

CSX CORP  
Form 11-K  
June 23, 2014

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, 2013

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

---

CSX CORPORATION  
CAPITAL BUILDER PLAN

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

AS OF DECEMBER 31, 2013 AND 2012  
AND FOR THE YEAR ENDED DECEMBER 31, 2013

Contents

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	1
<u>Statements of Net Assets Available for Benefits</u>	2
<u>Statement of Changes in Net Assets Available for Benefits</u>	3
<u>Notes to Financial Statements</u>	4
<u>Schedule of Assets (Held at End of Year)</u>	16
<u>Signature</u>	17

---

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, 2013 and 2012, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013. 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, 2013 and 2012, and the changes in its net assets available for benefits for the year ended December 31, 2013, in conformity with US generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2013, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP  
Certified Public Accountants

Jacksonville, Florida  
June 23, 2014

CSX CORPORATION  
CAPITAL BUILDER PLAN

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

	December 31 2013	2012
<b>ASSETS</b>		
Investments, at fair value:		
Investment in Master Trust (Note 3)	\$940,662	\$747,575
Receivables		
Employer contributions	—	71
Notes receivable from participants	37,286	32,013
Total Assets	977,948	779,659
<b>LIABILITIES</b>		
Accrued expenses	148	187
Net Assets Available for Benefits, At Fair Value	977,800	779,472
Adjustment from fair value to contract value relating to fully benefit-responsive investment contracts (Note 4)	(9,734	) (15,725 )
Net Assets Available for Benefits	\$968,066	\$763,747

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, 2013  
(Dollars in Thousands)

Additions	
Net gain from investment in Master Trust (Note 3)	\$ 240,664
Member contributions	40,238
Employer contributions	9,934
Transfers to the Plan	3,075
Interest on notes receivable from participants	1,433
Total Additions	295,344
Deductions	
Distributions to members	87,254
Transfers from the Plan	2,644
Fees and expenses	1,127
Total Deductions	91,025
Net Increase	204,319
Net Assets Available for Benefits at Beginning of Year	763,747
Net Assets Available for Benefits at End of Year	\$ 968,066
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.

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 but cannot exceed 50% of the Basic Capital Savings contribution made by or on behalf of the member. Basic Capital Savings contributions are limited to 6% of each member’s eligible compensation as defined in the Plan Document. 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.

CSX CORPORATION  
CAPITAL BUILDER PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1. Description of the Plan, continued

**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.

**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 2013 were paid from Plan assets.





CSX CORPORATION  
CAPITAL BUILDER PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1. Description of the Plan, continued

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.

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 Tax Savings Thrift Plan for Employees of CSX Corporation and Affiliated Companies. 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, 2013 or 2012. 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.

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, 2013	Plan's Interest <sup>(a)</sup>	December 31, 2012	Plan's Interest <sup>(a)</sup>
CSX Stock Fund				
CSX Common Stock	\$819,355		\$629,273	
Northern Trust Collective Short-term Investment Fund	3,850		3,073	
Total CSX Stock Fund	823,205	61	% 632,346	60 %
Mutual Funds				
Vanguard Institutional Index Instl Plus	209,307	43	% 159,711	45 %
Vanguard Morgan Growth	80,301	33	% 61,676	34 %
Vanguard Wellington Fund	150,969	41	% 122,506	44 %
Morgan Stanley International Fund	—	—	% 62,048	39 %
T. Rowe Price Retirement 2005 Fund	—	—	% 465	64 %
T. Rowe Price Retirement 2010 Fund	—	—	% 3,543	19 %
T. Rowe Price Retirement 2015 Fund	—	—	% 10,557	32 %
T. Rowe Price Retirement 2020 Fund	—	—	% 11,615	36 %
T. Rowe Price Retirement 2025 Fund	—	—	% 7,134	37 %
T. Rowe Price Retirement 2030 Fund	—	—	% 7,547	42 %
T. Rowe Price Retirement 2035 Fund	—	—	% 9,020	48 %
T. Rowe Price Retirement 2040 Fund	—	—	% 9,607	41 %
T. Rowe Price Retirement 2045 Fund	—	—	% 6,951	52 %
T. Rowe Price Retirement 2050 Fund	—	—	% 4,245	60 %
T. Rowe Price Retirement 2055 Fund	—	—	% 1,754	50 %
T. Rowe Price Retirement Income Fund	—	—	% 4,061	32 %
Total Mutual Funds	440,577		482,440	
Common Collective Trusts				
T. Rowe Price Retirement 2005 Active Trust	412	47	% —	— %
T. Rowe Price Retirement 2010 Active Trust	4,112	13	% —	— %
T. Rowe Price Retirement 2015 Active Trust	9,870	40	% —	— %
T. Rowe Price Retirement 2020 Active Trust	14,916	39	% —	— %
T. Rowe Price Retirement 2025 Active Trust	10,599	35	% —	— %
T. Rowe Price Retirement 2030 Active Trust	11,151	42	% —	— %
T. Rowe Price Retirement 2035 Active Trust	13,240	47	% —	— %
T. Rowe Price Retirement 2040 Active Trust	14,804	42	% —	— %
T. Rowe Price Retirement 2045 Active Trust	12,293	48	% —	— %
T. Rowe Price Retirement 2050 Active Trust	7,354	61	% —	— %
T. Rowe Price Retirement 2055 Active Trust	2,934	51	% —	— %
T. Rowe Price Retirement Income Active Trust	3,620	22	% —	— %
Total Common Collective Trusts	105,305		—	
Stable Value Fund				
Pooled separate accounts and common collective trusts				
PIMCO Private U.S. Government Sector Fund	56,011		68,513	
PIMCO Private Investment Grade Corporate Sector Fund	73,727		69,486	

Edgar Filing: CSX CORP - Form 11-K

Riversource Trust Stable Capital Fund II	26,088		24,987		
Northern Trust Collective Short-term Investment Fund	1,990		3,280		
U.S. Government securities	183,723		226,928		
Cash equivalents	16,031		15,785		
Credit, loans, and asset-backed securities	73,401		73,546		
Mortgages	50,176		13,574		
Foreign government securities and other	38		231		
Synthetic guaranteed investment contract - wrappers	2,635		2,575		
Total Stable Value Fund	483,820	28	% 498,905	28	%
Small Cap Value Fund					
Common stock	56,687		41,429		
Northern Trust Collective Short-term Investment Fund	2,339		670		
Total Small Cap Value Fund	59,026	31	% 42,099	32	%

CSX CORPORATION  
CAPITAL BUILDER PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 3. Investment in Master Trust, continued

(Dollars in Thousands)	December 31, 2013	Plan's Interest <sup>(a)</sup>	December 31, 2012	Plan's Interest <sup>(a)</sup>	
Large Cap Value Fund					
Common stock	\$90,939		\$65,039		
Northern Trust Collective Short-term Investment Fund	3,111		958		
Total Large Cap Value Fund	94,050	25	% 65,997	26	%
International Equity Fund					