

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

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
 For the quarterly period ended March 31, 2025
 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 1,878,545,871 shares of common stock outstanding on March 31, 2025 (the latest practicable date that is closest to the filing date).

CSX CORPORATION
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2025
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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	
	2025	2024 ^(a)
Revenue	\$ 3,423	\$ 3,681
Expense		
Labor and Fringe	821	805
Purchased Services and Other	774	720
Depreciation and Amortization	425	410
Fuel	275	325
Equipment and Other Rents	87	84
Total Expense	2,382	2,344
Operating Income	1,041	1,337
Interest Expense	(209)	(210)
Other Income - Net	26	41
Earnings Before Income Taxes	858	1,168
Income Tax Expense	(212)	(288)
Net Earnings	\$ 646	\$ 880
Per Common Share (Note 2)		
Net Earnings Per Share, Basic	\$ 0.34	\$ 0.45
Net Earnings Per Share, Assuming Dilution	\$ 0.34	\$ 0.45
Average Shares Outstanding <i>(In Millions)</i>	1,890	1,958
Average Shares Outstanding, Assuming Dilution <i>(In Millions)</i>	1,892	1,962

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS *(Unaudited)*
(Dollars in Millions)

	First Quarters	
	2025	2024 ^(a)
Total Comprehensive Earnings (Note 10)	\$ 651	\$ 886

(a) See the 2024 annual report filed on Form 10-K for revision of prior period financial statements.

See accompanying notes to consolidated financial statements.

CSX CORPORATION
ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
(Dollars in Millions)

	(Unaudited) March 31, 2025	December 31, 2024
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,139	\$ 933
Short-term Investments (Note 9)	8	72
Accounts Receivable - Net (Note 8)	1,348	1,326
Materials and Supplies	438	414
Other Current Assets	87	75
Total Current Assets	3,020	2,820
Properties	52,674	52,191
Accumulated Depreciation	(16,816)	(16,533)
Properties - Net	35,858	35,658
Investment in Affiliates and Other Companies	2,537	2,520
Right-of-Use Lease Asset	486	487
Goodwill and Other Intangible Assets - Net	430	433
Other Long-term Assets	868	846
Total Assets	\$ 43,199	\$ 42,764
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	\$ 1,315	\$ 1,290
Labor and Fringe Benefits Payable	391	480
Casualty, Environmental and Other Reserves (Note 4)	146	149
Current Maturities of Long-term Debt (Note 7)	605	606
Income and Other Taxes Payable	685	508
Other Current Liabilities	279	243
Total Current Liabilities	3,421	3,276
Casualty, Environmental and Other Reserves (Note 4)	319	313
Long-term Debt (Note 7)	18,521	17,897
Deferred Income Taxes - Net	7,739	7,725
Long-term Lease Liability	489	486
Other Long-term Liabilities	535	560
Total Liabilities	31,024	30,257
Shareholders' Equity:		
Common Stock, \$1 Par Value	1,878	1,900
Other Capital	864	846
Retained Earnings	9,655	9,988
Accumulated Other Comprehensive Loss (Note 10)	(227)	(232)
Non-controlling Minority Interest	5	5
Total Shareholders' Equity	12,175	12,507
Total Liabilities and Shareholders' Equity	\$ 43,199	\$ 42,764

See accompanying notes to consolidated financial statements.

CSX CORPORATION
ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENTS *(Unaudited)*
(Dollars in Millions)

	Three Months	
	2025	2024 ^(a)
OPERATING ACTIVITIES		
Net Earnings	\$ 646	\$ 880
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	425	410
Deferred Income Taxes	13	7
Other Operating Activities	(4)	(17)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(9)	5
Other Current Assets	(34)	(29)
Accounts Payable	89	72
Income and Other Taxes Payable	175	(143)
Other Current Liabilities	(46)	(119)
Net Cash Provided by Operating Activities	1,255	1,066
INVESTING ACTIVITIES		
Property Additions	(719)	(517)
Proceeds from Sales of Short-term Investments	67	81
Proceeds and Advances from Property Dispositions	23	11
Business Acquisition, Net of Cash Acquired	—	(26)
Other Investing Activities	(18)	(35)
Net Cash Used In Investing Activities	(647)	(486)
FINANCING ACTIVITIES		
Shares Repurchased	(751)	(247)
Dividends Paid	(245)	(235)
Long-term Debt Repaid (Note 7)	(2)	(2)
Long-term Debt Issued (Note 7)	600	—
Other Financing Activities	(4)	34
Net Cash Used in Financing Activities	(402)	(450)
Net Increase in Cash and Cash Equivalents	206	130
CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents at Beginning of Period	933	1,353
Cash and Cash Equivalents at End of Period	\$ 1,139	\$ 1,483

(a) See the 2024 annual report filed on Form 10-K for revision of prior period financial statements.

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 2025	Common Shares Outstanding (Thousands)	Common Stock and Other Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income ^(a)	Non-controlling Minority Interest	Total Shareholders' Equity
Balance December 31, 2024	1,900,190	\$ 2,746	\$ 9,988	\$ (232)	\$ 5	\$ 12,507
Comprehensive Earnings:						
Net Earnings	—	—	646	—	—	646
Other Comprehensive Income	—	—	—	5	—	5
Total Comprehensive Earnings						651
Common stock dividends, \$0.13 per share	—	—	(245)	—	—	(245)
Share Repurchases	(23,707)	(24)	(727)	—	—	(751)
Excise Tax on Net Share Repurchases	—	—	(7)	—	—	(7)
Stock Option Exercises and Other	1,894	20	—	—	—	20
Balance March 31, 2025	1,878,377	\$ 2,742	\$ 9,655	\$ (227)	\$ 5	\$ 12,175

Three Months 2024	Common Shares Outstanding (Thousands)	Common Stock and Other Capital	Retained Earnings ^(a)	Accumulated Other Comprehensive (Loss) Income ^(a, b)	Non-controlling Minority Interest	Total Shareholders' Equity ^(a)
Balance December 31, 2023	1,958,757	\$ 2,650	\$ 9,609	\$ (279)	\$ 5	\$ 11,985
Comprehensive Earnings:						
Net Earnings	—	—	880	—	—	880
Other Comprehensive Income	—	—	—	6	—	6
Total Comprehensive Earnings						886
Common stock dividends, \$0.12 per share	—	—	(235)	—	—	(235)
Share Repurchases	(6,789)	(7)	(240)	—	—	(247)
Excise Tax on Net Share Repurchases	—	—	(1)	—	—	(1)
Stock Option Exercises and Other	2,961	55	(2)	—	—	53
Balance March 31, 2024	1,954,929	\$ 2,698	\$ 10,011	\$ (273)	\$ 5	\$ 12,441

(a) See the 2024 annual report filed on Form 10-K for revision of prior period financial statements.

(b) Accumulated Other Comprehensive Loss balances shown above are net of tax. The associated taxes were \$61 million as of December 31, 2024, \$59 million as of March 31, 2025, \$74 million as of December 31, 2023 and \$72 million as of March 31, 2024. 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. 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.

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, 2025 and March 31, 2024, and references to "year-end" indicate the fiscal year ended December 31, 2024.

New Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09/*Improvements to Income Tax Disclosures*. This standard update requires additional interim and annual disclosures about a company's income taxes, including more detailed information around the annual rate reconciliation and income taxes paid. The Company is required to adopt the guidance for its 2025 annual report filed on Form 10-K, though early adoption is permitted. The Company is currently evaluating the impact of these amendments on its disclosures, but this standard update will not impact the Company's results of operations or financial position.

In November 2024, the FASB issued ASU 2024-03/*Disaggregation of Income Statement Expenses*. This standard update requires additional disclosures about certain expenses in commonly presented expense captions. The Company is required to adopt the guidance for its 2027 annual report filed on Form 10-K, though early adoption is permitted. The Company is currently evaluating the impact of these amendments on its disclosures, but this standard update will not impact the Company's results of operations or financial position.

Revision of Prior Period Financial Statements

During second quarter 2024, CSX completed a review of the accounting treatment for engineering scrap and certain engineering support labor and identified misstatements between the balance sheet and operating expense in previously issued financial statements. In accordance with the Accounting Standards Codification ("ASC") *Topic 250, Accounting Changes and Error Corrections*, the Company evaluated the materiality of the errors on the previously presented financial statements and determined that they did not result in a material misstatement to the financial condition, results of operations, or liquidity for any of the impacted periods. However, the Company determined that the effect of recording the misstatements during the second quarter of 2024 would be material to the annual 2024 consolidated financial statements. As a result, the Company revised its previously issued consolidated financial statements. For comparative purposes, the Company has also made corrections to the consolidated financial statements and applicable notes for the first quarter 2024 results presented in this Form 10-Q. See the 2024 annual report filed on Form 10-K for additional information and quantification of prior period restatement impacts.

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	
	2025	2024 ^(a)
Numerator (<i>Dollars in Millions</i>):		
Net Earnings	\$ 646	\$ 880
Denominator (<i>Units in Millions</i>):		
Average Common Shares Outstanding	1,890	1,958
Other Potentially Dilutive Common Shares	2	4
Average Common Shares Outstanding, Assuming Dilution	<u>1,892</u>	<u>1,962</u>
Net Earnings Per Share, Basic	\$ 0.34	\$ 0.45
Net Earnings Per Share, Assuming Dilution	\$ 0.34	\$ 0.45

(a) See the 2024 annual report filed on Form 10-K for revision of prior period financial statements.

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 employee stock options, performance units and restricted stock units.

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	
	2025	2024
Antidilutive Stock Options Excluded from Diluted EPS (<i>Units in Millions</i>)	4	3

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 2. Earnings Per Share, continued

Share Repurchases

During fourth quarter 2023, the Company began repurchasing shares under the \$5 billion share repurchase program approved in October 2023. Total repurchase authority remaining was \$1.8 billion as of March 31, 2025.

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 2025 and 2024, the Company engaged in the following repurchase activities:

	First Quarters	
	2025	2024
Shares Repurchased (Millions)	24	7
Cost of Shares (Dollars in Millions)	\$ 751	\$ 247
Average Price Paid per Share	\$ 31.66	\$ 36.46

The Inflation Reduction Act of 2022 imposes a nondeductible 1% excise tax on the net value of most share repurchases made after December 31, 2022. Excise tax commensurate with net share repurchases is reflected in equity and a corresponding liability for excise taxes payable is included in other current liabilities on the consolidated balance sheet. The cost of shares repurchased shown in the table above excludes the impact of this excise tax.

Dividend Increase

On February 12, 2025, the Company's Board of Directors authorized an 8% increase in the quarterly cash dividend to \$0.13 per common share effective March 2025.

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 employees whose agreements allow for continued vesting upon retirement or separation. 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	
	2025	2024
<i>(Dollars in Millions)</i>		
Share-Based Compensation Expense:		
Restricted Stock Units	\$ 6	\$ 7
Stock Options	3	3
Stock Awards for Directors	3	2
Employee Stock Purchase Plan	2	2
Performance Units	—	2
Total Share-Based Compensation Expense	\$ 14	\$ 16
Income Tax Benefit	\$ 3	\$ 5

Long-term Incentive Plan

In February 2025, the Company granted the following awards under a new long-term incentive plan ("LTIP") for the years 2025 through 2027, which was adopted under the CSX 2019 Stock and Incentive Award Plan.

	Granted (Thousands)	Weighted Avg. Fair Value
Performance Units	668	\$ 33.74
Restricted Stock Units	666	33.37
Stock Options	1,100	10.16

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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

Performance Units

Units vest approximately three years after grant. 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 20%, capped at an overall payout of 240%, 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 Economic Profit, in each case adjusting for certain items as defined in the plan, will each comprise 50% of the payout. As defined under the plan, Economic Profit incentivizes strategic investments earning more than management's desired minimum required return and is calculated as CSX's Gross Cash Earnings minus the Capital Charge 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 determined 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.

(Dollars in Millions)	March 31, 2025			December 31, 2024		
	Current	Long-term	Total	Current	Long-term	Total
Casualty:						
Personal						
Injury	\$ 51	\$ 93	\$ 144	\$ 51	\$ 91	\$ 142
Occupational	7	59	66	7	59	66
Total	58	152	210	58	150	208
Casualty						
Environmental	37	114	151	37	114	151
Other	51	53	104	54	49	103
Total	\$ 146	\$ 319	\$ 465	\$ 149	\$ 313	\$ 462

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 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 as discussed at Note 5, *Commitments and Contingencies*. 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, 2025, or March 31, 2024.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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

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, 2025, or March 31, 2024.

Environmental

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 230 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 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, as well as casualty claims, which includes 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 \$200 million per occurrence for losses from floods and named windstorms and up to \$175 million per occurrence for other property losses. For casualty claims, the Company retains all risk up to \$100 million per occurrence. CSX purchases insurance coverage above its full self-retention amounts and it retains a percentage of risk at various layers as well. 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 outcomes 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 matters for which a loss is reasonably possible in excess of reserves established. The Company has estimated this range to be \$3 million to \$61 million in the aggregate at March 31, 2025. 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.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 5. Commitments and Contingencies, continued

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 transferred to federal court in the District of Columbia for coordinated or consolidated pre-trial proceedings. 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.

Although the class was not certified, individual shippers have since brought claims against the railroads, which were also transferred to federal court in the District of Columbia for pre-trial proceedings but before a different judge. In March 2024, the original case was reassigned to the judge in the later-filed case who will now preside over all pre-trial proceedings. The railroads filed motions for summary judgment on July 17, 2024 with the briefing completed in December 2024.

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.

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 eight miles of the Study Area, EPA issued its Record of Decision detailing the agency's mandated remedial process in March 2016. Occidental Chemical Corporation ("Occidental") performed the remedial design for the lower eight-mile portion of the Study Area pursuant to a consent order with EPA. EPA approved the design in May 2024.

For the remaining upper nine miles of the Study Area, EPA selected an interim remedy in a Record of Decision dated September 28, 2021. On March 2, 2023, EPA issued an administrative order requiring Occidental to design the interim remedy for the upper nine miles of the Study Area.

Potentially responsible parties, including Pharmacia, are participating in an EPA-directed allocation and settlement process to assign responsibility related to the lower river and the entire Study Area, respectively. CSXT participated in the EPA-directed allocation and settlement process on behalf of Pharmacia.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 5. Commitments and Contingencies, continued

On March 2, 2022, EPA issued a Notice Letter to Pharmacia, Occidental 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 entire Study Area. CSXT, 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.

On November 21, 2023, EPA notified the United States District Court for the District of New Jersey ("Court") that it intended to move to enter a Consent Decree ("CD") with a group of potentially responsible parties. On January 31, 2024, EPA filed a motion to enter a modified CD with 82 potentially responsible parties, not including Pharmacia, requiring payment of \$150 million to resolve their liability with respect to the entire Study Area. On April 1, 2024, Occidental filed its opposition to EPA's motion to enter the CD. Several other non-settling parties, including Pharmacia, filed comments concerning (but not opposing) entry of the CD. On December 18, 2024, the Court entered and approved the CD, which is now under appeal. Negotiations with EPA and other parties to resolve Pharmacia's liability continue.

CSXT is also defending and indemnifying Pharmacia with regard to the Property in litigation filed by Occidental, which is seeking to recover its past and future costs associated with the 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 a federal lawsuit filed by Occidental on June 30, 2018, and one of 37 defendants in a federal lawsuit filed by Occidental on March 24, 2023. Both of these lawsuits are stayed pending resolution of the CD action. 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.

See Note 4, *Casualty, Environmental and Other Reserves*, for additional information on the Company's environmental liabilities.

Regulatory

In October 2024, the Company received a subpoena from the Enforcement Division of the U.S. Securities and Exchange Commission ("SEC") requesting information relating to, among other things, the accounting restatement disclosed in the Company's Form 10-Q for the quarterly period ended June 30, 2024 filed on August 5, 2024 with the SEC. The Company has also been responding to information requests by the SEC related to certain of the Company's non-financial performance metrics. The Company is cooperating with the SEC and providing information responsive to these requests. While the Company believes its reporting complied with applicable requirements in all material respects, the Company cannot anticipate the timing, scope, outcome or possible impact of the investigation, financial or otherwise.

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. All plans are closed to new participants.

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.

(Dollars in Millions)

Service Cost Included in Labor and Fringe

Interest Cost

Expected Return on Plan Assets

Amortization of Net Loss

Total Included in Other Income - Net

Net Periodic Benefit Credit

Pension Benefits Cost			
First Quarters			
2025		2024	
\$		\$	
	5		6
	27		26
	(40)		(42)
	6		5
	(7)		(11)
\$	(2)	\$	(5)

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 2025.

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 2025 is shown in the table below. For fair value information related to the Company's long-term debt, see Note 9, *Fair Value Measurements*.

<i>(Dollars in Millions)</i>	Current Portion	Long-term Portion	Total
Long-term Debt as of December 31, 2024	\$ 606	\$ 17,897	\$ 18,503
2025 Activity:			
Long-term Debt Issued	—	600	600
Long-term Debt Repaid	(2)	—	(2)
Reclassifications	1	(1)	—
Hedging, Discount, Premium and Other Activity	—	25	25
Long-term Debt as of March 31, 2025	\$ 605	\$ 18,521	\$ 19,126

Debt Issuance

On March 10, 2025, CSX issued \$600 million of 5.05% notes due 2035. These notes are included in the consolidated balance sheets under long-term debt and may be redeemed by the Company at any time, subject to payment of certain make-whole premiums. The net proceeds will be used for general corporate purposes, which may include debt repayments, repurchases of CSX's common stock, capital investment and working capital requirements.

Interest Rate Derivatives

Fair Value Hedges

In first quarter 2025, CSX entered into two 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 ("SOFR") on a cumulative \$50 million of fixed rate outstanding notes which are due in 2055. The cumulative fair value of these swaps, which is included in other long-term assets on the consolidated balance sheet, was an asset of \$8 million as of March 31, 2025.

CSX has seven other 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 SOFR on a cumulative \$1.1 billion of fixed rate outstanding notes which are due between 2033 and 2040. These swaps are comprised of two swaps entered during 2023 ("2023 swaps") and five swaps entered during 2022 ("2022 swaps"). The cumulative fair value of the 2023 swaps was an asset of \$12 million and \$7 million as of March 31, 2025, and December 31, 2024, respectively, and is included in other long-term assets on the consolidated balance sheet. The cumulative fair value of the 2022 swaps was a liability of \$110 million and \$123 million as of March 31, 2025, and December 31, 2024, respectively, and is included in other long-term liabilities on the consolidated balance sheet.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 7. Debt and Credit Agreements, continued

The swaps expire between 2032 and 2035. 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 cumulative adjustment to the hedged notes is included in long-term debt on the consolidated balance sheet as shown in the following table below.

(Dollars in Millions)

	March 31, 2025	December 31, 2024
Notional Value of Hedged Notes	\$ 1,300	\$ 1,050
Fair Value Asset Adjustment to Hedged Notes	20	7
Fair Value Liability Adjustment to Hedged Notes	(110)	(123)
Carrying Amount of Hedged Notes	<u>\$ 1,210</u>	<u>\$ 934</u>

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 is summarized as follows.

	First Quarters	
	2025	2024
Interest Expense Impact (Increase) Decrease	\$ (5)	\$ (8)

Cash Flow Hedges

The Company had forward starting interest rate swaps, designated as cash flow hedges in accordance with the *Derivatives and Hedging Topic* in the ASC, that had an aggregate notional value of \$500 million at inception. 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.

In addition to previous partial settlements in 2022 and 2023, CSX executed a final settlement equal to \$14 million of the \$500 million aggregate notional value of the cash flow hedges in second quarter 2024, which resulted in CSX receiving a cash payment of \$52 million included in other operating activities on the consolidated cash flow statement. As of March 31, 2025, and December 31, 2024, no unsettled aggregate notional value of these swaps remains and there is no related asset or liability.

The unrealized gain associated with the settled portion of the swaps is recorded net of tax in accumulated other comprehensive income ("AOCI") on the consolidated balance sheet and will continue to be classified in AOCI until the associated debt instrument is issued in the future. The unrealized gain in AOCI will be recognized in earnings as an adjustment to interest expense over the same period during which the hedged transaction affects earnings. Prior to full settlement, unrealized gains related to the swaps were included in other comprehensive income as summarized in the table below.

	First Quarters	
	2025	2024
Unrealized Gain - Net of Tax	\$ —	\$ 2

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

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 7. Debt and Credit Agreements, *continued*

Credit Facility

The Company has a \$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 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, 2025, 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 2025, 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, 2025, 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 below 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. Fuel surcharge revenue is included in the individual markets.

<i>(Dollars in Millions)</i>	First Quarters	
	2025	2024
Chemicals	\$ 698	\$ 698
Agricultural and Food Products	408	408
Automotive	271	271
Forest Products	249	249
Metals and Equipment	209	209
Minerals	181	181
Fertilizers	136	136
Total Merchandise	2,152	2,152
Intermodal	493	493
Coal	461	461
Trucking	202	202
Other	115	115
Total	\$ 3,423	\$ 3,623

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.

<i>(Dollars in Millions)</i>	March 31, 2025	December 31, 2024
Freight Receivables	\$ 1,030	\$ 1,012
Freight Allowance for Credit Losses	(19)	(16)
Freight Receivables - Net	1,011	996
Non-Freight Receivables	353	343
Non-Freight Allowance for Credit Losses	(16)	(13)
Non-Freight Receivables - Net	337	330
Total Accounts Receivable - Net	\$ 1,348	\$ 1,326

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 2025 or 2024.

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 exchange-traded funds, corporate bonds, asset-backed securities, government securities, and short-term time deposits. The exchange-traded funds are valued at quoted market prices determined in an active market, which are Level 1 inputs.

The corporate bonds, asset-backed securities and government securities are valued using broker quotes that utilize observable market inputs, which are Level 2 inputs. The carrying amounts of time deposits, which are reported in the consolidated balance sheet using Level 2 inputs, approximate fair value due to their short-term nature. Unrealized losses as of March 31, 2025 and March 31, 2024 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, within the line items Short-term Investments and Other Long-term Assets, as summarized in the following table.

	March 31, 2025			December 31, 2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
(Dollars in Millions)						
Exchange-traded Funds	\$ 3	\$ —	\$ 3	\$ 2	\$ —	\$ 2
Corporate Bonds	—	73	73	—	71	71
Government Securities	—	46	46	—	42	42
Asset-backed Securities	—	35	35	—	35	35
Time Deposits	—	—	—	—	66	66
Total Investments at Fair Value	\$ 3	\$ 154	\$ 157	\$ 2	\$ 214	\$ 216

Total debt securities of \$154 million as of March 31, 2025, and \$214 million as of December 31, 2024, had an amortized cost of \$156 million and \$218 million, respectively. These investments have the following maturities:

	March 31, 2025	December 31, 2024
(Dollars in Millions)		
Less than 1 year	\$ 8	\$ 72
1 - 5 years	79	72
5 - 10 years	21	23
Greater than 10 years	46	47
Total Investments at Fair Value ^(a)	\$ 154	\$ 214

^(a) Exchange-traded funds are excluded as there is no stated contractual maturity date.

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, but 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:

<i>(Dollars in Millions)</i>	March 31, 2025	December 31, 2024
Long-term Debt (Including Current Maturities):		
Fair Value	\$ 17,379	\$ 16,481
Carrying Value	19,126	18,503

Interest Rate Derivatives

The Company's fixed-to-floating swaps are carried at fair value, which is 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 an asset of \$20 million and \$7 million (for swaps entered in 2023 and 2025), and a liability of \$110 million and \$123 million (for swaps entered in 2022) as of March 31, 2025, and December 31, 2024, respectively.

As of March 31, 2025 and December 31, 2024, the forward interest rate swap was fully settled and there is no related asset or liability. 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 represents 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 equals net earnings plus or minus adjustments for pension and other post-retirement liabilities as well as derivative activity and other items. Total comprehensive earnings is presented net of tax and was \$651 million and \$886 million for first quarters 2025 and 2024, respectively.

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.

	Pension and Other Post-Employment Benefits	Interest Rate Derivatives	Other	Accumulated Other Comprehensive (Loss) Income
<i>(Dollars in Millions)</i>				
Balance December 31, 2024, Net of Tax	\$ (349)	\$ 153	\$ (36)	\$ (232)
Other Comprehensive Income (Loss)				
Amounts Reclassified to Net Earnings	4	—	2	6
Tax Expense	(1)	—	—	(1)
Total Other Comprehensive Income	3	—	2	5
Balance March 31, 2025, Net of Tax	\$ (346)	\$ 153	\$ (34)	\$ (227)

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 11. Segment Reporting and Significant Expenses

The Company has two operating segments: rail and trucking. Although the Company provides a breakdown of revenue by line of business, the overall financial and operational performance of the railroad is analyzed as one operating segment due to the integrated nature of the rail network. The Rail column in the table below includes the activities of all CSX entities other than the trucking company, Quality Carriers, and also includes the Company's equity in the net income of equity method investments. As the trucking segment is not material for separate disclosure as a reportable segment, the results of these operations are included as a reconciliation to the Company's consolidated results in the tables below.

The Company's chief operating decision maker ("CODM") is its chief executive officer. The CODM reviews information presented on a consolidated basis, accompanied by supplemental information about the trucking segment separately, for purposes of allocating resources and evaluating financial performance. The Company has determined that operating income is the key measure of segment profit or loss as this measure is the focus of the CODM in developing financial plans, including resource allocation, and evaluating actual financial performance against plan. The CODM regularly reviews operating results broken out by significant expense.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 11. Segment Reporting and Significant Expenses, continued

The tables below present information about the Company's significant expenses and the required reportable segment reconciliations for the quarters ended March 31, 2025, and March 31, 2024.

	Quarters Ended		March 31, 2024	
	March 31, 2025		March 31, 2024	
	Rail	Reconciliation to Consolidated	Rail	Reconciliation to Consolidated
<i>(Dollars in Millions)</i>				
Revenue	\$ 3,221		\$ 3,466	
<i>Reconciliation of Revenue</i>				
Trucking Revenue ^(a)		207		217
Elimination of intersegment revenues		(5)		(2)
Total Consolidated Revenue		<u>\$ 3,423</u>		<u>\$ 3,681</u>
Expense				
Labor and Fringe	\$ 774		\$ 760	
Purchased Services and Other	662		602	
Depreciation and Amortization	410		395	
Fuel				
Locomotive	225		276	
Non-Locomotive	30		25	
Equipment and Other Rents	82		78	
Gain on Property Disposition	—		(1)	
Segment Operating Income	<u>\$ 1,038</u>		<u>\$ 1,331</u>	
<i>Reconciliation of Operating Income</i>				
Trucking Expenses ^(b)		204		211
Elimination of intersegment expenses		(5)		(2)
Total Consolidated Operating Income		<u>\$ 1,041</u>		<u>\$ 1,337</u>

(a) Rail revenue represents revenue attributed to all CSX entities other than the trucking company, Quality Carriers. Trucking revenue is comprised of revenue from Quality Carriers.

(b) Rail expenses represent expenses attributable to all CSX entities other than the trucking company, Quality Carriers. Trucking expenses include labor and fringe, purchased services and other, depreciation and amortization, fuel, equipment and other rents, and gains/losses on property dispositions from the operations of Quality Carriers.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 11. Segment Reporting and Significant Expenses, continued

Reconciliation of Segment Operating Income to Consolidated Earnings Before Income Taxes

<i>(Dollars in Millions)</i>	Quarters Ended	
	March 31, 2025	March 31, 2024
Segment Operating Income	\$ 1,038	\$ 1,331
Trucking Revenue and Eliminations	202	215
Trucking Expenses and Eliminations	(199)	(209)
Total Consolidated Operating Income	1,041	1,337
Interest Expense	(209)	(210)
Other Income - Net	26	41
Earnings Before Income Taxes	\$ 858	\$ 1,168

Other Segment Disclosures

Capital expenditures made by the rail segment were \$691 million and \$498 million, for the quarters ended March 31, 2025, and March 31, 2024, respectively. The total of the rail segment's reportable assets was \$43.0 billion and \$42.6 billion as of March 31, 2025, and December 31, 2024, respectively, out of total consolidated assets of \$43.2 billion and \$42.8 billion for the respective periods. Non-rail assets include assets held by the trucking operating segment.

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

FIRST QUARTER 2025 RESULTS

- Revenue decreased \$258 million, or 7%, year over year.
- Expenses increased \$38 million, or 2%, year over year.
- Operating income of \$1.0 billion decreased \$296 million, or 22%, year over year.
- Operating margin of 30.4% decreased 590 basis points versus prior year.
- Earnings per diluted share of \$0.34 decreased \$0.11, or 24%, year over year.

	First Quarters			
	2025	2024 ^(a)	Fav / (Unfav)	% Change
Volume (in Thousands)	1,518	1,534	(16)	(1) %
(in Millions)				
Revenue	\$ 3,423	\$ 3,681	\$ (258)	(7)
Expense	2,382	2,344	(38)	(2)
Operating Income	<u>\$ 1,041</u>	<u>\$ 1,337</u>	<u>\$ (296)</u>	<u>(22) %</u>
Operating Margin	30.4 %	36.3 %	(590) bps	
Earnings Per Diluted Share	\$ 0.34	\$ 0.45	\$ (0.11)	(24) %

(a) See the 2024 annual report filed on Form 10-K for revision of prior period financial statements.

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		
	2025	2024	% Change	2025	2024	% Change	2025	2024	% Change
Chemicals	166	167	(1) %	\$ 698	\$ 693	1 %	\$ 4,205	\$ 4,150	1 %
Agricultural and Food Products	115	114	1	408	407	—	3,548	3,570	(1)
Automotive	87	94	(7)	271	293	(8)	3,115	3,117	—
Minerals	79	80	(1)	181	174	4	2,291	2,175	5
Forest Products	70	73	(4)	249	262	(5)	3,557	3,589	(1)
Metals and Equipment	65	70	(7)	209	220	(5)	3,215	3,143	2
Fertilizers	48	47	2	136	136	—	2,833	2,894	(2)
Total Merchandise	630	645	(2)	2,152	2,185	(2)	3,416	3,388	1
Intermodal	716	701	2	493	506	(3)	689	722	(5)
Coal	172	188	(9)	461	632	(27)	2,680	3,362	(20)
Trucking	—	—	—	202	215	(6)	—	—	—
Other	—	—	—	115	143	(20)	—	—	—
Total	1,518	1,534	(1) %	\$ 3,423	\$ 3,681	(7) %	\$ 2,255	\$ 2,400	(6) %

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

First Quarter 2025**Revenue**

Total revenue decreased 7% in the first quarter 2025 when compared to first quarter 2024, due to decreases in coal revenue, lower fuel recovery, declines in merchandise volume, decreases in other revenue, and lower trucking revenue. These decreases were partially offset by higher pricing in merchandise as well as higher intermodal volume.

Merchandise Volume

Chemicals - Decreased due to lower shipments of petroleum products and waste, partially offset by higher shipments of petcoke, natural gas liquids, and plastics.

Agricultural and Food Products - Increased due to higher shipments of domestic feed grain and ethanol.

Automotive - Decreased due to lower North American vehicle production.

Minerals - Decreased primarily due to lower shipments of aggregates and limestone.

Forest Products - Decreased due to lower shipments of building products as well as lower shipments of paper products, which includes the impact of plant closures.

Metals and Equipment - Decreased due to high prior year volume of orders to reposition empty customer railcars as well as reduced shipments in the current year of steel associated with the automotive market.

Fertilizers - Increased due to higher short-haul phosphates shipments, which were partially offset by decreases in long-haul shipments.

Intermodal Volume

International shipments increased driven by higher port volumes and growth with key customers. Domestic shipments were relatively flat as increased transcontinental shipments were offset by the impacts of a continued soft trucking environment.

Coal Volume

Export coal decreased primarily due to reduced production, including outages at customer facilities, and weather impacts on the overall supply chain. Domestic coal decreased due to lower thermal shipments to river terminals and reduced shipments to steel manufacturing locations, partially offset by higher shipments to utility plants.

Trucking Revenue

Trucking revenue decreased \$13 million versus the prior year due to lower rates and fuel surcharge.

Other Revenue

Other revenue decreased \$28 million primarily due to 2024 revenue including payments from customers that did not meet volume commitments.

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

Expenses

Expenses of \$2.4 billion increased \$38 million, or 2%, in first quarter 2025 when compared to the first quarter 2024.

Labor and Fringe expense increased \$16 million, primarily resulting from inflation. Other items largely offset and included higher union employee benefits for sick leave and vacation, increased labor costs associated with network disruptions and lower incentive compensation expense.

Purchased Services and Other expense increased \$54 million due to the following:

- Increased costs of approximately \$25 million were due to the effects of network disruptions and congestion, including higher locomotive usage costs and rerouting charges associated with the Howard Street Tunnel project, as well as severe winter weather.
- Other net costs increased \$28 million, about half of which was due to inflation. The remaining increase was comprised of several non-significant items that were partially offset by cost savings from lower rail volumes.
- There were no gains on property dispositions in 2025 compared to a \$1 million gain in 2024.

Depreciation and Amortization expense increased \$15 million as a result of a larger asset base.

Fuel costs decreased \$50 million primarily as a result of a 15% decrease in locomotive fuel prices, as well as efficiency and volume savings despite additional gross ton-miles associated with reroutes.

Equipment and Other Rents expense increased \$3 million due to several non-significant items, including the impact of reroutes on car cycle times.

Interest Expense

Interest expense decreased \$1 million.

Other Income - Net

Other income - net decreased \$15 million primarily due to lower interest income and a decrease in net pension benefit credits.

Income Tax Expense

Income tax expense decreased \$76 million primarily due to lower earnings before income taxes.

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

Non-GAAP Measures - Unaudited

CSX reports its financial results in accordance with accounting principles generally accepted in the United States of America ("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 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.

Economic Profit

Management believes Economic Profit provides an additional perspective to investors about financial returns generated by the business by representing a measure showing profit generated over and above the cost of capital used by the business to generate that profit. Economic Profit is designed to incentivize strategic investments that earn more than management's desired minimum required return and is broadly utilized by management to make investment decisions. Therefore, disclosing Economic Profit on how management performs in this regard provides additional useful information to investors regarding the Company's performance compared to its goals.

Economic Profit should be considered in addition to, rather than a substitute for, operating income, which is the most directly comparable GAAP measure. Economic Profit is defined by the Company as Gross Cash Earnings ("GCE") minus the Capital Charge on Gross Operating Assets ("GOA"). Increases in Economic Profit indicate that the Company is effectively allocating capital and rewarding shareholders by generating returns in excess of the incremental cost of capital associated with reinvestment in the business.

GCE is calculated as operating income plus depreciation, amortization and operating lease expense, less unusual items and taxes. The Capital Charge uses a minimum required return multiplied by the GOA. CSX's GOAs include gross properties and other non-cash assets, net of non-interest bearing liabilities. The Company used a 15% tax rate and an 8% required return, for both periods presented, which is consistent with rates used for investment decisions and performance evaluation within those same periods. The tax rate is the approximate equivalent of the Company's actual income tax expense as a percentage of pre-tax GCE. The required return rate represents management's desired minimum return on any investment. CSX annually re-evaluates these rates to ensure they accurately represent taxes and a required return in light of internal and external factors and would adjust the rate if the annual review resulted in a preset deviation from the current rates. This focuses the Economic Profit measure on value generated by management instead of external factors, such as legislative tax policy or interest rate volatility.

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

The following table reconciles operating income (the most directly comparable GAAP measure) to Economic Profit (non-GAAP measure).

(Dollars in Millions)	Three Months	
	2025	2024 ^(a)
Operating Income	\$ 1,041	\$ 1,337
Add: Depreciation, Amortization, and Operating Lease Expense	452	438
Remove: Unusual Items ^(b)	—	—
Taxes ^(c)	(224)	(266)
Gross Cash Earnings	1,269	1,509
Operating Assets		
Current Assets (Less Cash and Short-term Investments)	(1,873)	(1,962)
Gross Properties	(52,674)	(50,617)
Other Assets	(4,321)	(4,210)
Operating Liabilities		
Non-Interest Bearing Liabilities	11,409	11,039
Gross Operating Assets ^(d)	(47,459)	(45,750)
Capital Charge ^(e)	(949)	(915)
Economic Profit (Non-GAAP) calculated as GCE less Capital Charge	\$ 320	\$ 594

(a) See the 2024 annual report filed on Form 10-K for revision of prior period financial statements.

(b) Unusual items are defined by management as unique events with greater than \$100 million full year operating income impact, consistent with the terms of the Company's long-term incentive plan agreements. There were no unusual items for either period presented.

(c) The tax percentage rate was 15% for both periods presented. This rate is applied to the sum of operating income, depreciation, amortization and operating lease expense, and unusual items.

(d) Gross operating assets reflects an average of the year-to-date quarter-end amounts reported for each period presented. Accordingly, averages are not applicable for the first quarter of each year.

(e) The capital charge of 8% for both years is calculated as the minimum return multiplied by gross operating assets. This is an annualized rate equivalent to 2% per quarter.

Free Cash Flow

Management believes that Free Cash Flow ("FCF") is supplemental information useful to investors as it is important in evaluating the Company's financial performance. More specifically, FCF 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. FCF is calculated by using net cash from operations and adjusting for property additions and proceeds and advances from property dispositions. FCF should be considered in addition to, rather than a substitute for, cash provided by operating activities.

The decrease in FCF before dividends from the prior year of \$1 million is primarily due to higher property additions offset by higher operating cash flows, which increased despite lower cash-generating net earnings in the current year as 2024 included \$387 million of tax payments postponed from the 2023 tax year.

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

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

(Dollars in Millions)

Net cash provided by operating activities

Property Additions

Proceeds and Advances from Property Dispositions

Free Cash Flow (before payment of dividends)

Three Months		
	2025	2024 ^(a)
\$	1,255	\$ 1,066
	(719)	(517)
	23	11
\$	559	\$ 560

(a) See the 2024 annual report filed on Form 10-K for revision of prior period financial statements.

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.

In the first quarter of 2025, velocity decreased by 3% and dwell increased by 19% versus prior year. Carload trip plan performance decreased by 16% and intermodal trip plan performance decreased by 4%. The Company continues to focus on operational improvements and executing the operating plan to deliver safe, reliable and efficient service to customers.

The personal injury frequency index of 0.95 improved 22% compared to prior year. The FRA train accident rate of 3.43 improved 16% compared to prior year. Safety is a top priority at CSX, and the Company is committed to reducing risk and enhancing the overall safety of its employees, customers, and communities in which it operates.

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

	First Quarters			
	2025	2024	Improvement / (Deterioration)	
Operations Performance				
Train Velocity (<i>Miles Per Hour</i>)	17.6	18.2	(3)	%
Dwell (<i>Hours</i>)	11.5	9.7	(19)	%
Cars Online	132,200	124,720	(6)	%
On-Time Originations	68 %	75 %	(9)	%
On-Time Arrivals	55 %	70 %	(21)	%
Carload Trip Plan Performance	69 %	82 %	(16)	%
Intermodal Trip Plan Performance	90 %	94 %	(4)	%
Fuel Efficiency	0.99	1.01	2	%
Revenue Ton-Miles (<i>Billions</i>)				
Merchandise	32.3	32.0	1	%
Coal	8.4	9.4	(11)	%
Intermodal	7.1	7.1	—	%
Total Revenue Ton-Miles	47.8	48.5	(1)	%
Total Gross Ton-Miles (<i>Billions</i>)	93.9	95.8	(2)	%
Safety				
FRA Personal Injury Frequency Index	0.95	1.22	22	%
FRA Train Accident Rate	3.43	4.09	16	%

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 actual train miles and times of a train movement on CSX's network.

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 (excludes unit trains and other non-scheduled service as well as empty automotive shipments) destined for a customer that complete their scheduled plan at or ahead of the original estimated time of arrival or interchange (as applicable).

Intermodal Trip Plan Performance - Percent of measured containers (excludes port shipments along with empty containers and other non-scheduled service) destined for a customer that complete their scheduled plan 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 (RTMs) - The movement of one revenue-producing ton of freight over a distance of one mile.

Gross Ton-Miles (GTM) - The movement of one ton of train weight over one mile. GTMs 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.

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.

Significant Cash Flows

- Operating cash flows increased \$189 million year over year despite lower cash-generating net earnings in the current year as 2024 included \$387 million of tax payments postponed from the 2023 tax year.
- CSX used \$161 million more cash for investing activities primarily due to higher property additions consistent with planned capital expenditures, including \$133 million related to rebuilding the Blue Ridge subdivision as a result of impacts from Hurricane Helene.
- The Company used \$48 million less cash for financing activities as higher share repurchases were offset by a \$600 million debt issuance.

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

Sources of Cash and Liquidity and Uses of Cash

As of the end of first quarter 2025, CSX had \$1.1 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 27, 2025, 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 March 31, 2025, CSX issued a total of \$600 million of 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, 2025, 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, 2025, the Company had no outstanding debt under the commercial paper program.

Planned capital investments for 2025 are expected to be consistent with 2024 spending at approximately \$2.5 billion, except for additional costs to rebuild the Blue Ridge subdivision as a result of impacts from Hurricane Helene. Spending on the Blue Ridge rebuild is currently estimated to exceed \$400 million in total, including approximately \$50 million spent in 2024. Spending to sustain core infrastructure with a focus on safety and reliability will also remain a top priority. In addition, management is committed to investments that promote profitable growth, including projects supporting service enhancements and productivity initiatives, which includes investments in locomotives and freight cars. CSX intends to fund capital investments primarily through cash generated from operations.

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

Material Changes in the Consolidated Balance Sheets and Working Capital

Consolidated Balance Sheets

Total assets increased \$435 million from year end primarily due to a \$206 million increase in cash and cash equivalents as noted above and a \$200 million increase in net property consistent with planned capital expenditures, including \$133 million related to rebuilding the Blue Ridge subdivision.

Total liabilities increased \$767 million from year end primarily due to the issuance of \$600 million in long-term debt and a \$177 million increase in income and other taxes payable due to the timing of tax payments. Total shareholders' equity decreased \$332 million from year end primarily driven by share repurchases of \$751 million and dividends paid of \$245 million, partially offset by net earnings of \$646 million.

Working capital is considered a measure of a company's ability to meet its short-term needs. CSX had a working capital deficit of \$401 million as of March 31, 2025, and \$456 million as of December 31, 2024. This improvement of \$55 million since year end was primarily driven by a \$206 million increase in cash as noted above, partially offset by a \$177 million increase in income and other taxes payable. 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.

This discussion should be read in conjunction with our Condensed Consolidated Financial Statements and the related notes that appear elsewhere in this document. The Company revised certain prior period financial statements for misstatements between the balance sheet and expense that were determined to be immaterial to previously issued financial statements. See Note 20, *Revision of Prior Period Financial Statements*, in Item 8 of the filed 2024 Form 10-K.

LABOR AGREEMENTS

Approximately 17,600 of the Company's approximately 23,400 employees are members of a rail labor union and covered by national agreements with the Class I railroads or CSX-specific agreements. As of the date of this filing, new agreements with an effective date of January 1, 2025, have been fully ratified by several unions, representing approximately 45% of the Company's unionized workforce, and tentative agreements have been reached with additional unions. The remaining unionized employees are covered under previous agreements while negotiations take place since collective agreements under the Railway Labor Act do not expire, but continue until amended or replaced.

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; and
- depreciation policies for assets under the group-life method.

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, as well as the impact of international trade agreements and tariffs) 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 CSX'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 reliability 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;

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

- 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.

CSX CORPORATION
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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, except as provided below.

The fair value of long-term debt issued by the Company may be impacted by changes in interest rates. In an effort to manage interest rate risk, CSX may use certain financial instruments such as interest rate swaps. The following information together with information included in *Note 7, Debt and Credit Agreements*, describes changes to those contracts since CSX's most recent annual report on Form 10-K and the related market risk to CSX.

In first quarter 2025, CSX entered into two fixed-to-floating interest rate swaps classified as fair value hedges. The swaps are designed to hedge for 10 years of interest rate risk associated with market fluctuations attributable to the Secured Overnight Financing Rate ("SOFR") on a cumulative \$250 million of fixed rate outstanding notes which are due in 2055. As of March 31, 2025, the fair value of these swaps was an \$8 million asset which is included in other long-term assets on the consolidated balance sheet.

ITEM 4. CONTROLS AND PROCEDURES

As of March 31, 2025, 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, 2025, 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 2025 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

During fourth quarter 2023, the Company began repurchasing shares under the \$5 billion share repurchase program approved in October 2023. Total repurchase authority remaining as of March 31, 2025 was \$1.8 billion. For more information about share repurchases, see Note 2, *Earnings Per Share*. Share repurchase activity for the first quarter 2025 is shown below. Amounts exclude the impact of excise tax on net share repurchases imposed as part of the Inflation Reduction Act of 2022.

	CSX Purchases of Equity Securities for the Quarter				Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs		
First Quarter					
Beginning Balance				\$	2,586,389,217
January 1 - January 31, 2025	6,557,512	\$ 32.36	6,557,512		2,374,163,146
February 1 - February 28, 2025	7,812,190	32.56	7,812,190		2,119,808,475
March 1 - March 31, 2025	9,337,565	30.41	9,337,565		1,835,873,157
Ending Balance	23,707,267	\$ 31.66	23,707,267	\$	1,835,873,157

CSX CORPORATION
PART II

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

During the first quarter of 2025, none of the Company's directors or officers adopted or terminated any "Rule 10b5-1 trading arrangement" or any "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

CSX CORPORATION
PART II

Item 6. Exhibits

Exhibit designation	Nature of exhibit	Previously filed as exhibit to
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, 2025 filed with the SEC on April 16, 2025, formatted in inline XBRL includes: (i) consolidated income statements for the quarters ended March 31, 2025, and March 31, 2024, (ii) condensed consolidated comprehensive income statements for the quarters ended March 31, 2025, and March 31, 2024, (iii) consolidated balance sheets at March 31, 2025, and December 31, 2024, (iv) consolidated cash flow statements for the three months ended March 31, 2025, and March 31, 2024, (v) consolidated statements of changes in shareholders' equity for the quarters ended March 31, 2025, and March 31, 2024, 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		
** Furnished herewith		

**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 16, 2025