

CSX CORP
Form DEF 14A
April 05, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

CHECK THE APPROPRIATE BOX:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

CSX Corporation

(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

PAYMENT OF FILING FEE (CHECK THE APPROPRIATE BOX):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

- 1) Amount previously paid:
 - 2) Form, Schedule or Registration Statement No.:
 - 3) Filing Party:
 - 4) Date Filed:
-

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2018 Proxy Statement

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About CSX

CSX is a leading supplier of rail-based freight transportation in North America. But there's more to CSX than you might expect. Learn all about CSX and discover what we're doing for our customers, environment and communities at www.csx.com.

Principles of Scheduled Railroading

Operating Safely

Maintain 100% compliance with safety and operating rules 100% of the time to protect our employees, our customers' freight, and the communities in which we operate.

Valuing and Developing Employees

Act with integrity, make sure employees know what's expected of them and reward them when they do the right things, and always strive to get better.

Improving Customer Service

Do what we say we are going to do. Proactively communicate when we can't meet our commitments. Be easy to do business with — make sure every interaction with the customer is a good interaction. Be as valuable to our customers as they are to us — when they win, we win.

Controlling Costs

Invest judiciously to support safety and service levels, while eliminating underperforming assets and excessive administrative costs.

Optimizing Asset Utilization

Minimize our physical inventory, keeping just the right amount of assets to get the job done.

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Letter to Our Shareholders

April 5, 2018

Dear Shareholder:

We cordially invite you to attend the 2018 Annual Meeting of Shareholders of CSX Corporation. The Annual Meeting will be held at 10:00 a.m. (EDT) on Friday, May 18, 2018, at the Prime F. Osborn III Convention Center, 1000 Water St, Jacksonville, FL 32204.

Details regarding admission to the Annual Meeting and the business to be conducted are described in the Notice of Internet Availability of Proxy Materials you received in the mail and in the attached Proxy Statement. CSX also has made available with this Proxy Statement a copy of our 2017 Annual Report to Shareholders. We encourage you to read our 2017 Annual Report, which includes CSX's audited financial statements and additional information about CSX's business.

CSX has elected to provide electronic access to our proxy materials under the Securities and Exchange Commission's "notice and access" rules. CSX believes that providing Internet access to our proxy materials increases the ability of our shareholders to review important information about the Company, while reducing the environmental impact of our Annual Meeting. For more information regarding electronic access or the Annual Meeting, please see the Questions and Answers section of this Proxy Statement or visit the Annual Meeting of Shareholders section of our Investor Relations website.

Every shareholder vote is important. Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented and voted at the Annual Meeting. Therefore, we urge you to promptly vote and submit your proxy via the Internet, by phone or by completing, signing, dating and returning the enclosed proxy card in the envelope provided. If you decide to attend the Annual Meeting, you will be able to vote in person, even if you have previously submitted your proxy. Please review the instructions for each of your voting options described in this Proxy Statement as well as in the Notice of Internet Availability you received in the mail or via email.

We look forward to seeing you at the Annual Meeting.

Sincerely,

James M. Foote
President and Chief Executive Officer

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Notice of 2018 Annual Meeting of Shareholders

To Our Shareholders:

The Annual Meeting of Shareholders (the “Annual Meeting”) of CSX Corporation (“CSX” or the “Company”) will be held at 10:00 a.m. (EDT) on Friday, May 18, 2018, at the Prime F. Osborn III Convention Center, 1000 Water St, Jacksonville, FL 32204, for the purpose of considering and acting upon the following matters:

- 1** To elect the 13 director nominees named in the attached Proxy Statement to the Company’s Board of Directors;
 - 2** To ratify the appointment of Ernst & Young LLP as the Independent Registered Public Accounting Firm for 2018;
 - 3** To vote on an advisory (non-binding) resolution to approve compensation for the Company’s named executive officers;
 - 4** To approve the 2018 CSX Employee Stock Purchase Plan; and
 - 5** To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.
- The persons named as proxies will use their discretion to vote on other matters that may properly come before the Annual Meeting.

The above matters are described in the attached Proxy Statement. You are urged, after reading the attached Proxy Statement, to vote your shares by proxy using one of the following methods: (i) vote via the Internet or by telephone; or (ii) if you requested printed proxy materials, complete, sign, date and return your proxy card or voting instruction form if you hold your shares through a broker, bank or other nominee in the postage-paid envelope provided. This proxy is being solicited on behalf of the Company’s Board of Directors.

Only shareholders of record at the close of business on March 19, 2018, which is the record date for the Annual Meeting, are entitled to vote. The Notice of Internet Availability, the Proxy Statement and the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (the “2017 Annual Report”) are being mailed or made available to those shareholders on or about April 5, 2018.

By Order of the Board of Directors,

Nathan D. Goldman
Executive Vice President-Chief Legal Officer
and Corporate Secretary

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Proxy Summary

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting. For more complete information regarding the Company's 2017 performance, please review the 2017 Annual Report.

How to Cast Your Vote

By internet using a computer

until 11:59 p.m. EDT on May 17, 2018

Visit 24/7 www.proxyvote.com

By internet using a smartphone or tablet

until 11:59 p.m. EDT on May 17, 2018

Scan this QR code 24/7 to vote with your mobile device (may require free software)

By telephone

until 11:59 p.m. EDT on May 17, 2018

Dial toll-free 24/7 1-800-690-6903

By mail

received on or before May 17, 2018

Sign and date your proxy card or voting instruction form and send by mail

Visit our Annual Meeting Website

Review and download easy to read, interactive versions of our Proxy Statement and 2017 Annual Report

Sign up for future electronic delivery to reduce our impact on the environment

<http://shareholder.broadridge.com/CSX>

Attend our Annual Meeting of Shareholders

Date and Time: Friday, May 18, 2018 at 10:00 a.m. (EDT)

Place: Prime F. Osborn III Convention Center, 1000 Water St, Jacksonville, FL 32204

Eligibility to Vote

You can vote if you were a shareholder of record at the close of business on March 19, 2018, which is the record date for the Annual Meeting.

Voting Matters and Board Recommendation

The Board of Directors unanimously recommends a vote:

FOR the election of the 13 director nominees named in this Proxy Statement;

FOR the ratification of the appointment of Ernst & Young LLP as CSX's Independent Registered Public Accounting Firm for 2018;

FOR the approval, on an advisory (non-binding) basis, of the compensation of the Company's named executive officers as disclosed in these materials; and

FOR the approval of the 2018 CSX Employee Stock Purchase Plan.

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Proxy Summary

Board Nominees

NAME	DIRECTOR SINCE	INDEPENDENT	COMMITTEE MEMBERSHIPS
Donna M. Alvarado	2006		
John B. Breaux	2005		
Pamela L. Carter	2010		
James M. Foote	2017		
Steven T. Halverson	2006		
Paul C. Hilal	2017		
Edward J. Kelly, III	2002		
John D. McPherson	2008		
David M. Moffett	2015		
Dennis H. Reilley	2017		
Linda H. Riefler	2017		
J. Steven Whisler	2011		
John J. Zillmer	2017		
Chair			
Member			

OTHE
CoreC
Park M
LHC G
Broad
Enbrid
Hewle

XL Gre
MetLif

PayPa
Genwe
Marath
DowD
MSCI,
Brunsv
Intern
Ecolab
Veritiv
Perfor

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Proxy Summary

Board Snapshot

Skills and Experience

Our director nominees bring broad experience and expertise, and leadership and professional experience in areas relevant to CSX's business and strategy. The qualifications and experience of our directors as a group include:

Business Operations	12/13	Risk Management	12/13
Corporate Governance	11/13	Marketing/Sales	9/13
Finance/Capital Allocation	11/13	Talent Management	12/13
Financial Expertise/Literacy	13/13	Transportation Industry	5/13
Government / Public Policy	8/13		

Independence, Tenure, Age and Gender

Director Independence	Directors' Average Tenure	Directors' Average Age	Directors' Gender
84% independent, including our Chairman	6.6 years	64 years	23% female
Independent: 11	Newer directors (1-5 years): 6	51 to 60: 2	Male: 10
Not Independent: 2	Medium-tenured directors (6-10 years): 3	61 to 70: 9	Female: 3
	Longer-tenured directors (over 10 years): 4	Over 70: 2	

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Proxy Summary

Corporate Governance Highlights

Directors elected annually	Independent Chairman of the Board	All directors in 2017 attended 80% or more of the Board and Committee meetings in 2017	Audit Committee, Compensation Committee and Governance Committee comprised solely of independent directors
Stock ownership guidelines for officers and directors	Bylaws providing proxy access and rights to call special meetings	Majority voting standard for the election of directors and director resignation policy	Executive sessions of non-management directors at all regular meetings

Our strong corporate governance practices demonstrate the Board's commitment to enabling an effective structure to support the successful execution of CSX's strategy

Business Highlights for 2017

CSX underwent transformational change in 2017. The late E. Hunter Harrison joined CSX in March 2017 as Chief Executive Officer and quickly began to implement his proven Precision Scheduled Railroad ("PSR") business model prior to his unfortunate passing in December 2017. Aided by the PSR business model, CSX delivered a Company-record adjusted operating⁽¹⁾ ratio of 66.3% in 2017. In addition, CSX returned approximately \$2.7 billion to shareholders in the form of dividends and share repurchases. For more detail on CSX's performance in 2017, please see the 2017 Annual Report.

⁽¹⁾ Adjusted operating income and adjusted operating ratio are non-GAAP financial measures that the Company believes provide meaningful information regarding operating results because they exclude certain significant items that are not considered indicative of future trends. Adjusted operating income for 2017 was calculated by taking GAAP operating income (\$3,667 million) and adding back certain restructuring charges (\$325 million) and subtracting certain tax reform benefits (\$142 million). Adjusted operating ratio for 2017 was calculated by taking GAAP operating ratio (67.9%) and subtracting certain restructuring charges (2.8%) and adding back certain tax reform benefits (1.2%). For further details see page 38 of the 2017 Annual Report.

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Proxy Summary

Stock Performance Graph

The cumulative five-year shareholder returns on \$100 invested at December 31, 2012, assuming reinvestment of dividends, are illustrated on the accompanying graph. The Company references the Standard & Poor's 500 Stock Index ("S&P 500"), which is a registered trademark of the McGraw-Hill Companies, Inc., and the Dow Jones U.S. Transportation Average Index ("DJT"), which provide comparisons to a broad-based market index and other companies in the transportation industry.

COMPARISON OF FIVE-YEAR CUMULATIVE RETURN

Target Compensation Mix for the Named Executive Officers

Information regarding the compensation mix for the Chief Executive Officer ("CEO") and each of the named executive officers ("Named Executive Officers" or "NEOs") is set forth in the *Summary Compensation Table*. The tables indicate that 90% of the CEO's target compensation and an average of 63% of the other Named Executive Officers' target compensation is at risk and subject to the achievement of one or more performance goals. Due to Mr. Foote's hiring date of October 25, 2017 and his appointment as CEO on December 22, 2017 following the death of E. Hunter Harrison, the target compensation mix for the CEO shown in the *Summary Compensation Table* is based on Mr. Foote's target compensation for 2018.

**2018 CEO TARGET
COMPENSATION MIX**

**2017 NEO TARGET
COMPENSATION
MIX (EXCLUDING
CEO)**

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Proxy Summary

Executive Compensation Highlights

The table below highlights the 2017 compensation for the Named Executive Officers as disclosed in the *Summary Compensation Table*.

NAME AND TITLE	SALARY	BONUS	STOCK AWARDS	OPTION AWARDS	NON-EQUITY INCENTIVE PLAN COMPENSATION	CHANGE IN AND NON-DEFERRED COMPENSATION
James M. Foote CEO and President	\$ 149,919	\$ 400,000	\$ 1,027,812	\$ 1,045,626	—	
Frank A. Lonergo Executive Vice President and CFO	\$ 500,000	—	\$ 1,950,165	\$ 743,772	\$ 715,500	\$
Mark K. Wallace Executive Vice President and Chief Administrative Officer	\$ 450,362	\$ 550,000	\$ 2,316,531	\$ 582,595	\$ 825,000	\$
Sarah K. Brandt Senior Vice President and Chief Information Officer	\$ 395,000	—	\$ 731,318	\$ 278,915	\$ 502,440	\$
Peter J. Shudtz Vice President Federal Regulation	\$ 354,113	\$ 112,667	\$ 292,518	\$ 111,568	\$ 450,432	\$
E. Hunter Harrison ⁽¹⁾ Former President and CEO	\$ 1,885,703	—	—	\$ 115,884,000 ⁽¹⁾	\$ 3,490,368	\$
Michael J. Ward Former CEO	\$ 557,692	—	\$ 8,775,720	\$ 3,346,976	\$ 954,000	\$
Fredrik J. Eliasson Former Executive Vice President – Chief Sales and Marketing Officer	\$ 687,500	—	\$ 2,437,695	\$ 929,716	\$ 1,400,000	\$
Ellen M. Fitzsimmons Former Executive Vice President – Law and Public Affairs, General Counsel and Corporate Secretary	\$ 625,000	—	\$ 1,950,165	\$ 743,772	\$ 1,125,000	\$

⁽¹⁾ Mr. Harrison's options were forfeited upon his death on December 16, 2017.

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Proxy Statement for 2018 Annual Meeting of Shareholders

What is the purpose of the Annual Meeting?

At our Annual Meeting, shareholders will act upon the matters outlined in the Notice of Annual Meeting of Shareholders above, including the election of the 13 director nominees named in this Proxy Statement, the ratification of the selection of the Independent Registered Public Accounting Firm (the "Independent Auditors") of CSX for 2018, the consideration of an advisory (non-binding) vote on compensation for our Named Executive Officers and the approval of the 2018 CSX Employee Stock Purchase Program.

When and where will the Annual Meeting be held?

The Annual Meeting will be held at 10:00 a.m. (EDT) on Friday, May 18, 2018 at the Prime Osborn III Convention Center, 1000 Water Street, Jacksonville, Florida 32204. The facility is accessible to persons with disabilities. If you have a disability, we can provide assistance to help you participate in the Annual Meeting upon request. If you would like to obtain directions to attend the Annual Meeting and vote in person, you can write to us at CSX Corporation, Office of the Corporate Secretary, 500 Water Street, C160, Jacksonville, Florida 32202, or call us at (904) 359-3256.

Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

In accordance with rules adopted by the Securities and Exchange Commission (the "SEC"), we may furnish proxy materials, including this Proxy Statement and our 2017 Annual Report, to our shareholders by providing access to such documents on the Internet instead of mailing printed copies. Most shareholders will not receive printed copies of the proxy materials unless requested. Instead, the Notice of Internet Availability of Proxy Materials (the "Notice"), which was mailed to most of our shareholders, instructs you as to how you may access and review all of the proxy materials on the Internet. The Notice also instructs you as to how you may submit your proxy on the Internet. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice.

How do I get electronic access to the proxy materials?

The Notice provides you with instructions on how to:

view CSX's proxy materials for the Annual Meeting on the Internet; and

instruct CSX to send future proxy materials to you electronically by email.

Choosing to receive your future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of the printing and mailing of these materials on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until terminated.

Who is soliciting my vote?

The Board of Directors of CSX (the "Board") is soliciting your vote on matters being submitted for shareholder approval at the Annual Meeting. The Company will pay the costs of preparing proxy materials and soliciting proxies, including the reimbursement, upon request, of trustees, brokerage firms, banks and other nominee record holders for the reasonable expenses they incur to forward proxy materials to beneficial owners. In addition to using mail, proxies may be solicited in person, by telephone or by electronic communication by officers and employees of the Company acting without special compensation.

Who is entitled to vote?

Only shareholders of record at the close of business on March 19, 2018 (the "Record Date") are entitled to notice of, and to vote at, the Annual Meeting or any adjournments or postponements thereof, unless a new record date is set in connection with any such adjournments or postponements. On March 19, 2018, there were issued and outstanding 878,521,874 shares of CSX common stock, the only outstanding class of voting securities of the Company.

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Proxy Statement for 2018 Annual Meeting of Shareholders

How many votes do I have?

You will have one vote for every share of CSX common stock you owned at the close of business on the Record Date.

How many shares must be present to hold the Annual Meeting?

The Company's bylaws provide that a majority of the outstanding shares of stock entitled to vote constitutes a quorum at any meeting of shareholders. If a share is represented for any purpose at the Annual Meeting, it is deemed to be present for the transaction of all business. Abstentions and shares held of record by a broker, bank or other nominee that are voted on any matter are included in determining the number of shares present.

Shares held by a broker, bank or other nominee that are not voted on any matter at the Annual Meeting ("broker non-vote") will not be included in determining whether a quorum is present.

Your vote is important and we urge you to vote by proxy even if you plan to attend the Annual Meeting.

What are the vote requirements for each proposal?

Election of Directors. In an uncontested election, a director is elected by a majority of votes cast for his or her election by the shares entitled to vote at a meeting at which a quorum is present. In accordance with the Company's Corporate Governance Guidelines, in an uncontested election, any incumbent director nominated for re-election as a director who is not re-elected in accordance with the Company's bylaws is required to promptly tender his or her resignation following certification of the shareholder vote. For more information on the procedures in these circumstances, see *Principles of Corporate Governance* below.

Other Proposals. Proposal to ratify the appointment of Ernst & Young LLP as the Company's Independent Auditors for 2018 (Item 2); proposal to approve, on an advisory (non-binding) basis, of the compensation of the Company's NEOs (Item 3); and proposal to approve the 2018 CSX Employee Stock Purchase Plan (Item 4) will be approved if the votes cast in favor of the proposal exceed the votes cast against the proposal.

Abstentions are not considered votes cast on any proposal and will have no effect on the outcome of the vote for Items 1, 2, 3 or 4. "Broker non-votes" are not considered votes cast on Item 1, Item 3 or Item 4, and will have no effect on the outcome of the vote. Brokers will have discretionary voting power regarding Item 2 in the event that beneficial owners, who own their shares in "street name," do not provide voting instructions regarding Item 2.

How do I vote?

To vote by proxy, you must do one of the following:

Vote by Internet. If you are a shareholder of record, you can vote via the Internet by following the instructions in the Notice. The website address for Internet voting is indicated in the Notice. Internet voting is available 24 hours a day. If you are a beneficial owner, or you hold your shares in "street name" (that is, through a bank, broker or other nominee) please check your voting instruction card or contact your bank, broker or nominee to determine whether you will be able to vote via the Internet.

Vote by Telephone. If you are a shareholder of record, you can vote your shares by telephone 24 hours a day by calling 1-800-690-6903 on a touch-tone telephone. Easy-to-follow voice prompts enable you to vote your shares and confirm that your instructions have been properly recorded. If you are a beneficial owner, or you hold your shares in "street name," please check your voting instruction card or contact your bank, broker or nominee to determine whether you will be able to vote by telephone.

Vote by Mail. If you requested printed proxy materials and choose to vote by mail, complete, sign, date and return your proxy card in the postage-paid envelope provided if you are a shareholder of record or your voting instruction card if you hold your shares in "street name." Please promptly mail your proxy card or voting instruction card to ensure that it is received prior to the Annual Meeting.

You can also vote in person at the Annual Meeting. If you want to vote in person at the Annual Meeting and you hold your CSX stock in "street name," you must obtain a legal proxy from your bank, broker or other nominee and bring that proxy to the Annual Meeting.

Will my shares be voted if I do not provide voting instructions to my broker?

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If you hold your shares in "street name" through a bank, broker or other nominee, the bank, broker or other nominee is required to vote those shares in accordance with your instructions. If you do not give instructions to the banker, broker or other nominee, the bank, broker or other nominee will be entitled to vote the shares with respect to "discretionary" items but will not be permitted to vote the shares with respect to "non-discretionary" items (those shares are treated as "broker non-votes").

The proposal to ratify the appointment of Ernst & Young LLP as CSX's Independent Auditors for 2018 is considered a discretionary item for which a bank, broker or other nominee will have discretionary voting power if you do not give instructions with respect to this proposal. The proposals to: (i) elect directors; (ii) vote on an advisory (non-binding) resolution on executive compensation; and (iii) vote on the approval of the 2018 CSX Employee Stock Purchase Plan, are non-routine matters for which a bank, broker or other nominee will not have discretionary voting power and for which specific instructions from owners who hold their shares in "street name" are required in order for a broker to vote your shares.

What happens if I return my proxy card but do not give voting instructions?

If you are a shareholder of record and sign, date and return the proxy card but do not give voting instructions, the shares represented by that proxy will be voted as recommended by the Board.

The Board unanimously recommends a vote:

1. **FOR** the election of the 13 director nominees named in this Proxy Statement;
2. **FOR** the ratification of the appointment of Ernst & Young LLP as CSX's Independent Auditors for 2018;
3. **FOR** the approval, on an advisory (non-binding) basis, of the compensation of the Named Executive Officers as disclosed in these materials; and
4. **FOR** the approval of the 2018 CSX Employee Stock Purchase Plan.

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Proxy Statement for 2018 Annual Meeting of Shareholders

Can I change my vote?

Yes. If you are a shareholder of record, you may change your vote or revoke your proxy any time before it is voted by delivering written notice to CSX Corporation, Office of the Corporate Secretary, 500 Water Street, C160, Jacksonville, Florida 32202, by timely receipt of a later-dated signed proxy card or written revocation, by a later vote via the Internet or by telephone, or by voting in person at the Annual Meeting. If you hold your shares in "street name," you should follow the instructions provided by your bank, broker or other nominee if you wish to change your vote.

What happens if other matters are properly presented at the Annual Meeting?

If any other matters are properly presented for consideration at the Annual Meeting, the persons named as proxies on the enclosed proxy card will have discretion to vote on those matters for you. On the date we filed this Proxy Statement with the SEC, the Board did not know of any other matters to be brought before the Annual Meeting.

How are votes counted?

Votes are counted by an independent inspector of elections appointed by the Company.

What happens if the Annual Meeting is postponed or adjourned?

Unless a new record date has been fixed, your proxy will still be in effect and may be voted at the reconvened meeting. You will still be able to change your vote or revoke your proxy with respect to any item until the polls have closed for voting on such item.

How do I obtain admission to the Annual Meeting?

You will be issued an admission ticket at the shareholder registration desk at the Annual Meeting. If you hold shares in your name, please be prepared to provide proper identification, such as a driver's license or other government-issued identification. If you hold your shares through a broker, bank or other nominee, you will need proof of ownership, such as a recent account statement or letter from your broker, bank or other nominee, along with proper identification. If you are a duly appointed proxy for a shareholder, you must provide proof of your proxy power and proof of share ownership for the shareholder for whom you are a proxy. In addition, if you are authorized to represent a corporate or institutional shareholder, you must also present proof that you are the authorized representative of such shareholder.

For security reasons, attendees will not be permitted to bring any packages, briefcases, large pocketbooks or bags into the meeting. Also, audio tape recorders, video and still cameras, laptops and other portable electronic devices will not be permitted into the meeting. We thank you in advance for your patience and cooperation with these rules.

What is the deadline for consideration of shareholder proposals for the 2019 Annual Meeting of Shareholders?

Shareholder Proposals for Inclusion in Next Year's Proxy Statement. A shareholder who wants to submit a proposal to be included in the proxy statement for the 2019 Annual Meeting of Shareholders (the "2019 Annual Meeting") must send the proposal to CSX Corporation, Office of the Corporate Secretary, 500 Water Street, C160, Jacksonville, Florida, 32202, so that it is received on or before December 7, 2018, unless the date of the 2019 Annual Meeting is changed by more than 30 days from May 18, 2019, in which case the proposal must be received a reasonable time before the Company begins to print and mail its proxy materials for the 2019 Annual Meeting.

Shareholder Proposals or Director Nominees Not to be Included in Next Year's Proxy Statement. A shareholder who wants to nominate a director or submit a proposal that will not be in the proxy statement but will be considered at the 2019 Annual Meeting, pursuant to the CSX bylaws, must send it to the principal office of CSX so that it is received not earlier than the close of business on January 18, 2019, nor later than the close of business on February 17, 2019 unless the date of the 2019 Annual Meeting is more than 30 days before or more than 70 days after May 18, 2019, in which case the nomination or proposal must be received not earlier than the 120th day prior to the date of the 2019 Annual Meeting and not later than the close of business on the later of the 90th day prior to the date of the 2019 Annual Meeting or the 10th day following the day on which the Company first publicly announces the date of the 2019 Annual Meeting.

Director Nominees for Inclusion in Next Year's Proxy Statement (Proxy Access). In 2015, the Company amended its bylaws to allow "proxy access." Pursuant to the proxy access bylaw, a shareholder, or a group of up to 20 shareholders, owning 3% or more of the Company's outstanding common stock continuously for at least three years may submit director nominees (up to the greater of two directors or the number of directors representing 20% of the Board) for inclusion in the Company's proxy statement, subject to the other requirements set forth in the bylaws. To include a director nominee in the Company's proxy statement for the 2019 Annual Meeting, the proposing shareholder(s) must send notice and the required information to CSX Corporation, Office of the Corporate Secretary, 500 Water Street, C160, Jacksonville, Florida, 32202, so that it is received by December 7, 2018.

Does the Board consider director nominees recommended by shareholders?

Yes. The Governance Committee of the Board will review recommendations as to possible nominees received from shareholders and other qualified sources. The Governance Committee will evaluate possible nominees received from shareholders using the same criteria it uses for other director nominees. Shareholder recommendations should be submitted in writing addressed to the Chair of the Governance Committee, CSX Corporation, 500 Water Street, C160, Jacksonville, Florida 32202, and should include a statement about the qualifications and experience of the proposed nominee, as discussed further below. Shareholders who wish to nominate a director nominee should do so in accordance with the nomination provisions of the Company's bylaws. A shareholder nomination for the 2019 Annual Meeting must be delivered to the Company within the time periods described above and set forth in the Company's bylaws.

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Item 1: Election of Directors

The Board unanimously recommends a vote **FOR** the election of the following Director nominees.

Thirteen directors are to be elected to hold office until the 2019 Annual Meeting and their successors are elected and qualified. Each of the nominees, other than Mr. Foote who was elected on December 22, 2017, was elected to the Board at the Company's 2017 Annual Meeting of Shareholders. Ms. Riefler and Messrs. Hilal, Reilley and Zillmer were recommended by Company shareholder MR Argent Advisor LLC ("Mantle Ridge" and, together with its affiliated funds, the "Mantle Ridge Group"), which as of March 19, 2018 beneficially owned approximately 4.8% of the outstanding shares of CSX common stock and had additional economic exposure to 570,600 shares of CSX common stock under certain cash settled total return swaps. Mr. Hilal is the managing member of Mantle Ridge GP LLC, which is the general partner of Mantle Ridge LP, which is the sole member of Mantle Ridge.

On March 6, 2017, the Company entered into an agreement with the Mantle Ridge Group pursuant to which CSX agreed to nominate Ms. Riefler and Messrs. Hilal, Reilley and Zillmer to the Board at each the 2017 Annual Meeting and 2018 Annual Meeting. This agreement between Mantle Ridge and CSX is described under "*Mantle Ridge Agreements*" and is referred to in this Proxy Statement as the "MR Agreement."

Nominees for Board membership are expected to be prominent individuals who demonstrate leadership and possess outstanding integrity, values and judgment. Directors and nominees must be willing to devote the substantial time required to carry out the duties and responsibilities of directors. In addition, each Board member is expected to represent the broad interests of the Company and its shareholders as a group, and not any particular constituency.

The Governance Committee has recommended to the Board, and the Board has approved, the persons named below as director nominees. The Board believes that each of the director nominees adds to the overall diversity of the Board. The director nominees bring a wide range of experience and expertise in management, railroad operations and financial markets. In addition, several of the director nominees are able to provide valuable perspective into the political and regulatory environments, as well as certain key markets. As of the date of this Proxy Statement, the Board has no reason to believe that any of the nominees named will be unable or unwilling to serve. There are no family relationships among any of these nominees or among any of the nominees and any executive officer of the Company. With the exception of the MR Agreement, there is no agreement or understanding between any nominee and any other person to which the nominee was selected.

Information regarding each director nominee follows. Each nominee has consented to being named in this Proxy Statement and to serve if elected.

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Item 1: Election of Directors

BOARD DIVERSITY

CSX strives to cultivate an environment that embraces teamwork and capitalizes on the value of diversity.

The Governance Committee has a long-standing commitment to diversity and is guided by the Company's diversity philosophy when considering director nominees. The Committee recognizes the importance of maintaining a Board with a broad scope of backgrounds and expertise that will expand the views and experiences available to the Board in its deliberations. Many factors are taken into account when evaluating director nominees, including their ability to assess and evaluate the Company's strategies in the face of changing economic and regulatory environments that may impact customer and shareholder expectations. In addition, the Committee feels that candidates representing varied age, gender and cultural and ethnic backgrounds add to the overall diversity and viewpoints of the Board. The Governance Committee and the full Board believe that the director nominees listed below embody the breadth of backgrounds and experience necessary for a balanced and effective Board.

Donna M. Alvarado

Independent Director Nominee

Age: 69

Director since: 2006

CSX Committees:

Audit / Compensation / Public Affairs

Skills and Qualifications:

As a result of her experience in the public and private sector, Ms. Alvarado brings to the Board significant workforce planning expertise, which is complemented by her experience with the Ohio Board of Regents.

Other Public Directorships:

CoreCivic, Inc.

Park National Corporation

Biographical Information:

Donna M. Alvarado is the founder and current President of Aguila International, a business-consulting firm. Previously, Ms. Alvarado served as President and Chief Executive Officer of a global educational publishing company from 1989-1993. She has served on corporate boards in the manufacturing, banking, transportation and services industries. She has also led state and national workforce policy boards.

Ms. Alvarado previously served as Chairwoman of the Ohio Board of Regents. Following executive and legislative staff appointments at the U.S. Department of Defense and in the U.S. Congress, Ms. Alvarado was appointed by President Ronald Reagan to lead the federal agency ACTION, the nation's premier agency for civic engagement and volunteerism, a position which she held from 1985-1989.

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Item 1: Election of Directors

Senator John B. Breaux

Independent Director Nominee

Age: 74

Director since: 2005

CSX Committees:

Executive / Governance / Public Affairs (Chair)

Skills and Qualifications:

Senator Breaux's extensive public policy and regulatory experience allows him to provide critical input on regulatory and legislative proposals that could have a material effect on railroad operations.

Other Public Directorships:

LHC Group, Inc.

Biographical Information:

Senator John B. Breaux is a partner in the Breaux-Lott Leadership Group, a private consulting firm in Washington, D.C. owned by Squire Patton Boggs LLP. From 2005 through 2007, Senator Breaux served as Senior Counsel at Patton Boggs LLP. Senator Breaux held numerous leadership positions during his 14 years in the U.S. House of Representatives and 18-year tenure in the U.S. Senate, where he served on the House Public Works and Transportation Committee, the Senate Finance Committee and the Senate Commerce Committee. Senator Breaux also founded the Centrist Coalition of Senate Democrats and Republicans and served as chairman of the Democratic Leadership Council.

Pamela L. Carter

Independent Director Nominee

Age: 68

Director since: 2010

CSX Committees:

Executive / Finance (Chair) / Governance

Skills and Qualifications:

With strong operational experience and extensive service in government, Ms. Carter provides the Board with in-depth knowledge and insight into operations, technology, regulatory, legal and public policy matters.

Other Public Directorships:

Broadridge Financial Solutions, Inc.

Enbridge Inc.

Hewlett-Packard Enterprise Company

Biographical Information:

Pamela L. Carter retired in July 2015 as Vice President of Cummins Inc. and President of Cummins Distribution Business, a division of Cummins Inc., a designer, manufacturer and marketer of diesel engines and related components and power systems. Ms. Carter joined Cummins Inc. in 1997 as Vice President — General Counsel and held various management positions before her appointment in 2008 as President of Cummins Distribution Business, a \$5 billion business with a global footprint.

Prior to her career with Cummins, Ms. Carter served in various capacities with the State of Indiana and in the private practice of law. Ms. Carter was the first woman and the first African-American to be elected to the office of Attorney General in Indiana. Ms. Carter also became the first African-American woman to be elected state attorney general in the U.S. She served as Parliamentarian in the Indiana House of Representatives, Deputy Chief-of-Staff to Governor Evan Bayh, Executive Assistant for Health Policy & Human Services, and Securities Enforcement Attorney for the Office of the Secretary of State.

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Item 1: Election of Directors

James M. Foote

Management Director Nominee
Chief Executive Officer and President

Age: 64

Director since: 2017

CSX Committees:

Executive (Chair)

Skills and Qualifications:

Mr. Foote has expertise in railroad operations, including the PSR business model, and sales and marketing. He also provides the Board with significant knowledge and understanding of the Company and its business.

Other Public Directorships:

None

Biographical Information:

James M. Foote, a senior executive with over 40 years of railroad industry experience in finance, operations and sales and marketing, was named Chief Executive Officer and President of CSX in December 2017 following the death of E. Hunter Harrison. Prior to this role, Mr. Foote served as Executive Vice President and Chief Operating Officer from October to December 2017. Before joining CSX, Mr. Foote was president and chief executive officer of Bright Rail Energy, a technology company formed in 2012 to design, develop and sell products that allow railroads to switch locomotives to natural gas power. Before heading Bright Rail, Mr. Foote was executive vice president, sales and marketing with Canadian National Railway Company. Mr. Foote joined Canadian National in 1995 as vice president investor relations to assist the company's privatization. He also served as vice president sales and marketing merchandise at Canadian National.

Steven T. Halverson

Independent Director Nominee

Age: 63

Director since: 2006

CSX Committees:

Audit / Compensation

Skills and Qualifications:

Mr. Halverson's expertise in the construction industry allows him to provide unique insight and perspective on the U.S. economy and certain CSX markets. In addition, through his roles with key organizations in Florida, Mr. Halverson provides broad leadership capabilities to the Board.

Other Public Directorships:

None

Biographical Information:

Steven T. Halverson is the Chief Executive Officer of The Haskell Company, one of the largest design and construction firms in the United States. Prior to joining The Haskell Company in 1999, Mr. Halverson served as a Senior Vice President of M.A. Mortenson, a national construction firm. Mr. Halverson also serves as a director for GuideWell Insurance, Blue Cross Blue Shield of Florida, ACIG Insurance Co., the Florida Counsel of 100 (past chair), the Florida Chamber of Commerce (past chair), the Construction Industry Roundtable (past chair) and the Jacksonville Civic Council (past chair). From 2008 until its sale to McKesson Corporation in 2013, Mr. Halverson served on the board of directors of PSS World Medical.

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Item 1: Election of Directors

Paul C. Hilal

Director Nominee

Age: 51

Director since: 2017

Vice Chairman of the Board**CSX Committees:**

Executive / Finance

Skills and Qualifications:

Mr. Hilal draws on his experience as a value investor, as a capital allocator, as an engaged director driving shareholder value and in the railroad industry to provide the Board valuable insight regarding the financial aspects of CSX's business.

Other Public Directorships:

None

Biographical Information:

Paul C. Hilal founded and controls Mantle Ridge, and each of its related entities.

Prior to founding Mantle Ridge, Mr. Hilal was a partner and senior investment professional at Pershing Square Capital Management where he worked from 2006 to 2016. From 2012 to 2016, Mr. Hilal served as a director of Canadian Pacific where he was chair of the Management Resources and Compensation Committee and a member of the Finance Committee. Mr. Hilal currently serves on the Board of Overseers of Columbia Business School and served until 2016 on the Board of the Grameen Foundation – an umbrella organization that helps micro-lending and micro-franchise institutions empower the world's poorest through financial inclusion and entrepreneurship.

Edward J. Kelly, III

Independent Director Nominee

Age: 64

Director since: 2002

Chairman of the Board**CSX Committees:**

Compensation / Executive / Governance

Skills and Qualifications:

As an executive with expertise in the banking industry, Mr. Kelly provides extensive financial, regulatory and governance experience to the Board. He offers important perspective on global financial markets.

Other Public Directorships:

XL Group Ltd.

MetLife Inc.

Biographical Information:

Edward J. Kelly, III retired as Chairman of the Institutional Clients Group at Citigroup, Inc. in July 2014. He joined Citigroup, Inc. in 2008, and served at various points as Vice Chairman, Chief Financial Officer and Head of Global Banking at Citigroup, among other roles.

Mr. Kelly previously served as Managing Director at The Carlyle Group and Vice Chairman of The PNC Financial Services Group, Inc. following PNC's acquisition of Mercantile Bankshares Corporation in March 2007. At Mercantile, Mr. Kelly held the offices of Chairman, Chief Executive Officer and President from March 2003 until March 2007, and was Chief Executive Officer and President from March 2001 to March 2003. Before joining Mercantile, Mr. Kelly served as Managing Director and co-head of Investment Banking Client Management at J.P. Morgan Chase and Managing Director and Head of Global Financial Institutions at J.P. Morgan. Previously, Mr. Kelly was General Counsel at J.P. Morgan and a partner at the law firm of Davis Polk & Wardwell LLP, where he specialized in matters related to financial institutions. Early in his career, Mr. Kelly served as a law clerk to Supreme Court Justice William J. Brennan, Jr. and U.S. Court of Appeals Judge Clement F. Haynsworth, Jr.

Mr. Kelly previously served on the boards of directors for The Hartford Financial Services Group, The Hershey Company and Paris RE Holdings.

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Item 1: Election of Directors

John D. McPherson

Independent Director Nominee

Age: 71

Director since: 2008

CSX Committees:

Finance / Public Affairs

Skills and Qualifications:

As a result of his extensive career in the rail industry, Mr. McPherson serves as an expert in railroad operations.

Other Public Directorships:

None

Biographical Information:

John D. McPherson served as President and Chief Operating Officer of Florida East Coast Railway, a wholly-owned subsidiary of Florida East Coast Industries, Inc., from 1999 until his retirement in 2007. From 1993 to 1998, Mr. McPherson served as Senior Vice President – Operations, and from 1998 to 1999, he served as President and Chief Executive Officer of the Illinois Central Railroad. Prior to joining the Illinois Central Railroad, Mr. McPherson served in various capacities at Santa Fe Railroad for 25 years.

From 2012 to 2015, Mr. McPherson served on the board of directors of Las Vegas Railway Express, a start-up passenger railroad that plans to operate between Los Angeles and Las Vegas. From 1997 to 2007, Mr. McPherson served as a member of the board of directors of TTX Company, a railcar provider and freight car management services joint venture of North American railroads.

David M. Moffett

Independent Director Nominee

Age: 66

Director since: 2015

CSX Committees:

Audit (Chair) / Executive / Finance

Skills and Qualifications:

Mr. Moffett has many years of experience as a chief executive officer or chief financial officer of public financial services companies, as well as significant public policy experience.

Other Public Directorships:

PayPal Holdings, Inc.

Genworth Financial, Inc.

Biographical Information:

David M. Moffett served as the Chief Executive Officer and a director of the Federal Home Loan Mortgage Corporation from September 2008 until his retirement in March 2009. He previously served as a Senior Advisor with the Carlyle Group LLC from May 2007 to September 2008, and as the Vice Chairman and Chief Financial Officer of U.S. Bancorp from 2001 to 2007, after its merger with Firststar Corporation where he served as Vice Chairman and Chief Financial Officer from 1998 to 2001. Mr. Moffett also served as Chief Financial Officer of StarBanc Corporation, a predecessor to Firststar Corporation, from 1993 to 1998.

Mr. Moffett currently serves as a director of Genworth Financial, Inc. and as the lead independent director on the board of directors of PayPal Holdings, Inc. He also serves as a trustee on the boards of Columbia Fund Series Trust I and Columbia Funds Variable Insurance Trust, overseeing approximately 52 funds within the Columbia Funds mutual fund complex. In addition, he serves as a trustee for the University of Oklahoma Foundation. Mr. Moffett also has served as a consultant to Bridgewater Associates.

From 2007 to 2015, Mr. Moffett served on the board of directors of eBay, Inc. From 2010 to 2016, Mr. Moffett served on the board of directors of CIT Group Inc.

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Item 1: Election of Directors

Dennis H. Reilley

Independent Director Nominee

Age: 65

Director since: 2017

CSX Committees:

Audit / Executive / Finance / Governance (Chair)

Skills and Qualifications:

Drawing on his expertise in finance, operations and leadership on the boards of Fortune 500 companies, Mr. Reilley provides the Board valuable insight and exposure to different approaches to governance and other key issues.

Other Public Directorships:

Marathon Oil Corporation

DowDuPont, Inc.

Biographical Information:

Dennis H. Reilley is the retired Chairman, President and Chief Executive Officer of Praxair, Inc. Prior to joining Praxair in 2000, Mr. Reilley served as Executive Vice President and Chief Operating Officer of E.I. DuPont de Nemours and Company and its former energy subsidiary, Conoco Inc., from 1999 to 2000. Mr. Reilley has served as non-executive chairman of Marathon Oil Corporation since 2014 and has served as a board member since 2002. He has also served as a director of Dow Chemical Company from 2007 until its merger with E.I. du Pont de Nemours and Company in 2017, and now serves as a director of the combined company, DowDuPont, Inc. Mr. Reilley served as a director of Covidien PLC from 2007 to 2015 (as Chairman from 2007 to 2008 and as Lead Director from 2008 to 2013). Prior to his appointment to the CSX Board, Mr. Reilley was an advisory board member of Triam Advisory Partners, of which he was a founding member. Additionally, Mr. Reilley served as a director of H.J. Heinz Company from 2005 to 2013 and the Entergy Corporation from 1999 to 2005, as well as a former chairman of the American Chemistry Council.

Linda H. Riefler

Independent Director Nominee

Age: 56

Director since: 2017

CSX Committees:

Audit / Compensation / Public Affairs

Skills and Qualifications:

Ms. Riefler draws on her experience at Morgan Stanley to provide the Board perspective on internal growth strategies, risk and external growth strategies, debt and equity financings, and capital market allocations.

Other Public Directorships:

MSCI, Inc.

Biographical Information:

Linda H. Riefler served as the Chairman of Global Research at Morgan Stanley from 2011 to 2013 and as Global Head of Research since 2008. From 2006 to 2008 she served as the Chief Talent Officer, in which role she served on both the Management Committee for seven years and the Operating Committee of Morgan Stanley. Ms. Riefler joined Morgan Stanley in 1987 in the Capital Markets division and was elected a managing director in 1998.

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Item 1: Election of Directors

J. Steven Whisler

Independent Director Nominee

Age: 63

Director since: 2011

CSX Committees:

Audit / Finance

Skills and Qualifications:

Through his prior tenure on the Burlington Northern Santa Fe board of directors and as a former executive in the mining industry, Mr. Whisler brings to the Board invaluable safety program experience, railroad knowledge and familiarity with certain key markets.

Other Public Directorships:

Brunswick Corporation

International Paper Co.

Biographical Information:

J. Steven Whisler is the retired Chairman and Chief Executive Officer of Phelps Dodge Corporation, a mining and manufacturing company, where he served in many roles from 1981 until his retirement in 2007. During his tenure at Phelps Dodge Corporation, Mr. Whisler was instrumental in the implementation of its "Zero and Beyond" safety program designed to eliminate workplace injuries and its "Quest for Zero" process-improvement program designed to, among other things, eliminate environmental waste while enhancing product quality.

Mr. Whisler also served as a director of US Airways Group, Inc. from 2005 until 2011, and Burlington Northern Santa Fe from 1995 until its acquisition by Berkshire Hathaway in 2010.

John J. Zillmer

Independent Director Nominee

Age: 62

Director since: 2017

CSX Committees:

Compensation (Chair) / Executive / Governance / Public Affairs

Skills and Qualifications:

Mr. Zillmer provides the Board valuable insight on business optimization and improvement, in addition to labor relations, environmental safety, logistics, corporate governance and talent management.

Other Public Directorships:

Ecolab, Inc.

Veritiv Corporation

Performance Food Group Company

Biographical Information:

John J. Zillmer is the former Executive Chairman, President and Chief Executive Officer of Univar Inc., a global chemical distributor and Fortune 500 company, where he also served as a director from 2009 to 2012. Prior to joining Univar, Mr. Zillmer served as Chairman and Chief Executive Officer of Allied Waste Industries, Inc. from 2005 to 2008, leading an operational transformation which has become an industry benchmark. He currently serves as a director of Ecolab, Inc., Veritiv Corporation and Performance Food Group Company. Since June 2004, Mr. Zillmer has also served as a director of Liberty Capital Partners, a private equity and venture capital firm specializing in start-ups, early stage, growth equity, buyouts and acquisitions. Mr. Zillmer also serves on the North American advisory board of CVC Capital Partners. He previously served on the board of Reynolds American, Inc. from 2007 until its acquisition by British American Tobacco in 2017.

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Item 1: Election of Directors

What are the directors' qualifications to serve on the CSX Board of Directors?

The table below highlights the qualifications and experience of each nominee that resulted in the Board's determination that each nominee is uniquely qualified to serve on the Board.

DIRECTOR QUALIFICATIONS AND EXPERIENCE

BUSINESS OPERATIONS experience gives directors a practical understanding of developing, implementing and assessing the Company's operating plan and business strategy.

CORPORATE GOVERNANCE experience supports Board and management accountability, transparency and protection of shareholder interests.

FINANCE / CAPITAL ALLOCATION experience is important in evaluating the Company's capital structure.

FINANCIAL EXPERTISE / LITERACY is important because it assists directors with their oversight of financial reporting and internal controls.

GOVERNMENT / PUBLIC POLICY experience is important in understanding the regulatory environment in which the Company operates.

RISK MANAGEMENT experience is critical to the Board's risk oversight role.

MARKETING / SALES experience is important to understanding the Company's business strategies in developing new markets.

TALENT MANAGEMENT experience is valuable in helping the Company attract, motivate and retain high performing employees, including succession planning efforts.

TRANSPORTATION INDUSTRY experience is important to understanding the dynamics within the freight transportation sector.

What if a nominee is unable to serve as director?

If any of the nominees named above is not available to serve as a director at the time of the Annual Meeting (an event which the Board does not now anticipate), the proxies will be voted for the election of such other person or persons as the Board may designate, unless the Board, in its discretion (but subject to the terms of the MR Agreement), reduces the number of directors. Furthermore, if Ms. Riefler or Messrs. Hilal, Reilley or Zillmer are not available to serve as a director at the time of the Annual Meeting, proxies will be voted for the election of such other person or persons designated by Mantle Ridge pursuant to the MR Agreement, subject to the terms thereof.

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Item 1: Election of Directors

Director Independence

The Board annually evaluates the independence of each of its directors and, acting through its Governance Committee, the performance of each of its directors. In evaluating the independence of each of its directors, the Board considers the Nasdaq Global Select Market ("Nasdaq") listing standards and reviews transactions or relationships, if any, between each director, director nominee or his or her immediate family and the Company or its subsidiaries. The purpose of this review is to determine whether any such relationships or transactions would interfere with the exercise of independent judgment by the director or director nominee in carrying out his or her responsibilities as a director, and thus, be inconsistent with a determination that the director or director nominee is independent.

In March 2018, after considering Nasdaq listing standards, the Board, upon recommendation from the Governance Committee, determined that the following directors are independent under the Nasdaq listing standards: Donna M. Alvarado, John B. Breaux, Pamela L. Carter, Steven T. Halverson, Edward J. Kelly, III, John D. McPherson, David M. Moffett, Dennis H. Reilley, Linda H. Riefler, J. Steven Whisler and John J. Zillmer.

Principles of Corporate Governance

The Board is committed to corporate governance principles and practices that facilitate the fulfillment of its fiduciary duties to shareholders and to the Company and its shareholders. The Board has adopted Corporate Governance Guidelines that reflect the high standards that employees, investors, customers, suppliers and others can and should expect. Key corporate governance principles observed by the Board and the Company include:

- separation of the roles of Chairman and Chief Executive Officer;
- nomination of a slate of directors for election to the Board, a substantial majority of which are independent, as that term is defined in the Nasdaq listing standards;
- establishment of qualification guidelines for director candidates and review of each director's performance and continuing qualifications for Board membership;
- the requirement that the Audit Committee, Compensation Committee and Governance Committee be comprised solely of independent directors;
- authority for the Governance, Compensation and Audit Committees to retain outside, independent advisors and consultants when appropriate;
- adoption of a Code of Ethics, which meets applicable rules and regulations and covers all directors, officers and employees of CSX;
- adoption of a Policy Regarding Shareholder Rights Plans, establishing parameters around the adoption of any future shareholder rights plan, including the expiration of any such plan within one year of adoption if the plan does not receive shareholder approval or ratification;
- adoption of a Policy Regarding Shareholder Approval of Severance Agreements, requiring shareholder approval of certain future severance agreements with senior executives that provide benefits in an amount exceeding a threshold set forth in the policy;
- a majority voting standard with a director resignation policy in an uncontested election; and
- adoption of a proxy access bylaw.

CSX's Corporate Governance Guidelines and Code of Ethics are available on the Company's website at <http://investors.csx.com> under the heading "Corporate Governance." Shareholders may also request a free copy of any of these documents by writing to CSX Corporation, Office of the Corporate Secretary, 500 Water Street, C160, Jacksonville, Florida 32202. Any waivers of or changes to the Code of Ethics that apply to our directors or executive officers will be disclosed on CSX's website at <http://www.csx.com>. There were no waivers to the Code of Ethics in 2017.

Shareholders who wish to communicate with the Board, or with a particular director, may forward appropriate correspondence to CSX Corporation, Office of the Corporate Secretary, 500 Water Street, C160, Jacksonville, Florida 32202. Pursuant to procedures established by the non-employee directors of the Board, the Office of the Corporate Secretary will forward appropriate correspondence to the Board or a particular director. Appropriate correspondence generally includes any legitimate, non-harassing inquiries or statements. Interested parties who wish to communicate with the Chairman of the Board or non-employee directors may forward correspondence to CSX Corporation, the Chairman of the Board, CSX Board of Directors, 500 Water Street, C160, Jacksonville, Florida 32202.

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Item 1: Election of Directors

Board of Directors' Role in Risk Oversight

Pursuant to its charter, the Audit Committee of the Board has primary responsibility for risk oversight. In addition to regular risk presentations to the Audit Committee, management periodically reports to the Board and its other committees on current risks and the Company's approach to avoiding and mitigating risk exposure.

The Company's Business Risk Management ("BRM") program includes activities related to the identification, assessment, mitigation and monitoring of risks. The CSX risk universe is divided into the following broad risk categories:

Compliance — Risks directly impacting CSX's ability to meet or comply with state, federal or local rules and regulations (e.g., environmental laws and regulations);

Strategic — Risks (and opportunities) directly impacting CSX's ability to achieve or exceed its stated longer term strategic objectives (e.g., market demand shifts); and

External — Risks arising from events outside CSX and beyond the Company's direct influence or control (e.g., economic downturn, cyber and other security risks).

The objective of the BRM program is to facilitate timely identification and review of new and existing risks along with overseeing the development and execution of mitigation plans. A well-established risk management structure is leveraged to govern the program.

Risks are prioritized based on their potential impacts on the Company. On an ongoing basis, risks are evaluated to track the status of key mitigation activities along with the trends of key indicators. Ultimately, the BRM program provides an opportunity for business and functional leadership to collaborate on the key Company risks and identify needed mitigation steps to help advance the Company's objectives.

Board of Directors' Role in Succession Planning

The Board is responsible for succession planning for the Board, as well as senior management, including the CEO. In addition to succession planning efforts by the Board and the Governance Committee throughout the year, the full Board engages in a comprehensive management succession planning exercise on an annual basis where it analyzes potential succession candidates across all senior management positions. Although the Board focuses on the senior executive team and CEO succession, directors also discuss the pipeline for other key roles in the Company. As part of this exercise, the Board reviews skills, competencies and readiness levels of succession candidates and recommends development plans to ensure that management succession candidates are adequately prepared for planned and unexpected transitions.

As discussed in greater detail below, in March 2017, upon the resignation of Mr. Ward, CSX appointed E. Hunter Harrison as CEO to transform the Company by implementing his proven PSR business model. Following Mr. Harrison's untimely death in December 2017, CSX appointed James M. Foote, the Company's Chief Operating Officer, with whom Mr. Harrison had worked closely with at Canadian National Railway, to continue the positive progress of PSR.

In February 2018, in response to a shareholder proposal that was subsequently withdrawn, the Board adopted a policy requiring that the CEO have an annual physical, performed by a medical provider approved by the Board, or by a Committee designated by the Board, with the results to be provided to the Board by the medical provider in such a manner and in such a form as may be determined by the Board.

As part of its succession planning efforts for potential director nominees, the Board considers, among other factors, diversity of backgrounds and experience, the tenure and skill sets of existing directors and expertise in areas of strategic focus.

The Board believes that the 13 director nominees standing for election at the Annual Meeting possess a diverse breadth of experience that will bolster management's positioning of CSX to respond to volatile macroeconomic conditions and challenges facing CSX and the rail industry.

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Item 1: Election of Directors

Transactions with Related Persons and Other Matters

CSX operates under a Code of Ethics that requires all employees, officers and directors, without exception, to avoid engaging in activities or relationships that conflict, or would be perceived to conflict, with the Company's interests or adversely affect its reputation. It is understood, however, that certain relationships or transactions may arise that would be deemed acceptable and appropriate upon full disclosure of the transaction, following review to ensure there is a legitimate business reason for the transaction and that the terms of the transaction are no less favorable to CSX than could be obtained from an unrelated person. The Audit Committee is responsible for review and oversight of all transactions with related persons. CSX has not adopted written procedures for reviewing Related Person Transactions, but generally follows the procedures described below.

A "Related Person Transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which: (i) CSX (including any of its subsidiaries) was, is or will be a participant; (ii) the amount involved exceeds \$120,000 in any fiscal year; and (iii) any Related Person had, has or will have a direct or indirect material interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity).

CSX considers a "Related Person" to be: (i) any person who is, or at any time since the beginning of the last fiscal year was, a director or executive officer or a nominee to become a director; (ii) any person who is known to be the beneficial owner of more than 5% of any class of CSX's voting securities; (iii) any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner; and (iv) any firm, corporation or other entity in which any of the foregoing persons is employed or is a partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

On an annual basis, in response to the Directors and Officers Questionnaire ("Questionnaire") and a Related Person Transaction survey ("Survey"), each director, director nominee and executive officer submits to the Corporate Secretary a description of any current or proposed Related Person Transactions. Directors and executive officers are expected to notify the Corporate Secretary of any updates to the list of Related Person Transactions during the year. If Related Person Transactions are identified, those transactions are reviewed by the Audit Committee.

The Audit Committee will evaluate Related Person Transactions based on:

information provided to the Board during the required annual affirmation of independence;

applicable responses to the Questionnaires and Surveys submitted to the Company; and

any other applicable information provided by any director or executive officer of the Company, or obtained through internal database queries.

In connection with the review of any Related Person Transaction, the Audit Committee will consider whether the transaction will be a conflict of interest or give the appearance of a conflict of interest. In the case of any Related Person Transaction involving an outside director or nominee for director, the Audit Committee will also consider whether the transaction will compromise the director's status as an independent director as prescribed in the Nasdaq listing standards.

Mantle Ridge Agreements

As previously reported, on January 18, 2017 and prior to becoming CEO of the Company, E. Hunter Harrison, entered into a consulting agreement with Mantle Ridge (the "MR Consulting Agreement"). Under the MR Consulting Agreement, Mr. Harrison agreed to serve as a consultant to Mantle Ridge for which the agreement entitled him to, among other things and subject to the repayment obligations described below: (i) a \$166,667 monthly consulting fee; (ii) an \$84 million supplemental payment, payable in two lump-sum installments of \$55 million on January 31, 2017 and \$29 million before March 15, 2018; and (iii) a tax equalization payment related to his forfeiture of certain equity awards granted by his former employer, Canadian Pacific Railway Limited (collectively, the "Payments").

The MR Consulting Agreement obligated Mr. Harrison to repay in full, or forfeit if not yet paid, the Payments if: (i) he resigned (other than due to death or disability or was required to do so by his former employer due to a breach of certain restrictive covenants by Mantle Ridge); (ii) he accepted an employment position as requested by Mantle Ridge (in which case the repayment was required within 10 days of receiving an equivalent amount from his new employer); (iii) he materially violated the non-competition covenants to which he was subject under the MR Consulting Agreement; or (iv) he rejected an offer of employment to serve as the CEO of a Class 1 Railroad if such offer met certain specified minimum duration, compensation, severance, benefits and other requirements.

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Item 1: Election of Directors

On March 6, 2017, the Company entered into the MR Agreement, pursuant to which, among other things: (i) the Board agreed to certain director appointments and the subsequent nomination of the directors so appointed at each of the Company's 2017 Annual Meeting and the Annual Meeting; (ii) the Board agreed to certain committee leadership and composition and to maintain such committee leadership and composition until at least the conclusion of the Annual Meeting; and (iii) that the roles of Chairman of the Board and CEO would be separated and that Mr. Kelly and Mr. Hilal would be appointed as non-executive Chairman and Vice Chairman of the Board, respectively, each to serve until the conclusion of the Annual Meeting. Furthermore, in order to facilitate Mr. Harrison becoming CEO of the Company, pursuant to an amendment to the MR Consulting Agreement, Mantle Ridge agreed that if the Board approved and effectuated the reimbursement of the various payments and obligations discussed above no later than the 15th day following the 2017 Annual Meeting, then Mr. Harrison would have no obligation to repay the Payments.

The MR Agreement terminates upon conclusion of the Annual Meeting, subject to certain specified obligations that will terminate at a later date. It is more fully described in, and is attached as an exhibit to, the Company's Current Report on Form 8-K filed on March 7, 2017 with the SEC.

On March 6, 2017, Mr. Harrison was appointed as CEO and a director of the Company. On March 30, 2017, the Company and the Mantle Ridge Group entered into a registration rights agreement (the "Registration Rights Agreement"). The Registration Rights Agreement was contemplated by the MR Agreement. Pursuant to the Registration Rights Agreement, the Mantle Ridge Group shareholders may request that the Company file a registration statement to register the sale of shares of CSX common stock that the Mantle Ridge Group shareholders beneficially own, subject to the limitations and conditions provided in the Registration Rights Agreement. The Registration Rights Agreement is more fully described in, and is attached as an exhibit to, the Company's Current Report on Form 8-K filed on April 3, 2017 with the SEC.

Finally, on June 16, 2017, the Company entered into a letter agreement with Mr. Harrison, pursuant to which the Company: (i) paid and acknowledged the reimbursement payment to Mantle Ridge of \$55 million for funds previously paid to Mr. Harrison by Mantle Ridge; (ii) assumed Mantle Ridge's obligation to pay Mr. Harrison a lump sum cash amount of \$29 million in respect of other forfeited compensation from Canadian Pacific Railway Limited prior to March 15, 2018, subject to applicable deductions and withholdings; and (iii) assumed Mantle Ridge's tax indemnification obligations to Mr. Harrison, which enabled him to remain in the same after-tax position as if he had not forfeited such compensation and benefits earned from Canadian Pacific and had not been reimbursed for them. This letter agreement is more fully described in, and is attached as an exhibit to, the Company's Current Report on Form 8-K filed on June 16, 2017 with the SEC.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is or in 2017 was an executive officer or former executive officer of the Company. In addition, no executive officer of the Company served on the board of directors of any entity whose executive officers included a director of the Company.

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Item 1: Election of Directors

Board Leadership and Committee Structure

The Board believes that at this time, and based on the Company's current circumstances, the positions of Chairman and CEO should be separate, with the Chairman of the Board role being filled by an independent director. The duties of the Chairman include: (i) calling special meetings of the Board; (ii) presiding at all meetings of the Board and shareholders; (iii) in consultation with the Vice Chairman of the Board, determining the agenda, schedule and meeting materials for meetings of the Board; (iv) guiding Board discussions and facilitating discussions between the Board and the Company's management; (v) interacting with the Company's analysts, investors, employees and other key constituencies; and (vi) keeping the Vice Chairman informed, and consulting with the Vice Chairman, as to material internal and external discussions the Chairman has, and material developments the Chairman learns, about the Company and the Board.

The Chairman is assisted by a Vice Chairman. The duties of the Vice Chairman include: (i) providing input on the agenda, schedules and meeting materials for meetings of the Board; (ii) assisting in guiding Board discussions and facilitating communication between the Board and the Company's management; (iii) interacting with the Company's analysts, investors, employees and other key constituencies; (iv) performing the duties of Chairman in the absence or at the request of the Chairman; and (v) keeping the Chairman informed, and consulting with the Chairman, as to material internal and external discussions the Vice Chairman has, and material developments the Vice Chairman learns, about the Company and the Board.

The Board has six standing committees: the Audit Committee, the Compensation Committee, the Executive Committee, the Finance Committee, the Governance Committee and the Public Affairs Committee. Each of these committees has a written charter approved by the Board, a copy of which can be found on the Company's website at <http://investors.csx.com> under the heading "Corporate Governance." As of the Record Date, the composition of the committees of the Board was as follows:

DIRECTOR

Donna M. Alvarado

John B. Breaux

Pamela L. Carter

James M. Foote

Steven T. Halverson

Paul C. Hilal

Edward J. Kelly, III

John D. McPherson

David M. Moffett

Dennis H. Reilley