidentiality, Non-Solicitation and Non-Competition Agreement) or otherwise violates the terms of the Confidentiality, Non-Solicitation and Non-Competition Agreement, then the Performance Units shall be terminated without further obligation on the part of CSX or any affiliate.

Termination for Cause/Moral Turpitude
If the Participant's employment is terminated for Cause, as defined in the Plan, all unvested Performance Units shall be forfeited and terminate immediately. A Participant who commits an act involving moral turpitude that adversely affects the reputation or business of CSX or its affiliates shall forfeit all unvested Performance Units. Examples of acts of moral turpitude include, but are not limited to, dishonesty or fraud involving CSX or any affiliated company, their employees, vendors, or customers or a violation of the CSX Code of Ethics.

DIVIDEND EQUIVALENTS

At the end of the Performance Period, Participants will be eligible to receive Dividend Equivalents based upon the number of earned Performance Units. The Dividend Equivalents will equal the aggregate amount of dividends declared and paid per share of CSX stock for each quarter during the Performance Period multiplied by the number of earned Performance Units paid to the Participant. The Dividend Equivalents will be paid in the form of CSX stock at the same time as the Performance Units are settled, subject to applicable withholding taxes.

TAXATION OF PERFORMANCE AWARDS

Performance Units will be settled in shares of CSX common stock. The value received by the Participant is taxable income; therefore, CSX is required to withhold income taxes at the prescribed rates for both supplemental income and employment taxes in accordance with applicable tax laws. CSX will withhold the minimum number of whole shares equal in value to the statutory minimum required amount. Participants in the CSX Executives' Deferred Compensation Plan may be able to defer receipt of Performance Units in accordance with the terms of that plan.

CHANGE OF CONTROL

In the event of a Change of Control (as defined in the Company's form of Change of Control Agreement, as may be amended from time to time, found at www.sec.gov and available upon request) and the successor or acquiring company or a direct or indirect parent entity of the successor or acquiring company does not arrange to continue or convert the Performance Units or grant a Substitute Award, as provided under Section 13 of the Plan, CSX may, without the Participant's consent, elect to provide any one or more of the following:

(a) The Performance Units shall be terminated as of the Change of Control in exchange for a payment in cash equal to the Fair Market Value (as defined in the Plan) of the shares underlying the Performance Units multiplied by the prorated number of Performance Units that otherwise would have been earned at the end of the Performance Period had the Participant remained continuously employed as of when the Change of Control is effective at the Target Payout Level (as defined in the Plan); or

(b) The prorated number of Performance Units that otherwise would have been earned at the end of the Performance Period had the Participant remained continuously employed as of when the Change of Control is effective at the Target Payout Level shall immediately vest as of a date prior to the Change of Control, to the extent not previously terminated.

SHAREHOLDER RIGHTS

The Performance Units shall confer no other shareholder rights upon the Participant except as provided herein unless and until such time as the award has been settled by the issuance of CSX common stock to the Participant.

CLAWBACK PROVISION

The Performance Units shall be subject to any policy regarding the recoupment of incentive compensation that is adopted or maintained by CSX, as such policy may be amended from time to time.

CONSIDERATION FOR NON-COMPETE AND NON-SOLICITATION AGREEMENT
In consideration for the grant of Performance Units, certain Participants must enter into a non-compete agreement, if not already in effect, as prescribed and agreed to by CSX. Each Participant to whom this requirement applies will be notified by CSX.

NON-TRANSFERABILITY
The Performance Units may not be sold, assigned, pledged, exchanged, or otherwise transferred, encumbered or disposed of by the Participant other than by will or by the laws of descent and distribution.

PLAN ADMINISTRATION
The Executive Vice President and Chief Administrative Officer shall be the Plan Administrator and shall interpret and construe the provisions of the Notice and this Award Agreement subject to the terms of the Plan and the Committee's authority and responsibility thereunder.

PLAN AMENDMENTS AND TERMINATION
The Committee reserves the right to terminate, adjust, amend or suspend the Plan at any time at its sole discretion.

SECTION 409A
Participant understands and agrees that all payments made pursuant to this Award Agreement are intended to be exempt or comply with Section 409A of the Internal Revenue Code of 1986, as amended, and shall be interpreted on a basis consistent with such intent.

SEVERABILITY
If any terms and conditions herein are, become, or are deemed to be invalid, illegal, or unenforceable in any jurisdiction, such provision shall be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of CSX, it shall be stricken and the remainder of the terms and conditions shall remain in force and effect.

CHOICE OF LAW; JURISDICTION
All questions pertaining to the construction, regulation, validity, and effect of the terms and conditions shall be determined in accordance with the laws of the state of Florida, without regard to the conflict of laws doctrine.

RESTRICTIONS ON RESALES OF SHARES ACQUIRED PURSUANT TO SETTLEMENT
CSX may impose such restrictions, conditions or limitations as it deems appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any common stock issued as a result of the settlement of the Performance Units, including without limitation (a) restrictions under an insider trading policy; (b) restrictions or limitations pursuant to any stock ownership guidelines as may be in place from time to time; (c) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and other award-holders; and (d) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

MISCELLANEOUS
By accepting the Performance Units, the Participant authorizes CSX to withhold, to the extent permitted by law, any amount the Participant may otherwise owe to CSX in any other capacity whatsoever.

2023-2025 LTIP Performance Unit Award Agreement
Terms and Conditions

The grant of the Performance Units does not imply any commitment to continue the Plan, participation in the Plan or any other long-term incentive compensation plan or program for any succeeding year or period. Neither the Plan, nor this grant of Performance Units shall create any employment contract or relationship between CSX or any affiliated company and any Participant.

By accepting this award of Performance Units, the Participant acknowledges and agrees that this Award Agreement is governed by the terms and conditions of the Plan and is subject to all policies of CSX, including any applicable policy on the remuneration of incentive compensation. Unless defined in this Award Agreement, capitalized terms shall have the meanings ascribed to them in the Plan. This Award Agreement shall be effective as of February 15, 2023.

Exhibit 10.3



Notice of Performance Unit Grant

Name of Participant:	Joseph R. Hinrichs
Person Number:	[ID #]
Target Grant Amount:	[Target Grant Amount]
Number of Units Granted:	[# Units Granted]
Grant Date:	[Grant Date]
Performance Period:	January 01, 2023 – December 31, 2025
Grant Number:	[Grant #]

CSX Corporation ("CSX" or the "Company") has granted to you performance units as part of the Company's 2023 – 2025 Long-Term Incentive Plan, wherein each performance unit represents one share of CSX common stock. Your grant has been made pursuant to the CSX 2019 Stock and Incentive Award Plan (the "Plan"), which is incorporated herein by reference, and together with this Notice and Performance Unit Award Agreement (the "Award Agreement") set forth the terms and conditions of this grant.

CSX reserves the right to terminate, change or amend this Award Agreement or the Plan at any time in accordance with the terms of the Plan. Receipt of this grant does not obligate CSX to make any additional grants to you. This grant, or a portion thereof, may be subject to forfeiture if you terminate employment as set forth in this Award Agreement.

ACTION REQUIRED: YOU MUST ACCEPT YOUR AWARD AGREEMENT ELECTRONICALLY OR YOUR AWARD MAY BE SUBJECT TO FORFEITURE.

Please review the terms of the Notice, Award Agreement and the Plan carefully; a copy of the Plan is available for review on the CSX Gateway.

2023-2025 LTIP Performance Unit Award Agreement
Terms and Conditions

PURPOSE AND OBJECTIVE
CSX Corporation ("CSX" or the "Company") issues Performance Grants, as described in the CSX 2019 Stock and Incentive Award Plan (referred to herein as Performance Units) in order to reward eligible employees for their contribution toward CSX's improved operating and financial performance, ultimately creating shareholder value and driving long-term success for CSX. The Performance Units are issued as part of the Company's 2023 - 2025 Long-Term Incentive Plan and are subject to the terms and conditions of the CSX 2019 Stock and Incentive Award Plan (the "Plan"). A Performance Unit represents the right to receive one share of CSX common stock.

Performance Units are settled and paid out upon certification of CSX's achievement of predetermined performance goals set forth on Exhibit A (the "Performance Measures") during the Performance Period (as set forth on Exhibit A). Grants of Performance Units are approved by the Compensation and Talent Management Committee of the Board of Directors of CSX (the "Committee").

PERFORMANCE PERIOD
The Performance Period and the Performance Measures for purposes of the Performance Units are set forth on Exhibit A attached hereto.

EARNING PERFORMANCE UNITS
As shown in Exhibit A, the number of Performance Units earned will be equal to a percentage of your granted Performance Units based upon the achievement of the Performance Measures. All earned Performance Units will be settled in CSX common stock.

No Performance Unit will be earned under the Plan unless and until the Committee approves the payout percentage based upon the level of achievement of the Performance Measures for the Performance Period.

IMPACT OF CHANGE IN EMPLOYMENT STATUS
Performance Units generally will be earned and vested subject to your continued employment with CSX or its affiliates through the end of the Performance Period. Except as provided below, if your employment terminates prior to the end of the Performance Period, you shall forfeit any and all Performance Units. All earned and vested Performance Units will be settled as soon as practicable, but in no event later than 60 days, following the end of the Performance Period.

Termination without Cause or for Good Reason Prior to Vesting
Consistent with your August 29, 2022 Letter Agreement (the "Letter Agreement"), in the event of your separation from employment due to a termination of employment by the Company without Cause or if you resign for Good Reason prior to achievement of Retirement Age (as defined below), the Performance Units will be eligible to vest on a pro-rata basis (determined by multiplying the number of shares of CSX common stock covered by the Performance Units by a fraction, the numerator of which is the number of months that have elapsed from the grant date set forth in the Notice through your termination date and the denominator of which is the total number of months in the Performance Period), subject to the satisfaction of the Performance Measures , and CSX common stock will be issued as soon as practicable, but in no event later than 60 days, after the next-occurring vesting date following the conclusion of the Performance Period.

Termination Due to Death or Disability Prior to Vesting
If your employment terminates due to death or Disability prior to the last day of the Performance Period, you shall be eligible to continue to vest in and earn the Performance Units that you would otherwise have earned at the end of the Performance Period had you remained continuously employed, subject to the satisfaction of the Performance Measures. Such Performance Units shall be paid to you, or, in the case of death, your estate, or as otherwise required by law and will be paid out as soon as practicable, but in no event later than 60 days, following the conclusion of the Performance Period. "Disability" shall mean long-term disability as defined in the long-term disability plan of CSX covering you.

Termination Due to Retirement Prior to Vesting
Consistent with your Letter Agreement, if your employment terminates after reaching Retirement Age either (i) by CSX without Cause or by you for Good Reason (each as defined in your Letter Agreement) or (ii) by you due to your voluntary retirement by providing CSX with at least 180 days' notice of your plans to retire (which period may be waived in full or in part by CSX), these Performance Units will remain outstanding and will continue to vest and become earned subject to the satisfaction of the Performance Measures. "Retirement Age" shall mean your attainment of age 60 plus at least 5 years of continued service with the Company (unless the Company has notified you of its intent to terminate your employment for Cause or grounds to terminate your employment for Cause exist at such time).

Competing Employment Following Termination
Notwithstanding the foregoing, if your employment terminates for any reason prior to the expiration of the Performance Period and you violate the terms of your Confidentiality, Non-Solicitation and Non-Competition Agreement dated September 1, 2022, then the Performance Units shall be terminated without further obligation on the part of CSX or any affiliate.

Termination for Cause/Moral Turpitude
If your employment is terminated for Cause, as defined in the Plan, all unvested Performance Units shall lapse and terminate immediately.

DIVIDEND EQUIVALENTS
At the end of the Performance Period, you will be eligible to receive Dividend Equivalents based upon the number of earned Performance Units. The Dividend Equivalents will equal the aggregate amount of dividends declared and paid per share of CSX stock for each quarter during the Performance Period multiplied by the number of earned Performance Units paid to you. The Dividend Equivalents will be paid upon settlement in the form of CSX stock subject to applicable withholding taxes.

TAXATION OF PERFORMANCE AWARDS
Performance Units will be settled in shares of CSX common stock. The value received by you is taxable income; therefore, CSX is required to withhold income taxes at the prescribed rates for both supplemental income and employment taxes in accordance with applicable tax laws. CSX will withhold the minimum number of whole shares equal in value to the statutory minimum required amount. If you participate in the CSX Executives' Deferred Compensation Plan, you may be able to defer receipt of Performance Units in accordance with the terms of that plan.

CHANGE OF CONTROL

In the event of a Change of Control (as defined in your Form of Change of Control Agreement with the Company, dated as of September 26, 2022) and the successor or acquiring company or a direct or indirect parent entity of the successor or acquiring company does not arrange to continue or convert the Performance Units or grant a Substitute Award, as provided under Section 13 of the Plan, CSX may, without your consent, elect to provide any one or more of the following:

(a) The Performance Units shall be terminated as of the Change of Control in exchange for a payment in cash equal to the Fair Market Value (as defined in the Plan) of the shares underlying the Performance Units multiplied by the prorated number of Performance Units that otherwise would have been earned at the end of the Performance Period had the Participant remained continuously employed as of when the Change of Control is effective at the Target Payout Level (as defined in the Plan); or

(b) The prorated number of Performance Units that otherwise would have been earned at the end of the Performance Period had the Participant remained continuously employed as of when the Change of Control is effective at the Target Payout Level shall immediately vest as of a date prior to the Change of Control, to the extent not previously terminated.

SHAREHOLDER RIGHTS

The Performance Units shall confer no other shareholder rights upon you except as provided herein unless and until such time as the award has been settled by the issuance of CSX common stock to you.

CLAWBACK PROVISION

The Performance Units shall be subject to any policy regarding the recoupment of incentive compensation that is adopted or maintained by CSX, as such policy may be amended from time to time.

NON-TRANSFERABILITY

The Performance Units may not be sold, assigned, pledged, exchanged, or otherwise transferred, encumbered or disposed of by you other than by will or by the laws of descent and distribution.

PLAN ADMINISTRATION

The Executive Vice President and Chief Administrative Officer shall be the Plan Administrator and shall interpret and construe the provisions of the Notice and this Award Agreement subject to the terms of the Plan and the Committee's authority and responsibility thereunder.

PLAN AMENDMENTS AND TERMINATION

The Committee reserves the right to terminate, adjust, amend or suspend the Plan at any time at its sole discretion.

SECTION 409A

You understand and agree that all payments made pursuant to this Award Agreement are intended to be exempt or comply with Section 409A of the Internal Revenue Code of 1986, as amended, and shall be interpreted on a basis consistent with such intent.

2023-2025 LTIP Performance Unit Award Agreement
Terms and Conditions

SEVERABILITY
If any terms and conditions herein are, become, or are deemed to be invalid, illegal, or unenforceable in any jurisdiction, such provision shall be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of CSX, it shall be stricken and the remainder of the terms and conditions shall remain in force and effect.

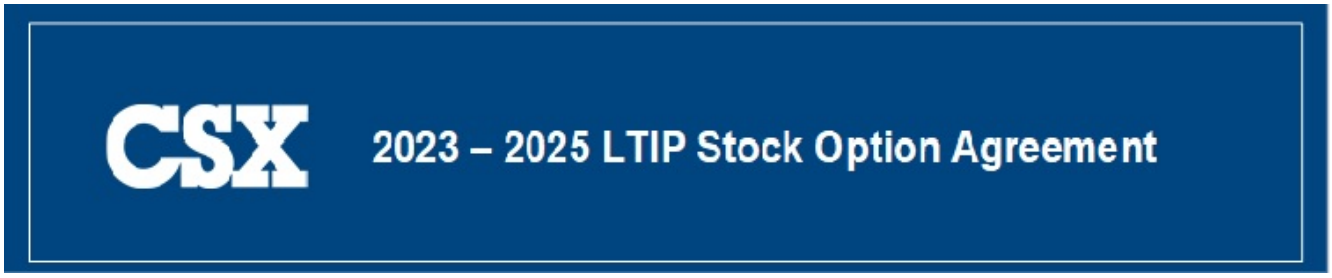
CHOICE OF LAW; JURISDICTION
All questions pertaining to the construction, regulation, validity, and effect of the terms and conditions shall be determined in accordance with the laws of the state of Florida, without regard to the conflict of laws doctrine.

RESTRICTIONS ON RESALES OF SHARES ACQUIRED PURSUANT TO SETTLEMENT
CSX may impose such restrictions, conditions or limitations as it deems appropriate as to the timing and manner of any resales by you or other subsequent transfers by you of any common stock issued as a result of the settlement of the Performance Units, including without limitation (a) restrictions under an insider trading policy; (b) restrictions or limitations pursuant to any stock ownership guidelines as may be in place from time to time; (c) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and other award-holders; and (d) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

MISCELLANEOUS
By accepting the Performance Units, you authorize CSX to withhold, to the extent permitted by law, any amount you may otherwise owe to CSX in any other capacity whatsoever.

By accepting this award of Performance Units, you acknowledge and agree that this Award Agreement is governed by the terms and conditions of the Plan and is subject to all policies of CSX, including any applicable policy on the remuneration of incentive compensation. Unless defined in this Award Agreement, capitalized terms shall have the meanings ascribed to them in the Plan. This Award Agreement shall be effective as of February 15, 2023.

Exhibit 10.4



Notice of Non-Qualified Stock Option Grant

Name of Participant:	[Name]	
Person Number:	[ID #]	
Target Grant Amount	[Target Grant Amount]	
Number of Options Granted:	[# Units Granted]	
Grant Date:	[Grant Date]	
Option Exercise Price:	[Option Exercise Price]	
Vesting Schedule:	[# of Units] [# of Units] [# of Units]	February 15, 2024 February 15, 2025 February 15, 2026
Expiration Date:	[Expiration Date]	
Grant Number	[Grant #]	

CSX Corporation ("CSX" or the "Company") has granted to you non-qualified stock options ("Options") under the Company's 2023-2025 Long-Term Incentive Plan. The Options provide you with the right to purchase CSX common stock at a pre-established price during a future time period. Your grant has been made pursuant to the CSX 2019 Stock and Incentive Award Plan (the "Plan"), which is incorporated herein by reference, and together with this Notice and stock option agreement (the "Option Agreement"), set forth the terms and conditions of this grant.

CSX reserves the right to terminate, change or amend this Option Agreement or the Plan at any time in accordance with the terms of the Plan. Receipt of this grant does not obligate CSX to make any additional grants to you. This Option grant, or a portion thereof, may be subject to forfeiture if you terminate employment as set forth in the Option Agreement.

ACTION REQUIRED: YOU MUST ACCEPT YOUR AWARD AGREEMENT ELECTRONICALLY OR YOUR AWARD MAY BE SUBJECT TO FORFEITURE.
Please review the terms of the Notice, Option Agreement and the Plan carefully; a copy of the Plan is available for review on the CSX Gateway.

Stock Option Agreement | Terms and Conditions

Purpose and Objective

CSX Corporation ("CSX" or the "Company") issues non-qualified stock options, as described in the CSX 2019 Stock and Incentive Award Plan (referred to herein as Options), in order to reward eligible employees for their contribution toward CSX's improved operating and financial performance, ultimately creating shareholder value and driving long-term success for CSX. The Options are issued as part of the Company's 2023-2025 Long-Term Incentive Plan and are subject to the terms and conditions of the CSX 2019 Stock and Incentive Award Plan (the "Plan"). An Option represents the right to purchase one share of CSX common stock at a pre-established price during a future time period.

Vesting

The Options may be exercised once vested. Except as provided below under Impact of Change in Employment Status, one-third of the Options will vest and become exercisable on February 15, 2024, one-third of the Options will vest and become exercisable on February 15, 2025 and one-third of the Options will vest and become exercisable on February 15, 2026 (the "final vesting date"), subject to the Participant's continued employment through each vesting date.

Impact of Change in Employment Status

Options generally will only vest and can only be exercised by Participants who are actively employed by CSX or its affiliates on one of the vesting dates set forth under *Vesting* above. In the event of a termination of a Participant's employment before the end of the final vesting date for any reason other than as provided below, all unvested Options shall be forfeited and terminated.

Termination Due to Death or Disability Prior to Vesting

In the event of a Participant's separation from employment due to death or Disability prior to the final vesting date, all Options will remain outstanding and continue to vest per the vesting schedule set forth under *Vesting* above. "Disability" shall mean long-term disability as defined in CSX's long-term disability plan covering the Participant.

Termination Due to Retirement Prior to Vesting

In the event of a Participant's separation from employment due to Retirement prior to the final vesting date, the Options will become fully vested. "Retirement" shall mean the attainment of age 55 with a minimum of 12 years of service, the attainment of age 60 with a minimum of 5 years of service or the attainment of age 65 — each as approved by the President and Chief Executive Officer or Executive Vice President and Chief Administrative Officer for non-Section 16 management employees or the Compensation and Talent Management Committee of the CSX Board of Directors for Section 16 Officers. A participant must be employed through December 31st of the year of the grant of the Options to receive full vesting under this paragraph. For clarity, if a Participant terminates from employment due to Retirement prior to December 31st of the year of the grant of the Options, or if the Participant's Retirement eligibility is not approved for purposes of the Options, the Options will be forfeited and terminated.

Termination Due to Reduction in Force or Voluntary Return to Contract Prior to Vesting

In the event of a Participant's separation from employment due to a reduction in force (subject to an executed separation agreement) prior to the final vesting date, a prorated portion of the Options that otherwise would have vested on the next-occurring vesting date will vest based upon the number of full months employed since the preceding vesting date (or if there has not yet been a vesting date, since the grant agreement) and prior to the month in which the separation from employment occurs (the "Pro Rata Vesting").

In the event a Participant voluntarily returns to contract employment or returns to contract employment due to a reduction in force, the Options will vest based on the Pro Rata Vesting described above.

If a Participant voluntarily returns to contract employment or returns to contract employment due to a reduction in force and their employment is subsequently terminated for any reason other than as set forth in this section *Impact of Change in Employment Status* prior to the final vesting date and prior to the Participant becoming Retirement eligible, any unvested Options shall be forfeited and terminate immediately. A return to contract employment following involuntary termination from a management position shall not be deemed a voluntary return to contract.

Competing Employment Following Termination
(This provision only applies to Heads of Department and above)
Notwithstanding the foregoing, if the Participant's employment terminates for any reason before the final vesting date and the Participant "Engages in Competing Employment" (as defined in the applicable Confidentiality, Non-Solicitation and Non-Competition Agreement) or otherwise violates the terms of the Confidentiality, Non-Solicitation and Non-Competition Agreement, then the Options shall be forfeited and terminated without further obligation on the part of CSX or any affiliate.

Termination of Employment Following Vesting
In the event of the Participant's separation from employment due to Retirement, Disability, or death, the Participant or designated Beneficiary or estate will have until the Expiration Date (as defined in the Notice) to exercise any vested Options. Except as otherwise provided in the Plan, if the Participant separates from employment with CSX (including management and contract positions) for any reason other than Retirement, Disability, or death, the Participant will have **60 days** after separation from employment to exercise any Options that are vested at separation from employment.
Termination for Cause/Moral Turpitude
If the Participant's employment is terminated for Cause, as defined in the Plan, all rights under the unvested Options shall be forfeited and terminate immediately. In addition, a Participant who commits an act involving moral turpitude that adversely affects the reputation or business of CSX or its affiliates shall forfeit all unvested Options. Examples of acts of moral turpitude include, but are not limited to, dishonesty or fraud involving CSX or any affiliated company, their employees, vendors, or customers or a violation of the CSX Code of Ethics.

Exercise
A Participant may exercise their vested Options, in whole or in part, to purchase a whole number of shares of CSX common stock at any time by following the exercise procedures below. All exercises must take place before the Expiration Date, or such earlier dates as established by the Notice, Option Agreement or the Plan, or such Options shall otherwise lapse.

Options may be exercised by: (a) paying cash, (b) executing a "cashless" exercise, or (c) executing a "cashless" exercise and "hold" transaction.

Taxation of Stock Options
An exercise of Options may generate federal and applicable state income and employment tax withholding obligations. The full purchase price of the shares being purchased through exercise of Options and the related withholding taxes for federal, state or local jurisdictions must be paid to CSX at the time of an exercise of Options. The Participant acknowledges that CSX shall have the right to deduct any taxes required to be withheld by law in connection with the exercise of the Option from any amounts payable by it to the Participant (including, without limitation, future cash wages).

Non-Transferability
The Options may not be sold, assigned, pledged, exchanged, or otherwise transferred, encumbered or disposed of by the Participant other than by will or by the laws of descent and distribution, and are exercisable during Participant's life only by the Participant.

Change of Control

In the event of a Change of Control (as defined in the Company's form of Change of Control Agreement, as may be amended from time to time, found at www.sec.gov and available upon request) and the successor or acquiring company or a direct or indirect parent entity of the successor or acquiring company does not arrange to continue or convert the Options or grant a Substitute Award, as provided under Section 13 of the Plan, CSX may, without the Participant's consent, elect to provide any one or more of the following:

(a) The Options shall be terminated as of the Change of Control in exchange for a payment in cash and/or securities equal to the amount, if any, by which the Fair Market Value (as defined in the Plan) of the shares underlying the Options exceeds the Option Exercise Price (as defined in the Notice);

(b) The Options shall become immediately and fully exercisable as of a date prior to the Change of Control, to the extent not previously exercised or terminated, and, if not so exercised, shall be terminated as of the Change of Control; or

(c) To the extent that the Option Exercise Price exceeds the Fair Market Value of the shares underlying the Options as of the Change of Control, the Options shall lapse and terminate as of the Change of Control.

Shareholder Rights

The Options shall confer no other shareholder rights upon the Participant unless and until such time as the Option has been exercised and shares of CSX common stock are issued to the Participant.

Not a Contract of Employment or Right to Future Awards

Nothing in this Option Agreement shall be interpreted or construed to create a contract of employment between CSX and the Participant or a right to receive equity awards in the future. This Option Agreement is intended solely to provide Participant an incentive to continue existing employment.

Severability

If any terms and conditions herein are, become, or are deemed to be invalid, illegal, or unenforceable in any jurisdiction, such provision shall be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of CSX, it shall be stricken and the remainder of the terms and conditions shall remain in force and effect.

Choice of Law; Jurisdiction

All questions pertaining to the construction, regulation, validity, and effect of the terms and conditions shall be determined in accordance with the laws of the state of Florida, without regard to the conflict of laws doctrine.

Restrictions on Resales of Shares Acquired Pursuant to Option Exercise

CSX may impose such restrictions, conditions or limitations as it deems appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any common stock issued as a result of the exercise of the Options, including without limitation (a) restrictions under an insider trading policy; (b) restrictions or limitations pursuant to any stock ownership guidelines as may be in place from time to time; (c) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and other option-holders; and (d) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

Stock Option Agreement | Terms and Conditions

Nonqualified Stock Option; Section 409A

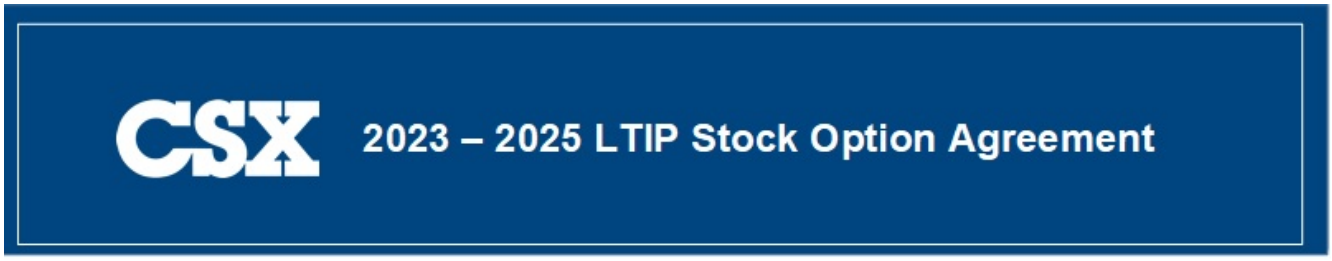
The Option is intended to be a non-qualified stock option and is not intended to be an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended and will be interpreted accordingly.

The Options are intended to comply with Section 409A of the Code ("Section 409A") to the extent subject thereto, and shall be interpreted in accordance with Section 409A and treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the grant date set forth in the Notice.

Clawback Provision

The Options shall be subject to any policy regarding the recoupment of incentive compensation that is adopted or maintained by CSX, as such policy may be amended from time to time.

By accepting this award of Options, the Participant acknowledges and agrees that this Option Agreement is governed by the terms and conditions of the Plan and is subject to all policies of CSX, including any applicable policy on the remuneration of incentive compensation. Unless defined in this Option Agreement, capitalized terms shall have the meanings ascribed to them in the Plan. This Option Agreement shall be effective as of February 15, 2023.



Notice of Non-Qualified Stock Option Grant

Name of Participant:	Joseph R. Hinrichs	
Person Number:	[ID #]	
Target Grant Amount	[Target Grant Amount]	
Number of Options Granted:	[# Units Granted]	
Grant Date:	[Grant Date]	
Option Exercise Price:	[Option Exercise Price]	
Vesting Schedule:	[# of Units] [# of Units] [# of Units]	February 15, 2024 February 15, 2025 February 15, 2026
Expiration Date:	[Expiration Date]	
Grant Number	[Grant #]	

CSX Corporation ("CSX" or the "Company") has granted to you non-qualified stock options ("Options") under the Company's 2023-2025 Long-Term Incentive Plan. The Options provide you with the right to purchase CSX common stock at a pre-established price during a future time period. Your grant has been made pursuant to the CSX 2019 Stock and Incentive Award Plan (the "Plan"), which is incorporated herein by reference, and together with this Notice and stock option agreement (the "Option Agreement"), set forth the terms and conditions of this grant.

CSX reserves the right to terminate, change or amend this Option Agreement or the Plan at any time in accordance with the terms of the Plan. Receipt of this grant does not obligate CSX to make any additional grants to you. This Option grant, or a portion thereof, may be subject to forfeiture if you terminate employment as set forth in the Option Agreement.

ACTION REQUIRED: YOU MUST ACCEPT YOUR AWARD AGREEMENT ELECTRONICALLY OR YOUR AWARD MAY BE SUBJECT TO FORFEITURE.
Please review the terms of the Notice, Option Agreement and the Plan carefully; a copy of the Plan is available for review on the CSX Gateway.

Stock Option Agreement | Terms and Conditions

Purpose and Objective

CSX Corporation ("CSX" or the "Company") issues non-qualified stock options, as described in the CSX 2019 Stock and Incentive Award Plan (referred to herein as Options) in order to reward eligible employees for their contribution toward CSX's improved operating and financial performance, ultimately creating shareholder value and driving long-term success for CSX. The Options are issued as part of the Company's 2023 – 2025 Long-Term Incentive Plan and are subject to the terms and conditions of the CSX 2019 Stock and Incentive Award Plan (the "Plan"). An Option represents the right to purchase one share of CSX common stock at a pre-established price during a future time period.

Vesting

The Options may be exercised once vested. Except as provided below under Impact of Change in Employment Status, one-third of the Options will vest and become exercisable on February 15, 2024, one-third of the Options will vest and become exercisable on February 15, 2025 and one-third of the Options will vest and become exercisable on February 15, 2026 (the "final vesting date"), subject to your continued employment through each vesting date.

Impact of Change in Employment Status

In the event of a termination of your employment before the final vesting date for any reason other than as set forth below, all unvested Options shall be forfeited and terminated.

Termination without Cause or for Good Reason Prior to Vesting

Consistent with your August 29, 2022 Letter Agreement (the "Letter Agreement"), in the event of your separation from employment due to a termination of employment by the Company without Cause or if you resign for Good Reason prior to achievement of Retirement Age (as defined below), the Options will vest on a pro-rata basis determined by multiplying the number of shares of CSX common stock covered by the Options by a fraction, the numerator of which is the number of months that have elapsed from the grant date set forth in the Notice through your termination date and the denominator of which is the total number of months in the vesting period of the Options set forth under *Vesting* above.

Termination Due to Death or Disability Prior to Vesting

In the event of your separation from employment due to death or Disability prior to the final vesting date, all Options will remain outstanding and continue to vest per the vesting schedule set forth under *Vesting* above. "Disability" shall mean long-term disability as defined in CSX's long-term disability plan.

Termination Due to Retirement Prior to Vesting

Consistent with your Letter Agreement, if you separate from employment after reaching Retirement Age either (i) by CSX without Cause or by you for Good Reason (each as defined in your Letter Agreement) or (ii) by you due to your voluntary retirement by providing CSX with at least 180 days' notice of your plans to retire (which period may be waived in full or in part by CSX), these Options will remain outstanding and will continue to vest per the vesting schedule set forth under *Vesting* above. "Retirement Age" shall mean your attainment of age 60 plus at least 5 years of continued service with the Company (unless the Company has notified you of its intent to terminate your employment for Cause or grounds to terminate your employment for Cause exist at such time).

Competing Employment Following Termination

Notwithstanding the foregoing, if, following a separation of your employment for any reason, you violate the terms of your Confidentiality, Non-Solicitation and Non-Competition Agreement dated September 1, 2022 then any outstanding Options shall be forfeited and terminated without further obligation on the part of CSX or any affiliate.

Termination of Employment Following Vesting
In the event of your separation from employment after reaching Retirement Age or due to Disability, or death, you or your designated Beneficiary or estate will have until the Expiration Date (as defined in the Notice) to exercise any vested Options. Except as otherwise provided in the Plan, if you separate from employment with CSX for any other reason, you will have **60 days** after separation from employment to exercise any Options that are vested at separation from employment.
Termination for Cause/Moral Turpitude
If your employment is terminated for Cause, all rights under the unvested Options shall lapse and terminate immediately.

Exercise

You may exercise your vested Options, in whole or in part, to purchase a whole number of shares of CSX common stock at any time by following the exercise procedures below. All exercises must take place before the Expiration Date, or such earlier dates as established by the Notice, Option Agreement or the Plan, or such Options shall otherwise lapse.

Options may be exercised by: (a) paying cash, (b) executing a “cashless” exercise, or (c) executing a “cashless” exercise and “hold” transaction.

Taxation of Stock Options

An exercise of Options may generate federal and applicable state income and employment tax withholding obligations. The full purchase price of the shares being purchased through exercise of Options and the related withholding taxes for federal, state or local jurisdictions must be paid to CSX at the time of an exercise of Options. You acknowledge that CSX shall have the right to deduct any taxes required to be withheld by law in connection with the exercise of the Option from any amounts payable by it to you (including, without limitation, future cash wages).

Non-Transferability

The Options may not be sold, assigned, pledged, exchanged, or otherwise transferred, encumbered or disposed of by you other than by will or by the laws of descent and distribution, and are exercisable during your life only by you.

Change of Control

In the event of a Change of Control (as defined in your Form of Change of Control Agreement with the Company, dated as of September 26, 2022) in which the successor or acquiring company or a direct or indirect parent entity of the successor or acquiring company does not arrange to continue or convert the Options or grant a Substitute Award, as provided under Section 13 of the Plan, CSX may, without your consent, elect to provide any one or more of the following:

(a) The Options shall be terminated as of the Change of Control in exchange for a payment in cash and/or securities equal to the amount, if any, by which the Fair Market Value (as defined in the Plan) of the shares underlying the Options exceeds the Option Exercise Price (as defined in the Notice);

(b) The Options shall become immediately and fully exercisable as of a date prior to the Change of Control, to the extent not previously exercised or terminated, and, if not so exercised, shall be terminated as of the Change of Control; or

(c) To the extent that the Option Exercise Price exceeds the Fair Market Value of the shares underlying the Options as of the Change of Control, the Options shall lapse and terminate as of the Change of Control.

Stock Option Agreement | Terms and Conditions

Shareholder Rights
The Options shall confer no other shareholder rights upon you unless and until such time as the Option has been exercised and shares of CSX common stock are issued to you.

Not a Contract of Employment or Right to Future Awards
Nothing in this Option Agreement shall be interpreted or construed to create a contract of employment between CSX and you or a right to receive equity awards in the future. This Option Agreement is intended solely to provide you an incentive to continue existing employment.

Severability
If any terms and conditions herein are, become, or are deemed to be invalid, illegal, or unenforceable in any jurisdiction, such provision shall be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of CSX, it shall be stricken and the remainder of the terms and conditions shall remain in force and effect.

Choice of Law; Jurisdiction
All questions pertaining to the construction, regulation, validity, and effect of the terms and conditions shall be determined in accordance with the laws of the state of Florida, without regard to the conflict of laws doctrine.

Restrictions on Resales of Shares Acquired Pursuant to Option Exercise
CSX may impose such restrictions, conditions or limitations as it deems appropriate as to the timing and manner of any resales by you or other subsequent transfers by you of any common stock issued as a result of the exercise of the Option, including without limitation (a) restrictions under an insider trading policy; (b) restrictions designed to delay and/or coordinate the timing and manner of sales by you and other option-holders; and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

Nonqualified Stock Option; Section 409A
The Option is intended to be a non-qualified stock option and is not intended to be an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended and will be interpreted accordingly.

The Options are intended to comply with Section 409A of the Code (“Section 409A”) to the extent subject thereto, and shall be interpreted in accordance with Section 409A and treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the grant date set forth in the Notice.

Clawback Provision
The Options shall be subject to any policy regarding the recoupment of incentive compensation that is adopted or maintained by CSX, as such policy may be amended from time to time.

By accepting this award of Options, you acknowledge and agree that this Option Agreement is governed by the terms and conditions of the Plan and is subject to all policies of CSX, including any applicable policy on the remuneration of incentive compensation. Unless defined in this Option Agreement, capitalized terms shall have the meanings ascribed to them in the Plan. This Option Agreement shall be effective as of February 15, 2023.



Notice of Restricted Stock Unit Grant

Name of Participant:	[Name]	
Person Number:	[ID #]	
Target Grant Amount:	[Target Grant Amount]	
Number of Units Granted:	[# Units Granted]	
Grant Date:	[Grant Date]	
Vesting Schedule:	[# of Units] [# of Units] [# of Units]	February 15, 2024 February 15, 2025 February 15, 2026
Grant Number:	[Grant #]	

CSX Corporation ("CSX" or the "Company") has granted to you Restricted Stock Units ("RSUs") as part of the Company's 2023 – 2025 Long-Term Incentive Plan, wherein each unit represents one share of CSX common stock. Your grant has been made pursuant to the CSX 2019 Stock and Incentive Award Plan (the "Plan"), which is incorporated herein by reference, and together with this Notice and Restricted Stock Unit Agreement (the "Award Agreement") set forth the terms and conditions of this grant.

CSX reserves the right to terminate, change or amend this Award Agreement or the Plan at any time in accordance with the terms of the plan. Receipt of this grant does not obligate CSX to make any additional grants to you. This grant, or a portion thereof, may be subject to forfeiture if you terminate employment as set forth in this Award Agreement.

ACTION REQUIRED: YOU MUST ACCEPT YOUR AWARD AGREEMENT ELECTRONICALLY OR YOUR AWARD MAY BE SUBJECT TO FORFEITURE.

Please review the terms of the Notice, Award Agreement and the Plan carefully; a copy of the Plan is available for review on the CSX Gateway.

RSU Award Agreement | Terms and Conditions

Purpose and Objective

CSX Corporation ("CSX" or the "Company") issues Restricted Stock Units, as described in the CSX 2019 Stock and Incentive Award Plan (referred to herein as RSUs) in order to reward eligible employees for their contribution toward CSX's improved operating and financial performance, ultimately creating shareholder value and driving long-term success for CSX. The RSUs are issued as part of the Company's 2023 – 2025 Long-Term Incentive Plan and are subject to the terms and conditions of the CSX 2019 Stock and Incentive Award Plan (the "Plan"). An RSU represents the right to receive one share of CSX common stock.

Restricted Period

The "Restricted Period" shall be the period from February 15, 2023 through February 15, 2026.

Vesting

The RSUs will vest on a graded schedule over the Restricted period with one-third vesting on February 15, 2024, one-third vesting on February 15, 2025, and one-third vesting on February 15, 2026 ("the final vesting date") subject to the Participant's continuous employment through each vesting date, except as provided below under *Impact of Change in Employment Status*.

Delivery of Shares

Vested RSUs will be settled as soon as practicable, but in no event later than 60 days, after completion of each vesting date set forth above under *Vesting* in the form of CSX common stock.

Impact of Change in Employment Status

RSUs generally will vest and be settled only if a Participant is actively employed by CSX or its affiliates on one of the vesting dates set forth under *Vesting* above. Except as provided below, a Participant whose employment terminates prior to the end of the Restricted Period shall forfeit any and all unvested RSUs. Any RSUs granted to the Participant that do not vest under the terms of this Award Agreement shall be forfeited.

Termination Due to Death or Disability Prior to Vesting

In the event of a Participant's separation from employment before the end of the Restricted Period by reason of Participant's death or Disability, all RSUs shall continue to vest per the vesting schedule set forth under *Vesting* above. "Disability" shall mean long-term disability as defined in CSX's long-term disability plan covering the Participant.

Termination Due to Retirement Prior to Vesting

In the event of a termination of a Participant's employment before the end of the Restricted Period by reason of Retirement, the RSUs shall become fully vested, and CSX common stock shall be issued as soon as practicable, but in no event later than 60 days, after the end of the Restricted Period. "Retirement" shall mean: the attainment of age 55 with a minimum of 12 years of service, the attainment of age 60 with a minimum of 5 years of service or the attainment of age 65 — each as approved by the President and Chief Executive Officer or Executive Vice President and Chief Administrative Officer for non-Section 16 management employees or the Compensation and Talent Management Committee of the CSX Board of Directors for Section 16 Officers. A Participant must be employed through December 31st of the year of grant of the RSUs to receive full vesting under this paragraph. For clarity, if a Participant terminates from employment due to Retirement prior to December 31st of the year of the grant of RSUs, or if the Participant's Retirement eligibility is not approved for purposes of the RSUs, the RSUs will be forfeited and terminated.

Termination Due to Reduction in Force or Voluntary Return to Contract Prior to Vesting

In the event of a termination of a Participant's employment before the end of the Restricted Period by reason of reduction in force (subject to execution of a separation agreement), a prorated portion of the RSUs that otherwise would have vested on the next-occurring vesting date will vest based upon the number of full months employed since the preceding vesting date (or if there has not yet been a vesting date, since the grant date) and prior to the month in which the separation from employment occurs (the "Pro Rata Vesting"), and CSX common stock shall be issued as soon as practicable, but in no event later than 60 days, after the next-occurring vesting date following the date of separation.

In the event a Participant voluntarily returns to contract employment or returns to contract employment due to a reduction in force, the RSUs shall vest based on the Pro Rata Vesting described above, and CSX common stock shall be issued as soon as practicable, but in no event later than 60 days, after the next-occurring vesting date following the date of separation.

If a Participant voluntarily returns to contract employment or returns to contract employment due to a reduction in force and their employment is subsequently terminated for any reason other than as set forth in this section *Impact of Change in Employment Status* prior to the completion of the Restricted Period and prior to the Participant becoming Retirement eligible, all unvested RSUs shall be forfeited and terminate immediately. A return to contract employment following involuntary termination from a management position shall not be deemed a voluntary return to contract.

Competing Employment Following Termination
(This provision only applies to Heads of Department and above)
Notwithstanding the foregoing, if the Participant's employment terminates for any reason before the end of the Restricted Period and the Participant "Engages in Competing Employment" (as defined in the applicable Confidentiality, Non-Solicitation and Non-Competition Agreement) or otherwise violates the terms of the Confidentiality, Non-Solicitation and Non-Competition Agreement, then the RSUs shall be forfeited and terminated without further obligation on the part of CSX or any affiliate.

Termination for Cause/Moral Turpitude
If the Participant's employment is terminated for Cause, as defined in the Plan, all unvested RSUs shall be forfeited and terminate immediately. In addition, a Participant who commits an act involving moral turpitude that adversely affects the reputation or business of CSX or its affiliates shall forfeit all unvested RSUs. Examples of acts of moral turpitude include, but are not limited to, dishonesty or fraud involving CSX or any affiliated company, their employees, vendors, or customers or a violation of the CSX Code of Ethics.

Dividend Equivalents

At the end of the Restricted Period, Participants will be eligible to receive Dividend Equivalents based upon the number of vested RSUs paid to the Participant. The Dividend Equivalents will equal the aggregate amount of dividends declared and paid per share of CSX stock for each quarter during the Restricted Period in which the RSUs remained outstanding multiplied by the number of vested RSUs paid to the Participant. The Dividend Equivalents will be paid upon settlement in the form of CSX stock subject to applicable withholding taxes.

Taxation of Restricted Stock Units

RSUs will be settled in shares of CSX common stock. The value received by the Participant is taxable income; therefore, CSX is required to withhold income taxes at the prescribed rates for both supplemental income and employment taxes in accordance with applicable tax laws. CSX will withhold the minimum number of whole shares equal in value to the minimum statutory required amount. Participants in the CSX Executives' Deferred Compensation Plan may be able to defer receipt of RSUs in accordance with the terms of that plan.

Non-Transferability

The RSUs may not be sold, assigned, pledged, exchanged, or otherwise transferred, encumbered or disposed of by the Participant other than by will or by the laws of descent and distribution.

Change of Control

In the event of a Change of Control (as defined in the Company's form of Change of Control Agreement, as may be amended from time to time, found at www.sec.gov and available upon request) and the successor or acquiring company or a direct or indirect parent entity of the successor or acquiring company does not arrange to continue or convert the RSUs or grant a Substitute Award, as provided under Section 13 of the Plan, CSX may, without the Participant's consent, elect to provide any one or more of the following:

(a) The RSUs shall be terminated as of the Change of Control in exchange for a payment in cash equal to the Fair Market Value (as defined in the Plan) of the shares underlying the RSUs multiplied by the prorated number of RSUs that otherwise would have vested on the next-occurring vesting date based upon the number of full months employed since the preceding vesting (or if there has not yet been a vesting date, since the grant date) and prior to the month in which the Change of Control is effective; or

(b) The prorated number of RSUs that otherwise would have vested on the next-occurring vesting date based upon the number of full months employed since the preceding vesting (or if there has not yet been a vesting date, since the grant date) and prior to the month in which the Change of Control is effective shall immediately vest as of a date prior to the Change of Control, to the extent not previously terminated.

Shareholder Rights

The RSUs shall confer no other shareholder rights upon the Participant except as provided herein unless and until such time as the award has been settled by the issuance of CSX common stock to the Participant.

Not a Contract of Employment or Right to Future Awards

Nothing in this Award Agreement shall be interpreted or construed to create a contract of employment between CSX and the Participant or a right to receive equity awards in the future. This Award Agreement is intended solely to provide Participant an incentive to continue existing employment.

Section 409A

Participant understands and agrees that all payments made pursuant to this Award Agreement are intended to be exempt or comply with Section 409A of the Internal Revenue Code of 1986, as amended, and shall be interpreted on a basis consistent with such intent.

Severability

If any terms and conditions herein are, become, or are deemed to be invalid, illegal, or unenforceable in any jurisdiction, such provision shall be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of CSX, it shall be stricken and the remainder of the terms and conditions shall remain in force and effect.

Choice of Law; Jurisdiction

All questions pertaining to the construction, regulation, validity, and effect of the terms and conditions shall be determined in accordance with the laws of the state of Florida, without regard to the conflict of laws doctrine.

Restrictions on Resales of Shares Acquired Pursuant to Settlement

CSX may impose such restrictions, conditions or limitations as it deems appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any common stock issued as a result of the settlement of the RSUs, including without limitation (a) restrictions under an insider trading policy; (b) restrictions or limitations pursuant to any stock ownership guidelines as may be in place from time to time; (c) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and other award-holders; and (d) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

Clawback Provision

The RSUs shall be subject to any policy regarding the recoupment of incentive compensation that is adopted or maintained by CSX, as such policy may be amended from time to time.

By accepting this award of RSUs, the Participant acknowledges and agrees that this Award Agreement is governed by the terms and conditions of the Plan and is subject to all policies of CSX, including any applicable policy on the remuneration of incentive compensation. Unless defined in this Award Agreement, capitalized terms shall have the meanings ascribed to them in the Plan. This Award Agreement shall be effective as of February 15, 2023.



Notice of Restricted Stock Unit Grant

Name of Participant:	Joseph R. Hinrichs	
Person Number:	[ID #]	
Target Grant Amount:	[Target Grant Amount]	
Number of Units Granted:	[# Units Granted]	
Grant Date:	[Grant Date]	
Vesting Schedule:	[# of Units] [# of Units] [# of Units]	February 15, 2024 February 15, 2025 February 15, 2026
Grant Number:	[Grant #]	

CSX Corporation ("CSX" or the "Company") has granted to you Restricted Stock Units ("RSUs") as part of the Company's 2023-2025 Long-Term Incentive Plan, wherein each unit represents one share of CSX common stock. Your grant has been made pursuant to the CSX 2019 Stock and Incentive Award Plan (the "Plan"), which is incorporated herein by reference, and together with this Notice and Restricted Stock Unit Agreement (the "Award Agreement") set forth the terms and conditions of this grant.

CSX reserves the right to terminate, change or amend this Award Agreement or the Plan at any time in accordance with the terms of the Plan. Receipt of this grant does not obligate CSX to make any additional grants to you. This grant, or a portion thereof, may be subject to forfeiture if you terminate employment as set forth in this Award Agreement.

ACTION REQUIRED: YOU MUST ACCEPT YOUR AWARD AGREEMENT ELECTRONICALLY OR YOUR AWARD MAY BE SUBJECT TO FORFEITURE.

Please review the terms of the Notice, Award Agreement and the Plan carefully; a copy of the Plan is available for review on the CSX Gateway.

RSU Award Agreement | Terms and Conditions

Purpose and Objective

CSX Corporation ("CSX" or the "Company") issues Restricted Stock Units, as described in the CSX 2019 Stock and Incentive Award Plan (referred to herein as RSUs) in order to reward eligible employees for their contribution toward CSX's improved operating and financial performance, ultimately creating shareholder value and driving long-term success for CSX. The RSUs are issued as part of the Company's 2023 - 2025 Long-Term Incentive Plan and are subject to the terms and conditions of the CSX 2019 Stock and Incentive Award Plan (the "Plan"). An RSU represents the right to receive one share of CSX common stock.

Restricted Period

The "Restricted Period" shall be the period from February 15, 2023 through February 15, 2026.

Vesting

The RSUs will vest on a graded schedule over three years with one-third of the RSUs vesting on February 15, 2024, one-third vesting on February 15, 2025, and one-third vesting on February 15, 2026 ("the final vesting date") subject to your continuous employment through each vesting date, except as provided below under *Impact of Change in Employment Status.*

Delivery of Shares

Vested RSUs will be settled as soon as practicable, but in no event later than 60 days, after completion of each vesting date set forth above under *Vesting* in the form of CSX common stock.

Impact of Change in Employment Status

Except as provided below, if your employment terminates before the end of the Restricted Period for any reason other than as set forth above, you shall forfeit any and all RSUs.

Termination without Cause or for Good Reason Prior to Vesting

Consistent with your August 29, 2022 Letter Agreement (the "Letter Agreement"), in the event of your separation from employment due to a termination of employment by the Company without Cause or if you resign for Good Reason prior to achievement of Retirement Age (as defined below), the RSUs will vest on a pro-rata basis determined by multiplying the number of shares of CSX common stock covered by the RSUs by a fraction, the numerator of which is the number of months that have elapsed from the grant date set forth in the Notice through your termination date and the denominator of which is the total number of months in the Restricted Period, and CSX common stock will be issued as soon as practicable, but in no event later than 60 days, after the next-occurring vesting date following the date of separation.

Termination Due to Death or Disability Prior to Vesting

If your employment terminates due to death or Disability prior to the last day of the Restricted Period, all RSUs shall remain outstanding and continue to vest per the vesting schedule set forth under *Vesting* above. "Disability" shall mean long-term disability as defined in the long-term disability plan of CSX covering the Participant.

Termination Due to Retirement Prior to Vesting

Consistent with your Letter Agreement, if your employment terminates after reaching Retirement Age either (i) by CSX without Cause or by you for Good Reason (each as defined in your Letter Agreement) or (ii) by you due to your voluntary retirement by providing CSX with at least 180 days' notice of your plans to retire (which period may be waived in full or in part by CSX), these RSUs will remain outstanding and will continue to vest per the vesting schedule set forth under *Vesting* above. "Retirement Age" shall mean your attainment of age 60 plus at least 5 years of continued service with the Company (unless the Company has notified you of its intent to terminate your employment for Cause or grounds to terminate your employment for Cause exist at such time).

Competing Employment Following Termination
Notwithstanding the foregoing, if your employment is terminated for any reason prior to expiration of the Restricted Period and you violate the terms of your Confidentiality, Non-Solicitation and Non-Competition Agreement dated September 1, 2022, then the RSUs shall be terminated without further obligation on the part of CSX or any affiliate.

Termination for Cause/Moral Turpitude
If your employment is terminated for Cause all unvested RSUs shall lapse and terminate immediately.

Dividend Equivalents
At the end of the Restricted Period, you will be eligible to receive Dividend Equivalents based upon the number of vested RSUs paid to you. The Dividend Equivalents will equal the aggregate amount of dividends declared and paid per share of CSX stock for each quarter during the Restricted Period multiplied by the number of vested RSUs paid to you. The Dividend Equivalents will be paid upon settlement in the form of CSX stock subject to applicable withholding taxes.

Taxation of Restricted Stock Units
RSUs will be settled in shares of CSX common stock. The value received by the Participant is taxable income; therefore, CSX is required to withhold income taxes at the prescribed rates for both supplemental income and employment taxes in accordance with applicable tax laws. CSX will withhold the minimum number of whole shares equal in value to the minimum statutory required amount. Participants in the CSX Executives' Deferred Compensation Plan may be able to defer receipt of RSUs in accordance with the terms of that plan.

Non-Transferability
The RSUs may not be sold, assigned, pledged, exchanged, or otherwise transferred, encumbered or disposed of by the Participant other than by will or by the laws of descent and distribution.

Change of Control
In the event of a Change of Control (as defined in your Form of Change of Control Agreement with the Company, dated as of September 26, 2022) and the successor or acquiring company or a direct or indirect parent entity of the successor or acquiring company does not arrange to continue or convert the RSUs or grant a Substitute Award, as provided under Section 13 of the Plan, CSX may, without your consent, elect to provide any one or more of the following:

(a) The RSUs shall be terminated as of the Change of Control in exchange for a payment in cash equal to the Fair Market Value (as defined in the Plan) of the shares underlying the RSUs multiplied by the prorated number of RSUs that otherwise would have vested on the next-occurring vesting date based upon the number of full months employed since the preceding vesting (or if there has not yet been a vesting date, since the grant date) and prior to the month in which the Change of Control is effective; or

(b) The prorated number of RSUs that otherwise would have vested on the next-occurring vesting date based upon the number of full months employed since the preceding vesting (or if there has not yet been a vesting date, since the grant date) and prior to the month in which the Change of Control is effective shall immediately vest as of a date prior to the Change of Control, to the extent not previously terminated.

Shareholder Rights
The RSUs shall confer no other shareholder rights upon the Participant except as provided herein unless and until such time as the award has been settled by the issuance of CSX common stock to the Participant.

Not a Contract of Employment or Right to Future Awards

Nothing in this Award Agreement shall be interpreted or construed to create a contract of employment between CSX and the Participant or a right to receive equity awards in the future. This Award Agreement is intended solely to provide Participant an incentive to continue existing employment.

Section 409A

Participant understands and agrees that all payments made pursuant to this Award Agreement are intended to be exempt or comply with Section 409A of the Internal Revenue Code of 1986, as amended, and shall be interpreted on a basis consistent with such intent.

Severability

If any terms and conditions herein are, become, or are deemed to be invalid, illegal, or unenforceable in any jurisdiction, such provision shall be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of CSX, it shall be stricken and the remainder of the terms and conditions shall remain in force and effect.

Choice of Law; Jurisdiction

All questions pertaining to the construction, regulation, validity, and effect of the terms and conditions shall be determined in accordance with the laws of the state of Florida, without regard to the conflict of laws doctrine.

Restrictions on Resales of Shares Acquired Pursuant to Settlement

CSX may impose such restrictions, conditions or limitations as it deems appropriate as to the timing and manner of any resales by you or other subsequent transfers by you of any common stock issued as a result of the settlement of the RSUs, including without limitation (a) restrictions under an insider trading policy; (b) restrictions or limitations pursuant to any stock ownership guidelines as may be in place from time to time; (c) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and other award-holders; and (d) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

Clawback Provision

The RSUs shall be subject to any policy regarding the recoupment of incentive compensation that is adopted or maintained by CSX, as such policy may be amended from time to time.

By accepting this award of RSUs, the Participant acknowledges and agrees that this Award Agreement is governed by the terms and conditions of the Plan and is subject to all policies of CSX, including any applicable policy on the remuneration of incentive compensation. Unless defined in this Award Agreement, capitalized terms shall have the meanings ascribed to them in the Plan. This Award Agreement shall be effective as of February 15, 2023.

Exhibit 31

CERTIFICATION OF CEO AND CFO PURSUANT TO EXCHANGE ACT RULE
13a - 14(a) OR RULE 15d-14(a)

I, Joseph R. Hinrichs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CSX Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 20, 2023

/s/ JOSEPH R. HINRICHS

Joseph R. Hinrichs
President and Chief Executive Officer

I, Sean R. Pelkey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CSX Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 20, 2023

/s/ SEAN R. PELKEY
Sean R. Pelkey
Executive Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATION OF CEO AND CFO REQUIRED BY RULE 13a-14(b) OR RULE 15d-14(b) AND SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE U.S. CODE

In connection with the Quarterly Report of CSX Corporation on Form 10-Q for the period ending March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph R. Hinrichs, Chief Executive Officer of the registrant, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: April 20, 2023

/s/ JOSEPH R. HINRICHS
Joseph R. Hinrichs
President and Chief Executive Officer

In connection with the Quarterly Report of CSX Corporation on Form 10-Q for the period ending March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sean R. Pelkey, Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: April 20, 2023

/s/ SEAN R. PELKEY
Sean R. Pelkey
Executive Vice President and Chief Financial Officer