

August 6, 2025

CSX Corporation
500 Water Street
Jacksonville, FL 32202

Independent Members of the Board of Directors (the “Board”),

Ancora Holdings Group, LLC (together with its affiliates, “Ancora” or “we”) is a growing shareholder of CSX Corporation (“CSX” or the “Company”). As a firm with more than \$10 billion in assets under management and a strong focus on investing in the Class I rail sector, we have closely followed CSX’s sustained operational deterioration under CEO Joe Hinrichs. Unfortunately, aside from bolstering employee engagement, making use of the Company’s private planes and manicuring his social media footprint, we are hard pressed to find any real accomplishments tied to Mr. Hinrichs. His time at CSX is best encapsulated by this anecdote: on the very day Jim Vena and Mark George were announcing the largest merger in industry history, Mr. Hinrichs was out promoting his involvement with the Company’s internship program on his tidily managed LinkedIn profile.

Our recent discussions with analysts, customers, former industry executives, retired regulators, and an array of current and prospective shareholders suggest they have an equally low opinion of Mr. Hinrichs, who has now put CSX in the difficult position of playing catch-up in the wake of the announced merger of Union Pacific Corporation (“Union Pacific”) and Norfolk Southern Corporation (“Norfolk Southern”). It is truly confounding that CSX did not establish a fruitful dialogue with Union Pacific in the first half of 2025, when public momentum was building for a transcontinental railroad. This seems to be the type of mistake a railroad would make when it has an inexperienced and insecure CEO.

We are writing to you today to ensure you understand the current consensus among investors: **the Board needs to announce in the near term that it is working with identified third-party advisors to explore a range of merger options.** Time is of the essence because inaction risks impairing the long-term value of CSX. Once Norfolk Southern and Union Pacific start operating as a unified transcontinental railroad, no railroad has more to lose than CSX.

To stress why we want the Board to act with urgency, consider how CSX has performed under Mr. Hinrichs. Shareholders cannot afford more missteps as CSX plays catch-up in the rail consolidation race. His automotive background and “*experience building global businesses through investment in people and culture*” has already translated to the following over the course of his tenure:

- **Anemic Shareholder Returns** – Mr. Hinrichs inherited the best-run railroad in North America in 2022, yet he failed to use that as a springboard for meaningful value creation. The single-digit total shareholder returns during his tenure pales in comparison to the billions of dollars in value generated by his predecessors from 2015 through early 2022,

not to mention the significant underperformance of CSX's stock price relative to the S&P 500.¹

- **Disastrous Operational Performance** – CSX has seen a massive increase in Operating Ratio, from 58% when Mr. Hinrichs joined in 2022 to approximately 67% year to date 2025. He has literally overseen CSX going from first to worst in terms of operational performance among Class I rails. Currently, CSX has no viable plan for meaningfully improving its Operating Ratio. Perhaps Mr. Hinrichs should not have been allowed to alienate railroad operations superstar Jamie Boychuck and other excellent talent mentored by E. Hunter Harrison.
- **Poor Personnel Selection** – Rather than compensate for his inexperience as a railroader by surrounding himself with “A” players, Mr. Hinrichs seems to have built a leadership team of junior varsity executives. For example, we believe COO Mike Cory is a mediocre operator and was likely pushed out of his prior role at The Canadian National Railway Company. The Company's Chief Commercial Officer comes from a corporate affairs, investor relations and equity research background, and has failed to achieve any material improvements in carload growth. Based on his failure to recruit talent and retain high-performing executives, investors are left to assume that Mr. Hinrichs has been insulating himself from potential successors that may outshine him. Regardless of the reasons, we see no way that Mr. Hinrichs and his team of “C” players can compete as the Class I sector rapidly transforms.
- **Blown Opportunities** – As noted earlier, we believe rail executives have been discussing opportunities pertaining to a transcontinental railroad since the time of President Donald Trump's second inauguration. We suspect that Mr. Hinrichs was reluctant to engage in substantive discussions because he would be out of a job and have no role at a combined railroad. Although we have no way of knowing for sure right now, the Class I rail space is a highly talkative one – and we will do everything in our power to find out if CSX's management avoided or stalled merger discussions. If the Board was unaware of Union Pacific's interest in CSX, it should look into any and all communications between Messrs. Vena and Hinrichs relative to what was actually reported back.

In addition to properly announcing the retention of a bank to explore transaction opportunities, it is imperative that CSX pursues discussions with both BNSF Railway Company (“BNSF”) and Canadian Pacific Kansas City Limited (“CPKC”) to explore all options for maximizing shareholder value. The reality is that BNSF is a cash buyer that would bring a highly disciplined approach to any negotiations, rendering CSX in a vulnerable position if it does not have alternative parties to speak with. We believe CPKC, under the leadership of Keith Creel, represents a

¹ Total shareholder return data, which accounted for reinvested dividends, runs from the date of Mr. Hinrichs' appointment as CEO through the close of trading on May 9, 2025, after which Union Pacific made initial public statements about merging with a partner to form a transcontinental railroad.

compelling partner for CSX as it looks to compete in a new railroading environment. Although one could suggest that the U.S. government could have difficulty approving an acquisition by a Canadian railroad, a transaction could be structured as a reverse merger under which CSX acquires CPKC. Regardless, because of the importance of time here and moving quickly, engaging with CPKC may be the best way to create competitive tension that accelerates a path to an excellent deal.


In closing, keep in mind that regulators will have a much easier time reviewing multiple rail mergers at once. From a practical perspective, they will be able to compare competitive considerations and the impact on customers on a side-by-side basis to determine how the respective combinations benefit all stakeholders. From a timeline perspective, getting something done as early as possible during the pro-business Trump Administration should also be a priority.

At this point, we intend to keep this letter private. We have great respect for Paul C. Hilal and those of you who have been attentive to value creation over the years. We hope that you will take control of this situation and promptly disclose that CSX is working to identify the best merger partner. If a deal cannot be struck, we assume it will not take us running a proxy contest to ensure a qualified operator, like Mr. Boychuck or someone with similar credentials, replaces Mr. Hinrichs.

Regards,



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Chairman and Chief Executive Officer
Ancora Holdings Group LLC



James Chadwick
President
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