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

FORM 10-Q

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

For the quarterly period ended September 30, 2022

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

No Change
(Former name, former address and former fiscal year, if changed since last report.)

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

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

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

Yes (X) No ( )

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

Yes (X) No ( )

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

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

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

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

Yes (☐) No (X)

There were 2,102,408,729 shares of common stock outstanding on September 30, 2022 (the latest practicable date that is closest to the filing date).

CSX CORPORATION
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2022
INDEX

CSX CORPORATION
PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENTS *(Unaudited)*
(Dollars in millions, except per share amounts)

	Third Quarters		Nine Months	
	2022	2021	**2022**	2021
Revenue	**$ 3,895**	$ 3,292	**$ 11,123**	$ 9,095
Expense				
Labor and Fringe	**759**	631	**2,135**	1,847
Purchased Services and Other	**664**	577	**1,986**	1,490
Fuel	**438**	247	**1,215**	631
Depreciation and Amortization	**378**	367	**1,107**	1,060
Equipment and Other Rents	**104**	94	**299**	269
Gains on Property Dispositions	**(27)**	(60)	**(183)**	(430)
Total Expense	**2,316**	1,856	**6,559**	4,867
Operating Income	**1,579**	1,436	**4,564**	4,228
Interest Expense	**(193)**	(177)	**(543)**	(542)
Other Income - Net	**37**	20	**89**	60
Earnings Before Income Taxes	**1,423**	1,279	**4,110**	3,746
Income Tax Expense	**(312)**	(311)	**(962)**	(899)
Net Earnings	**$ 1,111**	$ 968	**$ 3,148**	$ 2,847
Per Common Share (Note 2)				
Net Earnings Per Share, Basic	**$ 0.52**	$ 0.43	**$ 1.46**	$ 1.26
Net Earnings Per Share, Assuming Dilution	**$ 0.52**	$ 0.43	**$ 1.46**	$ 1.26
Average Shares Outstanding *(In millions)*	**2,122**	2,237	**2,156**	2,263
Average Shares Outstanding, Assuming Dilution *(In millions)*	**2,126**	2,242	**2,161**	2,268

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

	Third Quarters		Nine Months	
	2022	2021	**2022**	2021
Total Comprehensive Earnings (Note 10)	**$ 1,129**	$ 985	**$ 3,236**	$ 2,911

See accompanying notes to consolidated financial statements.

CSX CORPORATION
ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
(Dollars in millions)

	(Unaudited) **September 30, 2022**	December 31, 2021
ASSETS		
Current Assets:		
Cash and Cash Equivalents	**$ 2,311**	$ 2,239
Short-term Investments	**88**	77
Accounts Receivable - Net (Note 8)	**1,467**	1,148
Materials and Supplies	**365**	339
Other Current Assets	**79**	70
Total Current Assets	**4,310**	3,873
Properties	**47,734**	46,505
Accumulated Depreciation	**(13,778)**	(13,490)
Properties - Net	**33,956**	33,015
Investment in Affiliates and Other Companies	**2,289**	2,099
Right-of-Use Lease Asset	**506**	501
Goodwill and Other Intangible Assets - Net	**537**	451
Other Long-term Assets	**644**	592
Total Assets	**$ 42,242**	$ 40,531
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	**$ 1,152**	$ 963
Labor and Fringe Benefits Payable	**727**	630
Casualty, Environmental and Other Reserves (Note 4)	**113**	118
Current Maturities of Long-term Debt (Note 7)	**155**	181
Income and Other Taxes Payable	**156**	134
Other Current Liabilities	**205**	207
Total Current Liabilities	**2,508**	2,233
Casualty, Environmental and Other Reserves (Note 4)	**317**	250
Long-term Debt (Note 7)	**17,895**	16,185
Deferred Income Taxes - Net	**7,632**	7,383
Long-term Lease Liability	**487**	478
Other Long-term Liabilities	**520**	502
Total Liabilities	**29,359**	27,031
Shareholders' Equity:		
Common Stock, $1 Par Value	**2,102**	2,202
Other Capital	**555**	66
Retained Earnings	**10,537**	11,630
Accumulated Other Comprehensive Loss (Note 10)	**(320)**	(408)
Non-controlling Minority Interest	**9**	10
Total Shareholders' Equity	**12,883**	13,500
Total Liabilities and Shareholders' Equity	**$ 42,242**	$ 40,531

See accompanying notes to consolidated financial statements.

CSX CORPORATION
ITEM 1. FINANCIAL STATEMENTS

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

	Nine Months	
	2022	2021
OPERATING ACTIVITIES		
Net Earnings	**$ 3,148**	$ 2,847
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	**1,107**	1,060
Deferred Income Taxes	**125**	109
Gains on Property Dispositions	**(183)**	(430)
Other Operating Activities	**(52)**	10
Changes in Operating Assets and Liabilities:		
Accounts Receivable	**(143)**	(153)
Other Current Assets	**(32)**	(4)
Accounts Payable	**166**	132
Income and Other Taxes Payable	**22**	174
Other Current Liabilities	**97**	74
Net Cash Provided by Operating Activities	**4,255**	3,819
INVESTING ACTIVITIES		
Property Additions	**(1,437)**	(1,220)
Purchases of Short-term Investments	**(19)**	—
Proceeds from Sales of Short-term Investments	**9**	3
Proceeds and Advances from Property Dispositions	**51**	297
Business Acquisition, Net of Cash Acquired	**(223)**	(543)
Other Investing Activities	**(25)**	—
Net Cash Used In Investing Activities	**(1,644)**	(1,463)
FINANCING ACTIVITIES		
Long-term Debt Issued (Note 7)	**2,000**	—
Long-term Debt Repaid (Note 7)	**(178)**	(390)
Dividends Paid	**(645)**	(633)
Shares Repurchased	**(3,710)**	(2,316)
Other Financing Activities	**(6)**	33
Net Cash Used in Financing Activities	**(2,539)**	(3,306)
Net Increase/(Decrease) in Cash and Cash Equivalents	**72**	(950)
CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents at Beginning of Period	**2,239**	3,129
Cash and Cash Equivalents at End of Period	**$ 2,311**	$ 2,179
SUPPLEMENTAL CASH FLOW INFORMATION		
Issuance of Common Stock as Consideration for Acquisition	**$ 422**	$ —

See accompanying notes to consolidated financial statements.

CSX CORPORATION
ITEM 1. FINANCIAL STATEMENTS

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

(Dollars in millions)

Nine Months 2022	Common Shares Outstanding *(Thousands)*	Common Stock and Other Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)[(a)]	Non-controlling Minority Interest	Total Shareholders' Equity
Balance December 31, 2021	2,201,787	$ 2,268	$ 11,630	$ (408)	$ 10	$ 13,500
Comprehensive Earnings:						
Net Earnings	—	—	859	—	—	859
Other Comprehensive Income	—	—	—	31	—	31
Total Comprehensive Earnings						890
Common stock dividends, $0.10 per share	—	—	(218)	—	—	(218)
Share Repurchases	(29,365)	(29)	(987)	—	—	(1,016)
Stock Option Exercises and Other	1,831	38	—	—	1	39
Balance March 31, 2022	2,174,253	$ 2,277	$ 11,284	$ (377)	$ 11	$ 13,195
Comprehensive Earnings:						
Net Earnings	—	—	1,178	—	—	1,178
Other Comprehensive Income	—	—	—	39	—	39
Total Comprehensive Earnings						1,217
Common stock dividends, $0.10 per share	—	—	(215)	—	—	(215)
Share Repurchases	(46,508)	(47)	(1,452)	—	—	(1,499)
Issuance of common stock for acquisition of Pan Am Systems, Inc.	13,173	422	—	—	—	422
Stock Option Exercises and Other	314	23	(1)	—	(1)	21
Balance June 30, 2022	2,141,232	$ 2,675	$ 10,794	$ (338)	$ 10	$ 13,141
Comprehensive Earnings:						
Net Earnings	—	—	1,111	—	—	1,111
Other Comprehensive Income (Note 10)	—	—	—	18	—	18
Total Comprehensive Earnings						1,129
Common stock dividends, $0.10 per share	—	—	(212)	—	—	(212)
Share Repurchases	(39,924)	(40)	(1,155)	—	—	(1,195)
Stock Option Exercises and Other	514	22	(1)	—	(1)	20
Balance September 30, 2022	**2,101,822**	**$ 2,657**	**$ 10,537**	**$ (320)**	**$ 9**	**$ 12,883**

(a) Accumulated Other Comprehensive Loss balances shown above are net of tax. The associated taxes were $107 million as of December 31, 2021; $99 million as of March 31, 2022; $88 million as of June 30, 2022; and $85 million as of September 30, 2022. For additional information, see Note 10, Other Comprehensive Income.

See accompanying notes to consolidated financial statements.

CSX CORPORATION
ITEM 1. FINANCIAL STATEMENTS

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

Nine Months 2021	Common Shares Outstanding *(Thousands)*	Common Stock and Other Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)[(a)]	Non-controlling Minority Interest	Total Shareholders' Equity
Balance December 31, 2020	2,287,587	$ 2,440	$ 11,259	$ (598)	$ 9	13,110
Comprehensive Earnings:						
Net Earnings	—	—	706	—	—	706
Other Comprehensive Income	—	—	—	68	—	68
Total Comprehensive Earnings						774
Common stock dividends, $0.093 per share	—	—	(213)	—	—	(213)
Share Repurchases	(18,389)	(18)	(533)	—	—	(551)
Stock Option Exercises and Other	3,003	37	3	—	—	40
Balance March 31, 2021	2,272,201	2,459	11,222	(530)	9	13,160
Comprehensive Earnings:						
Net Earnings	—	—	1,173	—	—	1,173
Other Comprehensive Income	—	—	—	(21)	—	(21)
Total Comprehensive Earnings						1,152
Common stock dividends, $0.093 per share	—	—	(212)	—	—	(212)
Share Repurchases	(18,345)	(19)	(682)	—	—	(701)
Stock Option Exercises and Other	640	(186)	222	—	(1)	35
Balance June 30, 2021	2,254,496	2,254	11,723	(551)	8	13,434
Comprehensive Earnings:						
Net Earnings	—	—	968	—	—	968
Other Comprehensive Income (Note 10)	—	—	—	17	—	17
Total Comprehensive Earnings						985
Common stock dividends, $0.093 per share	—	—	(209)	—	—	(209)
Share Repurchases	(37,217)	(37)	(1,027)	—	—	(1,064)
Stock Option Exercises and Other	704	25	—	—	1	26
Balance September 30, 2021	2,217,983	$ 2,242	$ 11,455	$ (534)	$ 9	$ 13,172

(a) Accumulated Other Comprehensive Loss balances shown above are net of tax. The associated taxes were $156 million as of December 31, 2020; $137 million as of March 31, 2021; $142 million as of June 30, 2021; and $136 million as of September 30, 2021. For additional information, see Note 10, Other Comprehensive Income.

See accompanying notes to consolidated financial statements.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. Nature of Operations and Significant Accounting Policies

Background

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

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

CSXT is also responsible for the Company's real estate sales, leasing, acquisition and management and development activities. Substantially all of these activities are focused on supporting railroad operations.

Other entities

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

Sale of Property Rights to the Commonwealth of Virginia

On March 26, 2021, the Company entered into a comprehensive agreement to sell certain property rights in three CSX-owned line segments to the Commonwealth of Virginia (“Commonwealth”) over three phases for a total of $525 million. The timing and amount of gains recognized are based on the allocation of fair value to each conveyance, the timing of future conveyances and collectability. In April 2021, upon closing of the first phase of the agreement, the Company collected $200 million in proceeds and recognized a $349 million gain. In fourth quarter 2021, the Company collected additional proceeds of $200 million, a portion of which was attributable to the first phase with the remainder attributable to the second phase. The second phase closed in January 2022, which resulted in a $20 million gain in first quarter 2022. During June 2022, the final $125 million of proceeds was approved by the Commonwealth, which resulted in a $122 million gain in second quarter 2022 related to property rights previously conveyed. To date, total proceeds of $400 million have been collected and total gains of $491 million have been recognized.

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

The remaining proceeds are expected to be collected during fourth quarter 2022 upon closing of the third phase and future gains are not expected to be material. As of September 30, 2022, the carrying values of the remaining assets subject to this transaction were not material. There were no proceeds or gains related to this agreement during third quarter 2022 or 2021. Amounts related to the nine months 2022 and 2021 are summarized in the following table.

	Nine Months	
(Dollars in millions)	**2022**	2021
Gains	**$ 142**	$ 349
Proceeds	**—**	200

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 "third quarter(s)" or "nine months" indicate CSX's fiscal periods ending September 30, 2022 and September 30, 2021, and references to "year-end" indicate the fiscal year ended December 31, 2021.

New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. As the London Interbank Offered Rate ("LIBOR") will no longer be available beginning July 2023, this standard update provides practical expedients for contract modifications made as part of the transition from LIBOR to alternative reference rates. CSX's revolving line of credit currently uses LIBOR as a reference rate. This standard update can be adopted prospectively through December 31, 2022. The Company does not anticipate that adoption will have a material impact on the Company's results of operations or financial position.

In November 2021, the FASB issued ASU 2021-10, *Disclosure by Business Entities about Government Assistance*. This standard update requires annual disclosure of the nature of any government assistance received, accounting policies related to such assistance and the effect of that assistance on the entity's financial statements. The Company will adopt this guidance effective year end 2022 and the standard update will not impact the Company's results of operations or financial position as the update only impacts disclosures.

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.

	Third Quarters		Nine Months	
	2022	2021	**2022**	2021
Numerator *(Dollars in millions)*:				
Net Earnings	**$ 1,111**	$ 968	**$ 3,148**	$ 2,847
Denominator *(Units in millions)*:				
Average Common Shares Outstanding	**2,122**	2,237	**2,156**	2,263
Other Potentially Dilutive Common Shares	**4**	5	**5**	5
Average Common Shares Outstanding, Assuming Dilution	**2,126**	2,242	**2,161**	2,268
Net Earnings Per Share, Basic	**$ 0.52**	$ 0.43	**$ 1.46**	$ 1.26
Net Earnings Per Share, Assuming Dilution	**$ 0.52**	$ 0.43	**$ 1.46**	$ 1.26

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

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

	Third Quarters		Nine Months	
	2022	2021	**2022**	2021
Antidilutive Stock Options Excluded from Diluted EPS *(Millions)*	**3**	2	**3**	2

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 2. Earnings Per Share, *continued*

Share Repurchases

During July 2022, the share repurchase program announced in October 2020 was completed and the Company began repurchasing shares under the $5 billion share repurchase program approved on July 19, 2022. Total repurchase authority remaining was $4.3 billion as of September 30, 2022. Previously, shares were repurchased under a program announced in January 2019 that was completed in June 2021.

During third quarters and nine months ended 2022 and 2021, the Company engaged in the following repurchase activities:

	Third Quarters		Nine Months	
	2022	2021	**2022**	2021
Shares Repurchased *(Millions)*	**40**	34	**116**	74
Cost of Shares *(Dollars in millions)*	**$ 1,195**	$ 1,064	**$ 3,710**	$ 2,316

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.

Dividend Increase

In February 2022, the Company's Board of Directors authorized a 7% increase in the quarterly cash dividend to $0.10 per common share.

NOTE 3. Stock Plans and Share-Based Compensation

Under CSX's share-based compensation plans, awards consist of performance units, stock options, restricted stock units and restricted stock awards for management and stock grants for directors. Awards granted under the various programs are determined and approved by the Compensation and Talent Management Committee of the Board of Directors. Awards to the Chief Executive Officer are approved by the full Board and awards to senior executives are approved by the Compensation and Talent Management Committee. In certain circumstances, the Chief Executive Officer or delegate approves awards to management employees other than senior executives. The Board of Directors approves awards granted to CSX's non-management directors upon recommendation of the Governance and Sustainability Committee.

Share-based compensation expense for awards under share-based compensation plans and purchases made as part of the employee stock purchase plan 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 upon grant date to certain retirement-eligible employees whose agreements allow for continued vesting upon retirement. Forfeitures are recognized as they occur. Total pre-tax expense and income tax benefits associated with share-based compensation are shown in the table below. Income tax benefits include impacts from option exercises and the vesting of other equity awards.

	Third Quarters		Nine Months	
(Dollars in millions)	**2022**	2021	**2022**	2021
Share-Based Compensation Expense:				
Performance Units	**$ 1**	$ 6	**$ 27**	$ 44
Stock Options	**3**	3	**13**	13
Restricted Stock Units and Awards	**2**	3	**11**	10
Employee Stock Purchase Plan	**2**	1	**4**	3
Stock Awards for Directors	**—**	—	**2**	2
Total Share-Based Compensation Expense	**$ 8**	$ 13	**$ 57**	$ 72
Income Tax Benefit	**$ 3**	$ 4	**$ 15**	$ 19

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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

Long-term Incentive Plan

In February 2022, the Company granted 494 thousand performance units to certain employees under a new long-term incentive plan ("LTIP") for the years 2022 through 2024, which was adopted under the CSX 2019 Stock and Incentive Award Plan.

Payouts of performance units for the cycle ending with fiscal year 2024 will be based on the achievement of goals related to both operating income growth and CSX Cash Earnings ("CCE"), in each case excluding non-recurring items as defined in the plan. The average annual operating income growth percentage and CCE measures over the plan period will each comprise 50% of the payout and will be measured independently of the other. As defined under the plan, CCE is a cash-flow based measure that incentivizes strategic investments earning more than the required return. CCE equals CSX's gross cash earnings (after-tax EBITDA) minus the required return on gross operating assets.

Grants were made in performance units, with each unit representing the right to receive one share of CSX common stock, and payouts will be made in CSX common stock. The payout range for participants will be between 0% and 200% of the target awards depending on Company performance against predetermined goals. Payouts for certain executive officers are subject to formulaic upward or downward adjustment by up to 25%, capped at an overall payout of 250%, based upon the Company's total shareholder return relative to specified comparable groups over the performance period. Participants will receive stock dividend equivalents declared over the performance period based on the number of performance units paid upon vesting. Other immaterial grants of performance units were made during third quarters 2022 and 2021. The fair values of the performance units awarded during the third quarters and nine months 2022 and 2021 were primarily calculated using a Monte-Carlo simulation model with the following weighted-average assumptions:

	Third Quarters		Nine Months	
	2022	2021	**2022**	2021
Weighted-Average Assumptions Used:				
Risk-free Interest Rate	**4.3 %**	N/A	**2.3 %**	0.2 %
Annualized Volatility	**33.2 %**	N/A	**33.0 %**	33.6 %
Expected Life *(in years)*	**2.3**	N/A	**2.7**	2.9

Stock Options

In February 2022, the Company granted approximately 1.6 million stock options along with the corresponding LTIP. The fair value of stock options was calculated using the Black-Scholes valuation model. These 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. The exercise price for stock options granted equals the closing market price of the underlying stock on the date of grant. These awards are time-based and are not based upon attainment of performance goals. During third quarters 2022 and 2021, there were additional immaterial grants of stock options to certain members of management.

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

The fair values of all stock option awards during the quarters and nine months ended September 30, 2022 and September 30, 2021 were estimated at the grant date with the following weighted average assumptions:

	Third Quarters		Nine Months	
	2022	2021	**2022**	2021
Weighted-Average Grant Date Fair Value	**$ 9.96**	$ 8.86	**$ 10.12**	$ 7.94
Weighted-Average Assumptions Used:				
Annual Dividend Yield	**1.3 %**	1.2 %	**1.1 %**	1.2 %
Risk-Free Interest Rate	**3.3 %**	1.0 %	**2.0 %**	0.7 %
Annualized Volatility	**30.2 %**	30.7 %	**30.1 %**	31.2 %
Expected Life (in years)	**6.3**	6.3	**6.0**	6.0
Other Pricing Model Inputs:				
Weighted-Average Grant Date Market Price of CSX Stock (strike price)	**$ 31.61**	$ 32.18	**$ 35.12**	$ 29.65

Restricted Stock Units

In February 2022, the Company granted 452 thousand restricted stock units along with the corresponding LTIP. The restricted stock units vest three years after the date of grant. Participants will receive stock dividend equivalents on the vested shares upon vesting. These awards are time-based and are not based upon CSX's attainment of operational targets. Restricted stock units are paid out in CSX common stock on a one-for-one basis. During third quarters 2022 and 2021, there were additional immaterial grants of restricted stock units.

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

Employee Stock Purchase Plan

In May 2018, shareholders approved the 2018 CSX Employee Stock Purchase Plan (“ESPP”) for the benefit of Company employees. The Company registered 12 million shares of common stock that may be issued pursuant to this plan. Under the ESPP, employees may contribute between 1% and 10% of base compensation, after-tax, to purchase up to $25,000 of market value CSX common stock per year at 85% of the closing market price on either the grant date or the last day of the six-month offering period, whichever is lower. During the third quarter and nine months ended September 30, 2022 and September 30, 2021, the Company issued the following shares:

	Third Quarters		Nine Months	
	2022	2021	**2022**	2021
Shares Issued (in thousands)	**400**	334	**726**	730
Weighted Average Purchase Price per Share	**$ 24.70**	$ 24.93	**$ 25.93**	$ 21.90

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.

	September 30, 2022			December 31, 2021		
(Dollars in millions)	**Current**	**Long-term**	**Total**	Current	Long-term	Total
Casualty:						
Personal Injury	**$ 31**	**$ 95**	**$ 126**	$ 37	$ 81	$ 118
Occupational	**7**	**57**	**64**	7	55	62
Total Casualty	**38**	**152**	**190**	44	136	180
Environmental	**40**	**116**	**156**	37	71	108
Other	**35**	**49**	**84**	37	43	80
Total	**$ 113**	**$ 317**	**$ 430**	$ 118	$ 250	$ 368

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

Casualty

Casualty reserves of $190 million and $180 million as of September 30, 2022 and December 31, 2021, respectively, represent accruals for personal injury, occupational disease and occupational injury claims primarily related to railroad operations. Beginning June 1, 2021, the Company's self-insured retention amount for these claims increased from $75 million to $100 million per occurrence. Currently, no individual claim is expected to exceed the self-insured retention amount. In accordance with the *Contingencies Topic* in the ASC, to the extent the value of an individual claim exceeds the self-insured retention amount, the Company would present the liability on a gross basis with a corresponding receivable for insurance recoveries. These reserves fluctuate based upon the timing of payments as well as changes in estimate. Actual results may vary from estimates due to the number, type and severity of the injury, costs of medical treatments and uncertainties in litigation. Most of the Company's casualty claims relate to CSXT. Defense and processing costs, which historically have been insignificant and are anticipated to be insignificant in the future, are not included in the recorded liabilities.

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 and nine months ended September 30, 2022 or September 30, 2021. The methodology used by the actuary includes a development factor to reflect growth or reduction in the value of these personal injury claims based largely on CSXT's historical claims and settlement experience.

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 or nine months ended September 30, 2022 or September 30, 2021.

Environmental

Environmental reserves were $156 million and $108 million as of September 30, 2022, and December 31, 2021, respectively. These reserves as of September 30, 2022, include $32 million of liabilities assumed as a result of the Company's acquisition of Pan Am. 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.

In accordance with the *Asset Retirement and Environmental Obligations Topic* in the ASC, the Company reviews its role with respect to each site identified at least quarterly, giving consideration to a number of factors such as:

- type of clean-up required;
- nature of the Company's alleged connection to the location (e.g., generator of waste sent to the site or owner or operator of the site);
- extent of the Company's alleged connection (e.g., volume of waste sent to the location and other relevant factors); and
- number, connection and financial viability of other named and unnamed potentially responsible parties at the location.

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

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. The recorded liabilities for estimated future environmental costs are undiscounted. The liability includes future costs for remediation and restoration of sites as well as any significant ongoing monitoring costs, but excludes any anticipated insurance recoveries. Payments related to these liabilities are expected to be made over the next several years. Environmental remediation costs are included in purchased services and other on the consolidated income statements.

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

Other

Other reserves were $84 million and $80 million as of September 30, 2022 and December 31, 2021, respectively. Other reserves include liabilities for various claims, such as automobile, property, general liability and workers' compensation. Also included in other reserves are longshoremen disability claims related to a previously owned international shipping business (these claims are in runoff) as well as claims for current port employees.

NOTE 5. Commitments and Contingencies

Insurance

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

NOTE 5. Commitments and Contingencies, *continued*

Legal

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

The Company is able to estimate a range of possible loss for certain legal proceedings for which a loss is reasonably possible in excess of reserves established. The Company has estimated this range to be $3 million to $22 million in aggregate at September 30, 2022. This estimated aggregate range is based upon currently available information and is subject to significant judgment and a variety of assumptions. Accordingly, the Company's estimate will change from time to time, and actual losses may vary significantly from the current estimate.

Fuel Surcharge Antitrust Litigation

In May 2007, class action lawsuits were filed against CSXT and three other U.S.-based Class I railroads alleging that the defendants' fuel surcharge practices relating to contract and unregulated traffic resulted from an illegal conspiracy in violation of antitrust laws. The class action lawsuits were consolidated into one case in federal court in the District of Columbia. In 2017, the District Court issued its decision denying class certification. On August 16, 2019, the U.S. Court of Appeals for the D.C. Circuit affirmed the District Court’s ruling.

The consolidated case is now moving forward without class certification. Although the class was not certified, individual shippers have since brought claims against the railroads, which have been consolidated into a separate case.

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

NOTE 5. Commitments and Contingencies, *continued*

Environmental

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

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

For the remainder of the Study Area, EPA has selected an interim remedy in a Record of Decision dated September 28, 2021. Settlement discussions are also ongoing for the selected interim remedy. On March 2, 2022, EPA issued a Notice Letter to Pharmacia, Occidental Chemical Corporation and eight other parties alleging they are liable under Section 107(a) of CERCLA for releases or threatened releases of hazardous substances and requesting each party, individually or collectively, submit good faith offers to EPA in connection with the Study Area. CSX, on behalf of Pharmacia, responded to the Notice Letter and submitted a good faith offer to EPA on June 27, 2022, following meetings with a mediator from EPA's Conflict Prevention and Resolution Center. Negotiations with EPA and other parties to resolve this matter continue.

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

CSXT is also defending and indemnifying Pharmacia in a cooperative natural resource damages assessment process related to the Property. Based on currently available information, the Company does not believe its share of remediation costs as determined by the EPA-directed allocation with respect to the Property and the Study Area would be material to the Company's financial condition, results of operations or liquidity.

NOTE 6. Employee Benefit Plans

The Company sponsors defined benefit pension plans principally for salaried, management personnel. Beginning in 2020, the CSX Pension Plan was closed to new participants.

CSX also sponsors a post-retirement medical plan and a life insurance plan that provide certain benefits to eligible employees hired prior to January 1, 2003. Beginning in 2019, both the life insurance benefit for eligible active management employees and health savings account contributions made by the Company to eligible retirees younger than 65 were eliminated for those retiring on or after January 1, 2019. Beginning in 2020, the employer-funded health reimbursement arrangements and life insurance benefit for eligible retirees 65 years or older were eliminated.

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

	Pension Benefits Cost			
	Third Quarters		**Nine Months**	
(Dollars in millions)	**2022**	2021	**2022**	2021
Service Cost Included in Labor and Fringe	**$ 8**	$ 10	**$ 24**	$ 28
Interest Cost	**16**	13	**48**	40
Expected Return on Plan Assets	**(47)**	(46)	**(141)**	(139)
Amortization of Net Loss	**12**	18	**37**	55
Total Included in Other Income - Net	**(19)**	(15)	**(56)**	(44)
Net Periodic Benefit Credit	**$ (11)**	$ (5)	**$ (32)**	$ (16)

	Other Post-retirement Benefits Cost			
	Third Quarters		**Nine Months**	
(Dollars in millions)	**2022**	2021	**2022**	2021
Service Cost Included in Labor and Fringe	**$ —**	$ 1	**$ —**	$ 1
Interest Cost	**—**	—	**1**	1
Amortization of Prior Service Credits	**(2)**	(2)	**(5)**	(6)
Total Included in Other Income - Net	**(2)**	(2)	**(4)**	(5)
Net Periodic Benefit Credit	**$ (2)**	$ (1)	**$ (4)**	$ (4)

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 2022.

NOTE 7. Debt and Credit Agreements

Total activity related to long-term debt as of the end of third quarter 2022 is shown in the table below. For fair value information related to the Company's long-term debt, see Note 9, *Fair Value Measurements*.

(Dollars in millions)	Current Portion	Long-term Portion	Total
Long-term Debt as of December 31, 2021	$ 181	$ 16,185	$ 16,366
2022 Activity:			
Long-term Debt Issued	—	2,000	2,000
Long-term Debt Repaid	(178)	—	(178)
Reclassifications	150	(150)	—
Hedging, Discount, Premium and Other Activity	2	(140)	(138)
Long-term Debt as of September 30, 2022	**$ 155**	**$ 17,895**	**$ 18,050**

Debt Issuance

On July 28, 2022, CSX issued $950 million of 4.1% notes due 2032, $900 million of 4.5% notes due 2052 and $150 million of 4.65% notes due 2068. The 2068 notes are a reopening of existing notes originally issued in February 2018. 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

In first quarter 2022, CSX entered into five separate fixed-to-floating interest rate swaps classified as fair value hedges. The swaps are designed to hedge 10 years of interest rate risk associated with market fluctuations attributable to the Secured Overnight Financing Rate on a cumulative $800 million of fixed rate outstanding notes which are due between 2036 and 2040. As of September 30, 2022, the fair value of these swaps was a $120 million liability, which is included in other long-term liabilities on the consolidated balance sheet. The associated cumulative adjustment to the hedged notes is included in long-term debt. Gains and losses resulting from changes in fair value of the interest rate swaps offset changes in the fair value of the hedged portion of the underlying debt so no gain or loss has been recognized due to hedge ineffectiveness. Differences on the fixed-to-floating legs of the derivatives are recognized in interest expense and were not material in third quarter or nine months ended 2022. The swaps will expire in 2032. If settled early, the remaining liability or asset will be amortized over the remaining life of the associated notes. The amounts recorded in long-term debt on the consolidated balance sheet related to these fair value hedges is summarized in the table below.

(Dollars in millions)	September 30, 2022
Notional Value of Hedged Notes	$ 800
Cumulative Fair Value Adjustment to Hedged Notes	(120)
Carrying Amount of Hedged Notes	**$ 680**

NOTE 7. Debt and Credit Agreements*, continued*

In 2020, the Company executed forward starting interest rate swaps, classified as cash flow hedges, with aggregate notional value of $500 million. These swaps were effected to hedge the benchmark interest rate associated with future interest payments related to the anticipated refinancing of $850 million of 3.25% notes due in 2027. As of September 30, 2022 and December 31, 2021, the asset value of the forward starting interest rate swaps was $173 million and $91 million, respectively, and was recorded in other long-term assets on the consolidated balance sheet. Unrealized gains or losses associated with changes in the fair value of the hedge are recorded net of tax in accumulated other comprehensive income ("AOCI") on the consolidated balance sheet. Unless settled early, the swaps will expire in 2027 and the unrealized gain or loss in AOCI will be recognized in earnings as an adjustment to interest expense over the same period during which the hedged transaction affects earnings. Unrealized amounts, recorded net of tax in other comprehensive income, related to the hedge were gains of $9 million and $7 million for third quarters ended 2022 and 2021 and gains of $63 million and $28 million for the nine months 2022 and 2021, respectively.

Credit Facility

CSX 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 LIBOR or an agreed-upon replacement reference rate, plus a spread that depends upon CSX's senior unsecured debt ratings. This facility expires in March 2024, and at September 30, 2022, 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 third quarter 2022, 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 September 30, 2022, the Company had no outstanding debt under the commercial paper program.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 8. Revenues

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

	Third Quarters		Nine Months	
(Dollars in millions)	**2022**	2021	**2022**	2021
Chemicals	**$ 678**	$ 624	**$ 1,962**	$ 1,810
Agricultural and Food Products	**428**	343	**1,227**	1,062
Automotive	**274**	209	**769**	661
Forest Products	**264**	231	**743**	684
Metals and Equipment	**211**	206	**624**	596
Minerals	**180**	162	**494**	439
Fertilizers	**108**	106	**346**	350
Total Merchandise	**2,143**	1,881	**6,165**	5,602
Intermodal	**604**	509	**1,733**	1,488
Coal	**624**	460	**1,808**	1,267
Trucking[(a)]	**251**	200	**740**	200
Other	**273**	242	**677**	538
Total	**$ 3,895**	$ 3,292	**$ 11,123**	$ 9,095

(a) Effective third quarter 2021, trucking revenue is comprised of revenue from the operations of Quality Carriers, which was acquired by CSX effective July 1, 2021.

Revenue Recognition

The Company generates revenue from rail freight billings under contracts with customers generally on a rate per carload, container or ton-basis based on length of haul and commodities carried. The Company's performance obligation arises when it receives a bill of lading ("BOL") to transport a customer's commodities at a negotiated price contained in a transportation services agreement or a publicly disclosed tariff rate. Once a BOL is received, a contract is formed whereby the parties are committed to perform, collectability of consideration is probable and the rights of the parties, shipping terms and conditions, and payment terms are identified. A customer may submit several BOLs for transportation services at various times throughout a service agreement term but each shipment represents a distinct service that is a separately identified performance obligation.

NOTE 8. Revenues, *continued*

The average transit time to complete a rail shipment is between 2 to 8 days depending on market. Payments for transportation services are normally billed once a BOL is received and are generally due within 15 days after the invoice date. The Company recognizes revenue over transit time of freight as it moves from origin to destination. Revenue for services started but not completed at the reporting date is allocated based on the relative transit time in each reporting period, with the portion allocated for services subsequent to the reporting date considered remaining performance obligations.

The certain key estimates included in the recognition and measurement of revenue and related accounts receivable are as follows:

- revenue associated with shipments in transit, which is recognized ratably over transit time and is based on average cycle times to move commodities and products from their origin to their final destination or interchange;
- adjustments to revenue for billing corrections and billing discounts;
- adjustments to revenue for overcharge claims filed by customers, which are based on historical payments to customers for rate overcharges as a percentage of total billing; and
- incentive-based refunds to customers, which are primarily volume-related, are recorded as a reduction to revenue on the basis of the projected liability (this estimate is based on historical activity, current volume levels and forecasted future volume).

Revenue related to interline transportation services that involve the services of another party, such as another railroad, is reported on a net basis. The portion of the gross amount billed to customers that is remitted by the Company to another party is not reflected as revenue.

Effective third quarter 2021, trucking revenue includes revenue from the operations of Quality Carriers. This revenue is mostly comprised of truck shipments of chemicals and is recorded ratably over transit time.

Other revenue is recorded upon completion of the service and is comprised of revenue from regional subsidiary railroads and incidental charges, including intermodal storage and equipment usage, demurrage and switching. Revenue from regional subsidiary railroads includes shipments by railroads that the Company does not directly operate. Intermodal storage represents charges for customer storage of containers at an intermodal terminal, ramp facility or offsite location beyond a specified period of time. Demurrage represents charges assessed when freight cars are held by a customer beyond a specified period of time. Switching represents charges assessed when a railroad switches cars for a customer or another railroad.

NOTE 8. Revenues, *continued*

During the third quarters and nine months 2022 and 2021, revenue recognized from performance obligations related to prior periods (for example, due to changes in transaction price) was not material.

Remaining Performance Obligations

Remaining performance obligations represent the transaction price allocated to future reporting periods for freight services started but not completed at the reporting date. This includes the unearned portion of billed and unbilled amounts for cancellable freight shipments in transit. The Company expects to recognize the unearned portion of revenue for freight services in transit within one week of the reporting date. As of September 30, 2022, remaining performance obligations were not material.

Contract Balances and Accounts Receivable

The timing of revenue recognition, billings and cash collections results in accounts receivable and customer advances and deposits (contract liabilities) on the consolidated balance sheets. Contract assets, contract liabilities and deferred contract costs recorded on the consolidated balance sheet as of September 30, 2022, were not material.

The Company's accounts receivable - net consists of freight and non-freight receivables, reduced by an allowance for credit losses.

(Dollars in millions)	**September 30, 2022**	December 31, 2021
Freight Receivables	**$ 1,086**	$ 951
Freight Allowance for Credit Losses	**(15)**	(14)
Freight Receivables, net	**1,071**	937
Non-Freight Receivables	**410**	225
Non-Freight Allowance for Credit Losses	**(14)**	(14)
Non-Freight Receivables, net	**396**	211
Total Accounts Receivable, net	**$ 1,467**	$ 1,148

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. At September 30, 2022, non-freight receivables include a $124 million receivable related to the sale of property rights to the Commonwealth of Virginia. See Note 1, *Nature of Operations and Significant Accounting Policies*, for more details about this transaction. 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 third quarters or nine months 2022 and 2021.

NOTE 9. Fair Value Measurements

The *Financial Instruments Topic* in the ASC requires disclosures about fair value of financial instruments in annual reports as well as in quarterly reports. For CSX, this statement applies to certain investments, long-term debt and interest rate derivatives. Disclosure of the fair value of pension plan assets is only required annually. Also, this rule clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements.

Various inputs are considered when determining the value of the Company's investments, pension plan assets, long-term debt and interest rate derivatives. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in these securities. These inputs are summarized in the three broad levels listed below.

- Level 1 - observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 - other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.); and
- Level 3 - significant unobservable inputs (including the Company's own assumptions about the assumptions market participants would use in determining the fair value of investments).

The valuation methods described below may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments

The Company's investment assets are carried at fair value on the consolidated balance sheet in accordance with the *Fair Value Measurements and Disclosures Topic* in the ASC. They are valued with assistance from a third-party trustee and consist of fixed income mutual funds, corporate bonds and government securities. The fixed income mutual funds are valued at the net asset value of shares held based on quoted market prices determined in an active market, which are Level 1 inputs. The corporate bonds and government securities are valued using broker quotes that utilize observable market inputs, which are Level 2 inputs. Unrealized losses as of September 30, 2022 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 summarized in the following table.

	September 30, 2022			December 31, 2021		
(Dollars in Millions)	**Level 1**	**Level 2**	**Total**	Level 1	Level 2	Total
Fixed Income Mutual Funds	**$ 87**	**$ —**	**$ 87**	$ 75	$ —	$ 75
Corporate Bonds	**—**	**49**	**49**	—	63	63
Government Securities	**—**	**19**	**19**	—	26	26
Total investments at fair value	**$ 87**	**$ 68**	**$ 155**	$ 75	$ 89	$ 164
Total investments at amortized cost			**$ 162**			$ 156

NOTE 9. Fair Value Measurements, *continued*

These investments have the following maturities:

(Dollars in millions)	**September 30, 2022**	December 31, 2021
Less than 1 year	**$ 88**	$ 77
1 - 5 years	**24**	28
5 - 10 years	**10**	12
Greater than 10 years	**33**	47
Total investments at fair value	**$ 155**	$ 164

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 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 of outstanding debt fluctuates with changes in a number of factors. Such factors include, but are not limited to, interest rates, market conditions, credit ratings, values of similar financial instruments, size of the transaction, cash flow projections and comparable trades. Fair value will exceed carrying value when the current market interest rate is lower than the interest rate at which the debt was originally issued. The fair value of a company's debt is a measure of its current value under present market conditions. It does not impact the financial statements under current accounting rules. The fair value and carrying value of the Company's long-term debt is as follows:

(Dollars in millions)	**September 30, 2022**	December 31, 2021
Long-term Debt (Including Current Maturities):		
Fair Value	**$ 15,790**	$ 19,439
Carrying Value	**18,050**	16,366

Interest Rate Derivatives

The Company’s fixed-to-floating and forward starting interest rate swaps are carried at their respective fair values, which are determined with assistance from a third party based upon pricing models using inputs observed from actively quoted markets. All of the inputs used to determine the fair value of the swaps are Level 2 inputs. The fair value of the Company’s fixed-to-floating interest rate swaps was a liability of $120 million as of September 30, 2022. The fair value of the Company’s forward starting interest rate swap asset was $173 million and $91 million as of September 30, 2022 and December 31, 2021, respectively. See Note 7, *Debt and Credit Agreements*, for further information.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 10. Other Comprehensive Income (Loss)

CSX reports comprehensive earnings or loss in accordance with the *Comprehensive Income Topic* in the ASC in the consolidated comprehensive income statement. Total comprehensive earnings are defined as all changes in shareholders' equity during a period, other than those resulting from investments by and distributions to shareholders (e.g. issuance of equity securities and dividends). Generally, for CSX, total comprehensive earnings equal net earnings plus or minus adjustments for pension and other post-retirement liabilities as well as derivative activity and other adjustments. Total comprehensive earnings represent the activity for a period net of tax and was $1.1 billion and $985 million for third quarters 2022 and 2021 and $3.2 billion and $2.9 billion for the nine months 2022 and 2021, respectively.

While total comprehensive earnings is the activity in a period and is largely driven by net earnings in that period, AOCI represents the cumulative balance of other comprehensive income, net of tax, as of the balance sheet date. For CSX, AOCI is primarily the cumulative balance related to pension and other post-retirement benefit adjustments, interest rate derivatives and CSX's share of AOCI of equity method investees.

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

(Dollars in millions)	Pension and Other Post-Employment Benefits	Interest Rate Derivatives	Other	Accumulated Other Comprehensive Income (Loss)
Balance December 31, 2021, Net of Tax	$ (431)	$ 70	$ (47)	$ (408)
Other Comprehensive Income (Loss)				
Income Before Reclassifications	—	82	—	82
Amounts Reclassified to Net Earnings	32	—	(5)	27
Tax (Expense)/Benefit	(7)	(19)	5	(21)
Total Other Comprehensive Income	25	63	—	88
Balance September 30, 2022, Net of Tax	**$ (406)**	**$ 133**	**$ (47)**	**$ (320)**

NOTE 11. Business Combinations

Acquisition of Pan Am Systems, Inc.

On June 1, 2022, CSX completed its acquisition of Pan Am Systems, Inc. (“Pan Am”) which is the parent company of Pan Am Railways, Inc. who jointly owns Pan Am Southern, LLC with a subsidiary of Norfolk Southern Corporation. Pan Am owns and operates a highly integrated, nearly 1,200-mile rail network and has a joint interest in the more than 600-mile Pan Am Southern system. This acquisition expands CSX’s reach in the Northeastern United States. The results of Pan Am's operations and its cash flows were consolidated prospectively.

The Company accounted for the transaction using the acquisition method in accordance with ASC Topic 805, Business Combinations. The allocation of the purchase price to assets acquired and liabilities assumed is based upon available information and is subject to change as preliminary values continue to be reviewed. There were immaterial changes to the purchase price allocation in third quarter 2022. Any further adjustments to the purchase price allocation will be made as soon as practicable but no later than one year from the date of acquisition.

The closing price of $601 million was funded through a combination of common stock valued at $422 million and cash totaling $179 million, subject to certain customary purchase price adjustments. Total cash consideration paid to acquire the business includes a $30 million deposit paid in fourth quarter 2020. Cash payments made in second quarter 2022 are included in investing activities on the Company's consolidated cash flow statement.

The preliminary allocation of total consideration to the fair values of the acquired assets and liabilities of Pan Am is summarized in the table below.

(Dollars in millions)	June 1, 2022
Assets Acquired:	
Accounts Receivable	$ 42
Properties and Equipment	581
Goodwill	50
Investments in Affiliates	90
Other Assets	11
Total Assets Acquired	$ 774
Liabilities Assumed:	
Accounts Payable and Accrued Liabilities	$ 31
Deferred Tax Liability	94
Other Long-term Liabilities	48
Total Liabilities Assumed	173
Fair Value of Assets Acquired, Net of Liabilities Assumed:	$ 601

Properties and equipment of $581 million include road and track assets, work equipment, land, buildings and other assets. The investments in affiliates includes the interest in Pan Am Southern, LLC acquired as part of the purchase as well as other investments.

CSX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 11. Business Combinations, *continued*

The Company has incurred costs related to this acquisition of approximately $31 million, of which $2 million and $21 million was incurred during third quarter 2022 and nine months 2022, respectively. All acquisition-related costs were expensed as incurred and have been recorded in labor and fringe or purchased services and other in the accompanying consolidated income statements.

This acquisition is not material with respect to the Company's financial statements when reviewed under the quantitative and qualitative considerations of Regulation S-X Article 11 and ASC Topic 805. As the acquisition is not material, CSX has not provided pro forma information relating to the pre-acquisition period.

Other Acquisitions
During the nine months 2022, Quality Carriers completed several acquisitions of previous independent affiliates that were immaterial individually and in aggregate.

NOTE 12. Goodwill and Other Intangible Assets

The following table presents activity related to goodwill and other intangible asset balances for the nine months ended September 30, 2022.

	Goodwill	Intangible Assets			
(Dollars in millions)	Net Carrying Amount	Cost	Accumulated Amortization	Net Carrying Amount	Total Goodwill and Other Intangible Assets - Net
Balance at December, 31, 2021	$ 276	$ 180	$ (5)	$ 175	$ 451
Additions	76	18	—	18	94
Amortization	—	—	(8)	(8)	(8)
Balance at September, 30, 2022	**$ 352**	**$ 198**	**$ (13)**	**$ 185**	**$ 537**

Additions to goodwill during the nine months 2022 were comprised of $50 million in goodwill as a result of the Pan Am acquisition and $26 million in goodwill resulting from several acquisitions completed by Quality Carriers. Goodwill related to the Pan Am acquisition was calculated as the excess of the consideration paid over the fair value of net assets assumed as of June 1, 2022 and relates primarily to the ability of CSX to extend the reach of its service to a wider customer base over an expanded territory, creating new market prospects and efficiencies. Goodwill recognized in this acquisition is not deductible for tax purposes.

During the nine months 2022, Quality Carriers completed several acquisitions that were immaterial individually and in aggregate that resulted in the addition of goodwill and other intangible assets.

THIRD QUARTER 2022 HIGHLIGHTS

- Revenue increased $603 million, or 18% year over year.
- Expenses increased $460 million, or 25% year over year.
- Operating income of $1.6 billion increased $143 million, or 10%, year over year.
- Operating ratio of 59.5% increased 310 basis points versus prior year.
- Earnings per diluted share of $0.52 increased $0.09, or 21% year over year.

	Third Quarters				Nine Months			
	2022	2021	*Fav/ (Unfav)*	*% Change*	**2022**	2021	*Fav/ (Unfav)*	*% Change*
Volume *(in thousands)*	**1,587**	1,563	*24*	*2%*	**4,679**	4,683	*(4)*	*—%*
(in millions)								
Revenue	**$ 3,895**	$ 3,292	*$ 603*	*18*	**$ 11,123**	$ 9,095	*$ 2,028*	*22*
Expense	**2,316**	1,856	*(460)*	*(25)*	**6,559**	4,867	*(1,692)*	*(35)*
Operating Income	**$ 1,579**	$ 1,436	*$ 143*	*10%*	**$ 4,564**	$ 4,228	*$ 336*	*8%*
Operating Ratio	**59.5 %**	56.4 %	*(310)*	*bps*	**59.0 %**	53.5 %	*(550)*	*bps*
Earnings Per Diluted Share	**$ 0.52**	$ 0.43	*$ 0.09*	*21%*	**$ 1.46**	$ 1.26	*$ 0.20*	*16%*

Appointment of New Chief Executive Officer

On September 15, 2022, CSX announced that, as part of a planned succession process, its Board of Directors appointed Joseph R. Hinrichs as the Company's new President and Chief Executive Officer, and as a member of the Board of Directors, effective September 26, 2022.

Acquisition of Pan Am Systems, Inc.

On June 1, 2022, CSX acquired Pan Am for a purchase price of $601 million funded through a combination of common stock valued at $422 million and cash totaling $179 million. Accordingly, the consolidated third quarter and nine months 2022 results include the results of Pan Am's operations after the acquisition date. For further details, refer to Note 11, *Business Combinations*.

Volume and Revenue *(Unaudited)*

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

Third Quarters

	Volume			Revenue			Revenue Per Unit		
	2022	2021	*% Change*	**2022**	2021	*% Change*	**2022**	2021	*% Change*
Chemicals	**162**	166	*(2)%*	**$ 678**	$ 624	*9 %*	**$ 4,185**	$ 3,759	*11 %*
Agricultural and Food Products	**120**	109	*10*	**428**	343	*25*	**3,567**	3,147	*13*
Minerals	**91**	90	*1*	**180**	162	*11*	**1,978**	1,800	*10*
Automotive	**85**	75	*13*	**274**	209	*31*	**3,224**	2,787	*16*
Forest Products	**75**	75	—	**264**	231	*14*	**3,520**	3,080	*14*
Metals and Equipment	**67**	70	*(4)*	**211**	206	*2*	**3,149**	2,943	*7*
Fertilizers	**48**	54	*(11)*	**108**	106	*2*	**2,250**	1,963	*15*
Total Merchandise	**648**	639	*1*	**2,143**	1,881	*14*	**3,307**	2,944	*12*
Intermodal	**762**	744	*2*	**604**	509	*19*	**793**	684	*16*
Coal	**177**	180	*(2)*	**624**	460	*36*	**3,525**	2,556	*38*
Trucking	**—**	—	—	**251**	200	*26*	**—**	—	—
Other	**—**	—	—	**273**	242	*13*	**—**	—	—
Total	**1,587**	1,563	*2 %*	**$ 3,895**	$ 3,292	*18 %*	**$ 2,454**	$ 2,106	*17 %*

Nine Months

	Volume			Revenue			Revenue Per Unit		
	2022	2021	*% Change*	**2022**	2021	*% Change*	**2022**	2021	*% Change*
Chemicals	**488**	496	*(2)%*	**$ 1,962**	$ 1,810	*8 %*	**$ 4,020**	$ 3,649	*10 %*
Agricultural and Food Products	**358**	342	*5*	**1,227**	1,062	*16*	**3,427**	3,105	*10*
Minerals	**253**	244	*4*	**494**	439	*13*	**1,953**	1,799	*9*
Automotive	**248**	239	*4*	**769**	661	*16*	**3,101**	2,766	*12*
Forest Products	**219**	223	*(2)*	**743**	684	*9*	**3,393**	3,067	*11*
Metals and Equipment	**202**	209	*(3)*	**624**	596	*5*	**3,089**	2,852	*8*
Fertilizers	**158**	173	*(9)*	**346**	350	*(1)*	**2,190**	2,023	*8*
Total Merchandise	**1,926**	1,926	—	**6,165**	5,602	*10*	**3,201**	2,909	*10*
Intermodal	**2,243**	2,222	*1*	**1,733**	1,488	*16*	**773**	670	*15*
Coal	**510**	535	*(5)*	**1,808**	1,267	*43*	**3,545**	2,368	*50*
Trucking [(a)]	**—**	—	—	**740**	200	*NM*	**—**	—	—
Other	**—**	—	—	**677**	538	*26*	**—**	—	—
Total	**4,679**	4,683	*— %*	**$ 11,123**	$ 9,095	*22 %*	**$ 2,377**	$ 1,942	*22 %*

NM - not meaningful

(a) Effective third quarter 2021, trucking revenue is comprised of revenue from the operations of Quality Carriers, which was acquired by CSX effective July 1, 2021.

Third Quarter 2022

Revenue

Total revenue increased 18% in third quarter 2022 when compared to third quarter 2021 due to higher fuel recovery, pricing gains that include the benefit of higher export coal benchmark rates, increases in trucking revenue, volume growth and increases in other revenue.

Merchandise Volume

Chemicals - Decreased due to lower shipments of waste and other energy-related commodities, including crude oil.

Agricultural and Food Products - Increased as a result of higher shipments of grain, ethanol, sweeteners and vegetable oils.

Minerals - Increased due to higher shipments of aggregates driven by construction demand.

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

Forest Products - Higher shipments of paper products and lumber were offset by lower shipments of pulpboard.

Metals and Equipment - Decreased primarily due to lower steel shipments, partially offset by higher scrap shipments.

Fertilizers - Decreased due to declines in short-haul and long-haul phosphate shipments.

Intermodal Volume

Increased international shipments were partially offset by lower domestic shipments due to continued supply-side constraints and a more typical seasonal slowdown than prior year.

Coal Volume

Export coal increased due to higher shipments of metallurgical coal. Domestic coal decreased due to lower shipments of utility coal including the impacts of limited coal availability during mine disruptions.

Trucking Revenue

Trucking revenue increased $51 million versus prior year primarily due to price gains and higher fuel surcharge.

Other Revenue

Other revenue was $31 million higher than prior year driven by increases in revenue for intermodal storage and equipment usage.

Expenses

Expenses of $2.3 billion increased $460 million, or 25%, in third quarter 2022 when compared to third quarter 2021.

Labor and Fringe expense increased $128 million due to the following:

- The impacts of tentative agreements reached with labor unions in September 2022 as well as inflation totaled $97 million. Of the total, $42 million relates to labor and benefits in prior periods.
- Other costs increased $31 million, including the impacts of Pan Am's operations, higher volume and other non-significant items.

Purchased Services and Other expense increased $87 million due to the following:

- Operating support costs were $57 million higher primarily as a result of inflation, a larger active locomotive fleet, increased intermodal terminal costs and higher volume.
- Other costs increased $30 million due to several items including higher legal costs associated with regulatory activity, the inclusion of Pan Am's operations and increased trucking-related expenses, partially offset by acquisition-related costs in the prior year.

Fuel expense increased $191 million primarily resulting from a 71% increase in locomotive fuel prices.

Depreciation and Amortization expense increased $11 million primarily due to a larger asset base.

Equipment and Other Rents expense was $10 million higher primarily due to increased car hire costs driven by higher days per load across all markets.

Gains on Property Dispositions decreased to $27 million from $60 million in the prior year.

Interest Expense

Interest expense increased $16 million primarily due to higher average debt balances.

Other Income - Net

Other income - net increased $17 million primarily due to higher interest income.

Income Tax Expense

Income tax expense increased $1 million as higher earnings before income taxes were mostly offset by $37 million in tax benefits primarily due to a favorable state legislative change.

Nine Months Results of Operations

Revenue increased $2.0 billion primarily due to higher fuel recovery, pricing gains across all markets, the inclusion of Quality Carriers' results and increases in other revenue driven by intermodal storage and equipment usage.

Total expense increased $1.7 billion primarily driven by higher fuel prices, the inclusion of costs related to Quality Carriers' operations, lower gains on property dispositions and higher operating support costs including inflation.

Interest expense increased $1 million primarily as a result of higher average debt balances partially offset by lower average interest rates.

Other income - net increased $29 million primarily due to higher interest income and an increase in net pension benefit credits.

Income tax expense increased $63 million primarily due to higher earnings before income taxes, partially offset by favorable impacts of state legislative changes in the current year.

Non-GAAP Measures - Unaudited

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

Free Cash Flow

Management believes that free cash flow is supplemental information useful to investors as it is important in evaluating the Company's financial performance. More specifically, free cash flow measures cash generated by the business after reinvestment. This measure represents cash available for both equity and bond investors to be used for dividends, share repurchases or principal reduction on outstanding debt. Free cash flow is calculated by using net cash from operations and adjusting for property additions and proceeds and advances from property dispositions. Free cash flow should be considered in addition to, rather than a substitute for, cash provided by operating activities. The decrease in free cash flow before dividends from the prior year of $27 million is due to a decrease in proceeds from property dispositions and higher property additions, partially offset by an increase in cash from operating activities.

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

	Nine Months	
(Dollars in millions)	**2022**	2021
Net cash provided by operating activities	**$ 4,255**	**$ 3,819**
Property Additions	(1,437)	(1,220)
Proceeds and Advances from Property Dispositions	51	297
Other Investing Activities [(a)]	n/a	—
Free Cash Flow (before payment of dividends)	$ 2,869	$ 2,896

(a) Effective first quarter 2022, the results of other investing activities are no longer included in free cash flow. Prior year has not been restated as the change is immaterial.

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 third quarter 2022, velocity decreased by 11% and dwell increased by 12% versus prior year. Carload trip plan performance decreased by 16% while intermodal trip plan performance improved by 2%. The Company continues to prioritize hiring and training, while remaining focused on executing the operating plan to deliver safe, reliable and efficient service to customers.

The FRA train accident rate improved 21% year over year. The personal injury frequency index increased 9% versus the prior year. Safety remains 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 the Company operates.

	Third Quarters			Nine Months		
	2022	2021	*Improvement/ (Deterioration)*	**2022**	2021	*Improvement/ (Deterioration)*
Operations Performance						
Train Velocity *(Miles per hour)* [(a)]	**15.8**	17.7	*(11)%*	**15.7**	18.1	*(13)%*
Dwell *(Hours)* [(a)]	**11.8**	10.5	*(12)%*	**11.6**	10.6	*(9)%*
Cars Online [(a)]	**141,911**	130,841	*(8)%*	**140,461**	130,273	*(8)%*
On-Time Originations [(a)]	**58 %**	71 %	*(18)%*	**62 %**	76 %	*(18)%*
On-Time Arrivals [(a)]	**46 %**	62 %	*(26)%*	**51 %**	66 %	*(23)%*
Carload Trip Plan Performance [(a)]	**57 %**	68 %	*(16)%*	**60 %**	68 %	*(12)%*
Intermodal Trip Plan Performance [(a)]	**90 %**	88 %	*2 %*	**89 %**	87 %	*2 %*
Fuel Efficiency	**0.99**	0.92	*(8)%*	**0.99**	0.96	*(3)%*
Revenue Ton-Miles *(Billions)*						
Merchandise	**31.7**	30.8	*3 %*	**95.0**	94.2	*1 %*
Coal	**8.6**	8.9	*(3)%*	**24.6**	26.9	*(9)%*
Intermodal	**7.6**	7.8	*(3)%*	**22.9**	23.6	*(3)%*
Total Revenue Ton-Miles	**47.9**	47.5	*1 %*	**142.5**	144.7	*(2)%*
Total Gross Ton-Miles *(Billions)*	**95.3**	92.9	*3 %*	**281.7**	282.3	*— %*
Safety						
FRA Personal Injury Frequency Index [(a)]	**0.99**	0.91	*(9)%*	**0.95**	0.97	*2 %*
FRA Train Accident Rate [(a)]	**2.76**	3.49	*21 %*	**2.99**	3.05	*2 %*

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

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

Key Performance Measures Definitions

Train Velocity - Average train speed between origin and destination in miles per hour (does not include locals, yard jobs, work trains or passenger trains). Train velocity measures the profiled schedule of trains (from departure to arrival and all interim time), and train profiles are periodically updated to align with a changing operation.
Dwell - Average amount of time in hours between car arrival to and departure from the yard.
Cars Online - Average number of active freight rail cars on lines operated by CSX, excluding rail cars that are being repaired, in storage, those that have been sold, or private cars dwelling at a customer location more than one day.
On-Time Originations - Percent of scheduled road trains that depart the origin yard on-time or ahead of schedule.
On-Time Arrivals - Percent of scheduled road trains that arrive at the destination yard on-time to within two hours of scheduled arrival. Carload Trip Plan Performance - Percent of measured cars destined for a customer that arrive at or ahead of the original estimated time of arrival, notification or interchange (as applicable).
Intermodal Trip Plan Performance - Percent of measured containers destined for a customer that arrive at or ahead of the original estimated time of arrival, notification or interchange (as applicable).
Fuel Efficiency - Gallons of locomotive fuel per 1,000 gross ton-miles.
Revenue Ton-Miles (RTM's) - The movement of one revenue-producing ton of freight over a distance of one mile.
Gross Ton-Miles (GTM's) - The movement of one ton of train weight over one mile. GTM's are calculated by multiplying total train weight by distance the train moved. Total train weight is comprised of the weight of the freight cars and their contents.
FRA Personal Injury Frequency Index - Number of FRA-reportable injuries per 200,000 man-hours.
FRA Train Accident Rate - Number of FRA-reportable train accidents per million train-miles.

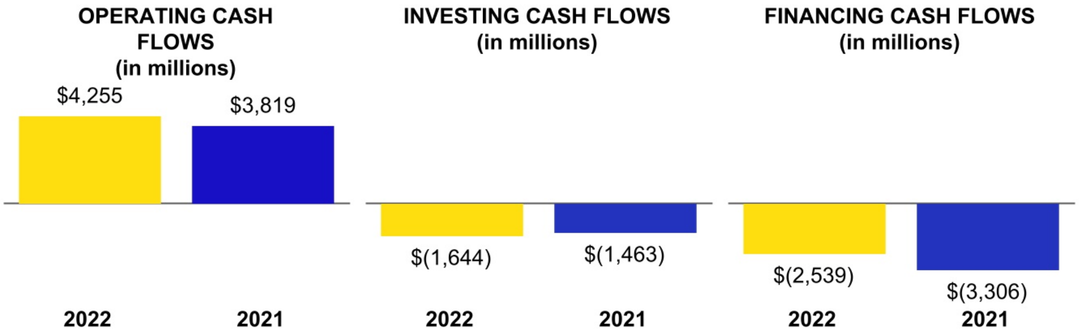
LIQUIDITY AND CAPITAL RESOURCES

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

Material Changes in Significant Cash Flows

Significant Cash Flows

The following chart highlights the operating, investing and financing components of the net increase of $72 million and decrease of $950 million in cash and cash equivalents for nine months ended 2022 and 2021, respectively.



- Cash provided by operating activities increased $436 million primarily driven by higher cash-generating income, partially offset by less favorable changes in working capital.
- Cash used in investing activities increased $181 million primarily as a result of higher property additions and lower proceeds from property dispositions, partially offset by decreased business acquisition costs.
- Cash used in financing activities decreased $767 million driven by the issuance of long-term debt, partially offset by higher share repurchases.

Sources of Cash and Liquidity and Uses of Cash

As of the end of third quarter 2022, CSX had $2.4 billion of cash, cash equivalents and short-term investments. CSX uses current cash balances for general corporate purposes, which may include capital expenditures, working capital requirements, reduction or refinancing of outstanding indebtedness, redemptions and repurchases of CSX common stock, dividends to shareholders, acquisitions and other business opportunities, and contributions to the Company's qualified pension plan. See Note 7, *Debt and Credit Agreements*.

The Company has multiple sources of liquidity, including cash generated from operations and financing sources. The Company filed a shelf registration statement with the SEC on February 16, 2022, which may be used to issue debt or equity securities at CSX's discretion, subject to market conditions and CSX Board authorization. While CSX seeks to give itself flexibility with respect to cash requirements, there can be no assurance that market conditions would permit CSX to sell such securities on acceptable terms at any given time, or at all. During the nine months ended 2022, CSX issued a total of $2.0 billion of long-term debt.

CSX has a $1.2 billion unsecured, revolving credit facility backed by a diverse syndicate of banks that expires in March 2024. At September 30, 2022, 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 September 30, 2022, the Company had no outstanding debt under the commercial paper program.

Planned capital investments for 2022 are expected to be approximately $2 billion. Of the 2022 investment, over 80% is expected to be used to sustain the core infrastructure and operating equipment. The remaining amounts will be used to promote profitable growth, including projects supporting service enhancements and productivity initiatives. CSX intends to fund capital investments primarily through cash generated from operations.

Material Changes in the Consolidated Balance Sheets and Working Capital

Consolidated Balance Sheets

Total assets increased $1.7 billion from year end primarily due to a $941 million increase in net properties, a $319 million increase in accounts receivable, a $190 million increase in investments in affiliates and other companies and an $86 million increase in goodwill and other intangible assets. The increase in net property was primarily attributable to $581 million in fixed assets acquired as part of the Pan Am transaction as well as capital expenditures. Of the increase in accounts receivables, $124 million relates to the sale of property rights to the Commonwealth of Virginia and the remainder was commensurate with the increase in revenue. In addition, higher investments in affiliates and other companies includes the impact of the acquired interest in Pan Am Southern, LLC as well as increases in the values of several affiliates. See Note 11, *Business Combinations*, and Note 12, *Goodwill and Other Intangibles*, for more details.

Total liabilities increased $2.3 billion from year end primarily due to the issuance of $2.0 billion in long-term debt, a $249 million increase in deferred taxes due to accelerated tax depreciation and the impact of the Pan Am acquisition, as well as an increase in accounts payable of $189 million. The increase in accounts payable was driven by higher debt interest payable and increased trade payables mostly due to the timing of payments. These increases were partially offset by debt repayments of $178 million. Total shareholders' equity decreased $617 million from year end primarily driven by share repurchases of $3.7 billion and dividends paid of $645 million, partially offset by net earnings of $3.1 billion and common stock issued to acquire Pan Am of $422 million.

Working capital is considered a measure of a company's ability to meet its short-term needs. CSX had a working capital surplus of $1.8 billion as of September 30, 2022 and $1.6 billion as of December 31, 2021. This increase of $162 million since year end was primarily due to the $319 million increase in accounts receivable, partially offset by the $189 million increase in accounts 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.

Completed and Pending Transactions

Acquisition of Pan Am Systems, Inc.

On June 1, 2022, CSX acquired Pan Am for a purchase price of $601 million funded through a combination of common stock and cash, subject to certain customary purchase price adjustments. For further details, refer to Note 11, *Business Combinations*.

Sale of Property Rights to the Commonwealth of Virginia

On March 26, 2021, the Company entered into a comprehensive agreement to sell certain property rights in three CSX-owned line segments to the Commonwealth of Virginia (“Commonwealth”) over three phases for a total of $525 million. The timing and amount of gains recognized are based on the allocation of fair value to each conveyance, the timing of future conveyances and collectability. In April 2021, upon closing of the first phase of the agreement, the Company collected $200 million in proceeds and recognized a $349 million gain. In fourth quarter 2021, the Company collected additional proceeds of $200 million, a portion of which was attributable to the first phase with the remainder attributable to the second phase. The second phase closed in January 2022, which resulted in a $20 million gain in first quarter 2022. During June 2022, the final $125 million of proceeds was approved by the Commonwealth, which resulted in a $122 million gain in second quarter 2022 related to property rights previously conveyed. To date, total proceeds of $400 million have been collected and total gains of $491 million have been recognized.

The remaining proceeds are expected to be collected during fourth quarter 2022 upon closing of the third phase and future gains are not expected to be material. As of September 30, 2022, the carrying values of the remaining assets subject to this transaction were not material. There were no proceeds or gains related to this agreement during third quarter 2022 or 2021. Amounts related to the nine months 2022 and 2021 are summarized in the following table.

	Nine Months	
(Dollars in millions)	**2022**	2021
Gains	**$ 142**	$ 349
Proceeds	**—**	200

Guaranteed Notes Issued By CSXT

In 2007, CSXT, a wholly-owned subsidiary of CSX Corporation, issued in a registered public offering $381 million of secured equipment notes maturing in 2023. CSX Corporation has fully and unconditionally guaranteed the notes. At CSXT's option, CSXT may redeem any or all of the notes, in whole or in part, at any time, at the redemption price including premium. In the case of loss or destruction of any item of equipment securing the notes, if CSXT does not substitute another item of equipment for the item suffering such loss or destruction, CSXT will be required to redeem the notes in part at par. The guarantee of the notes will rank equally in right of payment with all existing and future senior obligations of CSX Corporation and will be effectively subordinated to all future secured indebtedness of CSX Corporation to the extent of the assets securing such indebtedness. The guarantee is subject to release in limited circumstances only upon the occurrence of certain customary conditions. As of September 30, 2022, the principal balance of these secured equipment notes was $139 million.

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

LABOR AGREEMENTS

Approximately 16,700 of the Company's employees are members of a labor union. The U.S. Class I railroads and rail labor unions were engaged in direct negotiations from January 2020 through June 2022. In accordance with the Railway Labor Act, a Presidential Emergency Board issued its report and recommendations to settle the bargaining disputes on August 16, 2022. Tentative agreements based on these recommendations were reached with all labor unions in September 2022. As of the date of this filing, six unions representing approximately 17% of unionized rail employees have ratified those agreements. On October 10, 2022, one labor union voted against ratification of the tentative agreement. Ratification results for the remaining unions are scheduled to be announced through November 2022.

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 and post-retirement medical plan accounting;
- depreciation policies for assets under the group-life method; and
- goodwill and other intangible assets.

FORWARD-LOOKING STATEMENTS

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

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

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

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

- legislative, regulatory or legal developments involving transportation, including rail or intermodal transportation, the environment, hazardous materials, taxation, international trade and initiatives to further regulate the rail industry;
- the outcome of litigation, claims and other contingent liabilities, including, but not limited to, those related to fuel surcharge, environmental matters, taxes, shipper and rate claims subject to adjudication, personal injuries and occupational illnesses;
- changes in domestic or international economic, political or business conditions, including those affecting the transportation industry (such as the impact of industry competition, conditions, performance and consolidation) and the level of demand for products carried by CSXT;
- natural events such as severe weather conditions, including floods, fire, hurricanes and earthquakes, a pandemic crisis, including the outbreak of COVID-19, affecting the health of the Company's employees, its shippers or the consumers of goods, or other unforeseen disruptions of the Company's operations, systems, property, equipment or supply chain;
- competition from other modes of freight transportation, such as trucking and competition and consolidation or financial distress within the transportation industry generally;
- the cost of compliance with laws and regulations that differ from expectations as well as costs, penalties and operational and liquidity impacts associated with noncompliance with applicable laws or regulations;
- the impact of increased passenger activities in capacity-constrained areas, including potential effects of high speed rail initiatives, or regulatory changes affecting when CSXT can transport freight or service routes;
- unanticipated conditions in the financial markets that may affect timely access to capital markets and the cost of capital, as well as management's decisions regarding share repurchases;
- changes in fuel prices, surcharges for fuel and the availability of fuel;
- the impact of natural gas prices on coal-fired electricity generation;
- the impact of global supply and price of seaborne coal on CSXT's export coal market;

- availability of insurance coverage at commercially reasonable rates or insufficient insurance coverage to cover claims or damages;
- the inherent business risks associated with safety and security, including the transportation of hazardous materials or a cybersecurity attack which would threaten the availability and vulnerability of information technology;
- adverse economic or operational effects from actual or threatened war or terrorist activities and any governmental response;
- loss of key personnel or the inability to hire and retain qualified employees;
- labor and benefit costs and labor difficulties, including stoppages affecting either the Company's operations or customers' ability to deliver goods to the Company for shipment;
- the Company's success in implementing its strategic, financial and operational initiatives, including acquisitions;
- the impact of conditions in the real estate market on the Company's ability to sell assets;
- changes in operating conditions and costs, including the impacts of inflation, or commodity concentrations;
- the continued and uncertain impact of the COVID-19 pandemic; and
- the inherent uncertainty associated with projecting economic and business conditions.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Changes in interest rates may impact the cost of future interest payments on long-term debt issued by the Company, and as a result, represent interest rate risk to the Company. In an effort to manage this risk, CSX may use certain financial instruments such as fixed-to-floating interest rate swaps. The following information, together with information included in Note 7, *Debt and Credit Agreements*, describes the key aspects of such contracts and the related market risk to CSX.

In first quarter 2022, CSX entered into five separate fixed-to-floating interest rate swaps classified as fair value hedges. The swaps are designed to hedge 10 years of interest rate risk associated with market fluctuations attributable to the Secured Overnight Financing Rate on a cumulative $800 million of fixed rate outstanding notes which are due between 2036 and 2040. As of September 30, 2022, the fair value of these swaps was a $120 million liability, which is included in other long-term liabilities on the consolidated balance sheet. The associated cumulative adjustment to the hedged notes is included in long-term debt. Gains and losses resulting from changes in fair value of the interest rate swaps offset changes in the fair value of the hedged portion of the underlying debt so no gain or loss has been recognized due to hedge ineffectiveness. Differences on the fixed-to-floating legs of the derivatives are recognized in interest expense and were not material in third quarter or nine months ended 2022. The swaps will expire in 2032. If settled early, the remaining liability or asset will be amortized over the remaining life of the associated notes.

ITEM 4. CONTROLS AND PROCEDURES

As of September 30, 2022, 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 September 30, 2022, 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 third quarter of 2022 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

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 July 2022, the share repurchase program announced in October 2020 was completed and the Company began repurchasing shares under the $5 billion share repurchase program approved on July 19, 2022. Total repurchase authority remaining as of September 30, 2022, was $4.3 billion. For more information about share repurchases, see Note 2, *Earnings Per Share*. Share repurchase activity for the third quarter 2022 was as follows:

	CSX Purchases of Equity Securities for the Quarter			
Third Quarter	**Total Number of Shares Purchased**	**Average Price Paid per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs**
Beginning Balance				$ 488,270,718
July 1 - July 31, 2022	17,162,466	$ 28.74	17,162,466	4,955,054,636
August 1 - August 31, 2022	5,653,092	33.72	5,653,092	4,804,441,395
September 1 - September 30, 2022	17,108,339	29.89	17,108,339	4,292,997,017
Ending Balance	39,923,897	$ 29.94	39,923,897	$ 4,292,997,017

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

None

CSX CORPORATION
PART II

Item 6. Exhibits

Exhibit designation	Nature of exhibit	Previously filed as exhibit to
4.1	Eleventh Supplemental Indenture, dated as of July 28, 2022, between the Registrant and The Bank of New York Mellon Trust Company, N.A. (as successor to JPMorgan Chase Bank, N.A., formerly The Chase Manhattan Bank), as Trustee	July 28, 2022 Exhibit 4.3, Form 8-K
10.1* **	Employment Agreement, dated August 29, 2022, between CSX Corporation and Joseph R. Hinrichs	
10.2* **	Transition Agreement, dated September 14, 2022, between CSX Corporation and James M. Foote	
10.3* **	CSX Corporation Executive Severance Plan, effective as of September 14, 2022	
Other exhibits:		
22.1*	List of Subsidiary Issuers and Guarantors	
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 September 30, 2022 filed with the SEC on October 20, 2022, formatted in inline XBRL includes: (i) consolidated income statements for the quarters and nine months ended September 30, 2022 and September 30, 2021, (ii) condensed consolidated comprehensive income statements for the quarters and nine months ended September 30, 2022 and September 30, 2021, (iii) consolidated balance sheets at September 30, 2022 and December 31, 2021, (iv) consolidated cash flow statements for the nine months ended September 30, 2022 and September 30, 2021, (v) consolidated statement of changes in shareholders' equity for the quarters and nine months ended September 30, 2022 and September 30, 2021, and (vi) the notes to consolidated financial statements.	
104	Cover Page Interactive Data File (embedded within the Inline XBRL document contained in Exhibit 101)	

* Filed herewith

** Management contract or compensatory plan or arrangement

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: October 20, 2022

Exhibit 10.1

August 29, 2022
Joseph R. Hinrichs

Re: Employment Letter

Dear Joe:

On behalf of CSX Corporation (the "**Company**"), I am pleased to formalize the terms of your employment in your new role as President & Chief Executive Officer ("**CEO**") of the Company, reporting to the Board of Directors of the Company (the "**Board**"). The terms of your employment are set forth below in this letter (the "**Letter Agreement**"); provided that these terms and your employment hereunder are subject to final approval of the Board.

1. **Employment Term**. Your employment will be on an "at-will" basis, pursuant to the terms and conditions of this Letter Agreement. Your employment with the Company will commence effective as of September 26, 2022 (the "**Start Date**").

2. **Title and Nature of Duties**. You will be employed as President & CEO, reporting to the Board, and you will be appointed to the Board, effective upon the Start Date. You will have such duties and obligations as are customary for and commensurate with such positions and will perform such other duties as may be reasonably assigned from time to time consistent with your position by the Board.

3. **Compensation and Benefits.**

   a. **Base Salary**. You will be paid a starting annual base salary ("**Base Salary**") of $1,400,000.00, payable in accordance with the Company's normal payroll procedures. Your salary will be subject to periodic review and adjustment by the Compensation and Talent Management Committee of the Board (the "**Committee**").

   b. **Annual Cash Incentive**. You will be eligible to participate in the Company's annual cash incentive program under the Company's Management Incentive Compensation Plan (the "**MICP**") on a substantially similar basis as other similarly situated senior executives of the Company, with a target annual bonus of 150% of your Base Salary ("**Annual Bonus**"), with your actual Annual Bonus determined based on the achievement of performance goals as determined by the Committee. Your Annual Bonus for the 2022 fiscal year will be prorated based on your partial year of employment with the Company.

   c. **Long Term Incentives**. Starting in 2023, you will be eligible to participate in the Company's long term incentive plans (each an "**LTIP**") on a substantially similar basis as other similarly situated executives of the Company with LTIP grants. The grant date target value of your initial annual LTIP award (to be granted in 2023), as determined by the Committee in accordance with its normal practices, will be an aggregate amount of $10,000,000.00. LTIP awards will be subject to vesting and/or performance conditions as determined by the Committee.

Your LTIP awards will be made under the CSX 2019 Stock and Incentive Award Plan (the "**Plan**"), or any successor plan or other equity or equity-based plan as adopted by the Board from time to time and will be subject to the terms thereof, the terms of the award agreements pursuant to which such awards are made and the terms set forth in this Letter Agreement.

d. Sign-On Equity Award. Within 30 days following the Start Date, the Company will award you, subject to approval by the Committee, a one-time long term incentive award with a grant date target value (as determined by the Committee in accordance with its normal practices) of $7,000,000.00 (the "**Sign-On Equity Award**"). The Sign-On Equity Award will be comprised 50% of Performance Share Units and 50% of Restricted Stock Units, which will be earned and will vest as follows: (i) the Performance Share Units will be earned based on achievement of the performance criteria applicable to the Company's 2022-2024 long term incentive program, and any Performance Share Units that are earned will vest and be paid on the same schedule as applies to other participants in the 2022-2024 long term incentive program, subject to your continued employment on the vesting date (except as provided in paragraph 3(g) or 3(h) below) and (ii) the Restricted Stock Units will cliff vest on the third anniversary of the Start Date, subject to your continued employment on the vesting date (except as provided in paragraph 3(g) or 3(h) below). The Sign-On Equity Award will be made under the Plan and will be subject to the terms thereof, the terms of the award agreements pursuant to which such awards are made and the terms set forth in this Letter Agreement.

e. Temporary Housing. For the first 120 days of your employment following the Start Date, the Company will provide you with temporary corporate housing in Jacksonville, Florida, which temporary housing will be provided by or paid for directly by the Company.

f. Use of Corporate Aircraft. In accordance with the terms of the Company's corporate aircraft policy, you will be required to use the Company's corporate aircraft for all business and personal flights taken within North America, and your friends and family members will be permitted to travel with you. In the case of flights taken for your personal use, the Company will cover up to $175,000 of the aggregate incremental cost to the Company for such flights, and you will be required to reimburse the Company in full for any amounts above $175,000 (as determined by the Company in accordance with its regular practices).

g. Severance Benefits Upon Termination by the Company. If your employment is terminated by the Company without Cause or if you resign for Good Reason (as such terms are defined below) prior to your achievement of Retirement Age (as defined in paragraph 3(h) below), subject to your execution and non-revocation of the Company's customary separation and release of claims agreement (the "**Release Agreement**"):

i. A portion of your Sign-On Equity Award and each of your any then outstanding LTIP Awards will service vest on a pro-rata basis determined by multiplying the number of Shares covered by each such equity award by a fraction, the numerator of which is the number of months in the vesting or performance period applicable to such equity award that have elapsed from the commencement of the applicable vesting or performance period through your termination date and the denominator of which is the total number of months in the applicable vesting or performance period; provided that any such awards subject to performance conditions will be earned based on actual performance as determined after the end of the applicable performance period (any such awards that vest and are earned on a pro-rata basis, the "**Prorated Equity Awards**"). Your Prorated Equity Awards will be settled in accordance with their original schedule. In addition, if your employment terminates as a result of your death or a disability rendering you physically or mentally unable to perform your duties, your Sign-On Equity Award will vest on a pro-rata basis in the same manner described in this paragraph 3(g)(i); and

ii. You will be entitled to receive: (A) a lump sum cash payment (payable within 60 days of the date on which your employment terminates) equal to two times your Base Salary and target Annual Bonus, (B) any Annual Bonus that you earned for the fiscal year prior to your employment termination to the extent not previously paid to you, payable to you no later than the date that annual bonuses for the relevant year are paid to the active senior executives and (C) a pro rata payment of your Annual Bonus in respect of the year of your termination of employment based on (x) the number of days in that year during which you were employed divided by 365 and (y) the actual performance, paid at the same time as annual bonuses are paid for that year to other senior executives of the Company.

Notwithstanding the foregoing, if, as a result of your termination of employment, you are entitled to severance benefits under your Change in Control Agreement (as defined below), you shall not be entitled to the payments described in this paragraph 3(g). In either such event, you shall not be entitled to receive any severance payments or any other severance benefits under any other Company plan, policy or program. Payment of any severance benefits hereunder is subject to your compliance with the Non-Compete Agreement (as defined below), and to the extent that you violate the Non-Compete Agreement or otherwise fail to comply with the terms of the Company's Release Agreement, you will forfeit your right to any severance payments under this Letter Agreement and the Company may require you to repay any severance payments previously paid to you under this Letter Agreement or the Change in Control Agreement, as applicable.

For purposes of this Letter Agreement, "Cause" shall mean (i) your willful and continued failure to substantially perform your material duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), (ii) your indictment, or plea of guilty or nolo contendere, for any crime (x) that is a felony or (y) that could reasonably be expected to adversely affect the reputation or the business of the Company or any affiliate, (iii) the willful engaging by you in illegal conduct or gross misconduct which is or could reasonably be expected to adversely affect the reputation or the business of the Company or any affiliate thereof, (iv) the material violation of any Company policy by you, or the commission by you of an act involving moral turpitude, in each case, that adversely and substantially affects the reputation or business of the Company or any affiliate or (v) a material breach by you of your obligations under this Letter Agreement, the Noncompete Agreement, or any other agreement with the Company or any affiliate thereof; *provided*, that you have been given written notice of the alleged material breach and, if susceptible to cure, have not reasonably cured such breach within thirty (30) days of the giving of such notice.

For purposes of this Letter Agreement, "Good Reason" shall mean, without your written consent: (i) a material diminution of your duties, responsibilities or compensation as contemplated herein, excluding for this purpose an isolated and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by you; or (ii) any action or inaction by the Company that constitutes a material breach of this Letter Agreement. Notwithstanding the foregoing, no event of "Good Reason" shall be deemed to have occurred unless you provide written notice, within ninety (90) days of the initial occurrence of such event, to the Board specifying in reasonable detail the facts or circumstances that you believe constitute Good Reason, such facts or circumstances are not corrected or otherwise cured by the Company within thirty (30) days after the Board's receipt of such notice, and you actually terminate your employment within ninety (90) days after the end of the foregoing 30-day period.

h. **Treatment of Equity Awards upon Retirement**. Upon a termination of your employment after reaching Retirement Age (as defined below) either (i) by the Company without Cause or by you for Good Reason or (ii) by you due to your voluntary retirement by providing the Company with at least 180 days' notice of your plans to retire (which period may be waived in full or in part by the Company) (in either case, a "Retirement"), subject to your execution and non-revocation of the Release Agreement, any outstanding unvested portion of your Sign-On Equity Award and your LTIP awards will remain outstanding and will continue to vest, subject to any relevant performance criteria in respect of any such awards that are subject to performance-based vesting and any stock options underlying such awards will remain outstanding for the remainder of their term, and any such awards will be settled in accordance with their original schedule.

For the avoidance of doubt, and notwithstanding anything to the contrary in this Letter Agreement or otherwise, once you have achieved Retirement Age, you shall be eligible only to receive the payments and benefits described in this paragraph 3(h) upon a termination of your employment and you shall not be entitled to the payments and benefits described in paragraph 3(g) above. The benefits provided under this paragraph 3(h) are subject to your compliance with the Non-Compete Agreement, and to the extent that you violate the Non-Compete Agreement or otherwise fail to comply with the terms of the Company's Release Agreement, you will forfeit your right to any further benefits hereunder.

For purposes of this Letter Agreement, "Retirement Age" shall mean your attainment of age sixty (60) plus at least five (5) years of continued service with the Company (unless the Company has notified you of its intent to terminate you for Cause or grounds to terminate you for Cause exist at such time).

i. **Incentive, Savings, Retirement and Welfare Programs**. During your employment, you will be eligible to participate in all incentive and savings and retirement plans, practices, policies and programs on a substantially similar basis as other similarly situated senior executives of the Company and you and your dependents will be eligible to participate in all welfare benefit plans, practices, policies and programs (including, without limitation, vacation) made available to other senior executives of the Company. Your participation in such programs will be subject to the terms of the applicable plan or program as in effect from time to time and any other restrictions or limitations imposed by law. The Company reserves the right to amend, suspend or terminate any such plans or programs at any time.

4. **Change in Control Agreement**. You will also be eligible to receive protections under the Company's standard change in control agreement that is provided to other senior executives. Your change in control agreement (the "**Change in Control Agreement**") is attached as Exhibit A hereto.

5. **Non-Compete Agreement**. The offer contained in this Letter Agreement is conditioned upon your execution of the Non-Compete Agreement for Company executives attached as Exhibit B hereto (the "**Non-Compete Agreement** ").

6. **Miscellaneous.**

   a. This Letter Agreement shall be governed by and construed in accordance with the laws of the State of Florida, without reference to principles of conflict of laws. The captions of this Letter Agreement are not part of the provisions hereof and shall have no force or effect. This Letter Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

   b. This Letter Agreement and the payments referred to herein are intended to be fully compliant with or exempt from the requirements of Section 409A of the Code and the final regulations promulgated thereunder, taking into account any and all transition rules and relief promulgated by the Internal Revenue Service or the U.S. Department of Treasury regarding· compliance therewith, and, to the maximum extent permitted by law, shall be administered, operated and construed consistent with this intent. Any amounts payable solely on account of an involuntary separation from service within the meaning of Section 409A shall be excludible from the requirements of Section 409A, either as involuntary separation pay or as short-term deferral amounts (e.g., amounts payable under the schedule prior to March 15 of the calendar year following the calendar year of involuntary separation) to the maximum possible extent. Further, any reimbursements or in-kind benefits provided under this Letter Agreement shall be made or provided in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the period of time specified in this Letter Agreement, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit. In the event that you are a "specified employee" within the meaning of Section 409A of the Code (as determined by the Company or its delegate), any payments hereunder subject to Section 409A of the Code shall not be paid or provided until the earlier of (A) your death, or (B) the day after the expiration of the six-month period following your termination of employment (the "**Delay Period**"). Any payments that are delayed by virtue of this subparagraph shall be paid in one payment at the conclusion of the Delay Period.

c. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to you: the address on file with the Company.

If to the Company:
CSX Corporation 500 Water Street
Jacksonville, FL 32202
Attention: Executive Vice President, Chief Administrative Officer

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

d. The invalidity or unenforceability of any provision of this Letter Agreement shall not affect the validity or enforceability of any other provision of this Letter Agreement.

e. The Company may withhold from any amounts payable under this Letter Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

f. Your or the Company's failure to insist upon strict compliance with any provision of this Letter Agreement or the failure to assert any right you or the Company may have hereunder, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Letter Agreement.

g. You and the Company acknowledge that your employment by the Company is "at will" and, your employment may be terminated by either you or the Company at any time in which case you shall have no further rights other than those set forth in this Letter Agreement. From and after the Start Date this Letter Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof (not including, for the avoidance of doubt, the Change of Control Agreement).

h. You will be covered by the Company's director and officer liability policies on a substantially similar basis as other similarly situated executives.

We hope that you find the prospect of working for the Company to be an exciting opportunity, as we do. You may accept this offer of employment by signing and dating the enclosed duplicate original of this Letter Agreement and returning it to me. Please also sign and date the Change in Control Agreement and the Non-Compete Agreement attached as **Exhibit A** and **Exhibit** B hereto and return them with this Letter Agreement. We look forward to having you join us.

Very truly yours,
/s/ John J. Zillmer
Chairman of the Board

I have read and accepted this offer of employment.

/s/ Joseph R. Hinrichs

Dated: 9/1/2022

Exhibit A
Change in Control Agreement

Exhibit B
Non-Compete Agreement

Exhibit A

CSX CORPORATION
FORM OF CHANGE of CONTROL AGREEMENT

AGREEMENT by and between CSX CORPORATION, a Virginia corporation (the "Company"), and Joseph R. Hinrichs (the "Executive"), dated as of September 26, 2022.

The Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to ensure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control, and to provide the Executive with compensation and benefits arrangements upon a Change of Control which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other corporations. To accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Certain Definitions.

a. "Effective Date" means the first date during the Term (as defined in Section 1(b)) on which a Change of Control (as defined in Section 2) occurs. Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs, and the Executive's employment with the Company is terminated by the Company without Cause or the Executive resigns for Good Reason within three months prior to a Change of Control occurring during the Term, then, for all purposes of this Agreement "Effective Date" shall mean the date immediately prior to the date of such termination of employment or cessation of employment.

b. The "Term" means the period commencing on the date hereof and ending on the earlier to occur of (i) May 15, 2023, or (ii) Executive's termination of employment for any reason prior to the Effective Date; provided, however, that the Term shall end on an earlier date if the Company gives the Executive at least one year's advance written notice thereof.

2. Change of Control. For the purpose of this Agreement, a "Change of Control" shall have the meaning set forth in the CSX 2019 Stock and Incentive Award Plan (the "Equity Plan"); provided that, if any Change of Control is a Regulated Business Combination (as defined in the Equity Plan), but its implementation involves another "Change of Control" that is not a Regulated Business Combination, then for all purposes of this Agreement, such Change of Control shall not be deemed to be a Regulated Business Combination, the provisions governing a Regulated Business Combination shall not apply, and the provisions governing such other Change in Control shall apply.

3. Employment Period.

a. Generally. Subject to Section 3(b), the Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the third anniversary of such date (the “Employment Period”).

b. Regulated Business Combination. Notwithstanding the foregoing, in the case of a Change of Control that is a Regulated Business Combination, then for all purposes of this Agreement, the “Employment Period” shall mean the longer of (i) the period commencing on the Effective Date and ending on the third anniversary of such date or (ii) the period commencing on the Effective Date and ending twelve months following the effective date of a final decision by the Agency on the proposed Regulated Business Combination (“Final Regulatory Action”), provided, however, that (x) if the Final Regulatory Action is a denial of the Regulated Business Combination then for all purposes of this Agreement the “Employment Period” shall end upon the sixtieth (60th) day following such Final Regulatory Action and (y) if the Final Regulatory Action is an approval of the Regulated Business Combination, but the Regulated Business Combination is not consummated by the first anniversary of the Final Regulatory Action, then for all purposes of this Agreement the “Employment Period” shall end upon such first anniversary, of the Final Regulatory Action.

4. Terms of Employment.

a. Position and Duties. (i) During the Employment Period: (A) the Executive’s position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Effective Date, and (B) the Executive’s services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office or location less than 35 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, Executive agrees during normal business hours to diligently discharge the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive’s reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive’s responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive’s responsibilities to the Company.

b. <u>Compensation</u>. (i) <u>Base Salary</u>. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid at a monthly rate, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase, and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. Notwithstanding the preceding, an across-the-board reduction in Annual Base Salary applicable to all similarly situated peer executives implemented out of extreme business necessity and unrelated to a contemplated or anticipated Change of Control shall not be a violation of this section**.** As used in this Agreement, the term "affiliated companies" shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to Annual Base Salary, the Executive shall be eligible to earn, for each calendar year ending during the Employment Period, an annual bonus (the "Annual Bonus") in cash, based on Company performance levels, not less favorable (in terms both of dollar amounts and difficulty of achievement) to the Executive than the Executive's opportunity to earn such annual cash bonuses under the Company's annual incentive plans, or any comparable bonus under any predecessor or successor plan, for the last three full calendar years prior to the Effective Date (annualized in the event that the Executive was not employed by the Company for the whole of such calendar year). Notwithstanding the preceding, an across-the-board reduction of minimum, target and maximum Annual Bonus opportunities applicable to all similarly situated peer executives implemented out of extreme business necessity and unrelated to a contemplated or anticipated Change of Control shall not be a violation of this section. Each such Annual Bonus shall be paid no later than March 15 of the calendar year next following the calendar year for which the Annual Bonus is awarded, unless deferred pursuant to the terms of a deferred compensation plan maintained by the Company.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(v) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in carrying out Executive's duties hereunder, in accordance with the policies, practices and procedures of the Company and its affiliated companies in effect and applicable to the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies. Any required reimbursements shall be paid to Executive no later than the last day of the calendar year following the calendar year in which the underlying expense was incurred by the Executive, and the amount of expenses eligible for reimbursement during any year shall not affect the expenses eligible for reimbursement in any other year.

(vi) Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vii) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its affiliated companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

Notwithstanding Section 4(b)(iii)-(viii), benefits payable under a plan, practice, policy, or program that has been amended to reduce benefits or terminated within the 120-day period immediately preceding the Effective Date for reasons unrelated to affecting benefits due hereunder shall not be taken into account under such provisions. In the case of a plan, practice, policy or program amended to reduce benefits, only the higher pre-amendment benefit shall be disregarded.

5. Termination of Employment.

a. Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 13(c) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of the Executive's inability to engage in any substantial gainful activity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative. Executive agrees to cooperate with the Company and the selected physician so that such determination can be made.

b. Cause. The Company may terminate the Executive's employment during the Employment Period with or without Cause. For purposes of this Agreement, "Cause" shall mean:

(i) the willful and continued failure of the Executive to perform substantially the Executive's material duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company, which specifically identifies the manner in which the Board or the Chief Executive Officer believes that the Executive has not substantially performed the Executive's duties,

(ii) Executive's indictment, or plea of guilty or nolo contendere, for any crime (x) that is a felony or (y) that could reasonably be expected to adversely affect the reputation or the business of the Company or any affiliate,

(iii) the willful engaging by the Executive in illegal conduct or gross misconduct which is or could reasonably be expected to adversely affect the reputation or the business of the Company or any affiliate thereof,

(iv) the material violation of any Company policy by Executive, or the commission by Executive of an act involving moral turpitude, in each case, that adversely and substantially affects the reputation or business of the Company or any affiliate or

(v) a material breach by Executive of Executive's obligations under this Agreement; provided that Executive has been given written notice of the alleged material breach and, if susceptible to cure, has not reasonably cured such breach within thirty (30) days of the giving of such notice.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

c. Good Reason. The Executive's employment may be terminated by the Executive during the Employment Period for Good Reason. For purposes of this Section 5(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive. For purposes of this Agreement, "Good Reason" shall mean:

(i) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 4(a) of this Agreement, or any other diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) any failure by the Company to comply with any of the provisions of Section 4(b) of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) the Company's requiring the Executive to be based at any office or location other than as provided in Section 4(a)(i)(B) hereof or the Company's requiring the Executive to travel on Company business to a materially greater extent than required immediately prior to the Effective Date, in either case without the Executive's prior consent;

(iv) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement; or

(v) any failure by the Company to comply with and satisfy Section 12(c) of this Agreement.

Notwithstanding the foregoing, Good Reason shall not exist unless (i) the Executive provides a "Notice of Termination" (as defined below) to the Company that includes the grounds for Good Reason within 60 days after the initial existence of such grounds for Good Reason, (ii) the Company hasn't cured the circumstances giving rise to Good Reason within 60 days after receipt of such notice and (iii) the Executive resigns from employment within 120 days after the initial existence of the circumstances giving rise to Good Reason.

d. Regulated Business Combination. Notwithstanding the foregoing, in the case of a Change of Control that is a Regulated Business Combination, then for all purposes of this Agreement, during that portion of the Employment Period prior to Final Regulatory Action, the Executive may not exercise his or her rights to terminate the Executive's employment under this Agreement for "Good Reason." During such period, the Executive may only terminate his or her employment under this Agreement and receive benefits under Section 6 if the Executive is "Constructively Terminated" by the Company. Moreover, except to the extent expressly set forth in the definition of "Constructive Termination," the Executive shall have no remedy for any breach by the Company of the provisions of Section 4; provided, however, that any failure of the Company to comply in any material respect with the provisions of Section 4 shall create a rebuttable presumption that a Constructive Termination has occurred.

For purposes of this Agreement, a "Constructive Termination" shall mean:

(i) substantial diminution of the Executive's duties or responsibilities as contemplated by Section 4(a) of this Agreement, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) a reduction in the Executive's Annual Base Salary;

(iii) a failure by the Company to comply with Section 4(b)(ii) regarding the Annual Bonus;

(iv) a reduction in the Executive's other incentive opportunities, benefits or perquisites described in Section 4(b) unless the Executive's peer executives suffer a comparable reduction;

(v) the Company's requiring the Executive to be based at any office or location other than as provided in Section 4(a)(i)(B) hereof or the Company's requiring the Executive to travel on Company business to a materially greater extent than required immediately prior to the Effective Date, in either case without the Executive's prior consent; or

(vi) any purported termination by the Company of the Executive's employment otherwise than for Cause or Disability.

Notwithstanding the foregoing, a Constructive Termination shall not exist unless (i) the Executive provides a Notice of Termination to the Company that includes the grounds for Constructive Termination within 60 days after the initial existence of such grounds for Constructive Termination, (ii) the Company hasn't cured the circumstances giving rise to Constructive Termination within 60 days after receipt of such notice and (iii) the Executive resigns from employment within 120 days after the initial existence of the circumstances giving rise to Constructive Termination.

During that portion of the Employment Period after Final Regulatory Action, the Executive may terminate his or her employment under this Agreement for "Good Reason."

e. Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason or Constructive Termination, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 13(c) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason, Cause or Constructive Termination shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

f. Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason or Constructive Termination, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination, and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be. For purposes of any benefit to be provided or any amount payable under this Agreement that is subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), termination of employment shall not be deemed to occur unless it is reasonably expected that Executive will provide no further services to the Company or its affiliates, as defined in Section 414(b) or (c) of the Code, or that the level of *bona fide* services will drop to 20% or less of the average level of services provided by Executive over the thirty-six (36) months preceding Executive's termination of employment. If Executive continues to provide *bona fide* services to the Company or any of its affiliates at a level that is more than 20% of the average level of services provided by Executive over such thirty-six (36) month period, then Executive shall be deemed not to have experienced a termination of employment.

6. Obligations of the Company upon Termination.

a. Without Cause, Good Reason or Constructive Termination. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason or Constructive Termination, then, subject to the Executive's execution and non-revocation of the Company's customary separation and release of claims agreement (the "**Release Agreement**"), the Company shall provide the following payments and benefits:

(i) The Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of (A), plus (B), plus (C) as follows:

A. the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid and (2) any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1) and (2) shall be hereinafter referred to as the "Accrued Obligations"); and

B. an amount equal to the product of (1) 3 and (2) the sum of (x) the Executive's Annual Base Salary in effect on the date of Executive's termination of employment (or, if greater, the Executive's Annual Base Salary in effect immediately before any salary reduction therein triggering the event leading to Executive's termination) and (y) the Target Bonus; and

C. an amount equal to 102% of the aggregate employee and employer premiums for the medical, group life and disability benefits that the Executive and the Executive's dependents receive from the Company as of immediately prior to the date of termination that would have been paid over a three-year period (based on the premium rates as in effect immediately prior to the Termination Date), as determined by the Company in good faith (which determination shall be final and binding); and

D. the product of (x) the Annual Bonus the Executive would have received for the year of termination (based upon the Executive's target opportunity and the annual incentive plan's achievement percentage) had the Executive remained employed for the entire performance period to which such Annual Bonus relates and (y) a fraction, the numerator of which is the number of days in the current calendar year through the Date of Termination, and the denominator of which is 365.

The amounts set forth in (A), (B) and(C) shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination. The amount set forth in (D) shall be paid following completion of the relevant performance period at the same time Annual Bonuses are normally paid pursuant to the terms of the applicable plan.

In the event that Executive is a "specified employee" within the meaning of Section 409A of the Code (as determined by the Company or its delegate), any payments hereunder that constitute nonqualified deferred compensation pursuant to Section 409A of the Code shall not be paid or provided until the earlier of (A) the Executive's death, or (B) the expiration of the 6-month period following Executive's termination of employment (the "Delay Period"). Any payments that are delayed by virtue of this subparagraph shall (I) be paid in one payment at the conclusion of the Delay Period and (II) include interest computed at five percent (5%) per annum for the duration of the Delay Period.

(iii) The Company shall during the period commencing on the Date of Termination and ending on the last day of the second calendar year following the calendar year in which Executive's termination of employment occurred, at its sole expense as incurred, provide the Executive with outplacement services, the scope and provider of which shall be selected by the Executive in his or her sole discretion, but at a cost not in excess of $40,000.

(iv) To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies, including earned but unpaid stock and similar compensation and any annual or long-term incentive compensation earned with respect to a performance period completed prior to the Executive's termination date but not yet fully paid as of such termination date (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

Payment of any severance benefits hereunder is subject to the Executive's compliance with the Confidentiality, Non-Solicitation and Non-Competition Agreement entered into with the Company (the "Non-Compete Agreement"), and to the extent that the Executive violates the Non-Compete Agreement or otherwise fails to comply with the terms of the Company's Release Agreement, the Executive will forfeit the Executive's right to any severance payments hereunder and the Company may require the Executive to repay any severance payments previously paid to the Executive under this Agreement.

b. Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(b) shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and affiliated companies to the estates and beneficiaries of peer executives of the Company and such affiliated companies under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its affiliated companies and their beneficiaries. Notwithstanding the preceding, benefits payable under a plan, practice, policy, or program that has been amended to reduce benefits or terminated within the 120-day period immediately preceding the Effective Date for reasons unrelated to affecting benefits due hereunder shall not be taken into account. In the case of a plan, practice, policy or program amended to reduce benefits, only the higher pre-amendment benefit shall be disregarded.

c. Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(c) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its affiliated companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its affiliated companies and their families. Notwithstanding the preceding benefits payable under a plan, practice, policy, or program that has been amended to reduce benefits or terminated within the 120-day period immediately preceding the Effective Date for reasons unrelated to affecting benefits due hereunder shall not be taken into account. In the case of a plan, practice, policy or program amended to reduce benefits, only the higher pre-amendment benefit shall be disregarded.

d. Cause; Other than for Good Reason or Constructive Termination. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) the Executive's Annual Base Salary through the Date of Termination, and (y) Other Benefits, in each case to the extent theretofore unpaid. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason or Constructive Termination, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

7. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies for which the Executive

may qualify, nor, subject to Section 13(g), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest regardless of the outcome thereof by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment, at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code; provided, that the Executive shall repay to the Company all such amounts paid by the Company, and shall not be entitled to any further payments hereunder, in connection with a contest originated by the Executive if the trier of fact in such contest determines that the Executive's claim was not brought in good faith or was frivolous.

9. Limitations on Payments by the Company.

a. Except as provided in Section 8, the Company shall determine whether to reduce any payment or distribution to be made by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or under another plan, agreement or arrangement) (a "Payment") in accordance with paragraph (i) of this Section 9(a), or to make such Payments in full in accordance with paragraph (ii) of this Section 9(a).

(i) If any Payment or Payments would otherwise constitute an "excess parachute payment," as defined in Section 280G of the Code, the Payment or Payments shall be reduced (but not below zero) to the largest amount that will result in no portion of the Payments being subject to the excise tax imposed under Section 4999 of the Code (the "Reduced Amount").

(ii) Notwithstanding Section 9(a)(i), Executive shall receive full Payment if it is determined that the net after-tax benefit the Executive would receive, after taking into account both income taxes and any excise tax imposed under Section 4999 of the Code ("Excise Tax"), is greater than the net after-tax amount the Executive would receive based on the application of Section 9(a)(i). In this event, Executive shall be responsible for the payment of any Excise Tax.

To the extent Payments are reduced pursuant to Section 9(a)(i), Payments shall be reduced by the Company in its reasonable discretion in the following order: (A) reduction of any cash payment, excluding any cash payment with respect to the acceleration of equity awards, that is otherwise payable to the Executive that is exempt from Section 409A of the Code, (B) reduction of any other payments or benefits otherwise payable to the Executive on a pro-rata basis or such other manner that complies with Section 409A of the Code and (C) reduction of any payment with respect to the acceleration of equity awards that is otherwise payable to the Executive that is exempt from Section 409A of the Code.

b. Subject to the provisions of Section 9(c), all determinations required to be made under this Section 9, including whether Executive will receive a Reduced Amount or full Payment and the assumptions to be utilized in arriving at such determination, shall be made by a certified public accounting firm, law firm, or other advisor as may be designated by the Company (the “Advisor”) which shall provide detailed supporting calculations both to the Company and the Executive at least 7 business days prior to the date any Payment is scheduled to be made or commence. In the event that the Advisor is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Company shall appoint another recognized firm to make the determinations required hereunder (which firm shall then be referred to as the Advisor). All fees and expenses of the Advisor shall be borne solely by the Company. Any determination by the Advisor shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of the Excise Tax at the time of the initial determination by the Advisor hereunder, it is possible that Payments which will not have been made by the Company should have been made (“Underpayment”), consistent with the calculations required to be made hereunder. The Advisor shall determine the amount of any Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

c. If the Executive receives a Payment, the Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Executive of an Excise Tax. Such notification shall be given as soon as practicable but no later than ten business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order to effectively contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any unintended tax liability (including interest and penalties with respect thereto) resulting from such representation and the payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any unintended tax liability (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which an Excise Tax would be payable hereunder with respect to a Reduced Amount and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

d. If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 9(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid.

10. Confidential Information.

a. The Executive shall hold in a fiduciary capacity for the benefit of the Company all confidential or proprietary information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the

Company, the Executive shall not, unless otherwise required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In addition, to the extent that the Executive is a party to any other agreement relating to confidential information, inventions or similar matters with the Company, the Executive shall continue to comply with the provisions of such agreements. In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

b. Notwithstanding anything to the contrary, nothing in Section 10(a) or any other provision of this Agreement shall prohibit or impede the Executive from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (a "Governmental Entity"), without notifying the Company, with respect to possible violations of any U.S. federal, state or local law or regulation, or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation, provided that in each case such communications and disclosures are consistent with and protected under the provisions of an applicable whistleblower protection law (collectively, the "Protected Activity"). The Company may not retaliate against the Executive for any Protected Activity, and nothing in this Agreement requires the Executive to waive any monetary award or other payment which the Executive might be entitled to receive from a Governmental Entity in connection with any Protected Activity.

11. Arbitration. The Company and the Executive agree that all disputes, controversies, and claims arising between them concerning the subject matter of this Agreement, other than Sections 9 and 10, shall be settled by arbitration in accordance with the rules and procedures of the American Arbitration Association then in effect. The location of the arbitration will be Jacksonville, Florida or such other place as the parties may mutually agree. In rendering any award or ruling, the arbitrator or arbitrators shall determine the rights and obligations of the parties according to the substantive and procedural laws of the State of Florida. The parties to any such dispute, controversy, or claim shall attempt to agree upon the selection of a single arbitrator. If after a reasonable period of time the parties are unable to agree upon such a single arbitrator, then three arbitrators will be appointed with each party selecting an arbitrator from the American Arbitration Association's available panel of arbitrators, and the parties agreeing upon the selection of a third arbitrator. If the parties cannot agree upon the selection of a third arbitrator, then the two arbitrators selected by the parties shall agree upon a third arbitrator from the panel of American Arbitration Association arbitrators. If the two arbitrators are unable to so agree on a third arbitrator, the third arbitrator shall be selected by the American Arbitration Association. Any arbitration pursuant to this section shall be final and binding on the parties, and judgment upon any award rendered in such arbitration may be entered in any court, state or federal, having jurisdiction. All fees and expenses of the arbitration shall be born in accordance with Section 8. The arbitrator or arbitrators shall have no authority to award provisional relief, injunctive remedies, or punitive damages. The parties expressly acknowledge that they are waiving their right to seek remedies in court, including without limitations the right if any to a jury trial.

12. Successors.

a. This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

b. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

c. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

13. Miscellaneous.

a. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

b. This Agreement is intended to be fully compliant with the requirements of Section 409A of the Code and the final regulations promulgated thereunder, taking into account any and all transition rules and relief promulgated by the Internal Revenue Service or the U.S. Department of Treasury regarding compliance therewith, and, to the maximum extent permitted by law, shall be administered, operated and construed consistent with this intent. Any amounts payable solely on account of an involuntary separation from service within the meaning of Section 409A shall be excludible from the requirements of Section 409A, either as involuntary separation pay or as short-term deferral amounts (*e.g.*, amounts payable under the schedule prior to March 15 of the calendar year following the calendar year of involuntary separation) to the maximum possible extent. Further, any reimbursements or in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the period of time specified in this Agreement, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

c. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:
Joseph Hinrichs
[Redacted]

If to the Company:
CSX Corporation
500 Water Street
Jacksonville, FL 32202
Attention: Executive Vice President & Chief Administrative Officer

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

d. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

e. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

f. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason or Constructive Termination pursuant to Section 5 of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

g. The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, subject to Section 1(a) hereof, prior to the Effective Date, the Executive's employment may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

14. Other Agreements Unaffected. Except as otherwise expressly provided herein, this Agreement shall have no effect on any other agreement between the Executive and the Company or any of its affiliates, and any such agreement shall remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive’s hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

Joseph Hinrichs (Employee ID: [Redacted])

By: /s/ Joseph R. Hinrichs
9/1/2022

CSX CORPORATION

By: /s/ Diana B. Sorfleet
Diana B. Sorfleet
Executive Vice President & Chief Administrative Officer
9/13/2022

Exhibit 10.2

CSX

September 14, 2022

James M. Foote
c/o CSX Corporation
500 Water Street, 15th Floor Jacksonville, FL 32202

Dear James:

This letter agreement (this **"Agreement")** sets forth our mutual agreement concerning the transition of your duties in connection with your retirement as Chief Executive Officer of CSX Corporation (the **"Company"),** and its subsidiaries and affiliates (collectively, the **"Company Group").**

1. *Transition and Consulting Periods.*

    a. You will retire from your position as the Chief Executive Officer of the Company and from your service as a member of the Board of Directors of the Company (the **"Board"),** effective as of September 26, 2022 (the **"Transition Date").** At such time, you will continue in the employment of the Company, serving as a Special Advisor to the Company **("Special Advisor"),** for a transition period beginning on the Transition Date and ending on December 31, 2022 (the **"Transition Period"),** and your employment (including any employment with any member of the Company Group) will terminate in all capacities on December 31, 2022. Following the Transition Period, you will provide services to the Company as a non-employee consultant for a period beginning on January 1, 2023 and ending on March 31, 2023 (the **"Consulting Period").** For the avoidance of doubt, your retirement pursuant to this Agreement shall constitute a "retirement" or a "Retirement" for purposes of your Employment Letter with the Company, dated October 25, 2017, as amended on December 22, 2017 (your **"Employment Letter")** and your equity incentive awards.

2. *Transition and Consulting Services.*

    a. As a Special Advisor, during the Transition Period, you will continue to be a full-time employee of the Company and will make yourself available to perform such duties as the Board or the successor Chief Executive Officer of the Company may request from time to time, including (but not limited to) (the **"Transition Services"):** (i) assisting the successor Chief Executive Officer in the assumption of his duties and facilitating a smooth transition of your duties; (ii) providing advice to the Board and senior management of the Company, (iii) attending meetings of the Board as requested by the Board, (iv) reviewing and approving the Company's financial results for its fiscal quarter ending September 30, 2022 and (v) such other services as reasonably requested by the Board from time to time.

b. During the Consulting Period, you will provide such services to the Company as you and the Board mutually agree in good faith are necessary or appropriate in furtherance of the transition of your duties hereunder (the **"Consulting Services",** and, together with the Transition Services, the **"Services").**

3. *Compensation.*

 a. During the Transition Period, you will continue to (i) receive your current base salary at the annual rate of $1,550,000.00 **("Base Salary"),** payable in accordance with the Company's regular payroll practices, (ii) be eligible to receive your annual bonus opportunity in effect for 2022 based on actual performance in accordance with the terms of the Company's Management Incentive Compensation Plan for 2022 and payable at the time bonuses are paid to the Company's other senior executives, and (iii) participate as an employee in the Company's health and welfare plans and programs in accordance with their terms.

 b. As compensation for your Consulting Services, during the Consulting Period, the Company will pay you a monthly fee of $350,000.00 (the **"Consulting Fee"),** which will be paid on a monthly basis in arrears subject to your providing the Consulting Services as and to the extent requested by the Company during the Consulting Period.

 c. Your outstanding equity incentive awards will be treated in accordance with the terms of your Employment Letter.

 d. Except as set forth in this Agreement or as required by applicable law or with respect to vested rights and benefits under the Company's employee benefit plans, you will not be entitled to any compensation or benefits or to participate in any past, present or future employee benefit programs or arrangements of the Company Group after the completion of the Transition Period (or any earlier termination of your employment hereunder).

4. *Business Expenses.* The Company will reimburse you for all reasonable travel and other expenses incurred by you in performing the Services in accordance with the Company's expense reimbursement policies.

5. *Termination.* Notwithstanding anything in this Agreement to the contrary, the Board may terminate this Agreement and the Transition Period or Consulting Period (as applicable) to the extent that circumstances exist that would have constituted grounds to terminate your employment for "Cause" (as such term is defined in your Employment Letter) under the Employment Letter. The date on which this Agreement terminates will be referred to as the **"Termination Date".**

6. *Independent Contractor Status.* During the Consulting Period, you will act solely as an independent contractor with respect to the Company, and as such, you will not be authorized to bind the Company to third parties without the prior written consent of the Company. You hereby acknowledge and agree that the Consulting Fee payable pursuant to this Agreement will represent fees for services as an independent contractor, and will

therefore be paid without any deductions or withholdings taken therefrom for taxes or for any other purpose. You will be solely responsible for the payment of any federal, state, or local income or self employment taxes imposed on you with respect to payment of the Consulting Fee.

7. *Covenants and Agreements.* You acknowledge and agree that you remain subject to the covenants set forth in the Non-Compete Agreement, entered into by and among you and the Company as of October 25, 2017 (the **"Non-Compete Agreement"),** and all other confidentiality, noncompetition, nonsolicitation and other restrictive covenants that you may be subject to under any other agreement with the Company Group, which are incorporated herein by reference as if such provisions were set forth herein in full. For the avoidance of doubt, for purposes of your Non-Compete Agreement, your employment will be deemed to terminate on December 31, 2022.

8. *Cooperation.* Following the Termination Date, you agree to cooperate fully with the Company and its counsel with respect to any matter (including, without limitation, any litigation, investigation or government proceeding or any matter relating to the transition of your duties as Chief Executive Officer) that relates to matters with which you are or were involved or about which you had knowledge during your employment with the Company.

9. *Return of Property.* No later than seven (7) days following the Termination Date, you will deliver to the Company (or, if requested by any member of the Company Group, destroy) all property made available to you in connection with your employment or services by any member of the Company Group, including, without limitation, any and all records, manuals, customer lists, notebooks, cellphones, electronic devices, computers, computer programs, credit cards, and files, papers, electronically stored information and documents kept or made by you in connection with your employment or services.

10. *Indemnification and D&O Coverage.* Nothing in this Agreement will adversely affect your rights with respect to Company-provided indemnification and directors and officers **("D&O")** insurance coverage relating to your employment with the Company, and the Company will continue to provide you with indemnification rights under and in accordance with its regular D&O policies during the Consulting Period (and for actions that may arise in respect of your activities during the Consulting Period).

11. *Employee Protections.* Nothing in this Agreement or otherwise limits your ability to communicate directly with and provide information, including documents, not otherwise protected from disclosure by any applicable law or privilege to the Securities and Exchange Commission (the **"SEC"),** any other federal, state or local governmental agency or commission **("Government Agency")** or self-regulatory organization regarding possible legal violations, without disclosure to the Company. The Company may not retaliate against you for any of these activities, and nothing in this Agreement requires you to waive any monetary award or other payment that you might become entitled to from the SEC or any other Government Agency or self-regulatory organization. Further, nothing in this Agreement precludes you from filing a charge of discrimination with the Equal Employment Opportunity Commission or a like charge or complaint with a state or local fair employment practice agency. However, once this Agreement becomes effective, you may not receive a monetary award or any other form of personal relief from the Company in connection with any such charge or complaint that you filed or is filed on your behalf. Pursuant to the Defend Trade Secrets Act of 2016, the parties hereto acknowledge and agree that you will not have criminal or civil liability under any Federal or State trade

secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the trade secret to your attorney and may use the trade secret information in the court proceeding, if you (X) file any document containing the trade secret under seal and (Y) do not disclose the trade secret, except pursuant to court order.

12. *Section 409A.* This Agreement and the payments to be made hereunder are intended to comply with, or be exempt from, Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder and, accordingly, to the maximum extent permitted, this Agreement will be interpreted and construed in compliance therewith. In no event will the Consulting Services comprise more than 20% of the average level of services you performed for the Company over the 36-month period preceding December 31, 2022. With respect to any reimbursement of expenses to you as specified under this Agreement, such reimbursement of expenses will be subject to the following conditions: (i) the expenses eligible for reimbursement provided in one taxable year will not affect the expenses eligible for reimbursement in any other taxable year; (ii) the reimbursement of an eligible expense will be made no later than the end of the year after the year in which such expense was incurred; and (iii) the right to reimbursement will not be subject to liquidation or exchange for another benefit.

13. *Miscellaneous.*

    a. *Entire Agreement.* This Agreement sets forth the entire agreement and understanding of the parties hereto with respect to the matters covered hereby and supersedes and replaces any express or implied prior agreement with respect to the terms of your employment and the termination thereof which you may have had with the Company Group (including, without limitation, your Employment Letter, but excluding, for the avoidance of doubt, the Non-Compete Agreement); provided, however, that this Agreement does not supersede or replace any rights that you may have under your Employment Letter or any other agreement with the Company to vested payments or benefits that you are entitled to after your retirement from the Company.

    b. *Governing Law.* This Agreement will be governed by, and construed in accordance with, the laws of the State of Florida (determined without regard to the choice of law provisions thereof).

    c. *Withholding.* Any payments made to you under this Agreement will be reduced by any applicable withholding taxes or other amounts required to be withheld by law or contract.

    d. *Waiver and Amendment.* Any waiver, alteration, amendment, or modification of any of the terms of this Agreement will be valid only if made in writing and signed by each of the parties hereto. No waiver by either of the parties hereto of their rights hereunder will be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

e. *Severability.* In the event that any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remainder of this Agreement will not in any way be affected or impaired thereby. If any provision of this Agreement is held to be excessively broad as to duration, activity or subject, such provision will be construed by limiting and reducing it so as to be enforceable to the maximum extent allowed by applicable law.

f. *Counterparts.* This Agreement may be executed in one or more counterparts, which together will constitute one and the same agreement.

g. *Notices.* Every notice or other communication relating to this Agreement will be in writing, and will be mailed to or delivered to the party for whom or which it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; provided that, unless and until some other address be so designated, all notices and communications by you to the Company will be mailed or delivered to the Company at its principal executive office, and all notices and communications by the Company to you may be given to you personally or may be mailed to you at your last known address, as reflected in the Company's records. Any notice so addressed will be deemed to be given or received (i) if delivered by hand, on the date of such delivery, (ii) if mailed by courier or by overnight mail, on the first business day following the date of such mailing, and (iii) if mailed by registered or certified mail, on the third business day after the date of such mailing.

[Signature Page Follows]

CSX Corporation

By: /s/ John J. Zillmer
Name: John J. Zillmer
Title: Chair of the Board

ACCEPTED AND AGREED:

/s/ James M. Foote
James M. Foote

Date: 9/14/2022

Exhibit 10.3

CSX CORPORATION EXECUTIVE SEVERANCE PLAN

1. <u>Purpose</u>

CSX Corporation (”CSX”) has adopted the CSX Corporation Executive Severance Plan (the “Plan”) effective as of September 14, 2022 (the “Effective Date”) for eligible executive officers and other key employees of CSX and its subsidiaries (collectively, the “Company”). The purpose of the Plan is to provide severance protections to promote the retention and focus of these employees.

2. <u>Eligibility</u>

You are eligible to receive Severance Benefits (as defined in Section 3 below) under the Plan if (i) your employment is terminated by the Company without Cause (as defined below) (a “Qualifying Termination”), (ii) at the time of such termination, you are employed in a position set forth on <u>Appendix A</u> attached hereto (an “Eligible Position”) and (iii) you have not otherwise been specifically excluded by the Company in writing from participation in the Plan. For the avoidance of doubt, and notwithstanding any other provision of the Plan, you will not be eligible for severance payments and benefits under the Plan if your employment terminates by reason of any of the following: (A) by the Company for Cause, (B) due to your death or Disability (as defined below), (C) due to your voluntary retirement or (D) due to your resignation (with or without good reason). The date on which your employment with the Company terminates will be referred to herein as your “Termination Date”.

For purposes of the Plan, “Cause” means the following:

(a) your indictment for, conviction of, or a plea of guilty or nolo contendere to, (i) a felony or
(ii) any other crime involving fraud, embezzlement, misconduct or other any act of moral turpitude;

(b) your embezzlement, breach of fiduciary duty or fraud with regard to the Company or any of its affiliates or any of their respective assets or businesses;

(c) your continued failure to perform your duties, in the reasonable judgment of the Company;

(d) your dishonesty, willful misconduct, or illegal conduct relating to the affairs of the Company or any of its affiliates or any of their respective customers;

(e) your breach of a material provision of any contractual obligation to the Company or any of its affiliates;

(f) other conduct by you that may be harmful to the business, interests, or reputation of the Company or any of its affiliates, including any material violation of a policy of the Company or any of its affiliates.

For purposes of the Plan, "Disability" means, "disability" as defined in your offer letter or employment or similar agreement with CSX or a subsidiary, if any, or if not so defined, a disability that would qualify as such under the Company's long-term disability plan.

3. Severance Payments and Benefits

Upon your Qualifying Termination, you will be eligible to receive, subject to your execution and non-revocation of a Release (as defined in Section 4) and compliance with post- employment restrictive covenants as set forth in the Plan, the following severance payments and benefits (collectively, the "Severance Benefits"):

(a) *Severance Pay*. You will receive cash severance pay ("Severance Pay") in the following amount, paid in substantially equal installments in accordance with the Company's payroll practices for a period of twelve (12) months following your Termination Date:

(i) If, as of your Termination Date, you are in an Eligible Position with a career level of an Executive Vice President, Senior Vice President or Vice President of the Company, your Severance Pay will be an amount equal to the sum of: (A) one times your then- current base salary and (B) one times your then-current target bonus under the CSX Management Incentive Compensation Plan or other applicable annual cash incentive plan in which you participate (as applicable, the "Annual Incentive Plan").

(ii) If, as of your Termination Date, you are in an Eligible Position with a career level of Assistant Vice President or Head of Department of the Company, your Severance Pay will be an amount equal to 1.25 times your then-current base salary.

(b) *Pro Rata Bonus*. You will receive a pro rata bonus under the Annual Incentive Plan for the year in which your Termination Date occurs (the "Pro Rata Bonus"), determined by multiplying (i) a fraction, the numerator of which is the number of days that have elapsed from the first day of the fiscal year in which your Termination Date occurs through your Termination Date and the denominator of which is 365 by (ii) the amount of the bonus that is earned based on the actual achievement of the performance criteria applicable to the Annual Incentive Plan following the end of the year in which your Termination Date occurs. Payment of your Pro Rata Bonus will be made in a lump sum at the time that annual incentive bonuses are normally paid under the Annual Incentive Plan.

(c) *Health Continuation.* You will remain eligible to continue participation in the Company's medical and dental plans (in accordance with the requirements of COBRA and applicable law), on the same basis as you participated as of immediately prior to your Termination Date (including with respect to contributions to the health care reimbursement account provided that you meet regulations of the Internal Revenue Service for participation, but excluding corresponding employer contributions), for a period ending on the earlier of (i) twelve (12) months following your Termination Date and (ii) the date on which you become eligible for health coverage from a subsequent employer.

(d) *Prior Year Bonus*. You will receive any earned but unpaid bonus under the Annual Incentive Plan in respect of the most-recent bonus performance period ending prior to the Termination Date, payable in a lump sum at the time that annual incentive bonuses are normally paid under the Annual Incentive Plan.

(e) *Treatment of Equity Awards.* Any outstanding equity- or equity-based awards that you hold under the Company's long-term incentive plans as of your Termination Date will be treated in accordance with the terms of the applicable plan and award agreement under which such award was granted.

(f) *Outplacement Services.* You will receive outplacement services for one (1) year following your Termination Date, through organizations designated by the Company, provided that you initiate these outplacement services within six (6) months after your Termination Date.

(g) *Financial Planning Assistance.* If, as of your Termination Date, you are in an Eligible Position with a career level of an Executive Vice President, Senior Vice President or Vice President of the Company, you will receive financial and tax planning assistance for one (1) year following your Termination Date, through organizations designated by the Company.

4. <u>Requirements of Release and Waiver and Compliance with Restrictive Covenants</u>

In order to be eligible to receive the Severance Benefits, you must: (i) sign and deliver to the Company, within the time set by the Company (which will be either 21 or 45 days in accordance with applicable law), an effective Employment Separation Agreement and Release (a "Release") in a form provided by the Company, (ii) you do not revoke the Release following delivery of the Release to the Company, if revocation is permitted (the date on which the applicable revocation period expires without you having revoked the Release and the Release becomes non- revocable, the "Release Effective Date")); and (iii) comply, and continue to comply, with the terms of the Release and of any non-competition, non-solicitation, non-disparagement, confidentiality, or other restrictive covenant obligation owed to the Company or any of its affiliates, for the applicable duration of each such covenant.

Notwithstanding anything to the contrary in the Plan, (x) no payments under the Plan will be made until the Release Effective Date, (y) if the period during which you may execute the Release begins in one calendar year and ends in the next calendar year, then the payments will not commence until the second calendar year and (z) any such payments that are delayed pursuant to the foregoing clauses (x) or (y) will instead be made in the first payroll period to occur after the Release Effective Date and the start of the second calendar year (if applicable). In addition, in the event of your breach of the terms of any restrictive covenant obligation to the Company or any of its affiliates, you will not be entitled to any further payments or benefits under the Plan, and you may (in the discretion of the Company) be obligated to repay any amounts previously paid under the Plan and any other payments or benefits previously provided under the Plan may be subject to recovery pursuant to any clawback or similar policy adopted by the Company.

5. No Duplication of Benefits/No Substitution

Nothing in the Plan or any other change in control plan or agreement, offer letter or letter agreement from the Company or any of its affiliates, prevailing practice of the Company or any of its affiliates, or oral statement made by or on behalf of the Company or any of its affiliates (each, an "Existing Arrangement") will entitle you to receive duplicate payments or benefits in connection with a voluntary or involuntary termination of employment, including under the CSX Corporation Severance Pay Plan. Notwithstanding any other provision in the Plan to the contrary, if you are entitled to any severance or similar payments or benefits outside of the Plan by operation of applicable law or under an Existing Arrangement, your payments and benefits provided under the Plan will be reduced by the value of the severance or similar payments or benefits that you receive by operation of applicable law or under any applicable Existing Arrangement. The Company's obligation to make payments or provide benefits under the Plan will be expressly conditioned upon you not receiving duplicate payments or benefits. If you owe the Company or any of its affiliates money for any reason, the Company may offset the amount of the debt from your Severance Benefits to the extent permitted by law; *provided*, *however*, that, any such offset shall be applied in a manner consistent with Section 409A ("Section 409A") of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder (the "Code") to the extent that the Severance Benefits are subject to Section 409A of the Code.

6. Accrued Amounts; Employee Benefits

In the event of a termination of your employment for any reason, as of your Termination Date, you will receive: (i) any base salary earned but not paid through the Termination Date, paid on the next regularly scheduled payroll date, (ii) any unreimbursed business expenses that are otherwise reimbursable, and (iii) all other vested accrued benefits, if any, due to you, as determined in accordance with the plans, policies and practices of the Company and its affiliates and applicable law.

From and after your Termination Date, except as otherwise expressly provided in the Plan, you will not be considered an employee of the Company or any of its affiliates for any purpose, including eligibility under any Company employee benefit plans, including, without limitation: (i) further contributions under the CSXtra 401(k) Plan, (ii) accrual of further benefits under the CSX Pension Plan, (iii) dependent care reimbursement benefits, (iv) the Company's disability plan, (v) the Company's travel accident plan, (vi) sick leave or vacation days or (vii) any form of incentive compensation.

7. Amendment and Plan Termination

CSX, by action of the Compensation and Talent Management Committee of the Board of Directors of CSX, reserves the right to amend or terminate the Plan or the benefits provided hereunder at any time in its sole discretion. Any amendment or termination of the Plan will be in writing. However, if after you have incurred a Qualifying Termination under the Plan, no amendment or termination of the Plan may, without your written consent, reduce or alter to your detriment, the payments and benefits to which you are entitled.

8. **Additional Plan Information**

(a) *Employment Status*. The Plan does not constitute a contract of employment, and nothing in the Plan provides or may be construed to provide that participation in the Plan is a guarantee of continued employment with the Company or any of its affiliates.

(b) *Withholding of Taxes*. The Company or your employer will withhold from any amounts payable under the Plan all Federal, state, local or other taxes that are legally required to be withheld from your Severance Benefits.

(c) *Validity and Severability*. The invalidity or unenforceability of any provision of the Plan will not affect the validity or enforceability of any other provision of the Plan, which will remain in full force and effect, and any prohibition or unenforceability in any jurisdiction will not invalidate that provision, or render it unenforceable, in any other jurisdiction.

(d) *Unfunded Obligation*. All severance payments and benefits under the Plan constitute unfunded obligations of the Company. Severance payments will be made, as due, from the general funds of the Company. The Plan constitutes solely an unsecured promise by the Company to provide Severance Benefits to you to the extent provided in the Plan.

(e) *Type of Plan and Governing Law*. The plan is designed to qualify as a severance pay arrangement within the meaning of Section 3(2)(B)(i) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and is intended to be excepted from the definitions of "employee pension benefit plan" and "pension plan" set forth under Section 3(2) of ERISA and is intended to meet the descriptive requirements of a plan constituting a "severance pay plan" within the meaning of the regulations published by the Secretary of Labor. The Plan and all rights under it will be governed and construed in accordance with ERISA and, to the extent not preempted by Federal law, with the laws of the State of Florida.

(f) *Successors and Assigns*. The Plan will be binding upon and inure to the benefit of CSX and its successors and assigns and will be binding upon and inure to the benefit of you and your legal representatives, heirs and legatees. Your rights under the Plan will not otherwise be transferable or subject to lien or attachment.

9. **Section 409A of the Code**

To the extent any payments or benefits under the Plan are subject to Section 409A of the Code, the Plan will be interpreted and administered to the maximum extent possible to comply with Section 409A of the Code. For purposes of any payments or benefits under the Plan subject to Section 409A of the Code:

(a) You will not be considered to have terminated employment with the Company and its affiliates unless you would be considered to have incurred a "separation from service" within the meaning of Section 409A of the Code.

(b) Each separate payment to be made or benefit to be provided under the Plan will be construed as a separate identified payment for purposes of Section 409A of the Code.

(c) If you are a “specified employee” within the meaning of Section 409A of the Code at the time of your separation from service, to the extent required under Section 409A of the Code to avoid accelerated taxation and tax penalties, any amounts payable during the six (6)- month period immediately following you separation from service will instead be paid on the first business day after the date that is six (6) months following your separation from service (or, if earlier, your date of death).

The Company makes no representation that payments described in the Plan will be exempt from or comply with Section 409A.

10. Section 280G

In the event that the severance and other benefits provided for in the Plan or any bonuses, payments or other compensation or compensation payable to you under any other plan or arrangement (i) constitute “parachute payments” within the meaning of Section 280G of the Code (“280G Payments”), and (ii) but for this Section 10, would be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then the 280G Payments will be either:

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such benefits being subject to the Excise Tax,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999 of the Code, results in the receipt by you on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. If a reduction in the 280G Payments is necessary so that no portion of such benefits are subject to the Excise Tax, reduction will occur in the following order: (i) cancellation of awards granted “contingent on a change in ownership or control” (within the meaning of Section 280G of the Code); (ii) a pro rata reduction of (A) cash payments that are subject to Section 409A of the Code as deferred compensation and (B) cash payments not subject to Section 409A of the Code; (iii) a pro rata reduction of (A) employee benefits that are subject to Section 409A of the Code as deferred compensation and (B) employee benefits not subject to Section 409A of the Code; and (iv) a pro rata cancellation of (A) accelerated vesting equity awards that are subject to Section 409A of the Code as deferred compensation and (B) equity awards not subject to Section 409A of the Code. In the event that acceleration of vesting of equity awards is to be cancelled, such acceleration of vesting will be cancelled in the reverse order of the date of grant of your equity awards.

Unless you and the Company otherwise agree in writing, any determination required under this Section 10 will be made in writing by a Section 280G expert selected by the Company (the “Firm”), whose determination will be conclusive and binding upon you and the Company. For purposes of making the calculations required by this Section 10, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. You and the Company will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section 10. The Company will bear all costs the Firm may incur in connection with any calculations contemplated by this Section 10.

11. **Administrative Information About Your Plan**

Employer Identification Number

CSX's employer identification number is [redacted].

Claim for Benefits

If you believe that you are entitled to payments and benefits under the Plan that are not provided to you, or you disagree with any other action taken by the Plan Administrator with respect to the Plan, then you may submit a claim to the Plan Administrator in writing. A claim must be made in writing and submitted within six (6) months of your Termination Date. In the event you make a claim for benefits beyond six (6) months of your Termination Date, then you are expressly precluded from receiving any severance payments and/or benefits under the Plan.

Claims Review Procedures

You will be notified in writing by the Plan Administrator if your claim under the Plan is denied. If a claim for benefits under the Plan is denied in full or in part, you (or your duly authorized representative) may appeal the decision to the Plan Administrator.

To appeal a decision, you (or your duly authorized representative) must submit a written document through the U.S. Postal Service or other courier service appealing the denial of the claim within sixty (60) days after you receive notice of the claim denial described above. You (or your duly authorized representative) may also include information or other documentation in support of your claim.

You (or your duly authorized representative) will be notified of a decision within ninety (90) days (which may be extended to one-hundred and eighty (180) days, if required) of the date your appeal is received. This notice will include the reasons for the denial and the specific provision(s) on which the denial is based, a description of any additional information needed to resubmit the claim, and an explanation of the claims review procedure. If the Plan Administrator requires an extension of time to respond to your appeal, you (or your duly authorized representative) will receive notice of the reason for the extension within the initial ninety (90)-day period and a date by which you can expect a decision.

If the original denial is upheld on first appeal, you (or your duly authorized representative) may request a review of this decision. You (or your duly authorized representative) may submit a written request for reconsideration to the Plan Administrator (as identified below) within sixty (60) days after receiving the denial.

You (or your duly authorized representative) can review all plan documents in preparing your appeal and you (or your duly authorized representative) may have a qualified person represent you (or your duly authorized representative) during the appeal process. Any documents or records that support your position must be submitted with your appeal letter.

The case will be reviewed, and you (or your duly authorized representative) will receive written notice of the decision within sixty (60) days (which may be extended to one-hundred and twenty (120) days, if required). The written notice will include the specific reasons for the decision and specific reference to the Plan provision(s) on which the decision is based.

Any decision on final appeal will be final, conclusive and binding upon all parties. If the final appeal is denied, however, you will be advised of your right to file a claim in court. It is CSX's intent that in any challenge to a denial of benefits on final appeal under these procedures, the court of law or a professional arbitrator conducting the review will apply to a deferential ("arbitrary and capricious") standard and not a de novo review.

Legal Action

You may not bring a lawsuit to recover benefits under the Plan until you have exhausted the internal administrative process described above. No legal action may be commenced at all unless commenced no later than one (1) year following the issuance of a final decision on the claim for benefits, or the expiration of the appeal decision period if no decision is issued. This one (1)- year statute of limitations on suits for all benefits will apply in any forum where you may initiate such a suit.

Plan Administrator

The administration of the Plan is the responsibility of the Plan Administrator. The Plan Administrator has the discretionary authority and responsibility for, among other things, determining eligibility for benefits and construing and interpreting the terms of the Plan. In addition, the Plan Administrator has the authority, at its discretion, to delegate its responsibility to others. The chart in Section 13 contains the name and address of the Plan Administrator. Notwithstanding the foregoing, if and to the extent required by applicable law, the rules of any applicable securities exchange on which the shares of CSX common stock is traded or CSX's by- laws or articles of incorporation, the Plan will be administered by the Chief Administrative Officer.

12. <u>Your Rights and Privileges Under ERISA</u>

As a participant in the Plan, you are entitled to certain rights and protection under ERISA. ERISA provides that you shall be entitled to:

Receive Information About Your Plan and Benefits

Examine, without charge, at the Company's offices and at other specified locations all documents governing the plan filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan and updated Summary Plan Description. The administrator may make a reasonable charge for the copies.

Prudent Actions by Plan Fiduciaries

In addition to creating certain rights for you, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within thirty (30) days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a medical child support order, you may file suit in a Federal court.

If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington,
D.C. 20210.

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration at 1-866- 444-EBSA (3272) or accessing their website at http://www.dol.gov/ebsa.

13. Other Administrative Facts

Name of Plan...	CSX Corporation Executive Severance Plan and Summary Plan Description
Type of Plan	"Welfare" plan
Plan Records	Kept on a calendar-year basis
Plan Year	January 1— December 31
Plan Funding	Company provides severance benefits from general assets.
Plan Sponsor	CSX Corporation
Plan Number	521
Plan Administrator and Named Fiduciary.......	Chief Administrative Officer 500 Water Street – J400 Jacksonville, FL 32202
Agent for Service of Legal Process on the Plan..	CSX Corporation Corporate Secretary 500 Water Street Jacksonville, FL 32202
Trustee..	Not applicable
Insurance Company.......................................	Not applicable

Appendix A

Eligible Positions

Employees in “Eligible Positions” include those employees who are employed at the career levels identified in the table below.

Career Level
• Executive Vice President • Senior Vice President • Vice President • Assistant Vice President • Head of Department

Exhibit 22.1

List of Subsidiary Issuers and Guarantors

As of September 30, 2022, the following subsidiaries of CSX are issuers or guarantors of the Company's Secured Equipment Notes due 2023 issued in 2007:

Issuers:
CSX Transportation, Inc.

Guarantors:
CSX Corporation

Exhibit 31

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

I, Joseph R. Hinrichs, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: October 20, 2022

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

I, Sean R. Pelkey, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: October 20, 2022

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

Exhibit 32

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

In connection with the Quarterly Report of CSX Corporation on Form 10-Q for the period ending September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph R. Hinrichs, Chief Executive Officer of the registrant, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

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

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

Date: October 20, 2022

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

In connection with the Quarterly Report of CSX Corporation on Form 10-Q for the period ending September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sean R. Pelkey, Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

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

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

Date: October 20, 2022

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