

CSX CORPORATION

Board of Directors

Compensation and Talent Management Committee Charter

Purpose

The primary purpose of the Compensation and Talent Management Committee (the “Committee”) is to develop and oversee the compensation philosophy, strategy and design for CSX Corporation (“Corporation”) on behalf of the Board of Directors (“Board”). The Committee is responsible for: (i) regularly reviewing, approving and monitoring compensation policies, practices and plans, and the associated financial impact and risks to the Corporation; (ii) regularly reviewing executive talent and leadership development; and (iii) assessing the Corporation’s diversity, including any pay equity initiatives.

Membership and Operations

The Committee shall consist of not fewer than three members, each of whom shall qualify as a “non-employee director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934. Each member of the Committee shall meet the independence requirements of the NASDAQ Stock Market’s listing standards (the “Independence Requirements”). The determination regarding each member’s independence shall only be made after considering: (i) the sources of compensation of such member, including any consulting, advisory or other compensatory fee paid by the Corporation to such member and (ii) whether such member is affiliated with the Corporation, a subsidiary of the Corporation or an affiliate of a subsidiary of the Corporation. Any action taken by the Committee during a period in which one or more of the members subsequently is determined to have failed to meet the membership qualifications shall nevertheless constitute duly authorized actions of the Committee and shall be valid and effective for all purposes, except to the extent required by law or determined appropriate by the Committee to satisfy regulatory standards.

Members of the Committee and the Committee Chair shall be recommended by the Governance Committee and elected by the Board annually and as vacancies or newly created positions occur and shall serve until their successors have been duly elected and qualified. Any member of the Committee may resign at any time by giving written notice of his or her intention to do so to the Chairman of the Board or the Corporate Secretary, or may be removed, with or without cause, at any time by the Board.

The Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this charter and (i) at least three times each year at such times as it determines to be appropriate or at the request of the Committee Chair or any member of the Committee, and (ii) periodically in executive session without management in attendance. The Committee Chair shall prepare or approve an agenda in advance of each meeting. Each member is free to suggest the inclusion of items not on the agenda.

A majority of the members of the Committee shall constitute a quorum for the transaction of business and the affirmative vote of the majority of those present shall be necessary for any action by the Committee. The Committee shall keep minutes, report its activities to the full Board on a regular basis and make recommendations with respect to matters covered by this Charter and other matters as the Committee may deem necessary or appropriate.

Duties and Responsibilities:

The Committee shall, in its judgment:

Compensation Programs and Policies

1. Consider, approve and, where necessary, recommend to the Board for approval, the adoption, amendment or termination of compensation practices, policies, programs and plans maintained by the Corporation or its affiliates for the Chief Executive Officer (“CEO”) and each Executive Vice President and the Chief Accounting Officer (the “Section 16 Officers”) and, as deemed appropriate, other eligible employees, including but not limited to cash and stock-based incentive plans, deferred compensation and share ownership plans, retirement plans, health and group benefit plans and perquisites.
2. Review reports from management regarding compliance matters and any significant issues pertaining to the implementation or administration of any such plan, policy or program.
3. Establish and annually review a comparison group of companies to provide current, competitive data and applicable information to support pay decisions for the CEO and any “Executive Officer,” (which includes Section 16 Officers and any other key executives determined from time to time by the Committee in its discretion).
4. Review and consider the results of the Corporation’s most recent Say on Pay vote, as well as any other feedback garnered through shareholder outreach initiatives.
5. Review and approve the implementation or revision of any clawback policy allowing the Corporation to recoup compensation paid to Section 16 Officers and other employees under certain circumstances.
6. Monitor compliance with the share ownership guidelines for Section 16 Officers.
7. Determine the Corporation’s policy with respect to the application of Section 162(m) of the Internal Revenue Code of 1996, as amended, and when compensation may be paid by the Corporation that is not deductible for federal income tax purposes.

Delegation of Authority

8. Delegate to the CEO or other members of executive management from time to time, as appropriate, the authority to adopt, amend or terminate any such plan, policy or program as the Committee may deem appropriate, subject to the limitations as set forth in the applicable plan, policy or program and consistent with the duties and responsibilities set forth herein.

Risk Management

9. Review compensation practices, policies and programs to ensure that they do not encourage unnecessary or excessive risk taking and assess whether any risks arising from such practices, policies and programs are reasonably likely to have a material adverse effect on the Corporation.

Incentive and Equity-based Compensation

10. Review and, as appropriate, approve incentive plan structure, vesting, performance measures, performance targets, payout curves and payouts under the performance-based incentive compensation plans, including the application of adjustment principles and the exercise of judgment related to the achievement of performance results.
11. Review and approve, and recommend for Board approval in the case of the CEO, stock-based and cash-based incentive awards for all Section 16 Officers and delegate to the CEO or the Executive Vice President and Chief Administrative Officer, acting in consultation with the CEO, the authority to take such actions with respect to stock-related awards provided to other employees, as deemed appropriate.

Evaluation and Compensation of the CEO

12. The Committee, in consultation with the Board, shall:
 - a. annually review and approve goals and objectives for the CEO and evaluate and discuss with the CEO his or her performance based on these goals and objectives;
 - b. consider, as a factor in determining the CEO's compensation, the CEO's conduct and compliance with the Company's Code of Business Conduct and Ethics; and
 - c. review: (i) changes to CEO compensation, including base salary adjustments or adjustments to incentive opportunity levels under the short and/or long-term incentive programs; (ii) discretionary or special compensation awards, including any awards under applicable nonqualified plans for the CEO; and (iii) employment, severance and change-in-control agreements for the CEO.

The CEO may not be present during voting or deliberations related to his or her compensation.

Evaluation and Compensation of Section 16 Officers

13. Annually discuss the performance of, and approve the compensation for, all other Section 16 Officers in consultation with the CEO, whose recommendations shall be considered in determining the compensation of such Section 16 Officers. The Committee may review any Company records, if necessary, for this purpose. In addition, the Committee shall discuss with the Audit Committee, as necessary, the compliance of the Section 16 Officers with the Corporation's Code of Business Conduct and Ethics.
14. For all Section 16 Officers, review and determine: (i) changes to compensation, including base salary adjustments, promotions and title changes that impact compensation; (ii) any adjustments to incentive opportunity levels under the short and/or long-term incentive programs; and (iii) discretionary compensation awards, including any awards under applicable nonqualified plans.
15. Make its compensation decisions for Section 16 Officers, in consultation with one or more compensation consultants without any affected members of management present unless the decision is related to a broad-based incentive compensation plan or program.
16. In reviewing compensation and benefits policies, consider the recruitment, development, promotion, retention and compensation of Section 16 Officers of the Company and any other factors that it deems appropriate.

Talent Management and Leadership Development

17. Review the Company's executive development programs including leadership development, performance management and talent acquisition.
18. Periodically review the results of the Company's employee engagement survey, as applicable.

Diversity, Inclusion and Pay Equity

19. Review annually, unless presented to the full Board, the Corporation's plans and processes for promoting diversity, inclusion and pay equity, as well as the Corporation's progress on diversity, inclusion and pay equity initiatives.

Disclosure

20. Review the Compensation Discussion and Analysis section ("CD&A") and associated tables of the Corporation's Annual Report on Form 10-K or Proxy Statement for the Corporation's Annual Meeting of Shareholders (the "Proxy Statement") with management and provide a recommendation to the Board regarding the inclusion of the CD&A and associated tables in the Corporation's Annual Report on Form 10-K or Proxy Statement.

21. Review and approve the Compensation and Talent Management Committee Report for inclusion in the Corporation's Proxy Statement.

Employment Agreements

22. Review, approve and, in the case of the CEO, make recommendations to the Board regarding employment, severance, retention, non-compete and change-in-control agreements, plans or provisions and any other special agreements or supplemental benefits applicable to the CEO or other Section 16 Officers, including all amendments thereto.

Employee Benefit Plans

23. Review and approve, or recommend to the Board for approval, any substantial or material changes to the Company's employee benefit plans, including but not limited to the Company's pension, 401(k) plans, employee stock purchase plans and applicable health and group benefits plans.

Administration and Governance

24. Review and assess the adequacy of this Charter on an annual basis with the advice of the Governance Committee.
25. Report periodically to the Board regarding the foregoing activities.
26. In addition to the foregoing, the Committee shall perform such other functions as may be delegated to it under the resolutions and other directives of the Board.

Evaluation

At least annually, the Committee shall conduct an evaluation of its performance. The evaluation shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate.

Delegation to Subcommittee

The Committee may, as appropriate and consistent with applicable regulations, laws and listing standards, delegate its duties and responsibilities to the Committee Chair or a subcommittee of the Committee.

Advisers

The Committee shall have available to it such support personnel, including management staff, outside auditors, attorneys and consultants as it deems necessary to discharge its responsibilities. The Committee may obtain advice and assistance from outside advisers who are advisers to the Corporation.

In addition, the Committee may select and appoint advisers to separately advise the Committee. Accordingly, the Committee shall have the sole authority to select, retain and terminate any compensation consultant, legal counsel or other advisers to the Committee as the Committee deems appropriate in discharging its duties. With respect to such advisers, the Committee will be directly responsible for the selection, appointment, terms of engagement (including compensation) and oversight of such advisers. Whether the Committee receives advice from an adviser to the Corporation or an adviser separately selected and appointed by the Committee, prior to engaging such advisor, the Committee will consider the adviser independence factors under applicable NASDAQ Stock Market listing standards and any other factors deemed relevant by the Committee.

The Committee shall receive appropriate funding from the Corporation, as determined by the Committee, for the payment of compensation to its compensation consultants, legal counsel and other advisers.