

CSX CORP
Form DEF 14A
March 24, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
SCHEDULE 14A INFORMATION
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.

**Confidential,
for Use of the
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(as permitted by
Rule 14a-6(e)(2)).**
 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.

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-

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March 24, 2009

Dear Shareholder:

On behalf of the Board of Directors and the management of CSX Corporation, I invite you to attend the 2009 Annual Meeting of Shareholders (the Meeting). The Meeting will be held at 10:00 a.m. (EDT) on Wednesday, May 6, 2009, at the Baltimore Marriott Inner Harbor at Camden Yards, 110 South Eutaw Street, Baltimore, MD 21201-1608.

You may have noticed changes in the way we are providing proxy materials to our shareholders in connection with our 2009 Annual Meeting. We have elected to provide access to our proxy materials over the Internet under the Securities and Exchange Commission's notice and access rules. We believe that providing our proxy materials over the Internet increases the ability of our shareholders to access important Company information, while reducing the environmental impact of our Annual Meeting. If you want more information, please see the Questions and Answers section of this proxy statement or visit the Annual Shareholders Meeting section of our Investor Relations web site.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we hope you will vote as soon as possible. You may vote over the Internet, as well as by telephone or, if you requested to receive printed proxy materials, by mailing a proxy or voting instruction card. 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 look forward to seeing you at the Meeting.

Michael Ward
Chairman of the Board, President
and Chief Executive Officer

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Notice of Annual Meeting of Shareholders

Jacksonville, Florida

March 24, 2009

To Our Shareholders:

The Annual Meeting of Shareholders of CSX Corporation (the Meeting) will be held at 10:00 a.m. (EDT) on Wednesday, May 6, 2009 at the Baltimore Marriott Inner Harbor at Camden Yards, 110 South Eutaw Street, Baltimore, MD 21201-1608, for the purpose of considering and acting upon the following matters:

Election of eleven directors;

**Ratification of Ernst & Young LLP as the Independent Registered Public Accounting Firm for 2009;
and**

Such other matters as may properly come before the Meeting.

The above matters are described in detail in the proxy statement (the Proxy Statement). You are urged, after reading the Proxy Statement, to vote your shares by proxy using one of the following methods: (a) vote by telephone or via the Internet using the instructions on your proxy card or (b) if you requested to receive 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 6, 2009 will be entitled to vote, either by proxy or by ballot. The Notice of Internet Availability of Proxy Materials (the Notice) is being mailed to those shareholders on or about March 24, 2009.

By Order of the Board of Directors

Ellen M. Fitzsimmons
Senior Vice President-Law and Public Affairs
and Corporate Secretary

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Proxy Statement for 2009 Annual Meeting of Shareholders

About the Annual Meeting

What is the purpose of the Annual Meeting of Shareholders?

At our 2009 Annual Meeting of Shareholders (the Meeting), shareholders will act upon the matters outlined in the Notice of Meeting above, including the election of directors and ratification of the selection of the Independent Registered Public Accounting Firm (the Independent Auditors) of CSX Corporation (the Company or CSX).

Where will the Meeting be held?

The Meeting will be held at 10:00 a.m. (EDT) on Wednesday, May 6, 2009 at the Baltimore Marriott Inner Harbor at Camden Yards, 110 South Eutaw Street, Baltimore, MD 21201-1608. The facility is accessible to persons with disabilities. If you have a disability, we can provide reasonable assistance to help you participate in the Meeting upon request. If you would like to obtain directions to be able to attend the Meeting and vote in person, you can write to us at CSX Corporation, Office of the Corporate Secretary, 500 Water Street, C160, Jacksonville, FL 32202 or call us at (904) 366-4242.

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 2008 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 they request them. Instead, the Notice, which was mailed to most of our shareholders, will instruct 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 will provide you with instructions regarding how to:

View our proxy materials for the Annual Meeting on the Internet; and

Instruct us to send our 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 printing and mailing 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 Meeting.

Who is entitled to vote?

Only shareholders of record at the close of business on March 6, 2009 (the Record Date) will be entitled to notice of, and to vote at, the Meeting or any adjournments or postponements thereof. On that

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date, there were issued and outstanding 399,343,121 shares of common stock, the only outstanding class of voting securities of the Company.

A list of shareholders entitled to vote at the Meeting will be available for examination at CSX Corporation, 500 Water Street, Jacksonville, FL 32202 for ten days before the Meeting and at the Meeting.

What will I be voting on?

At the Meeting, shareholders will vote on:

Election of eleven directors;

Ratification of the selection of Ernst & Young LLP as CSX's Independent Registered Public Accounting Firm for 2009; and

Such other matters as may properly come before the Meeting.

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 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 Meeting, it is deemed to be present for the transaction of all business. Abstentions, withheld votes and shares held of record by a broker or its nominee that are voted on any matter are included in determining the number of votes present. Broker shares that are not voted on any matter at the Meeting will not be included in determining whether a quorum is present.

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

What are the voting procedures?

Election of Directors. The Company's state of incorporation is Virginia. Under Virginia law and the Company's bylaws, in an uncontested election, directors are elected by a majority of votes cast 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 reelection as a Director who is not reelected 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 Principles of Corporate Governance below.

Other Proposals. For all other proposals, the proposal will be approved if the votes cast in favor of the proposal exceed the votes cast against the proposal.

Abstentions and broker non-votes are not considered votes for or against any proposal and will have no effect on the outcome of any vote.

How do I vote?

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

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

Vote by Telephone. You can vote your shares by telephone by calling the toll-free number listed in the Notice on a touch-tone telephone 24 hours a day. 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 Internet. 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 also is 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 by 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. Please promptly mail your proxy card to ensure that it is received prior to the Meeting.

If you want to vote in person at the Meeting, and you hold your CSX stock in street name (that is, through a bank or broker), you must obtain a proxy from your bank or broker and bring that proxy to the Meeting.

Can I change my vote?

Yes. A proxy may be revoked by a shareholder any time before it is voted by written notice delivered to CSX Corporation, Office of the Corporate Secretary, 500 Water Street, C160, Jacksonville, FL 32202, by timely receipt of a later-dated signed proxy card, by a later vote via the Internet or by telephone, or by voting by ballot.

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

If you are the beneficial owner of shares held in street name by a broker, the broker, as the record holder of the shares, is required to vote those shares in accordance with your instructions. If you do not give instructions to the broker, 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).

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

If you sign your proxy card but do not give voting instructions, the shares represented by that proxy will be voted as recommended by the Board. The Board recommends a vote **FOR** the election of the eleven director nominees named in this Proxy Statement and **FOR** Item 2, the ratification of Ernst & Young LLP as CSX's Independent Registered Public Accounting Firm for 2009.

What happens if other matters are voted on at the Meeting?

If any other matters are properly presented at the Meeting for consideration, the persons named as proxies in the enclosed proxy card will have discretion to vote on those matters for you. On the date we filed this Proxy Statement with the Securities and Exchange Commission, the Board did not know of any other matter to be raised at the Meeting.

How are votes counted?

Votes are counted by inspectors of election appointed by the Company.

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What is the deadline for consideration of shareholder proposals for the 2010 Annual Meeting of Shareholders?

A shareholder who wants to submit a proposal to be included in the proxy statement for the 2010 Annual Meeting of Shareholders (the 2010 Meeting) must send it to CSX Corporation, Office of the Corporate Secretary, 500 Water Street, C160, Jacksonville, FL, 32202, so that it is received on or before November 24, 2009 unless the date of 2010 Meeting is changed by more than 30 days from May 6, 2010, in which case the proposal must be received a reasonable time before the Company begins to print and send its proxy materials for the 2010 Meeting.

A shareholder who wants to submit a proposal that will not be in the proxy statement but will be considered at the 2010 Meeting, pursuant to our bylaws, must send it to the principal executive offices of CSX so that it is received not earlier than the close of business on January 6, 2010, nor later than the close of business on February 5, 2010 unless the date of the 2010 Meeting is more than 30 days before or more than 70 days after May 6, 2010, in which case the proposal must be received not earlier than the 120th day prior to the date of the 2010 Meeting and not later than the close of business on the later of the 90th day prior to the date of the 2010 Meeting and the 10th day following the day on which the Company first publicly announces the date of the 2010 Meeting.

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. Shareholder recommendations should be in writing addressed to the Chair of the Governance Committee, CSX Corporation, 500 Water Street, Jacksonville, FL 32202, and should include a statement about the qualifications and experience of the proposed nominee, as discussed further below in Item 1: Election of Directors, Committees of the Board, Governance Committee.

What happens if the Meeting is postponed or adjourned?

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

Do I need a ticket to attend the Meeting?

Yes, you will be issued an admission ticket at the Shareholder Registration Desk at the Meeting. If you hold shares in your name, please be prepared to provide proper identification, such as a driver's license. If you hold your shares through a bank or broker, you will need proof of ownership, such as a recent account statement or letter from your bank or broker, along with proper identification.

How can I find CSX's proxy materials and annual report on the Internet?

Important Notice Regarding the Availability of Proxy Material for the Shareholder Meeting to Be Held on May 6, 2009. This Proxy Statement and the 2008 Annual Report are available on the Company's Internet website (www.csx.com).

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Item 1: Election of Directors

Eleven directors are to be elected to hold office until the next Annual Meeting of Shareholders is held and their successors are elected. Unless otherwise specified, the proxy holders will cast votes, **FOR** the election of the nominees named below. Each of the nominees named below is a current director standing for re-election and each was elected at the Company's 2008 Annual Meeting of Shareholders. Mr. Christopher Hohn is not standing for re-election. Accordingly, the size of the Board will be reduced from twelve directors to eleven directors, effective as of the date of the Annual Meeting.

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, nor is there any arrangement or understanding between any nominee and any other person pursuant to which the nominee was selected.

Certain information regarding each Company nominee follows. Each nominee has consented to being named in this Proxy Statement and to serve if elected.

The Board recommends a vote FOR the following nominees.

Donna M. Alvarado, 60, has served as a CSX director since September 2006. Ms. Alvarado is the founder and current President of Aguila International, a business-consulting firm.

Previously, Ms. Alvarado served as President and CEO of a global educational publishing company and has served on corporate boards in the manufacturing, banking, transportation, and services industries. Ms. Alvarado currently serves on the Board of Directors of Corrections Corporation of America and as Chairwoman of the Ohio Board of Regents.

Early in her career, following executive and legislative staff appointments at the U.S. Department of Defense and in the U.S. Congress, Ms. Alvarado was named by President Ronald Reagan to lead the federal agency ACTION, the nation's premier agency for civic engagement and volunteerism.

Alexandre Behring, 42, joined the CSX Board of Directors in July 2008. He is the Managing Director of 3G Capital Partners Ltd., a private investment firm, which he joined in 2005.

Previously, Mr. Behring spent 10 years at GP Investments, Latin America's largest private-equity firm, including eight years as a partner and member of the firm's Investment Committee. He served for seven years, from 1998 through 2004, as CEO of America Latina Logistica (ALL), Latin America's largest independent railroad and logistics company. He continues to serve on the Management Committee of ALL's Board.

Senator John B. Breaux, 65, has served as a director of CSX since shortly after his retirement from the U.S. Congress in 2005. Senator Breaux held numerous leadership positions during his 18-year tenure in the U.S. Congress, serving 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.

Currently, Senator Breaux is a partner in the Breaux-Lott Leadership Group. Senator Breaux also serves as a director of LHC Group, Inc. and as Managing Director of Riverstone Holdings, a private equity fund.

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Steven T. Halverson, 54, has served as a director of CSX since September 2006. Mr. 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 PSS World Medical, Inc., ACIG Insurance Co., the Florida Council of 100, the Florida Chamber of Commerce (chair-elect) and the National Center for Construction Education and Research. Mr. Halverson is also a St. John's University regent.

Edward J. Kelly, III, 55, has served as a director of CSX since July 2002. Mr. Kelly is currently Head of Global Banking at Citigroup, Inc. and Chief Executive Officer of Citi Alternative Investments, an integrated alternative investments platform within Citigroup, Inc.

Mr. Kelly previously served as a 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. 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 a partner at the law firm of Davis Polk & Wardwell, 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 also serves on the Board of Directors of The Hartford Financial Services Group.

Gilbert Lamphere, 56, joined the CSX Board of Directors in July 2008. He is the Managing Director of Lamphere Capital Management, a private investment firm which he founded in 1998, and Chairman of Wyndham Global Partners, an international private equity investment group.

Previously, Mr. Lamphere was a director of Canadian National Railway, Chairman of Illinois Central Railroad before its sale to Canadian National in 1998, and a director of Florida East Coast Industries. Mr. Lamphere has served as a director of nine other public companies, including Carlyle Industries, Inc., Cleveland-Cliffs Inc., R. P. Scherer Corporation, Global Natural Resources Corporation and Recognition International, Inc. Earlier in his career, Mr. Lamphere was Vice President of Mergers & Acquisitions at Morgan Stanley.

John D. McPherson, 62, joined the CSX Board of Directors in July 2008. He served as President and COO of Florida East Coast Railway, a wholly owned subsidiary of Florida East Coast Industries, Inc., from 1999 until his retirement in 2007. From 1993-1998, Mr. McPherson served as Senior Vice President - Operations, and from 1998-1999, he served as President and CEO 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 1997-2007, 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.

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Timothy O Toole, 53, joined the CSX Board of Directors in September 2008. He has been the Managing Director of the London Underground since 2003, where he is responsible for operating and rebuilding the Tube, the world's oldest metropolitan railway. Mr. O Toole recently resigned from the London Underground, effective as of April 2009.

Previously, he served as President and Chief Executive Officer of Conrail from 1998 to 2001. During his more than 20 years at Conrail, he served in various senior management roles, including Senior Vice President of Law and Government Affairs, Senior Vice President of Finance and Chief Financial Officer, Vice President and Treasurer, and Vice President and General Counsel.

David M. Ratcliffe, 60, has served as a director of CSX since January 2003. He has been Chairman, President and Chief Executive Officer of Southern Company, one of America's largest producers of electricity, since 2004. From 1999 until 2004, Mr. Ratcliffe was President and CEO of Georgia Power, Southern Company's largest subsidiary. Prior to becoming President and CEO of Georgia Power in 1999, Mr. Ratcliffe served as Executive Vice President, Treasurer and Chief Financial Officer.

Mr. Ratcliffe also serves as a member of the boards of several organizations, including Edison Electric Institute (Chairman), Georgia Chamber of Commerce (Chairman, 2005), Federal Reserve Bank of Atlanta (Chairman, 2004-2006), Metro Atlanta Chamber of Commerce, Georgia Research Alliance (Chairman, 2005-2006), Georgia Partnership for Excellence in Education and the Woodruff Arts Center (Trustee; Chairman, 2004 Campaign).

Donald J. Shepard, 62, has served as a director of CSX since January 2003. In 2008, Mr. Shepard retired as Chairman of the Executive Board and Chief Executive Officer of AEGON N.V., one of the world's largest life insurance and pension companies.

He currently serves as a member of the board of directors of The PNC Financial Services Group, Inc. He is also Vice Chairman of the U.S. Chamber of Commerce. In addition, he is a trustee of Johns Hopkins Medicine and Johns Hopkins University.

Michael J. Ward, 58, is a thirty-one year veteran of the Company and has served as Chairman, President and Chief Executive Officer since January 2003. Mr. Ward's career with the Company has included key executive positions in nearly all aspects of the Company's business, including sales and marketing, operations, and finance.

Mr. Ward serves on the boards of directors of Ashland Inc., the Association of American Railroads and the Center for Energy and Economic Development.

RECOMMENDATION OF THE BOARD

THE BOARD RECOMMENDS A VOTE FOR THE ELECTION OF THE ELEVEN NOMINEES AS DIRECTORS.

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 Meeting (an event which the Board does not now anticipate), the proxies will be voted for the election as director of such other person or persons as the Board may designate, unless the Board, in its discretion, reduces the number of directors.

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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. The Board has determined that nine of the eleven nominees for election as directors are independent under the listing standards of the New York Stock Exchange (NYSE). In making this determination, the Board considered the NYSE listing standards, as well as 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 was to determine whether any such relationships or transactions were material and thus inconsistent with a determination that the director or nominee is independent.

During its deliberations, the Board specifically considered the Company s relationship with the Southern Company, a producer and provider of electric power. Mr. Ratcliffe, a director and a nominee, currently is the Chairman of the Board, President and Chief Executive Officer of the Southern Company. CSX Transportation, a wholly-owned subsidiary of CSX, delivers coal to generating plants operated by subsidiaries of the Southern Company. Revenue received from the Southern Company in 2008 exceeded the thresholds set forth in the NYSE listing standards regarding director independence.

As a result of these reviews, the Board affirmatively determined that each of the director nominees, other than Messrs. Ratcliffe and Ward, is independent under the NYSE listing standards.

Principles of Corporate Governance

The Board is committed to corporate governance principles and practices that facilitate fulfilling its fiduciary duties to shareholders and to the Company. The Board has adopted Corporate Governance Guidelines that reflect the high standards that those who deal with the Company as employees, investors, customers, suppliers or in other capacities can and should expect. Key corporate governance principles observed by the Board and the Company include:

Nomination of a slate of directors for election to the Company s Board, a substantial majority of which is independent, as that term is defined in applicable laws and NYSE listing standards.

Establishment of qualification guidelines for candidates for director and review of each director s performance and continuing qualification for Board membership.

Membership of the Governance, Compensation and Audit Committees 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, including the Company s CEO, Chief Financial Officer (CFO) and Controller.

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 for benefits in an amount exceeding a threshold set forth in the Policy.

CSX s Corporate Governance Guidelines, Code of Ethics, the charters of each standing committee, and policies adopted by the Board are available on the Company s Internet website at 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, FL 32202.

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Any waivers of or changes to the Code of Ethics that apply to our directors or executive officers will be disclosed on CSX's Internet website (www.csx.com). There were no waivers to the Code of Ethics in 2008.

Shareholders who wish to communicate with the Board generally, or with a particular director, may forward appropriate correspondence to CSX Corporation, Office of the Corporate Secretary, 500 Water Street, C160, Jacksonville, FL 32202.

Pursuant to procedures established by the non-management 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 directly with non-management directors may forward correspondence to CSX Corporation, the Presiding Director, CSX Board of Directors, 500 Water Street, C160, Jacksonville, FL 32202.

Transactions with Related Persons

CSX operates under a Code of Ethics that requires all employees, officers, and directors, without exception, to avoid engagement 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.

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.

A Related Person Transaction is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which CSX (including any of its subsidiaries) was, is or will be a participant, the amount involved exceeds \$120,000 in any fiscal year, and in which 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).

On an annual basis in response to the annual Directors' and Officers' Questionnaire, each director and executive officer submits to the Corporate Secretary a description of any current or proposed Related Person Transactions. Any person nominated to stand for election as a director or appointed as a director or an executive officer submits the information described above in response to a Questionnaire prepared by the Corporate Secretary. 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 by the Board during the required annual affirmation of independence;

applicable responses to the Directors' and Officers' Questionnaires submitted by the Company's officers and directors and provided to the Audit Committee; and

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any other applicable information provided by any director or officer of the Company.

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 NYSE listing standards.

Meetings of the Board and Executive Sessions

During 2008, there were thirteen meetings of the Board. Each director that served on the Board for the full year attended 75% or more of the meetings of the Board and the meetings of the committees on which he or she served. Each director that was elected July 2008 or later, other than Mr. Hohn, attended 75% or more of the meetings of the Board and the meetings of the committees on which he served.

The non-management directors meet alone in executive session at each Board meeting. Non-management directors are all those who are not Company officers. These executive sessions are chaired by a Presiding Director who is an independent director selected annually by the Governance Committee. Mr. Kelly currently serves as the Presiding Director. In accordance with the CSX Corporate Governance Guidelines, the independent directors (when different than non-management directors) meet in executive session at least once a year.

While the Company does not have a formal policy regarding director attendance at Annual Meetings of Shareholders, the Company strongly encourages directors to attend absent an emergency.

Committees of the Board

CSX has six standing committees: the Audit Committee, the Compensation Committee, the Executive Committee, the Finance Committee, the Governance Committee, and the Operations and 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 Internet website at investors.csx.com under the heading "Corporate Governance". As of the Record Date, the composition of the committees of the Board is as follows.

<u>Director</u>	<u>Audit</u>	<u>Compensation</u>	<u>Executive</u>	<u>Finance</u>	<u>Governance</u>	<u>Public Affairs</u>
Donna M. Alvarado	X	X				
Alexandre Behring		X				X
John B. Breaux	X		X			Chair
Steven T. Halverson		Chair	X		X	
Christopher Hohn				X	X	
Gilbert H. Lamphere		X				X
Edward J. Kelly, III			X	X	Chair	
John D. McPherson				X		X
Timothy T. O Toole	X					X
David M. Ratcliffe			X	Chair		X

Donald J. Shepard	Chair	X	X
Michael J. Ward			Chair

Executive Committee

The Executive Committee meets only as needed and has authority to act for the Board on most matters during the intervals between Board meetings. The Executive Committee has six members, consisting of the Chairman of the Board and the chairs of each of the five standing committees. The Committee met three times in 2008. Pursuant to the Committee Charter, a notice of a meeting of the Executive Committee is required to be provided to all Board members.

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Audit Committee

The Audit Committee selects the independent registered public accounting firm (Independent Auditors) and submits its choice to the shareholders for ratification. Its primary functions include oversight of the integrity of the Company s financial statements, the Company s compliance with legal and regulatory requirements, the Independent Auditors qualifications and independence, and the performance of the Independent Auditors and the Company s internal audit function.

Specifically, the Committee retains, appoints, oversees and approves compensation of the Company s Independent Auditors, reviews the scope and methodology of the Independent Auditors proposed audits, reviews the Company s financial statements, and monitors the Company s internal control over financial reporting by, among other things, discussing certain aspects thereof with the Independent Auditors and management. The Audit Committee is responsible for the approval of all services performed by Ernst & Young LLP. The Chairman of the Audit Committee has the authority to approve all engagements that will cost less than \$250,000 and, in such cases, will report any approvals to the full Committee at the next scheduled meeting. All engagements expected to cost \$250,000 or more require pre-approval of the full Committee. In addition, it is Company policy that tax and other non-audit services should not equal or exceed base audit fees plus fees for audit-related services. Finally, the Committee maintains procedures for the receipt and treatment of complaints regarding the Company s accounting, internal accounting controls or auditing matters.

The Audit Committee has four members, each of whom the Board has determined to be independent pursuant to the independence standards promulgated by the NYSE and the Securities and Exchange Commission (SEC). The Committee held nine meetings in 2008.

The Board has determined that the Company has at least one audit committee financial expert, as that term is defined by SEC rules and regulations, serving on the Audit Committee. Mr. Shepard is the Committee s financial expert and is independent pursuant to the standards promulgated by the NYSE and the SEC. Please refer to the Report of the Audit Committee below for additional information regarding the Audit Committee.

Compensation Committee

The primary functions of the Compensation Committee are to: (i) establish the Company s philosophy with respect to executive compensation and benefits; (ii) periodically review the Company s compensation practices and policies, benefit plans, and perquisites applicable to all employees and executives to ensure consistency with the Company s compensation philosophy; (iii) assure that the Company s benefit plans, practices, programs and policies maintained for employees and directors comply with all applicable laws; (iv) in consultation with the Board, review and approve corporate goals and objectives relevant to compensation and benefits for the CEO, and evaluate the CEO s performance in light of those goals and objectives, and, either as a committee or together with the other independent directors, as directed by the Board, set the level of compensation of the CEO based on such evaluation; (v) review and recommend approval of management compensation and Company compensation plans, including benefits for key employees as determined by the Committee from time to time; (vi) establish performance objectives for certain executives, and certify the attainment of those objectives in connection with the payment of performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code (