CSX CORP
Form 11-K
June 14, 2013

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

FORM 11-K

[X] 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, 2012

Commission file number 1-8022

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF
CSX CORPORATION
AND AFFILIATED COMPANIES

CSX CORPORATION
A Virginia Corporation
IRS Employer Identification Number 62-1051971
500 Water Street
Jacksonville, Florida 32202
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TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION
AND AFFILIATED COMPANIES

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

AS OF DECEMBER 31, 2012 AND 2011
AND FOR THE YEAR ENDED DECEMBER 31, 2012

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TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION
AND AFFILIATED COMPANIES

Report of Independent Registered Public Accounting Firm

The Plan Administrator of the Tax Savings Thrift Plan for Employees of CSX Corporation and Affiliated Companies and the Audit Committee of CSX Corporation

We have audited the accompanying statements of net assets available for benefits of the Tax Savings Thrift Plan for Employees of CSX Corporation and Affiliated Companies as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012. 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 Plan at December 31, 2012 and 2011, and the changes in its net assets available for benefits for the year ended December 31, 2012, 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, 2012, 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 is the responsibility of the Plan's management. The 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 14, 2013

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TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION
AND AFFILIATED COMPANIES

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

	December 31	
	2012	2011
ASSETS		
Investments, at fair value:		
Investment in Master Trust (Note 3)	$974,212	$948,676
Receivables		
Member contributions	2,591	2,457
Employer contributions	995	936
Notes receivable from participants	18,269	16,444
Total Assets	996,067	968,513
LIABILITIES		
Accrued expenses	233	361
Net Assets Available for Benefits, At Fair Value	995,834	968,152
Adjustment from fair value to contract value relating to fully benefit-responsive investment contracts (Note 4)	(40,692)	(30,826)
Net Assets Available for Benefits	$955,142	$937,326

See accompanying Notes to Financial Statements

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION
AND AFFILIATED COMPANIES

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the Year Ended December 31, 2012
(Dollars in thousands)

Additions	
Net gain from investment in Master Trust (Note 3)	$52,185
Member contributions	31,944
Transfers to the Plan (Note 1)	12,990
Employer contributions	11,925
Interest on notes receivable from members	746
Total Additions	109,790
Deductions	
Distributions to members	73,037
Transfers from the Plan (Note 1)	18,374
Fees and expenses	563
Total Deductions	91,974
Net Increase	17,816
Net Assets Available for Benefits at Beginning of Year	937,326
Net Assets Available for Benefits at End of Year	$955,142

See accompanying Notes to Financial Statements

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION
AND AFFILIATED COMPANIES

NOTES TO FINANCIAL STATEMENTS

NOTE 1. Description of the Plan

The following description of the Tax Savings Thrift Plan for Employees of CSX Corporation and Affiliated Companies ("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 all salaried employees and certain non-union hourly employees of CSX Corporation ("CSX" or "Plan Sponsor") and adopting 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 these 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 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. Subject to certain limitations, members may rollover distributions from another qualified plan or an individual retirement account ("Rollover Account"). Members may change contribution rates and investment elections daily.

The Company contributes amounts equal to 100% of the first 1% of a member's eligible contributions to the Plan as matching contributions. For the next 2% up to 6% of a member's eligible contributions to the Plan, the Company contributes amounts equal to 50% as matching contributions. Therefore, the total potential employer matching contribution is 3.5%.

Effective January 1, 2011, the ability to contribute on an after-tax basis and from incentive compensation was eliminated. Accordingly, the Plan complied with the safe-harbor provisions in regards to 401(k) non-discrimination compliance for Plan year 2012.

Company matching contributions are invested in the same investment options as the Member elected for member contributions. Additional amounts may be contributed at the option of the Company's Board of Directors or under the delegation of authority granted by the Board to the appropriate Company officers.

Diversification: Members can invest new Company contributions in the same investment options as offered and elected for Member contributions 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.

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION
AND AFFILIATED COMPANIES

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. If made, profit sharing contributions are in proportion to each member’s base compensation paid by the Company. 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. Effective July 1, 2012, 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: Effective July 1, 2012, 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. This occurs when members change employment between contract positions and management positions within the Plan Sponsor, and can no longer participate in their former plan.

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). 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 2012 were paid from Plan funds.

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.

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION
AND AFFILIATED COMPANIES

NOTES TO FINANCIAL STATEMENTS

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 CSX Corporation Capital Builder Plan. 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, 2012 or 2011. 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.

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION
AND AFFILIATED COMPANIES

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, 2012	Plan's Interest[a]		December 31, 2011	Plan's Interest[a]	
Assets:						
CSX Stock Fund						
CSX Common Stock	$629,273			$715,029		
Northern Trust Collective Short-term Investment Fund	3,073			4,181		
Total CSX Stock Fund	632,346	40	%	719,210	41	%
Mutual Funds						
Vanguard Institutional Index Instl Plus	159,711	55	%	145,365	54	%
Vanguard Morgan Growth	61,676	66	%	56,511	64	%
Vanguard Wellington Fund	122,506	56	%	105,798	56	%
Morgan Stanley International Fund	62,048	61	%	51,211	62	%
T. Rowe Price Retirement 2005 Fund	465	36	%	280	39	%
T. Rowe Price Retirement 2010 Fund	3,543	81	%	4,342	80	%
T. Rowe Price Retirement 2015 Fund	10,557	68	%	8,740	67	%
T. Rowe Price Retirement 2020 Fund	11,615	64	%	9,665	61	%
T. Rowe Price Retirement 2025 Fund	7,134	63	%	4,639	61	%
T. Rowe Price Retirement 2030 Fund	7,547	58	%	4,350	53	%
T. Rowe Price Retirement 2035 Fund	9,020	52	%	5,802	53	%
T. Rowe Price Retirement 2040 Fund	9,607	59	%	5,572	60	%
T. Rowe Price Retirement 2045 Fund	6,951	48	%	3,837	50	%
T. Rowe Price Retirement 2050 Fund	4,245	40	%	1,849	48	%
T. Rowe Price Retirement 2055 Fund	1,754	50	%	801	67	%
T. Rowe Price Retirement Income Fund	4,061	68	%	2,922	77	%
Total Mutual Funds	482,440			411,684		
Stable Value Fund						
Pooled separate accounts and common collective trusts						
PIMCO Priv U.S. Government Sector Fund	68,513			92,442		
PIMCO Priv Investment Grade Corporate Sector Fund	69,486			60,260		
Northern Trust Collective Short-term Investment Fund	3,280			3,219		
U.S. Government securities	226,928			193,303		
Cash equivalents	15,785			6,346		
Credit, loans, and asset-backed securities	73,546			80,161		
Riversource Tr Stable Capital Fund II	24,987			22,226		
Mortgages	13,574			8,625		
Foreign government securities and other	231			781		
Synthetic guaranteed investment contract - wrappers	2,575			2,379		
Total Stable Value Fund	498,905	72	%	469,742	73	%
Small Cap Value Fund						
Common stock	41,429			36,904		
Northern Trust Collective Short-term Investment Fund	670			1,102		

Total Small Cap Value Fund	42,099	68	%	38,006	68	%
Large Cap Value Fund						
Common stock	65,039			55,350		
Northern Trust Collective Short-term Investment Fund	958			738		
Total Large Cap Value Fund	65,997	74	%	56,088	76	%
Total assets available for benefits, at fair value	1,721,787			1,694,730		
Adjustment from fair value to contract value for interest in Master Trust relating to fully benefit-responsive investment contracts	(56,417)			(42,098)		
Net assets	$1,665,370			$1,652,632		
Plan's investment in the Master Trust's assets at contract value	$933,520	56	%	$917,850	56	%

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

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION
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NOTES TO FINANCIAL STATEMENTS

NOTE 3. Investment in Master Trust, continued

The Master Trust has investments with PIMCO, Riversource 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 investment objective of the PIMCO funds is to maximize total return, which is consistent with prudent investment management. These funds seek to achieve their investment objectives by investing under normal circumstances at least 80% of its assets in a portfolio of the indicated investment sector with investments of varying maturities, which may be represented by options, futures contracts, or swap agreements. Assets not invested in the indicated investment sector may be invested in other types of fixed income instruments. Generally, such investments will be used to cover forward exposure and have an aggregate duration that normally will not exceed one year. There are currently no redemption restrictions on these investments.

The investment objective of the Riversource Trust Stable Capital Fund II is to preserve capital and income while maximizing current income. This fund invests in fixed-income instruments, stable value investment contracts issued by various banks, life insurance companies and other financial institutions and in units of collective investment funds with investment objectives similar to those of this fund. 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 2012 was as follows:

Net gain from investments in Master Trust:		
CSX common stock (quoted market price)	$(39,141	)
Mutual funds (quoted market price)	54,169	
Other common stock (quoted market price)	16,383	
	31,411	
Interest, dividend, and other income	42,494	
Investment gain for the Master Trust	$73,905	
Plan's investment gain in the Master Trust	$52,185	
Plan's percentage of investment gain for the Master Trust	71	%

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION
AND AFFILIATED COMPANIES

NOTES TO FINANCIAL STATEMENTS

NOTE 4. Synthetic Guaranteed 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 fair value of the underlying investments of the synthetic GICs and the related contract wrapper are calculated as described in Note 8, Fair Value Measurements.

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.

The average yield of the synthetic GICs based on actual earnings was approximately 2.35% and 2.32% at December 31, 2012 and 2011, respectively. The average yield of the synthetic GICs based on interest rate credited to members was approximately 3.06% and 3.23% during 2012 and 2011, respectively. The crediting interest rate 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%.

NOTE 5. Related Party Transactions

During 2012, the Master Trust received cash dividends from investments in CSX common stock of $17,595. The Plan's share of these dividends was $7,202.

The Trustee routinely invests assets in its Collective Short-Term Investment Fund. During 2012, the Master Trust earned interest of $21 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 May 1, 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. In the event the

Plan does not conform to the Code, the Plan administrator has indicated that it will take the necessary steps to bring the Plan's operations into compliance.

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION
AND AFFILIATED COMPANIES

NOTES TO FINANCIAL STATEMENTS

NOTE 6. Income Tax Status, continued

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 December 31, 2012, 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. Management believes the Plan is no longer subject to income tax examinations for years prior to 2009.

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.

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TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION
AND AFFILIATED COMPANIES

NOTES TO FINANCIAL STATEMENTS

NOTE 8. Fair Value Measurements, continued

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:

- 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.

- 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.

- Pooled separate accounts and common collective trust funds (Level 2): This class consists of private funds that invest in government and corporate securities and various short-term debt instruments. 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.

- Government securities, credit, loans, asset-backed securities, mortgages and other (Level 2): Valued using price evaluations reflecting the bid and/or ask sides of the market for an investment as of the last day of the calendar plan year.

- Cash equivalents (Level 2): This class consists primarily of U.S. Government securities with a maturity period of less than 90 days. This class is valued at amortized cost, which approximates fair value.

- Synthetic GICs – wrappers (Level 3): The fair value of the wrapper contract is calculated as the present value of the difference between the current wrap fees charged and the replacement cost of the wrap fees, discounted using the current yields of similar instruments with comparable durations.

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION
AND AFFILIATED COMPANIES

NOTES TO FINANCIAL STATEMENTS

NOTE 8. Fair Value Measurements, continued

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2012:

(Dollars in Thousands)	Level 1	Level 2	Level 3	Total
Common stock	$735,741	$—	$—	$735,741
Mutual funds - U.S	420,392	—	—	420,392
Mutual funds - foreign	62,048	—	—	62,048
U.S. Government securities	—	226,928	—	226,928
Pooled separate accounts and common collective trust funds	—	170,967	—	170,967
Credit, loans, and asset backed securities	—	73,546	—	73,546
Cash equivalents	—	15,785	—	15,785
Mortgages	—	13,574	—	13,574
Foreign government securities and other	—	231	—	231
Synthetic GICs - wrappers	—	—	2,575	2,575
Total assets at fair value	$1,218,181	$501,031	$2,575	$1,721,787

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2011:

(Dollars in Thousands)	Level 1	Level 2	Level 3	Total
Common stock	$807,283	$—	$—	$807,283
Mutual funds - U.S.	360,473	—	—	360,473
Mutual funds - foreign	51,211	—	—	51,211
U.S. Government securities	—	193,303	—	193,303
Pooled separate accounts and common collective trust funds	—	184,168	—	184,168
Credit, loans, and asset backed securities	—	80,161	—	80,161
Cash equivalents	—	6,346	—	6,346
Mortgages	—	8,625	—	8,625
Foreign government securities and other	—	781	—	781
Synthetic GICs - wrappers	—	—	2,379	2,379
Total assets at fair value	$1,218,967	$473,384	$2,379	$1,694,730

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION
AND AFFILIATED COMPANIES

NOTES TO FINANCIAL STATEMENTS

NOTE 8. Fair Value Measurements, continued

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Master Trust's Level 3 assets for the year ended December 31, 2012. The changes in fair value are included in the net gain from investment in Master Trust on the Statement of Changes in Net Assets Available for Benefits.

(Dollars in Thousands)	Synthetic GICs - wrappers [(a)]
Balance, beginning of year	$2,379
Unrealized losses relating to instruments still held at the reporting date	196
Balance, end of year	$2,575

(a) Represents amounts for the Master Trust, a portion of which is allocable to the Plan.

Significant changes to the unobservable inputs used in determining the fair value of the wrapper contract would not have a material impact on the financial statements.

Supplemental Schedule

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TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION
AND AFFILIATED COMPANIES

EIN: 62-1051971 Plan Number: 003

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

December 31, 2012

(a)	(b) 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 9.5%, maturing through 2037	$18,268,677

*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.

TAX SAVINGS THRIFT PLAN FOR
EMPLOYEES OF CSX CORPORATION AND
AFFILIATED COMPANIES

By: /s/ Michele Mastrean

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

Date: June 14, 2013

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AS OF DECEMBER 31, 2012 AND 2011
AND FOR THE YEAR ENDED DECEMBER 31, 2012

23 Consent of Independent Registered Public Accounting Firm I-1

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