

CSX CORP  
Form 11-K  
June 22, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2015

Commission file number 1-8022

CSX CORPORATION  
CAPITAL BUILDER PLAN

CSX CORPORATION  
A Virginia Corporation  
IRS Employer Identification Number 62-1051971  
500 Water Street  
Jacksonville, Florida 32202  
Telephone (904) 359-3200

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CSX CORPORATION  
CAPITAL BUILDER PLAN

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

AS OF DECEMBER 31, 2015 AND 2014  
AND FOR THE YEAR ENDED DECEMBER 31, 2015

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CSX CORPORATION  
CAPITAL BUILDER PLAN

Report of Independent Registered Public Accounting Firm

The Plan Administrator of the CSX Corporation Capital Builder Plan  
and the Audit Committee of CSX Corporation

We have audited the accompanying statements of net assets available for benefits of the CSX Corporation Capital Builder Plan as of December 31, 2015 and 2014, and the related statement of changes in net assets available for benefits for the year ended December 31, 2015. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the CSX Corporation Capital Builder Plan at December 31, 2015 and 2014, and the changes in its net assets available for benefits for the year ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of the CSX Corporation Capital Builder Plan's financial statements. The information in the supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Ernst & Young LLP  
Certified Public Accountants

Jacksonville, Florida  
June 22, 2016

CSX CORPORATION  
CAPITAL BUILDER PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
(Dollars in Thousands)

	December 31	
	2015	2014
<b>ASSETS</b>		
Investments		
Investment in Master Trust (Note 3)	\$857,353	\$1,042,262
Receivables		
Notes receivable from participants	44,746	41,707
Total Assets	902,099	1,083,969
<b>LIABILITIES</b>		
Accrued expenses	270	235
Total Liabilities	270	235
Net Assets Available for Benefits	\$901,829	\$1,083,734

See accompanying Notes to Financial Statements

CSX CORPORATION  
CAPITAL BUILDER PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the Year Ended December 31, 2015

(Dollars in Thousands)

Additions	
Member contributions	\$47,306
Employer contributions	10,437
Transfers to the Plan	6,229
Interest on notes receivable from participants	1,884
Total Additions	65,856
Deductions	
Net loss from investment in Master Trust (Note 3)	145,663
Distributions to members	97,986
Transfers from the Plan	2,937
Fees and expenses	1,175
Total Deductions	247,761
Net Decrease	(181,905 )
Net Assets Available for Benefits at Beginning of Year	1,083,734
Net Assets Available for Benefits at End of Year	\$901,829

See accompanying Notes to Financial Statements

CSX CORPORATION  
CAPITAL BUILDER PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1. Description of the Plan

The following description of the CSX Corporation Capital Builder Plan (“the Plan”) provides only general information. Members should refer to the Summary Plan Description and the Plan Document for a more complete description of the Plan’s provisions.

General: The Plan is a defined contribution plan covering certain union employees of CSX Corporation (“CSX” or “Plan Sponsor”) and affiliated companies (collectively, “the Company”). A portion of the Plan has been established as an Employee Stock Ownership Plan (“ESOP”) designed to comply with Section 4975(e)(7) of the Internal Revenue Code of 1986 (“the Code”), as amended. The Plan also contains a cash or deferred arrangement described in Section 401(k) of the Code and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended. The ESOP component is designed to invest primarily in CSX common stock and may invest 100% in such securities.

Contributions: Members, as defined in the Plan Document, may contribute from 1% to 50% (in 1% multiples) of eligible compensation, as defined by the Plan Document, on a pre-tax or after-tax basis up to the current Code limit. Members who are age 50 or older by the end of the applicable calendar year are eligible to make catch-up contributions in accordance with the Code. Certain eligible members may also contribute other compensatory awards and/or sellback contributions (unused sick, vacation or personal leave) to the Plan. Subject to certain limitations, members may rollover distributions from another qualified plan or an individual retirement account (“Rollover Account”). Members may change contribution rates daily.

The Company contributes a specified number of shares of CSX common stock on an annual basis to certain member accounts of the eligible groups, as defined by the Plan Document. The shares required to fund the contribution were purchased on the open market. In 2015, the Company contributed \$5.2 million in stock to Plan members.

The Plan also provides for a Company matching contribution to certain eligible members. The amount and timing of the Company contributions varies according to the applicable collective bargaining agreements. In accordance with the applicable collective bargaining agreement, CSX may also make additional contributions to the Plan.

Diversification: Members may generally direct the investment of contributions on a daily basis. Contributions made in the form of CSX common stock may be immediately transferred to the other investment options offered under the Plan.

Reallocations: CSX does not permit members to repurchase shares of a previously sold fund through investment fund activity for 30 calendar days after the transaction. Members may, however, transfer funds to the Stable Value Fund investment option at any time without restriction.

Member Accounts: Each member’s account is credited with the member’s contributions and allocations of (a) Company contributions and (b) Plan earnings and is charged with the member’s disbursements and an allocation of administrative expenses. Company contributions are calculated in accordance with a bargained formula or benefit amount. Plan earnings are allocated on a proportionate share of the increase or decrease in the fair market value of each fund in which the member’s accounts are invested on each valuation date. Record-keeping expense allocations are charged equally to each member’s account. All other administrative expense allocations are made on the basis of assets in the individual’s account.



CSX CORPORATION  
CAPITAL BUILDER PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1. Description of the Plan, continued

Plan to Plan Transfers: When members change employment status between contract positions and management positions within the Plan Sponsor, the member can no longer participate in the former plan. Accordingly, automatic transfers are initiated on a member's behalf if their account balance is not voluntarily transferred from the ineligible plan to the eligible plan within the Master Savings Trust.

Vesting: Members are 100% vested in their accounts.

Loans: Certain members may borrow from their accounts an amount equal to the lesser of fifty thousand dollars in the aggregate (reduced by the highest outstanding balance during the one year period preceding the loan) or 50% of their account balance (reduced by the outstanding balance of all Plan loans at the time of the loan). Members may not borrow from their ESOP account even though it is used in the calculation to determine the amount available for the loan. Loan terms range from one to five years unless the loan is to be used in conjunction with the purchase of a primary residence, in which case the term is 25 years. Loans are secured by the balance in the member's account. The loan interest rates are calculated using the prime rate in the Wall Street Journal as of the first business day of the current month in which the loan originates plus 1%. The interest rate in effect when a member applies for the loan will remain in effect for the term of the loan. It will not change even though the interest rate applicable to new loans may change. Principal and interest are paid ratably through payroll deductions.

Dividends: Dividends paid on shares of CSX common stock held in a member's account are reinvested in shares of CSX common stock. A member or spousal beneficiary may elect to have dividends paid to them in cash. Any change in an election will apply only to ex-dividend dates occurring after the date such election is received. A member who does not make a timely election will have the dividends paid to his or her account and reinvested in shares of CSX common stock.

Payment of Benefits: Upon termination of service, a member may receive a lump sum amount equal to the value of his or her account. Upon disability or retirement, a member may elect to receive a lump sum or monthly installments over a period not to exceed the lesser of 240 months or the life expectancy of the last survivor of the member and his or her beneficiary. Surviving spouses of retired or disabled members may also elect monthly installments. A terminated member's account balance of five thousand dollars or less (excluding the Rollover Account) as of his or her date of termination or the last day of any Plan year shall be rolled over into an individual retirement account at Millennium Trust Company unless the member makes an alternate distribution request.

Administrative Expenses: The administrative expenses of the Plan are paid by the Company or from Plan assets as the Plan Sponsor directs. All of the administrative expenses of the Plan during 2015 were paid from Plan assets.

Plan Termination: Although it has not expressed any intent to do so, the Company has the right to discontinue its contributions to the Plan at any time and to terminate the Plan subject to the provisions of ERISA. If the Plan were to terminate, members would remain 100% vested in their accounts.

NOTE 2. Summary of Significant Accounting Policies

Basis of Presentation: The financial statements have been prepared under the accrual method of accounting in accordance with U.S. generally accepted accounting principles. All dollar amounts are reported in thousands.





CSX CORPORATION  
CAPITAL BUILDER PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 2. Summary of Significant Accounting Policies, continued

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements, accompanying notes and supplemental schedule. Actual results could differ from those estimates.

Investments: The CSX Corporation Master Retirement Savings Plan Trust ("Master Trust") holds all investments of this Plan and the CSX Corporation 401(k) Plan, a similar plan for certain management employees. For further details, see Note 3, Investment in Master Trust.

Notes Receivable from Participants: Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2015 or 2014. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

New Accounting Pronouncements: In May 2015 the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). This update eliminates the requirement to categorize investments within the fair value hierarchy if their fair value is measured using the net asset value per share practical expedient. This update requires that investments measured using the net asset value per share be disclosed as a reconciling item between the statement of net assets available for benefits and the fair value hierarchy disclosure. This update is effective for Plan year 2017, with retrospective application to all periods presented. This update permits early adoption, which the Plan elected in 2015. Since this update only affects fair value measurement disclosures, adoption did not have an effect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

In July 2015, the FASB issued ASU 2015-12 "Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962) and Health and Welfare Benefit Plans (Topic 965): I. Fully Benefit-Responsive Investment Contracts; II. Plan Investment Disclosures; III. Measurement Date Practical Expedient." Part I of the update eliminates the requirements to measure the fair value of fully benefit-responsive investment contracts and provide certain disclosures. Contract value is the only required measure for fully benefit-responsive investment contracts. Part II of the update requires benefit plans to disaggregate their investments measured using fair value by general type, among other changes. Parts III of this update is not applicable to the Plan. This update is effective for Plan year 2016, with retrospective application to all periods presented. This update permits early adoption, which the Plan elected in 2015. Since this update only affects fair value measurement disclosures, adoption did not have an effect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

NOTE 3. Investment in Master Trust

All investments of the Master Trust are held by The Northern Trust Company ("Trustee"), the Trustee of the Master Trust. Each participating plan's interest in the Master Trust is based on account balances of the participants and their elected investment fund options. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.



CSX CORPORATION  
CAPITAL BUILDER PLAN

## NOTES TO FINANCIAL STATEMENTS

## NOTE 3. Investment in Master Trust, continued

Summarized financial information of the Master Trust is presented below:

(Dollars in Thousands)	December 31, 2015	Plan's Interest <sup>(a)</sup>	December 31, 2014	Plan's Interest <sup>(a)</sup>
Investments, at fair value:				
CSX Stock Fund				
CSX Common Stock	\$652,956		\$969,632	
Northern Trust Collective Short-term Investment Fund	4,236		4,864	
Total CSX Stock Fund	657,192	62%	974,496	61%
Mutual Funds				
Vanguard Institutional Index Instl Plus	213,530	44%	223,311	43%
Vanguard Wellington Fund	155,838	42%	168,516	40%
Total Mutual Funds	369,368		391,827	
Common Collective Trusts				
T. Rowe Price Retirement 2005 Active Trust	262	54%	509	44%
T. Rowe Price Retirement 2010 Active Trust	1,957	23%	3,744	14%
T. Rowe Price Retirement 2015 Active Trust	6,444	40%	9,333	33%
T. Rowe Price Retirement 2020 Active Trust	15,829	42%	16,170	38%
T. Rowe Price Retirement 2025 Active Trust	14,529	34%	13,123	34%
T. Rowe Price Retirement 2030 Active Trust	15,903	42%	13,763	39%
T. Rowe Price Retirement 2035 Active Trust	18,297	49%	15,909	48%
T. Rowe Price Retirement 2040 Active Trust	18,474	45%	16,264	45%
T. Rowe Price Retirement 2045 Active Trust	17,992	51%	15,454	50%
T. Rowe Price Retirement 2050 Active Trust	13,078	57%	9,791	60%
T. Rowe Price Retirement 2055 Active Trust	6,844	51%	5,029	48%
T. Rowe Price Retirement Income Active Trust	3,218	25%	4,284	18%
Total Common Collective Trusts	132,827		123,373	
Small Cap Value Fund				
Common stock	48,703		51,643	
Northern Trust Collective Short-term Investment Fund	2,381		1,549	
Total Small Cap Value Fund	51,084	30%	53,192	31%
Large Cap Value Fund				
Common stock	81,793		95,755	
Northern Trust Collective Short-term Investment Fund	1,541		1,406	
Total Large Cap Value Fund	83,334	26%	97,161	26%
Large Cap Growth Fund				
Common stock	87,174		84,104	
Northern Trust Collective Short-term Investment Fund	709		756	
Total Large Cap Growth Fund	87,883	34%	84,860	34%
International Equity Fund				
Vontobel Collective International Equity Fund	48,231		46,090	
Morgan Stanley Pooled International Equity Trust	47,200		46,140	
Northern Trust Collective Short-term Investment Fund	2,025		2,194	
Total International Equity Fund	97,456	45%	94,424	43%

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Total assets available for benefits, at fair value	1,479,144		1,819,333	
Investments, at contract value:				
Stable Value Fund	414,001	29%	436,506	28%
Total assets available for benefits, at contract value	414,001		436,506	
Total assets available for benefits in the Master Trust	\$1,893,145		\$2,255,839	
Plan's investment in the Master Trust's assets	\$857,353	45%	\$1,042,262	46%

(a) Represents the Plan's percentage participation in each individual fund held by the Master Trust.

CSX CORPORATION  
CAPITAL BUILDER PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 3. Investment in Master Trust, continued

The Master Trust has investments with Vontobel, T. Rowe Price, Morgan Stanley, and Northern Trust, listed above, that do not have readily determinable fair values and are considered investment companies. The Fair Value Measurements Topic in the Accounting Standards Codification ("ASC") requires the Plan to disclose the significant investment strategies of such investments.

The Vontobel International Equity Fund seeks to achieve the highest total returns through the effect of compounded earnings and stock price returns by identifying high-quality companies that can grow earnings faster than the market on a sustainable basis. The fund invests in securities of a combination of large-cap, mid-cap and small-cap stocks with market capitalizations generally greater than \$500 million when they are available at reasonable prices. The fund invests primarily in common stocks or other equity securities of international companies with a market price below the estimate of their fundamental value. There are currently no redemption restrictions on this investment.

The T. Rowe Price Active Trusts seek to provide the highest total return over time consistent with an emphasis on both capital growth and income. They pursue these objectives by investing primarily in a diversified portfolio of other T Rowe Price common trust funds that represent various asset classes and sectors. The allocations between stock and bond trusts will change over time in relation to each fund's target retirement date, except for the Retirement Income Active Fund, which will maintain a constant neutral allocation of approximately 40% stock trusts and 60% bond trusts. There are currently no redemption restrictions on this investment.

The investment objective of the Morgan Stanley International Equity Trust is to invest in a diversified portfolio of international equity securities for capital growth. This fund uses a portfolio of international stocks and foreign currencies to achieve its investment objective. Portfolio adjustments may also be made to ensure adequate geographic and industrial diversification. There are currently no redemption restrictions on this investment.

The investment objective of the Northern Trust Collective Short-term Investment Fund is to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity. This fund uses a portfolio of high-grade money market instruments with short maturities to achieve its investment objective. There are currently no redemption restrictions on this investment.

Investment income and expenses, other than those related to CSX common stock, are allocated to each plan in a pro-rata fashion based on the member's average daily investment balances. Investment income and expenses related to CSX common stock are allocated based on actual shares held. Investment income for the Master Trust for 2015 was as follows:

Net  
loss  
from  
~~\$(260,609)~~  
in  
Master  
Trust:  
~~40,676~~,  
dividend,

and  
other  
income  
Investment  
loss  
for  
\$(225,933)  
the  
Master  
Trust

Plan's  
investment  
loss  
\$(145,663)  
the  
Master  
Trust

Plan's  
percentage  
of  
investment  
loss %  
for  
the  
Master  
Trust

CSX CORPORATION  
CAPITAL BUILDER PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 4. Fully Benefit-Responsive Investment Contracts

The Master Trust holds investments in synthetic guaranteed investment contracts (“GICs”) as part of the Stable Value Fund investment option. Synthetic GICs are investment contracts that allow participants to earn fixed income for a specified period of time. These synthetic GICs are fully benefit-responsive, which allows participants to initiate all permitted transactions, such as withdrawals, loans or transfers to other funds within the Plan. A corresponding contract wrapper with the issuer provides a fixed rate of return on the underlying investments. A contract wrapper is a contractual agreement with a third party that regulates the return on investment. The agreement provides for the third party to compensate the Plan if the book value drops below a certain threshold and vice versa.

The crediting interest rate for the synthetic GIC is based on a mutually agreed upon formula that resets on a quarterly basis depending on the portfolio yield, market value and duration along with the book value of the contract. The minimum crediting rate is 0%.

Certain events limit the ability of the Plan to transact at contract value with the issuer. These events include, but are not limited to, the following: (1) amendments to the Plan Document, (2) bankruptcy of the Plan Sponsor or other Plan Sponsor events which cause a significant withdrawal from the Plan or (3) the failure of the Master Trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. CSX does not believe that the occurrence of any event limiting the Plan’s ability to transact at contract value with members is probable.

The contract value of the synthetic GICs represents contributions plus earnings, less participant withdrawals and administrative expenses. The synthetic GIC issuers can only terminate the contract under very limited circumstances such as CSX or the investment fund managers breaching any of their obligations under the agreement. CSX does not believe it is likely that the synthetic GICs will be terminated.

NOTE 5. Related Party Transactions

During 2015, the Master Trust received cash dividends from investments in CSX common stock of \$17,965. The Plan’s share of these dividends was \$11,052.

The Trustee routinely invests assets in its Collective Short-Term Investment Fund. During 2015, the Master Trust earned interest of \$30 for transactions with this fund, a portion of which is allocated to the Plan based upon the Plan’s pro-rata share in the net assets of the Master Trust and is included in net gain from investment in Master Trust in the Statement of Changes in Net Assets Available for Benefits.

NOTE 6. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (“IRS”), dated April 19, 2013, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. Subsequent to this determination by the IRS, the Plan was amended and restated for minor changes. Management believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is still qualified and the related trust is tax-exempt.



Accounting principles generally accepted in the United States require Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Plan, and has concluded that as of

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CSX CORPORATION  
CAPITAL BUILDER PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 6. Income Tax Status, continued

December 31, 2015, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 7. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Net Assets Available for Benefits.

NOTE 8. Fair Value Measurements

The Financial Instruments Topic in the ASC requires disclosures about fair value of financial instruments. Also, the Fair Value Measurements and Disclosures Topic in the ASC clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements.

Various inputs are considered when determining the value of the Plan's investments. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in these securities. These inputs are summarized in the three broad levels listed below.

Level 1 – observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Plan's own assumptions in determining the fair value of investments)

The valuation methods described below may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for Plan assets measured at fair value:

Investments in the fair value hierarchy

Common stock (Level 1): Valued at the closing price reported on the active market on which the individual securities are traded on the last day of the Plan year.

CSX CORPORATION  
CAPITAL BUILDER PLAN

## NOTES TO FINANCIAL STATEMENTS

## NOTE 8. Fair Value Measurements, continued

Mutual funds (Level 1): Valued at the net asset value of shares held by the Master Trust at year end based on quoted market prices determined in an active market.

Investments measured at net asset value

Pooled separate accounts and common collective trust funds: This class consists of private funds that invest in government and corporate securities and various short-term debt instruments and are measured at net asset value practical expedient to estimate the fair value of the investments. The net asset value of the investments is determined by reference to the fair value of the underlying securities, which are valued primarily through the use of directly or indirectly observable inputs. There are currently no redemption restrictions on these investments.

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2015:

(Dollars in Thousands)	Level 1	Level 2	Level 3	Total
Common stock	\$870,625	\$ —	—	—\$870,625
Mutual funds - U.S	369,368	—	—	369,368
Total investments in the fair value hierarchy	\$ 1,239,993	\$ —	—	—\$ 1,239,993
Common collective trust funds measured at net asset value <sup>(a)</sup>	n/a	n/a	n/a	239,151
Total assets at fair value	\$ 1,239,993	\$ —	—	—\$ 1,479,144

(a) In accordance with ASC 820, Fair Value Measurement, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the assets disclosed in Note 3, Investments in Master Trust.

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2014:

(Dollars in Thousands)	Level 1	Level 2	Level 3	Total
Common stock	\$ 1,201,134	\$ —	—	—\$ 1,201,134
Mutual funds - U.S	391,827	—	—	391,827
Total investments in the fair value hierarchy	\$ 1,592,961	\$ —	—	—\$ 1,592,961
Common collective trust funds measured at net asset value <sup>(a)</sup>	n/a	n/a	n/a	226,372
Total assets at fair value	\$ 1,592,961	\$ —	—	—\$ 1,819,333

(a) In accordance with ASC 820, Fair Value Measurement, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the assets disclosed in Note 3, Investments in Master Trust.

Supplemental Schedule

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CSX CORPORATION  
CAPITAL BUILDER PLAN

EIN: 62-1051971 Plan Number: 004

SCHEDULE H, LINE 4i  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2015

(b) (a) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(e) Current Value
* Members	Loans with interest rates of 4% to 15.01%, maturing through 2040	\$44,746,429

\*Indicates a party-in-interest to the Plan.

Note: Cost information has not been included, because all investments are member directed.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the CSX Plan Administrator has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

CSX CORPORATION CAPITAL  
BUILDER PLAN

By: /s/ Michele Mastrean

Michele Mastrean, Plan Administrator  
Vice President  
Compensation & Benefits  
CSX Corporation

Date: June 22, 2016



AS OF DECEMBER 31, 2015 AND 2014  
AND FOR THE YEAR ENDED DECEMBER 31, 2015

23 Consent of Independent Registered Public Accounting Firm I-1

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