RAILROAD WEEK IN REVIEW

October 3, 2025

"CSX President and CEO Joe Hinrichs has been suddenly and unexpectedly railroaded by his own collectively myopic Board of Directors, and for no reason other than, sooner or later, refusing to join the transcon merger fray. I wholeheartedly agree with CNBC's Jim Cramer that there has been an 'injustice in Jacksonville' based on short-sightedness and hedge fund pressure. Call me naïve, but I didn't see it coming. Nor did many others." — Bill Vantuono, Editor-in Chief, Railway Age, September 30

"CSX today announced that its Board of Directors has named Steve Angel as President and Chief Executive Officer, and a member of the Board, effective September 28. He succeeds Joe Hinrichs, who has departed from the company as President, CEO, and Board member." — CSX Presser, September 29

Departing CSX CEO Joe Hinrichs had this to say about his departure: "It has been a privilege to serve as CEO of CSX. I am proud of the progress we have made in improving performance, strengthening customer relationships, and building a culture centered on safety and collaboration.

"I am grateful to our team for their hard work and commitment – they are among the best and brightest in the business. I leave with pride for all that we have accomplished together and have full confidence that under Steve and the Board's leadership, the Company will continue to grow stronger, delivering lasting value to all our stakeholders."

My own sense is that he was just beginning to get his arms around a company that has been faced by too much change in leadership in recent years. Mike Ward and Clarence Gooden, among others, had brought many positive changes to CSX. They were succeeded by Hunter Harrison and his methods of change, only to be interrupted by his death, leaving many in limbo.

Hinrichs came to CSX after a long career at Ford Motor Company, where he built his reputation as a strong operator and manufacturing leader. He had joined Ford in 2000 after a stint at GM and quickly moved through manufacturing and operations roles. In 2019 he was tapped to oversee all Ford automotive operations globally. Hinrichs was widely respected as a manufacturing and supply chain expert, known for operational discipline and labor relations skills.

That operational DNA was exactly what CSX's board hoped he'd bring when they appointed him CEO in 2022: a track record of turning around complex, union-heavy, capital-intensive operations. And to a large decree he has succeeded, replacing many of the ad hoc relationships that had sprung up post-Hunter with solid leadership and collaboratively set goals.

This year's ahead-of-time completion of the Howard Street tunnel project in Baltimore and getting the Clinchfield back in operation are just two examples. And in the past few months CSX joined up with BNSF in partnership announcements that have seen volume growth accelerate and thus gotten the jump on the proposed UP-NS merger.

The sudden leadership change is widely viewed as driven by activist pressure (notably from Ancora Holdings), which had publicly urged CSX to replace leadership or pursue a merger to strengthen its position in a consolidating rail industry. Fact is, CSX shares have barely budged over the past three years, significant lagging the DJIA upward trend. But that notwithstanding, I think Hinrichs did a great job fixing what had been a broken railroad in the post-Hunter years. He deserved better than what he got.

But in the end, whether this marks a true turning point will depend on execution. Watch for near-term signals in operating ratio, service metrics, and volume growth, as well as any indications of M&A. For now, the change shows CSX is willing to act decisively, but the burden of proof remains on the new team.

The proposed UP-NS merger continues to gobble up the headlines. And just last week Tony Hatch pulled together a telecast to explore where we are and where the opportunities and caveats might lie. Under the headline, "*The Freight Rail Transcon Merger Story—So Far: A Virtual Salon,"* viewers were treated to two hours summarizing where we are and where we might go with the merger.

Joining the fray were Tony with his industry status report, Rick Paterson on how we got here and what's likely next, Roger Nober, former STB Member and BNSF Chief Legal Officer, and David Woodruff, former AVP and Head of U.S. Public and Government Affairs for CN.

Because so much of the merger is still in the discussion phase, there wasn't much the panelists could say about what has happened to date. Therefore, the conversations centered on what we've seen from the STB and others in similar situations in the past and what we are likely to expect going forward. Nober naturally zeroed in on his STB experiences, and Woodruff rounded out the implications based on his CN merger involvement along with with related commentary.

It was a very worthwhile session, and having worked alongside three of the four men personally (Woodruff the exception) helped me understand where they were coming from and why. Like Tony's annual *RailTrends* event (25 and counting?), putting some of the Best and the Brightest in one place answering audience questions provides truly unique insights and take-aways. I'd like to see the Salon series continued.

Closing thoughts. If UP and NS are serious about streamlining interchanges and making traffic flow better, they might very well start with paper barriers. By way of review, these were set up when the Class I railroads sold off branch lines to local operators as short lines. There often were places where a second Class I connected with the property being short lined.

Naturally the selling Class I wanted not only to protect existing business but also to win new traffic. And of course the selling railroad wanted to keep that business from going to any railroad competitor. And so they created paper barriers of various penalties to the acquiring short line for doing so.

There also were places where a second Class I had trackage rights on the main line interchanging with the short line being created. Here paper barriers were established to keep the new short line from doing business with the Class I with trackage rights. Now comes the STB to say any Class I merging with another has to show how the proposed transaction will "enhance competition." Eliminating paper barriers would be a start.