

CSX CORP  
Form DEF 14A  
March 26, 2013

**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**

Filed by the Registrant  
Filed by a Party other than the Registrant  
Check the appropriate box:

Preliminary Proxy Statement	<b>Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))</b>
Definitive Proxy Statement	
Definitive Additional Materials	
Soliciting Material Pursuant to §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.

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

- |     |  |
|-----|--|
| (1) | Title of each class of securities to<br>which the transaction applies: |
| (2) | Aggregate number of securities to<br>which the transaction applies:    |

Edgar Filing: CSX CORP - Form DEF 14A

- (3) Per unit price or other underlying value of the 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 the transaction:
- (5) Total fee paid:

Fee paid previously with preliminary materials.

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:
-



“At CSX, good governance means managing our business effectively in a way that is responsible, transparent and accountable to our shareholders.”

March 26, 2013

Dear Fellow Shareholder:

I am pleased to invite you to attend the 2013 Annual Meeting of Shareholders to be held at 10:00 a.m. (CDST) on Wednesday, May 8, 2013. This year’s Annual Meeting will be held at the Renaissance - Birmingham, 4000 Grand Ave., Birmingham, AL 35226.

The following Notice of Annual Meeting of Shareholders and Proxy Statement includes information about the matters to be acted upon by shareholders. CSX also has made available with this Proxy Statement a copy of our 2012 Annual Report to Shareholders. We encourage you to read our Annual Report, which includes CSX’s audited financial statements and additional information about the business.

CSX has made the proxy materials available via the Internet. The Company believes that providing Internet access to our proxy materials increases the ability of our shareholders to review important Company information, while reducing the environmental impact of our Annual Meeting.

We hope that you will participate in the Annual Meeting, either by attending and voting in person or by voting through the other acceptable methods described in the Proxy Statement. You may submit 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, I would like to express our appreciation for your continued support of CSX. I look forward to seeing you at the Annual Meeting.

**Michael J. Ward**

*Chairman of the Board, President and Chief Executive Officer*

*2013 Proxy Statement 1*

---

[Back to Contents](#)

**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 right away on all of the items listed below to ensure that your shares are represented.*

Proposals which Require your Vote

		<b>Board recommendation</b>	<b>Unvoted shares</b>	<b>Abstentions</b>	<b>Votes required for approval</b>
<b>PROPOSAL 1</b>	Election of Directors	<b>FOR</b> each nominee	Do not count		
<b>PROPOSAL 2</b>	Ratification of Accounting Firm	<b>FOR</b>	Discretionary vote	Do not count	Majority of shares cast
<b>PROPOSAL 3</b>	Advisory vote on Executive Compensation	<b>FOR</b>	Do not count		

Vote Right Away

Even if you plan to attend our Annual Meeting in person, please read this Proxy Statement with care, and vote right away 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**

Visit 24/7  
[www.proxyvote.com](http://www.proxyvote.com)

**By internet using a smartphone or tablet**

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

**By telephone**

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

**By mail**

**Cast your ballot, sign your proxy card** and send by freepost

Visit our Annual Meeting Website

Visit our annual meeting website

•

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

•

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

Attend our 2013 Annual Meeting of Shareholders

10:00 a.m. (CDST) on Wednesday, May 8, 2013

Renaissance - Birmingham

4000 Grand Ave.

Birmingham, AL 35226

*2013 Proxy Statement* 2

---

[Back to Contents](#)

Notice of Annual Meeting of Shareholders  
Wednesday, May 8, 2013

10:00 a.m., Central Time

Renaissance - Birmingham, 4000 Grand Ave., Birmingham, AL 35226

To Our Shareholders:

The Annual Meeting of Shareholders (the “Annual Meeting”) of CSX Corporation (the “Company”) will be held at 10:00 a.m. (CDST) on Wednesday, May 8, 2013 at the Renaissance - Birmingham, 4000 Grand Ave., Birmingham, AL 35226 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 2013;

3.

To consider an advisory resolution to approve compensation for the Company’s named executive officers; and

4.

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. 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 8, 2013, 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, 2013.

By Order of the Board of Directors

**Ellen M. Fitzsimmons**

*Executive Vice President-Law and Public Affairs  
General Counsel and Corporate Secretary*

*2013 Proxy Statement 3*

---



[Back to Contents](#)

Table of Contents

<b><u>NOTICE OF ANNUAL MEETING OF SHAREHOLDERS</u></b>	<u>3</u>
<b><u>PROXY SUMMARY</u></b>	<u>6</u>
<b><u>PROXY STATEMENT FOR 2013 ANNUAL MEETING OF SHAREHOLDERS</u></b>	<u>9</u>
<b><u>ABOUT THE ANNUAL MEETING</u></b>	<u>9</u>
<u>What is the purpose of the Annual Meeting of Shareholders?</u>	<u>9</u>
<u>Where will the Annual Meeting be held?</u>	<u>9</u>
<u>Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?</u>	<u>9</u>
<u>How do I get electronic access to the proxy materials?</u>	<u>9</u>
<u>Who is soliciting my vote?</u>	<u>9</u>
<u>Who is entitled to vote?</u>	<u>10</u>
<u>What will I be voting on?</u>	<u>10</u>
<u>How many votes do I have?</u>	<u>10</u>
<u>How many shares must be present to hold the Annual Meeting?</u>	<u>10</u>
<u>What are the vote requirements for each proposal?</u>	<u>10</u>
<u>How do I vote?</u>	<u>11</u>
<u>Can I change my vote?</u>	<u>11</u>
<u>Will my shares be voted if I do not provide instructions to my broker?</u>	<u>11</u>
<u>What happens if I return my proxy card but do not give voting instructions?</u>	<u>11</u>
<u>What happens if other matters are voted on at the Annual Meeting?</u>	<u>12</u>
<u>What is the deadline for consideration of shareholder proposals for the 2014 Annual Meeting of Shareholders?</u>	<u>12</u>
<u>Does the Board consider director nominees recommended by shareholders?</u>	<u>12</u>
<u>What happens if the Annual Meeting is postponed or adjourned?</u>	<u>12</u>
<u>Do I need a ticket to attend the Annual Meeting?</u>	<u>12</u>
<b><u>ITEM 1: ELECTION OF DIRECTORS</u></b>	<u>13</u>
<u>What are the directors' qualifications to serve on the CSX Board of Directors?</u>	<u>20</u>
<u>What if a nominee is unable to serve as director?</u>	<u>20</u>
<u>Director Independence</u>	<u>20</u>
<u>Principles of Corporate Governance</u>	<u>21</u>
<u>Board of Directors Role in Risk Oversight</u>	<u>21</u>
<u>Transactions With Related Persons and Other Matters</u>	<u>21</u>
<u>Board Leadership and Committee Structure</u>	<u>22</u>
<u>Meetings of the Board and Executive Sessions</u>	<u>24</u>
<u>Director Compensation</u>	<u>24</u>
<u>2012 Directors' Compensation Table</u>	<u>25</u>
<b><u>COMPENSATION DISCUSSION AND ANALYSIS</u></b>	<u>27</u>

Executive Overview

27

Executive Compensation Practices

30

*2013 Proxy Statement* 4

---

[Back to Contents](#)

<a href="#">What is the target compensation mix for the CEO and other NEOs?</a>	<a href="#">34</a>
<a href="#">Base Salary</a>	<a href="#">35</a>
<a href="#">Short-Term Incentive Compensation</a>	<a href="#">35</a>
<a href="#">2012 MICP Strategic Performance Goals</a>	<a href="#">36</a>
<a href="#">Long-Term Incentive Compensation</a>	<a href="#">37</a>
<a href="#">Benefits</a>	<a href="#">40</a>
<a href="#">Severance and Change-In-Control Agreements</a>	<a href="#">41</a>
<a href="#">Summary Compensation Table</a>	<a href="#">43</a>
<a href="#">2012 Grants of Plan-Based Awards Table</a>	<a href="#">44</a>
<a href="#">2012 Outstanding Equity Awards at Fiscal Year End</a>	<a href="#">45</a>
<a href="#">2012 Option Exercises and Stock Vested Table</a>	<a href="#">46</a>
<a href="#">Pension Benefits Table</a>	<a href="#">46</a>
<a href="#">Non-Qualified Deferred Compensation Table</a>	<a href="#">48</a>
<a href="#">Post-Termination and Change-In-Control Payments</a>	<a href="#">49</a>
<a href="#">Potential Payouts Under Change-In-Control Agreements</a>	<a href="#">51</a>
<a href="#">Potential Payouts Under the Stock Plans Upon a Change-In-Control</a>	<a href="#">52</a>
<b><a href="#">REPORT OF THE COMPENSATION COMMITTEE</a></b>	<a href="#">52</a>
<b><a href="#">ITEM 2: RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</a></b>	<a href="#">53</a>
<a href="#">Fees Paid to Independent Registered Public Accounting Firm</a>	<a href="#">53</a>
<a href="#">Pre-Approval Policies and Procedures</a>	<a href="#">53</a>
<b><a href="#">REPORT OF THE AUDIT COMMITTEE</a></b>	<a href="#">54</a>
<b><a href="#">ITEM 3: ADVISORY VOTE TO APPROVE THE COMPENSATION OF CSX'S NAMED EXECUTIVE OFFICERS</a></b>	<a href="#">55</a>
<a href="#">Vote Required</a>	<a href="#">55</a>
<b><a href="#">SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS</a></b>	<a href="#">56</a>
<b><a href="#">EQUITY COMPENSATION PLAN INFORMATION</a></b>	<a href="#">57</a>
<b><a href="#">SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</a></b>	<a href="#">57</a>
<b><a href="#">"HOUSEHOLDING" OF PROXY MATERIALS</a></b>	<a href="#">57</a>
<b><a href="#">NOTICE OF ELECTRONIC AVAILABILITY OF PROXY MATERIALS</a></b>	<a href="#">58</a>

[Back to Contents](#)

## 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 2012 performance, please review the Company's Annual Report on Form 10-K.*

## Annual Meeting of Shareholders

- 

**Date and Time:** Wednesday, May 8, 2013 at 10:00 a.m. (CDST)

- 

**Place:** Renaissance – Birmingham

4000 Grand Ave.

Birmingham, AL 35226

- 

**Record Date:** March 8, 2013

## Eligibility to Vote

You can vote if you were a shareholder of record at the close of business on March 8, 2013.

## How to Cast Your Vote

You can vote by any of the following methods:

- 

Internet ([www.proxyvote.com](http://www.proxyvote.com)) until 11:59 p.m. EDST on May 7, 2013;

- 

Telephone (1-800-690-6903) until 11:59 p.m. EDST on May 7, 2013;

- 

Completing, dating, signing and returning your proxy or voting instruction card on or before May 8, 2013; or

•  
In person, at the Annual Meeting.

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

CSX's performance in 2012 illustrated the underlying strength of the business and the Company's ability to deliver value for customers and shareholders in challenging conditions, 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 record operating income of \$3.457 billion for 2012. In addition, CSX's operational performance was strong, posting significant safety, service and productivity gains for the year.

Voting Matters and Board Recommendations

<b>Agenda Item</b>	<b>Board Vote Recommendation</b>
<b>1. Election of Directors</b>	FOR each director nominee
<b>2. Ratification of appointment of Ernst &amp; Young LLP as the Independent Registered Public Accounting Firm for 2013</b>	FOR
<b>3. Advisory Vote to Approve Executive Compensation</b>	FOR

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 2013.

[Back to Contents](#)

## Board Nominees

Name	Age	Director since	Independent		Committee Memberships	Other Public Company Boards
			Yes	No		
Donna M. Alvarado	64	2006	X		<ul style="list-style-type: none"> <li>• Audit</li> <li>• Compensation</li> </ul>	<ul style="list-style-type: none"> <li>• Corrections Corporation of America</li> </ul>
John B. Breaux	69	2005	X		<ul style="list-style-type: none"> <li>• Governance</li> <li>• Public Affairs</li> </ul>	<ul style="list-style-type: none"> <li>• LHC Group, Inc.</li> </ul>
Pamela L. Carter	63	2010	X		<ul style="list-style-type: none"> <li>• Governance</li> <li>• Public Affairs</li> </ul>	<ul style="list-style-type: none"> <li>• Spectra Energy Corporation</li> </ul>
Steven T. Halverson	58	2006	X		<ul style="list-style-type: none"> <li>• Audit</li> <li>• Compensation</li> </ul>	
Edward J. Kelly, III	59	2002	X		<ul style="list-style-type: none"> <li>• Compensation</li> </ul>	
Gilbert H. Lamphere	60	2008	X		<ul style="list-style-type: none"> <li>• Governance</li> <li>• Finance</li> </ul>	<ul style="list-style-type: none"> <li>• Las Vegas Railway Express</li> </ul>

Edgar Filing: CSX CORP - Form DEF 14A

				Public Affairs	FlatWorld Capital
				•	
John D. McPherson	66	2008	X	Finance	•
				•	Las Vegas Railway Express
				Public Affairs	
				•	
Timothy T. O'Toole	57	2008	X	Finance	•
				•	FirstGroup, plc
				Governance	
				•	
David M. Ratcliffe	64	2003	X	Finance	•
				•	SunTrust Bank
				Public Affairs	
				•	
Donald J. Shepard	66	2003	X	Audit	The PNC Financial Services Group, Inc.
				•	•
				Compensation	Travelers Companies, Inc.
				•	•
Michael J. Ward	62	2003	X		Ashland Inc.
				•	•
J.C. Watts, Jr.	55	2011	X	Governance	Dillards, Inc.
				•	•
				Public Affairs	ITC Holdings
				•	•
J. Steven Whisler	58	2011	X	Audit	Brunswick Corporation
				•	•
				Compensation	International Paper

2012 Executive Target Compensation Mix

Information regarding the compensation mix for the CEO and each Named Executive Officer is set forth below. The tables indicate that 87% of the CEO's compensation and an average of 80% of the other Named Executive Officer's compensation is at risk and subject to the achievement of one or more performance goals.

*2013 Proxy Statement 7*

---



[Back to Contents](#)

Executive Compensation Highlights

The table below highlights the 2012 compensation for the Named Executive Officers as disclosed in the *Summary Compensation Table*.

Name	Salary (\$)	Stock Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation		All Other Compensation <sup>1</sup> (\$)	Total (\$)
				Deferred Compensation	All Other Compensation <sup>1</sup>		
<b>Michael J. Ward</b> – Chairman, President and CEO							