

CSX CORP
Form PREC14A
February 21, 2008

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[], 2008

Dear Shareholder:

On behalf of the Board of Directors and the management of CSX Corporation, I invite you to attend the 2008 Annual Meeting of Shareholders (the Meeting). The Meeting will be held at [] on , 2008.

We consider the votes of all shareholders important, no matter how many or how few shares you may own. Regardless of whether you plan to attend the Meeting, we encourage you to vote promptly, following the easy instructions on the enclosed **WHITE** proxy card. You may submit your vote by telephone, by Internet or by mail.

The Children's Investment Master Fund (TCI) has provided notice that it intends to nominate and, together with 3G Capital Partners Ltd. and certain of their affiliates (the TCI Group), solicit proxies for an opposition slate of five nominees for election as directors at the Meeting. **YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE BOARD OF DIRECTOR S NOMINEES ON THE ENCLOSED WHITE PROXY CARD. YOUR BOARD OF DIRECTORS URGES YOU NOT TO SIGN OR RETURN ANY [] PROXY CARD SENT TO YOU BY THE TCI GROUP.**

At the Meeting, shareholders will be asked to approve the bylaw amendments adopted by the Board of Directors relating to the right of shareholders to request a special shareholder meeting, and will also consider four proposals by shareholders described in the enclosed proxy materials.

Your vote is extremely important. If you have questions or require any assistance with voting your shares, please call our proxy solicitor, Innisfree M&A Incorporated, toll-free at (877) 750-9497.

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
[], 2008

To Our Shareholders:

The Annual Meeting of Shareholders of CSX Corporation (the Meeting) will be held at [] at [] on _____ 2008, for the purpose of considering and acting upon the following matters:

Election of twelve directors;

Ratification of Ernst & Young LLP as Independent Registered Public Accounting Firm for 2008;

Approval of the bylaw amendments adopted by the Board of Directors allowing shareholders to request special shareholder meetings;

Two shareholder proposals regarding special shareholder meetings;

Shareholder proposal regarding nullification of certain bylaw provisions;

Shareholder proposal regarding disclosure of information relevant to CSX s efforts to safeguard the security of operations; and

Such other matters as may properly come before the Meeting.

The above matters are described in the proxy statement accompanying this notice (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 **WHITE** proxy card or (b) complete, sign, date and return your **WHITE** proxy card in the postage-paid envelope provided.

WE ALSO URGE YOU NOT TO VOTE OR SUBMIT ANY [] PROXY CARD SENT TO YOU BY THE TCI GROUP OR THEIR AFFILIATES. YOU CAN REVOKE ANY TCI GROUP PROXY CARD YOU MAY HAVE PREVIOUSLY SUBMITTED BY VOTING AND SUBMITTING THE ENCLOSED **WHITE PROXY CARD.**

Only shareholders of record at the close of business on ___ will be entitled to vote, either by proxy or by ballot. This Proxy Statement is being mailed to those shareholders on or about [], 2008.

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 2008 Annual Meeting of Shareholders

About the Annual Meeting

What is the purpose of the Annual Meeting of Shareholders?

At our 2008 Annual Meeting of Shareholders (the Meeting), shareholders will act upon the matters outlined in the Notice of Meeting on the first page of this Proxy Statement, including the election of directors and ratification of the Independent Registered Public Accounting Firm (the Independent Auditors) of CSX Corporation (the Company or CSX).

On January 8, 2008, the Company received notice from The Children's Investment Master Fund (TCI) stating its intention to nominate five persons for election to the Company's Board of Directors at the Meeting. The Company does not know whether TCI, 3G Capital Partners Ltd. and their respective affiliates (the TCI Group) will in fact solicit proxies or nominate persons for election as directors at the Meeting. Nominations by TCI have **NOT** been endorsed by the CSX Board of Directors. We urge shareholders **NOT** to sign any [] proxy card that you may receive from the TCI Group. We are not responsible for the accuracy of any information provided by or relating to the TCI Group contained in any proxy solicitation materials filed or disseminated by the TCI Group or any other statements that they may otherwise make.

Your Board of Directors urges you to vote **FOR** our nominees for director, Donna M. Alvarado, Elizabeth E. Bailey, John B. Breaux, Steven T. Halverson, Edward J. Kelly, III, Robert D. Kunisch, John D. McPherson, David M. Ratcliffe, William C. Richardson, Frank S. Royal, Donald J. Shepard and Michael J. Ward.

Where will the Meeting be held?

The Meeting will be held at [___] on [___], 2008, at [___]. 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.

Who is soliciting my vote?

The Board of Directors of CSX (the Board) is soliciting your vote for the Meeting.

Who is entitled to vote?

Only shareholders of record at the close of business on [___], 2008 (the Record Date) will be entitled to notice of, and to vote at, the Meeting or any adjournments or postponements thereof. On that date, there were issued and outstanding [___] shares of Common Stock, the only 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 Directors;

Ratification of Ernst & Young LLP as CSX's Independent Auditors for 2008;

Approval of the bylaw amendments adopted by the Board allowing shareholders to request special shareholder meetings;

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Two shareholder proposals regarding special shareholder meetings;

Shareholder proposal regarding nullification of certain bylaw provisions;

Shareholder proposal regarding disclosure of information relevant to CSX's efforts to safeguard the security of operations; 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 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 a contested election, directors are elected by a plurality of votes cast by the shares entitled to vote at a meeting at which a quorum is present. Because TCI has indicated that it will nominate candidates for election to the Board, we expect the number of nominees for election at the Meeting will exceed the number of directors to be elected at the Meeting, and the 2008 election of directors will be a contested election under the bylaws. This means that the twelve nominees for election as directors who receive the greatest number of votes cast at the Meeting will be elected. Only votes cast for a nominee will be counted. Unless indicated otherwise by your **WHITE** proxy card, if you return a validly executed **WHITE** proxy card or vote the **WHITE** proxy card by telephone or Internet, your shares will be voted **FOR** the twelve nominees named in this Proxy Statement. Instructions on the accompanying **WHITE** proxy card to withhold authority to vote for one or more of the nominees will result in those nominees receiving fewer votes but will not count as a vote against the nominees. Similarly, abstentions and broker non-votes will have no effect on the director election since only votes **For** a nominee will be counted.

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. For further information on the voting procedures in the event that more than one proposal under Items 3, 4 and 5 is approved, see **Special Shareholder Meeting Proposals** on page 57.

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

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How do I vote?

You can vote either by proxy or by ballot. The shares represented by a properly executed **WHITE** proxy card will be voted as you direct.

We urge you to vote by doing one of the following:

Vote by Telephone. You can vote your shares by telephone by calling the toll-free number indicated on your **WHITE** proxy card. 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 on your **WHITE** proxy card. The website address for Internet voting is indicated on your **WHITE** proxy card. The deadline for Internet voting is 11:59 p.m., EDST on ___, 2008. Until that time, 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 choose to vote by mail, complete, sign, date and return your **WHITE** proxy card in the postage-paid envelope provided. Please promptly mail your **WHITE** proxy card to ensure that it is received prior to the Meeting.

If you want to vote by ballot, 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 present that proxy when voting by ballot.

The Board recommends that you NOT sign or return any proxy card that may be sent to you by the TCI Group, even as a protest. Withholding authority to vote for TCI's nominees on a proxy card that the TCI Group or their affiliates may send you is not the same as voting for the Company's nominees.

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.

If you have previously signed a [___] proxy card that may have been sent to you by the TCI Group, you may change any vote you may have cast in favor of the TCI nominees and vote in favor of the Company's director nominees by submitting a proxy by telephone or Internet, by signing, dating, and returning the enclosed **WHITE** proxy card in the postage-paid envelope provided or by voting by ballot. 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 for instructions on how to change or revoke your vote.

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). The approval of the bylaw amendment and each of the shareholder proposals are non-discretionary items.

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If the TCI Group solicits proxies to elect TCI's nominees to the Board at the Meeting, then the election of directors will also be a non-discretionary item for any brokerage accounts solicited by the TCI Group. As a result, if your shares are held in street name and the TCI Group provides you with proxy solicitation materials through your broker and you do not provide instructions as to how your shares are to be voted in the election of directors, your broker or other nominee will not be able to vote your shares in the election of directors, and your shares will not be voted for any of CSX's nominees. We urge you to provide instructions to your broker or nominee so that your votes may be counted on this important matter. You should vote your shares by following the instructions provided on the enclosed **WHITE** proxy card and returning the **WHITE** proxy card to your bank, broker or other nominee to ensure that your shares will be voted on your behalf.

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

If you sign your **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 recommends a vote **FOR** the election of the twelve director nominees named in this Proxy Statement, **FOR** Item 2, the ratification of Ernst & Young LLP as Independent Auditors for 2008, **FOR** Item 3, approval of the bylaw amendments adopted by the Board regarding special shareholder meetings, and **AGAINST** each of the shareholder proposals under Items 4, 5, 6 and 7.

What 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 **WHITE** 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.

What is the deadline for consideration of shareholder proposals for the 2009 Annual Meeting of Shareholders?

A shareholder who wants to submit a proposal to be included in the proxy statement for the 2009 Annual Meeting of Shareholders 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 [].

A shareholder who wants to submit a proposal that will not be in the proxy statement but will be considered at the 2009 Annual Meeting of Shareholders, 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 ____, nor later than the close of business on ____.

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

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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?

This Proxy Statement and the 2007 Annual Report are available on the Company's Internet website (www.csx.com).

What does it mean if I receive more than one proxy card?

If you hold your shares in more than one account, you will receive a **WHITE** proxy card for each account. To ensure that all of your shares are voted, please vote using each **WHITE** proxy card you receive. Remember, you may vote by telephone or Internet by signing, dating and returning the **WHITE** proxy card in the postage-paid envelope provided. As previously noted, TCI has provided notice that it intends to nominate and solicit proxies for an opposition slate of five nominees for election as director at the Meeting. As a result, you may receive proxy cards from both the TCI Group and the Company. To ensure that shareholders have the Company's latest proxy information and materials to vote, the Board expects to conduct multiple mailings prior to the date of the Meeting, each of which will include a **WHITE** proxy card. The Board encourages you to vote each **WHITE** proxy card you receive. Only your latest-dated proxy for each account will be voted.

THE BOARD URGES YOU NOT TO SIGN OR RETURN ANY PROXY CARD SENT TO YOU BY THE TCI GROUP. Even if you have previously signed a proxy card sent by the TCI Group, you have every right to change your vote by telephone, by Internet or by signing, dating and returning the **WHITE** proxy card in the postage-paid envelope provided.

Whom should I call if I have questions?

If you have any questions, or need assistance voting, please contact our proxy solicitor:

Innisfree M&A Incorporated
Shareholders Call Toll Free: (877) 750-9497
Banks and Brokers Call Collect: (212) 750-5833

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Item 1: Election of Directors

Twelve directors are to be elected to hold office until the next Annual Meeting of Shareholders is held and their successors are elected. The proxy holders will cast votes on the **WHITE** proxy cards received by them, unless otherwise specified, **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 Annual Meeting of Shareholders held on May 2, 2007, except for Mr. John D. McPherson who is standing for election for the first time. Mr. Southwood J. Morcott is not standing for re-election as he will reach the mandatory retirement age of 70 set forth in the Company's Corporate Governance Guidelines before the 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.

In this contested election of directors, the nominees receiving the greatest number of votes shall be elected, even if such votes do not constitute a majority.

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, 59, 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.

Elizabeth E. Bailey, PhD, 69, has served as a director of CSX since November 1989. Dr. Bailey is the John C. Hower Professor of Business and Public Policy at The Wharton School of the University of Pennsylvania, focusing on corporate governance and social responsibility; economic deregulation; and strategic management of economic, environmental and international regulation. She is also a director of Altria Group, Inc. and the Teachers Insurance and Annuity Association. Dr. Bailey holds a PhD from Princeton University. Earlier in her career, Dr. Bailey served as a Commissioner of the Civil Aeronautics Board during the period of airline de-regulation.

Dr. Bailey is also a director of Altria Group, Inc. and the Teachers Insurance and Annuity Association. Dr. Bailey holds a PhD from Princeton University.

Senator John B. Breaux, 64, has served as a director of CSX since 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

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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 ACIG Insurance Co., the Florida Council of 100, the Jacksonville Symphony Orchestra and the Construction Industry Round Table. He is also a trustee of the University of North Florida and a St. John's University regent.

Edward J. Kelly, III, 54, has served as a director of CSX since July 2002. Mr. Kelly is currently President of Citi Alternative Investments, an integrated alternative investments platform.

Mr. Kelly previously served as Managing Director of Financial Services for The Carlyle Group and Vice Chairman of The PNC Financial Services Group, following PNC's acquisition of Mercantile Bankshares Corporation in March 2007. At Mercantile, Mr. Kelly held the offices of Chairman, Chief Executive and President. Prior to joining Mercantile, Mr. Kelly served as Managing Director and co-head of Investment Banking Client Management at J.P. Morgan Chase & Company. 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 Boards of Directors of The Hartford Financial Services Group and The Hershey Company.

Robert D. Kunisch, 66, has served as a director of CSX since October 1990. He is currently a Special Partner and Senior Advisor of ABS Capital Partners, Inc., a private equity investment partnership.

Mr. Kunisch retired as Vice Chairman, Executive Vice President and Director of Cendant Corporation, a global provider of consumer and business services, in July 1999. He continued in the role as Senior Advisor to the Cendant management team until July 2006. Prior to joining ABS Capital Partners in 2001, Mr. Kunisch was Chairman, Chief Executive Officer and President of PHH Corporation, a global provider of consumer and business services.

Mr. Kunisch has previously served on the public boards of PHH Corporation, Cendant Corporation, GenCorp., Mercantile Bankshares, Alex Brown & Sons, and Noxell Corporation. Mr. Kunisch is also a former member of the Listed Company Advisory Committee of the NYSE Board of Directors.

John D. McPherson, 61, served as President and CEO of Florida East Coast Railway, a wholly owned subsidiary of Florida East Coast Industries from 1999

until his retirement in 2007. From 1993-1998, Mr. McPherson served as Vice President - Operations, and from 1998-1999, he served as President and CEO of the Illinois Central Railroad. Prior to joining Illinois Central Railroad, Mr. McPherson served in various capacities at Santa Fe Railroad for 25 years.

Mr. McPherson holds an M.S. Management degree from the Massachusetts Institute of Technology Sloan School of Management. Mr. McPherson served as a member of the TTX Company, a railcar provider and freight car management services joint venture of North American railroads, Board of Directors from 1997-1999, while at the Illinois Central Railroad, and from 1999-2007 during his time at Florida East Coast Railway.

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David M. Ratcliffe, 59, 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 CEO of Georgia Power where he was responsible for the overall operation of Southern Company's largest subsidiary, with more than two million customers across Georgia. Prior to becoming President and CEO in 1999, Mr. Ratcliffe was Executive Vice President, Treasurer and Chief Financial Officer of Georgia Power. Mr. Ratcliffe also served as Chairman of the Federal Reserve Bank of Atlanta Board of Directors from 2004 to 2006.

Mr. Ratcliffe also serves as a member of the boards of several organizations, including Edison Electric Institute (Director), 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).

William C. Richardson, PhD, 67, has served as a director of CSX since December 1992. Dr. Richardson is the immediate Past President and Chief Executive Officer of the W.K. Kellogg Foundation, one of the world's largest private charitable foundations. Dr. Richardson also has served as Co-Trustee of the W.K. Kellogg Trust. He is a director of The Bank of New York Company, Inc. and Exelon Corporation.

Dr. Richardson holds a PhD from Chicago University, and has served on the boards of numerous corporations, foundations and nonprofit organizations.

Frank S. Royal, M.D., 68, has served as a director of CSX since January 1994. Dr. Royal, a physician in private practice in Richmond, Virginia, is a director of Dominion Resources, Inc., Smithfield Foods, Inc., and SunTrust Banks, Inc. He is an active member of the National Medical Organization, where he previously served as Chairman and President. He also served as Chairman of the Board of Meharry Medical College and currently serves as Chairman of the Board of Virginia Union University. Dr. Royal received his B.S. in Chemistry from Virginia Union University, and his M.D. from the Meharry Medical College.

Donald J. Shepard, 61, has served as a director of CSX since January 2003. Mr. Shepard currently serves as President and Chief Executive Officer of AEGON USA, Inc., a subsidiary of AEGON N.V, one of the world's largest life insurance and pension companies. After working in various executive capacities at AEGON, in 1992, Mr. Shepard joined the AEGON NV executive board, and in 2002 he was appointed Chairman of the Executive Board.

Mr. Shepard holds an MBA degree from the University of Chicago. He currently serves as a member of the board of directors of PNC Financial Services Group, Inc. He is also Vice Chairman of the U.S. Chamber of Commerce and a former

Chairman of the Financial Services Roundtable. In addition, he is a trustee of Johns Hopkins Medicine and Johns Hopkins University.

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Michael J. Ward, 57, is a thirty-year veteran of the Company and has served as Chairman, President and Chief Executive Officer since January 2003. Mr. Ward's career with CSX has included key executive positions in nearly all aspects of the company's business, including sales and marketing, operations, and finance.

Mr. Ward holds an M.B.A. degree from the Harvard Business School. 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 TWELVE NOMINEES NAMED HEREIN 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.

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 ten of the twelve 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 transactions or relationships, if any, between each director or his or her immediate family and the Company or its subsidiaries, as well as the listing standards. 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 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. As a result of fuel surcharges by CSX to the Southern Company resulting from increased fuel costs in 2007, revenue received from the Southern Company exceeded the thresholds set forth in the NYSE listing standards regarding director independence.

As a result of its review, the Board affirmatively determined, based on its understanding of any relationships or transactions, and consistent with the NYSE listing standards, that each of the director nominees is independent, other than Messrs. Ratcliffe and Ward.

Principles of Corporate Governance

The Board is committed to 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, vendors or in other capacities can and should expect. Key corporate governance principles observed by the Board and the Company include:

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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 each Board committee to retain outside, independent advisors and consultants when appropriate.

Adoption of a Code of Ethics, which meets applicable rules and regulations, that 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 (www.csx.com). 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.

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 such waivers or changes in 2007.

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 and approval 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 reviewing and approving, as appropriate, 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

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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 shall submit 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 shall submit 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

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

In connection with the review and approval or ratification, if appropriate, of any Related Person Transaction, the Audit Committee should 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 should 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 2007, there were ten meetings of the Board. Each director attended 75% or more of the meetings of the Board and the meetings of the committees on which he or she 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 addition, the independent directors have periodic special meetings without management in connection with regularly scheduled Board meetings.

While the Company does not have a formal policy regarding director attendance at Annual Meetings of Shareholders, the Company encourages directors to attend. Every director attended the 2007 Annual Meeting of Shareholders.

Committees of the Board

CSX has five standing committees: the Audit Committee, the Compensation Committee, the Finance Committee, the Governance Committee, and the Public Affairs Committee. Each of these committees has a written charter approved by the Board, a copy of which can be found on the Company's Internet website

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(www.csx.com). In addition, the Board has an Executive Committee, which is discussed below. The members of the committees are identified in the following table.

Director	Audit	Compensation	Executive	Finance	Governance	Public Affairs
Donna M. Alvarado	X			X		
Elizabeth E. Bailey	X		X			Chair
John B. Breaux					X	X
Steven T. Halverson				X	X	
Edward J. Kelly, III			X	X	Chair	
Robert D. Kunisch	X	X				
Southwood J. Morcott					X	X
David M. Ratcliffe			X	Chair		X
William C. Richardson	X	Chair	X			
Frank S. Royal		X			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 substantive committees. The Committee did not meet in 2007.

Audit Committee

The Audit Committee selects 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 five 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 six meetings in 2007.

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

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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 this 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 (Section 162(m)); and (vii) review the Compensation Discussion and Analysis section of the Proxy Statement and, as appropriate, recommend to the Board for approval the inclusion of the Compensation Discussion and Analysis section in the Company's Annual Report on Form 10-K and Proxy Statement. In addition, the Committee monitors the administration of certain executive and management compensation and benefit programs.

The Compensation Committee has four members, all of whom are outside directors within the meaning of regulations promulgated pursuant to Section 162(m) and are independent pursuant to the independence standards promulgated by the NYSE. The Committee held four meetings in 2007. Please refer to the Compensation Discussion and Analysis section of this Proxy Statement for additional information regarding the functions and operations of the Compensation Committee.

For additional information regarding the functions of the Compensation Committee, please see *Role of the Compensation Committee* on pages 22-23.

Finance Committee

The Finance Committee provides general oversight and review of financial matters affecting the Company, including the monitoring of corporate debt, cash flow, and the assets and liabilities maintained by the Company and its affiliates in conjunction with employee benefit plans, including monitoring the funding and investment policies and performances of the assets. This four-member Committee held five meetings in 2007.

Governance Committee

The Governance Committee of the Board identifies individuals qualified to become board members and recommends candidates for election to the Board. In addition, the Committee develops criteria regarding director qualification and reviews and recommends changes in Board composition, committee structure, and director compensation. The Committee develops, recommends and monitors corporate governance principles and conducts regular evaluations of director performance and of the effectiveness of the Board as a working group. The Governance Committee also reviews significant changes in corporate structure, succession in senior management, and other internal matters of broad corporate importance.

The Committee has five members and is composed solely of independent directors pursuant to the independence standards promulgated by the NYSE. The Committee held six meetings in 2007.

The Governance Committee generally identifies nominees for directors based upon outside research and suggestions from directors and officers of the Company. The Committee will also consider persons recommended by shareholders of the Company in selecting director nominees. Potential nominees suggested by shareholders will be evaluated by the Committee on the same basis as individuals identified directly by the Committee or from other sources. As a group, the Board is expected to represent a broad diversity of experience in business matters and to be able to assess and evaluate the role and policies of the Company in the face of changing conditions in the economy, regulatory environment and customer expectations. While there is not a formal list of qualifications, nominees for Board membership are expected to be prominent individuals with demonstrated leadership ability and to possess outstanding integrity, values and judgment. 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 Committee uses these and other relevant criteria to evaluate potential nominees.

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 should be delivered to the Company

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at least 90 days but no more than 120 days prior to the first anniversary of this year's Meeting date. Nominations should be accompanied by a description of the proposed nominee's qualifications and experience and his or her consent to serve if elected. A shareholder's notice regarding any such nomination should also indicate the nominating shareholder's name and address and the class and number of shares that he or she owns.

Public Affairs Committee

The Public Affairs Committee reviews and makes recommendations concerning the Company's practices and programs designed to address important public policy issues that may impact the Company, its shareholders, and the general public. This four-member Committee held four meetings during 2007.

Director Compensation

The Board periodically, but at least once every three years, reviews and sets the compensation for non-management directors based on the recommendation of the Governance Committee. Director compensation includes both cash and stock-based components. In recommending the amount and form of director compensation, the Committee considers, among other factors, the level of compensation necessary to attract and retain qualified, independent directors. The most recent review of the compensation for non-management directors occurred in 2007, and resulted in no changes in the overall compensation structure.

During 2007, each non-employee director received an annual retainer of \$75,000, at least 50% of which was payable in CSX stock pursuant to the CSX Corporation Stock Plan for Directors (the "Stock Plan"). The Chair of each Board committee other than the Audit Committee received an additional \$10,000. The Chair of the Audit Committee received an additional \$15,000, and each member of the Audit Committee also received an additional \$5,000. On December 15, 2007, each non-employee director also received a grant of 5,000 shares of CSX stock, which had a market value of \$217,625 (based on an average of the high and low price per share on the date of grant of \$43.525) and was required to be deferred. Directors also are eligible to receive other compensation and benefits as discussed below. With the exception of participation in the CSX Directors' Matching Gift Program ("Matching Gift Program"), Mr. Ward does not receive compensation for his services as a director.

During 2007, each director was eligible to defer all or a portion of his or her director's fees, including cash compensation and stock, under the CSX Directors' Deferred Compensation Plan (the "Directors' Plan"). Deferrals are subject to Section 409A of the Internal Revenue Code ("Section 409A"). Deferrals of director fees and other awards earned prior to 2005 are not subject to Section 409A. Those deferrals will continue to be administered in accordance with the terms of the directors' plan in effect as of December 31, 2004.

Cash deferrals may be credited to an unfunded account and invested in various investment choices or deferred as shares of CSX stock. The investment choices parallel the investment options offered to employees under CSX's 401(k) plan. Stock deferrals are automatically held as outstanding shares in a rabbi trust, with dividend equivalents credited in the form of shares.

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The following table summarizes the compensation earned by each of the non-employee directors in 2007. No stock option awards were made to the directors in 2007.

Directors Compensation Table

Name	Fees Earned or Paid in Cash ¹ (\$)	Stock Awards ² (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred	All Other Compensation ³ (\$)	Total ⁴ (\$)
					Earnings		
Donna M Alvarado	\$ 42,500	\$ 255,125				\$ 6,873	\$ 304,498
Elizabeth E. Bailey	\$ 52,500	\$ 255,125				\$ 21,289	\$ 328,914
John B. Breaux	\$ 37,500	\$ 255,125				\$ 7,924	\$ 300,549
Steven T. Halverson	\$ 37,500	\$ 255,125				\$ 51,873	\$ 344,498
Edward J. Kelly, III	\$ 57,500	\$ 255,125				\$ 51,873	\$ 364,498
Robert D. Kunisch	\$ 42,500	\$ 255,125				\$ 62,626	\$ 360,251
Southwood J. Morcott	\$ 37,500	\$ 255,125				\$ 62,004	\$ 354,629
David M. Ratcliffe	\$ 47,500	\$ 255,125				\$ 34,815	