

CSX CORP
Form DEF 14A
March 26, 2014
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 Pursuant to ss.240.14a-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.

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- (1) Amount Previously Paid:
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“At CSX, timely and transparent communication with shareholders is a vital part of how we create value, especially during times of transition.”

March 26, 2014

Dear Fellow Shareholder:

I am pleased to invite you to join the CSX Board of Directors, senior management and your fellow shareholders at our 2014 Annual Meeting of Shareholders on Wednesday, May 7, 2014 at the Boston Harbor Hotel at Rowes Wharf.

The attached Notice of Annual Meeting of Shareholders and Proxy Statement includes information about the matters to be voted upon at the meeting. Our 2013 Annual Report to Shareholders, which includes CSX’s audited financial statements and additional information about our business, is also available for review. We encourage you to take a look to familiarize yourself with the latest business update from CSX. Proxy materials for the Annual Meeting of Shareholders are also available online to offer additional means for our shareholders to review important Company information and reduce the environmental impact of the meeting.

Fiscal year 2013 was an important year at CSX, as we continued to manage through the transition in U.S. energy markets and invest for the future. Despite a decline in coal revenue of nearly \$300 million, CSX delivered a slight increase in full-year earnings per share over the previous year. The Company focused on the things we are able to control – generating productivity savings in excess of inflation, delivering industry-leading safety results and providing notable improvements in customer satisfaction. As a result, CSX is transitioning to a brighter future with a diversified portfolio that will create sustainable growth opportunities over the short and long term.

We continued executing on our balanced approach to capital deployment, launching a new \$1 billion share buyback program and raising our dividend for the 10th time in 8 years. Strategic investments in markets such as intermodal enable CSX to capitalize on the expansion in the U.S. economy and will contribute to future growth. I look forward to discussing our results and outlook with you in Boston.

We hope that you will participate in the Annual Meeting, either by attending to vote in person or by submitting your proxy via the Internet, by phone, or by signing, dating, and returning the enclosed proxy card (or voting instruction form, if you hold shares through a broker). 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 on each of your voting options described in this Proxy Statement as well as in the Notice you received in the mail or via email.

On behalf of the Board of Directors, our management team and the 31,000 CSX employees around the country, thank you for your investment in CSX. I look forward to seeing you at the Annual Meeting.

Sincerely,

Michael J. Ward

Chairman of the Board, President and Chief Executive Officer

2014 Proxy Statement **1**

PARTICIPATE IN THE FUTURE OF YOUR COMPANY, VOTE NOW.

It is very important that you vote to play a part in the future of your Company. Based on New York Stock Exchange (“NYSE”) rules, if your shares are held through a broker, bank or other nominee, they cannot vote on your behalf on non-discretionary matters.

Please cast your vote as soon as possible on all of the items listed below to ensure that your shares are represented.

Proposals which Require your Vote

		Board recommendation	Unvoted shares	Abstentions	Votes required for approval
PROPOSAL 1	Election of Directors	FOR each nominee	Do not count		
PROPOSAL 2	Ratification of Accounting Firm	FOR	Discretionary vote	Do not count	Majority of shares
PROPOSAL 3	Advisory vote on Executive Compensation	FOR	Do not count	for any matter	cast for all matters
PROPOSAL 4	Shareholder Proposal	AGAINST	Do not count		

Voting Options

Even if you plan to attend our Annual Meeting in person, please read this Proxy Statement with care, and vote using any of the following methods. **In all cases, have your proxy card or voting instruction form in hand and follow the instructions.**

By internet using a computer	By internet using a smartphone or tablet	By telephone	By mail
Visit 24/7 www.proxyvote.com	Scan this QR code 24/7 to vote with your mobile device (may require free software)	Dial toll-free 24/7 1-800-690-6903	Cast your ballot, sign and date your proxy card and send by mail

Visit our Annual Meeting Website

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

Visit our annual meeting website

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

Attend our 2014 Annual Meeting of Shareholders

10:00 a.m. (EDT) on Wednesday, May 7, 2014
Boston Harbor Hotel,
70 Rowes Wharf,
Boston, MA 02110

2014 Proxy Statement **2**

Notice of 2014 Annual Meeting of Shareholders

Wednesday, May 7, 2014

10:00 a.m., Eastern Time

Boston, Massachusetts

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 Wednesday, May 7, 2014 at the Boston Harbor Hotel, 70 Rowes Wharf, Boston, Massachusetts 02110 for the purpose of considering and acting upon the following matters:

1. To elect the 13 directors 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 2014;
3. To consider an advisory (non-binding) resolution to approve compensation for the Company’s named executive officers;
4. To consider a shareholder proposal requesting action by the Board of Directors to allow shareholders to act by written consent; and
5. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The Board of Directors recommends a vote FOR items 1, 2 and 3, and AGAINST item 4. The persons named as proxies will use their discretion to vote on other matters that may properly arise at the Annual Meeting.

The above matters are described in the Proxy Statement. You are urged, after reading the Proxy Statement, to vote your shares by proxy using one of the following methods: (i) vote by telephone or via the Internet; or (ii) if you requested printed proxy materials, complete, sign, date and return your proxy card in the postage-paid envelope provided.

Only shareholders of record at the close of business on March 7, 2014, which is the record date for the Annual Meeting, will be entitled to vote, either by proxy or by ballot. The Notice of Internet Availability of Proxy Materials is

being mailed to those shareholders on or about March 26, 2014.

By Order of the Board of Directors,

Ellen M. Fitzsimmons

Executive Vice President-Law and Public Affairs

General Counsel 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 before voting. For more complete information regarding the Company's 2013 performance, please review the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 2013.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on May 7, 2014. This Proxy Statement and the 2013 Annual Report are available on the Company's Internet website (www.csx.com).

Annual Meeting of Shareholders

Date and Time: Wednesday, May 7, 2014 at 10:00 a.m. (EDT)

Place: Boston Harbor Hotel
70 Rowes Wharf
Boston, MA 02110

Record Date: March 7, 2014

Eligibility to Vote

You can vote if you were a shareholder of record at the close of business on March 7, 2014, which is the Record Date for the Annual Meeting.

How to Cast Your Vote

You can vote by any of the following methods:

Internet (www.proxyvote.com) until 11:59 p.m. EDT on May 6, 2014;

☐ Telephone (1-800-690-6903) until 11:59 p.m. EDT on May 6, 2014;

☐ Completing, dating, signing and returning your proxy or voting instruction card on or before May 7, 2014; or

☐ In person, at the Annual Meeting.

Business Highlights for 2013 *(for more detail please see Form 10-K)*

CSX's performance in 2013 illustrated the underlying strength of the Company's business, as well as its ability to deliver value for customers and shareholders, while preparing for long-term growth. Despite substantial gains in the Company's intermodal and merchandise business, significant declines in coal volumes impaired top-line growth for the year. Nevertheless,

CSX delivered operating income of \$3.473 billion for 2013. In addition, CSX returned approximately \$950 million to shareholders in the form of dividends and share repurchases, while delivering a 49% increase in share price for 2013 compared to a 30% return for the S&P 500.

Voting Matters and Board Recommendations

Agenda Item	Board Vote Recommendation
1. Election of Directors	FOR each director nominee
2. Ratification of Appointment of Ernst & Young LLP as the Independent Registered Public Accounting Firm for 2014	FOR
3. Advisory Vote to Approve Executive Compensation	FOR
4. Shareholder Proposal Regarding Action by Written Consent	AGAINST

Auditors

As a matter of good corporate governance, we are asking our shareholders to ratify the selection of Ernst & Young LLP as our independent auditor for 2014.

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Board Nominees

Name	Director since	Independent Committee		Memberships	Other Public Company Boards
		Yes	No		
Donna M. Alvarado	2006	X		<ul style="list-style-type: none"> • Audit • Compensation 	<ul style="list-style-type: none"> • Corrections Corporation of America • Park National Corporation
John B. Breaux	2005	X		<ul style="list-style-type: none"> • Governance • Public Affairs (Chair) • Executive 	<ul style="list-style-type: none"> • LHC Group, Inc.
Pamela L. Carter	2010	X		<ul style="list-style-type: none"> • Governance • Public Affairs 	<ul style="list-style-type: none"> • Spectra Energy Corporation
Steven T. Halverson	2006	X		<ul style="list-style-type: none"> • Audit • Compensation (Chair) • Executive 	
Edward J. Kelly, III	2002	X		<ul style="list-style-type: none"> • Governance (Chair) • Compensation • Executive 	
Gilbert H. Lamphere	2008	X		<ul style="list-style-type: none"> • Finance • Public Affairs 	<ul style="list-style-type: none"> • Las Vegas Railway Express
John D. McPherson	2008	X		<ul style="list-style-type: none"> • Finance • Public Affairs 	<ul style="list-style-type: none"> • Las Vegas Railway Express
Timothy T. O'Toole	2008	X		<ul style="list-style-type: none"> • Finance • Governance 	<ul style="list-style-type: none"> • FirstGroup, plc
David M. Ratcliffe	2003	X		<ul style="list-style-type: none"> • Finance (Chair) • Public Affairs • Executive 	<ul style="list-style-type: none"> • SunTrust Bank
Donald J. Shepard	2003	X		<ul style="list-style-type: none"> • Audit (Chair) • Compensation • Executive 	<ul style="list-style-type: none"> • The PNC Financial Services Group, Inc. • Travelers Companies, Inc.
Michael J. Ward	2003		X	<ul style="list-style-type: none"> • Executive (Chair) 	<ul style="list-style-type: none"> • Ashland Inc.
J.C. Watts, Jr.	2011	X		<ul style="list-style-type: none"> • Governance • Public Affairs 	<ul style="list-style-type: none"> • Dillards, Inc. • ITC Holdings
J. Steven Whisler	2011	X		<ul style="list-style-type: none"> • Audit • Compensation 	<ul style="list-style-type: none"> • Brunswick Corporation • International Paper Co.

Board Governance

Directors elected annually

Independent presiding director

Policy prohibiting hedging and pledging by directors and executive officers

All directors attended 75% or more of the meetings in 2013

All standing committees (other than the Executive Committee) comprised of solely independent directors

Stock ownership guidelines for directors

Mandatory director retirement age

Majority voting standard and resignation policy

Executive sessions at all regular meetings

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2013 Target Compensation Mix For Named Executive Officers

Information regarding the compensation mix for the CEO and each Named Executive Officer is set forth below. The tables indicate that 69% of the CEO's compensation and an average of 64% of the other Named Executive Officers' compensation is at risk and subject to the achievement of one or more performance goals.

Executive Compensation Highlights

The table below highlights the 2013 compensation for the Named Executive Officers as disclosed in the *Summary Compensation Table*.

Name	Salary	Stock Awards	Non-Equity Incentive Plan Compensation
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