

CSX CORP
Form DEF 14A
April 20, 2017

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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:

<input type="checkbox"/>	Preliminary Proxy Statement
<input type="checkbox"/>	Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
<input type="checkbox"/>	Definitive Proxy Statement
<input type="checkbox"/>	Definitive Additional Materials
<input type="checkbox"/>	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):

<input type="checkbox"/>	No fee required.
<input type="checkbox"/>	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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<input type="checkbox"/>	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:

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Letter to Our Shareholders

April 20, 2017

Dear Shareholder:

We cordially invite you to attend the 2017 Annual Meeting of Shareholders of CSX Corporation (CSX). The Annual Meeting will be held at 10:00 a.m. (EDT) on Monday, June 5, 2017, at The Jefferson Hotel, 101 W. Franklin Street, Richmond, Virginia 23220.

Details regarding admission to the Annual Meeting and the business to be conducted are described in the Notice of Internet Availability of Proxy Materials (the Notice) you received in the mail and in this Proxy Statement. CSX also has made available with this Proxy Statement a copy of our 2016 Annual Report to Shareholders. We encourage you to read our 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. If you want more information regarding electronic access or the Annual Meeting, please see the Questions and Answers section of this Proxy Statement or visit the Annual Shareholders Meeting 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 signing, dating and returning the enclosed white proxy card in the enclosed envelope. 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.

We would like to express our appreciation for your continued support of CSX and look forward to seeing you at the Annual Meeting.

CSX Corporation

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Notice of 2017 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 Monday, June 5, 2017 at The Jefferson Hotel, 101 W. Franklin Street, Richmond, Virginia, 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 2017;
3. To vote on an advisory (non-binding) resolution to approve compensation for the Company s named executive officers;
4. To hold an advisory (non-binding) vote on whether future votes on the compensation for the Company s named executive officers should be held every one, two or three years;
5. To hold an advisory (non-binding) vote concerning the reimbursement arrangements sought in connection with the retention of E. Hunter Harrison as CEO at CSX; and
6. 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 by telephone or via the Internet; 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. White proxy cards are being solicited on behalf of the Company s Board of Directors.

Only shareholders of record at the close of business on April 17, 2017, 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 for the fiscal year ended December 30, 2016 (the Annual Report) are being mailed or made available to those shareholders on or about April 20, 2017.

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 carefully before voting. For more complete information regarding the Company's 2016 performance, please review the Company's 2016 Annual Report.

Visit our Annual Meeting Website

Review and download easy to read, interactive versions of our Proxy Statement and 2016 Annual Report

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

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

Attend our Annual Meeting of Shareholders

Date and Time: Monday, June 5, 2017 at 10:00 a.m. (EDT)

Place: The Jefferson Hotel, 101 W. Franklin Street, Richmond, Virginia 23220

Eligibility to Vote

You can vote if you were a shareholder of record at the close of business on April 17, 2017, which is the record date for the Annual Meeting.

Voting Matters and Board Recommendation

The Board of Directors unanimously recommends a vote:

1. **FOR** the election of the thirteen director nominees named in this Proxy Statement;
2. **FOR** the ratification of the appointment of Ernst & Young LLP as CSX's Independent Registered Public Accounting Firm for 2017;
3. **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
4. **FOR** the approval, on an advisory (non-binding) basis, of the frequency of **EVERY YEAR** for future advisory votes on executive compensation. The Board is not making a recommendation with respect to Item 5, which is an advisory (non-binding) vote concerning the reimbursement arrangements sought in connection with the retention of E. Hunter Harrison as CEO at CSX.

How to Cast Your Vote

By internet

using a computer

until 11:59 p.m. EDT on June 4, 2017

Visit 24/7
www.proxyvote.com

By internet

using a smartphone or tablet

until 11:59 p.m. EDT on June 4, 2017

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 June 4, 2017

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

By mail

received on or before June 4, 2017

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

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Board Nominees

Name	Director since	Independent		Committee Memberships	Other Public Company Boards
		Yes	No		
Donna M. Alvarado	2006			Audit Compensation Public Affairs	CoreCivic, Inc. Park National Corporation
John B. Breaux	2005			Executive Governance Public Affairs (Chair)	LHC Group, Inc.
Pamela L. Carter	2010			Executive Finance (Chair) Governance	Enbridge Inc. Hewlett-Packard Enterprise
Steven T. Halverson	2006			Audit Compensation Executive (Chair)	
E. Hunter Harrison	2017			Compensation Executive Finance Governance	
Paul C. Hilal	2017			Compensation Executive Finance Governance	
Edward J. Kelly, III	2002			Compensation Executive Governance	XL Group plc MetLife Inc.
John D. McPherson	2008			Finance Public Affairs	
David M. Moffett	2015			Audit (Chair) Executive Finance	PayPal Holdings, Inc. Genworth Financial, Inc.
Dennis H. Reilley	2017			Audit Executive Finance Governance (Chair)	Marathon Oil Corporation Dow Chemical Company
Linda H. Riefler	2017			Audit Compensation Public Affairs	MSCI, Inc.
J. Steven Whisler	2011			Audit Finance	Brunswick Corporation International Paper Co.
John J. Zillmer	2017			Compensation (Chair) Executive Governance Public Affairs	Reynolds American, Inc. Ecolab, Inc. Veritiv Corporation Performance Food Group Company

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Corporate Governance Highlights

Directors elected annually
Independent Chairman of the Board
All directors in 2016 attended 75% or more of the Board and Committee meetings in 2016
Audit 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 and resignation policy
Executive sessions of independent directors at all regular meetings

Business Highlights for 2016

CSX's performance in 2016 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 a Company-record operating ratio of 69.4% in 2016. In addition, CSX returned approximately \$1.75 billion to shareholders in the form of dividends and share repurchases. For more detail on CSX's performance in 2016, please see the 2016 Annual Report.

Stock Performance Graph

The cumulative five-year shareholder returns, assuming reinvestment of dividends, on \$100 invested at December 31, 2011 are illustrated on the graph below. 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.

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2016 Target Compensation Mix for the Named Executive Officers

Information regarding the compensation mix for the Chief Executive Officer (CEO) and each of the other executive officers named in the Summary Compensation Table (Named Executive Officers or NEOs) is set forth in the tables. The tables indicate that 52% of the CEO s compensation and an average of 49% of the other Named Executive Officers compensation is at risk and subject to the achievement of one or more performance goals.

2016 CEO Target Compensation Mix **2016 NEO Target Compensation Mix (excluding CEO)**

Executive Compensation Highlights

The table below highlights the 2016 compensation for the Named Executive Officers as disclosed in the *Summary Compensation Table*.

Name and 2016 Title	Salary	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation
Michael J. Ward⁽¹⁾ Chairman and CEO	\$1,200,000	\$6,317,982	\$2,316,907	\$2,059,200	\$1,563,377	\$122,638
Clarence W. Gooden⁽¹⁾ President	\$700,000	\$1,754,999	\$643,584	\$1,001,000	\$438,531	\$56,509
Frank A. Lonergo Executive Vice President and CFO	\$500,000	\$1,520,986	\$386,150	\$643,500	\$484,797	\$31,825
Fredrik J. Eliasson⁽¹⁾ Executive Vice President and Chief Sales and Marketing Officer	\$600,000	\$1,872,005	\$514,867	\$772,200	\$901,672	\$35,567
Cynthia M. Sanborn Executive Vice President and COO CSX Transportation	\$550,000	\$1,872,005	\$514,867	\$807,850	\$1,113,588	\$35,976

(1) On February 14, 2017, Mr. Gooden resigned as President of the Company and assumed the title of Vice Chairman, and Mr. Eliasson was appointed President and Chief Sales and Marketing Officer of the Company, effective February 15, 2017. On March 6, 2017, (i) Mr. Ward resigned as Chairman and CEO, (ii) Mr. Gooden resigned as Vice Chairman and (iii) E. Hunter Harrison was appointed CEO, in each case, effective immediately. On March 7, 2016, Mr. Ward and Mr. Gooden each assumed the title of consultant and will retire from the Company as of May 31, 2017. On April 19, 2017, Mr. Harrison assumed the role of President from Mr. Eliasson, who will continue to serve as Executive Vice President and Chief Sales and Marketing Officer of the Company.

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Proxy Statement for 2017 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, the consideration of an advisory (non-binding) vote on executive compensation, the consideration of an advisory (non-binding) vote concerning the frequency of future votes on executive compensation and the consideration of an advisory (non-binding) vote concerning the reimbursement arrangements sought in connection with the retention of E. Hunter Harrison as CEO at CSX.
When and where will the Annual Meeting be held?	The Annual Meeting will be held at 10:00 a.m. (EDT) on Monday, June 5, 2017 at The Jefferson Hotel, 101 W. Franklin Street, Richmond, Virginia 23220. 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 2016 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.

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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 April 17, 2017 (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 April 17, 2017, there were issued and outstanding 922,621,259 shares of common stock, the only outstanding class of voting securities of the Company.
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 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 shall promptly tender his or her resignation following certification of the shareholder vote. For more information on the procedures in these circumstances, see <i>Principles of Corporate Governance</i> below. Other Proposals. For the ratification of the appointment of Ernst & Young LLP as the Company s Independent Auditors for 2017 (Item 2); for the approval, on an advisory (non-binding) basis, of the compensation of the Company s NEOs (Item 3); and for the approval, on an advisory (non-binding) basis, of the reimbursement arrangements sought in connection with the retention of E. Hunter Harrison as CEO at CSX (Item 5), the proposal will be approved if the votes cast in favor of the proposal exceed the votes cast against the proposal. For the advisory (non-binding) vote concerning the frequency of future votes on NEO compensation (Item 4), if a majority is not received by any of the frequency choices, the frequency choice that receives a plurality of the votes cast will be considered the shareholders preferred frequency for holding future advisory (non-binding) votes on executive compensation, which will be considered by the Board in selecting a frequency choice. Abstentions are not considered votes cast on any proposal and will have no effect on the outcome of the vote. Broker non-votes are not considered votes cast on Item 1, Item 3, Item 4 or Item 5, 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.

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How do I vote? You can vote either in person at the Annual Meeting or by proxy without attending the Annual Meeting. The shares represented by a properly executed proxy will be voted as you direct.

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

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 (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 by telephone.

Vote by Internet. If you are a shareholder of record, you can also 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 also available 24 hours a day. 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 via the Internet.

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 are a beneficial owner, or 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.

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.

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.

Will my shares be voted if I do not provide voting instructions to my broker? If you are the beneficial owner of shares held in street name by 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 broker 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 2017 is considered a discretionary item for which a broker 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, (iii) vote on an advisory (non-binding) resolution concerning the frequency of future advisory votes on executive compensation, and (iv) vote on an advisory (non-binding) resolution concerning the reimbursement arrangements sought in connection with the retention of E. Hunter Harrison as CEO at CSX, are non-routine matters for which a broker will not have discretionary voting power and for which specific instructions from beneficial owners are required in order for a broker to vote your shares.

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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 white proxy card but do not give voting instructions, the shares represented by that proxy will be voted as recommended by the Board.

The Board of Directors 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 2017;
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, on an advisory (non-binding) basis, of a frequency of **EVERY YEAR** for future advisory votes on executive compensation.

The Board is not making a recommendation with respect to Item 5, which is an advisory (non-binding) vote on the reimbursement arrangements sought in connection with the retention of E. Hunter Harrison as CEO at CSX. If a shareholder of record signs, dates and returns a white proxy card without providing voting instructions concerning Item 5, such shareholder's shares will be treated as having abstained for purposes of this resolution.

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 white 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.

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What is the deadline for consideration of shareholder proposals for the 2018 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 2018 Annual Meeting of Shareholders (the 2018 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 21, 2017, unless the date of the 2018 Annual Meeting is changed by more than 30 days from June 5, 2018, in which case the proposal must be received a reasonable time before the Company begins to print and mail its proxy materials for the 2018 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 2018 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 February 5, 2018, nor later than the close of business on March 7, 2018 unless the date of the 2018 Annual Meeting is more than 30 days before or more than 70 days after June 5, 2018, in which case the nomination or proposal must be received not earlier than the 120th day prior to the date of the 2018 Annual Meeting and not later than the close of business on the later of the 90th day prior to the date of the 2018 Annual Meeting or the 10th day following the day on which the Company first publicly announces the date of the 2018 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. Under the amended bylaws, 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 2018 proxy statement, 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 21, 2017.

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. In general, a shareholder nomination for the 2018 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

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 2018 Annual Meeting and their successors are elected and qualified. Unless otherwise specified, the proxy holders will cast votes FOR the election of the nominees named below. Each of the nominees, other than Messrs. Harrison, Hilal, Reilley, Zillmer and Ms. Riefler, was elected at the Company's 2016 Annual Meeting of Shareholders. Mr. Harrison, the Company's CEO, was appointed to the Board effective March 6, 2017, the date he was appointed as CEO. Ms. Riefler and Messrs. Harrison, 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 6, 2017 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.

Messrs. Hilal, Reilley and Zillmer and Ms. Riefler were each appointed to the Board effective March 6, 2017. The appointments of Ms. Riefler and Messrs. Harrison, Hilal, Reilley and Zillmer resulted from discussions between the Company and the Mantle Ridge Group regarding the Company's strategic direction and Board composition. Following such discussions, on March 6, 2017, the Company entered into an agreement with the Mantle Ridge Group which is described under *Mantle Ridge and E. Hunter Harrison Agreements* and is referred to in this Proxy Statement as the MR Agreement.

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 these 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 pursuant to which the nominee was selected.

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.

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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BOARD DIVERSITY

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

Although the Board does not have a formal written diversity policy, 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 a 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.

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Donna M. Alvarado

Independent Director Nominee

Age: 68

Director since: 2006

CSX Committees:

Audit / Compensation / Public Affairs

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.

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

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Senator John B. Breaux

Independent Director Nominee

Age: 73

Director since: 2005

CSX Committees:

Executive / Governance / Public Affairs (Chair)

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.

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.

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Pamela L. Carter

Independent Director Nominee

Age: 67

Director since: 2010

CSX Committees:

Executive / Finance (Chair) / Governance

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.A. 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.

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:

Enbridge Inc.

Hewlett-Packard Enterprise

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Steven T. Halverson

Independent Director Nominee

Age: 62

Director since: 2006

CSX Committees:

Audit / Compensation

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 and 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.

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

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E. Hunter Harrison

Management Director Nominee

Chief Executive Officer and President

Age: 72

Director since: 2017

CSX Committees:
Executive (Chair)

Biographical Information:

E. Hunter Harrison successfully led the turnaround of three major railroads over the last 25 years through his Precision Scheduled Railroading model. Mr. Harrison served as the President and Chief Executive Officer of Canadian Pacific Railway Limited (“Canadian Pacific”) from 2012 to 2017, during which time he was also a member of the board of directors. Prior to leading Canadian Pacific, Mr. Harrison served as President and Chief Executive Officer at Canadian National Railway Company from 2003 to 2009 and as the Executive Vice President and Chief Operating Officer from 1998 to 2002. He also served on the board of directors of Canadian National Railway Company for 10 years. Mr. Harrison also draws upon experience from Illinois Central Corporation, Illinois Central Rail Road Company and Burlington Northern.

From 2014 to 2015, Mr. Harrison served on the board of directors of Foresight Energy LP. Additionally, Mr. Harrison was a director of Dynegy Inc. (Dynegy) from March 9 to December 16, 2011 (Chairman from July 11 to December 16, 2011), as well as Interim President and Chief Executive Officer from April 9 to July 11, 2011.

Skills and Qualifications:

Mr. Harrison has extensive experience successfully leading major railroads and implementing “Precision Scheduled Railroading.” He has been recognized by every major railroading publication, and he has twice been honored as Railroader of the Year. His decades of executive leadership in the rail industry provide significant insight and value to the Board.

Other Public Directorships:

None

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Paul C. Hilal

Director Nominee

Age: 50

Director since: 2017
Vice Chairman of the Board

CSX Committees:
Compensation / Executive / Finance / Governance

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.

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

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Edward J. Kelly, III

Independent Director Nominee

Age: 63

Director since: 2002
Chairman of the Board

CSX Committees:
Compensation / Executive / Governance

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.

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 plc
MetLife Inc.

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John D. McPherson

Independent Director Nominee

Age: 70

Director since: 2008

CSX Committees:

Finance / Public Affairs

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.

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

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David M. Moffett

Independent Director Nominee

Age: 65

Director since: 2015

CSX Committees:

Audit (Chair) / Executive / Finance

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 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 and 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.

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.

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Dennis H. Reilley

Independent Director Nominee

Age: 63

Director since: 2017

CSX Committees:

Audit / Executive / Finance / Governance (Chair)

Biographical Information:

Dennis H. Reilley is the retired Chairman, President and CEO 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 board member since 2002. He has also served as director of Dow Chemical Company since 2007. 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 Trian 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.

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
Dow Chemical Company

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Linda H. Riefler

Independent Director Nominee

Age: 55

Director since: 2017

CSX Committees:

Audit / Compensation / Public Affairs

Biographical Information:

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

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.

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J. Steven Whisler

Independent Director Nominee

Age: 62

Director since: 2011

CSX Committees:

Audit / Finance

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 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.

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.

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John J. Zillmer

Independent Director Nominee

Age: 61

Director since: 2017

CSX Committees:

Compensation (Chair) / Executive / Governance / Public Affairs

Biographical Information:

John J. Zillmer is the former executive chairman, president and chief executive officer of Univar Inc., a 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 Reynolds American, Inc., Ecolab, Inc., Veritiv Corporation and Performance Food Group Company. 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, since June 2004. Mr. Zillmer also serves on the North American advisory board of CVC Capital Partners.

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:

Reynolds American, Inc.

Ecolab, Inc.

Veritiv Corporation

Performance Food Group Company