



**CSX FLASH**  
QUARTERLY FINANCIAL REPORT

**FIRST QUARTER 2006**

## CSX Reports 56 Percent Increase in EPS from Continuing Operations

**Jacksonville, Fla.**, April 18, 2006 – CSX Corporation (NYSE: CSX) today reported first quarter 2006 net earnings of \$245 million, or \$1.06 per share, a 56 percent increase in earnings per share from continuing operations versus the same quarter last year. Earnings per share from last year’s first quarter included a \$1.88 per-share gain on the sale of the Company’s discontinued operations.

First quarter 2006 earnings were driven by stronger Surface Transportation results, which include the Company’s rail and intermodal businesses.

### **First Quarter Surface Transportation Highlights:**

- Record revenues of \$2.3 billion on strong overall demand.
- Record operating income of \$487 million, up 39 percent from the same quarter last year.
- Record first quarter operating ratio of 79.1 percent, improved 4.2 points from the last year’s first quarter.

“CSX continued to improve its underlying business performance in a strong demand environment,” said Michael J. Ward, CSX Corporation chairman and chief executive officer. “Most notably, our rail operations showed solid improvements in safety, service and efficiency as we continued to execute the ONE Plan with consistency.”

The Company also remained on schedule with capacity expansions, announced last August, to further enable service improvement and volume growth in attractive corridors of the Northeast and Southeast markets. Approximately one third of the projects are underway and will be completed this year, with the balance to be completed in 2007.

“CSX employees continue to gain momentum in all of the critical areas of our strategy, from revenue improvement to operating discipline,” said Ward. “We will see growth in volumes and profitability as the rail renaissance unfolds, service levels continue to improve and our capacity expansions come online.”

CSX executives will provide additional perspective on the quarterly results in the Company’s earnings conference call, beginning at 8:30 a.m. Eastern Time tomorrow. Those interested in participating may dial 866-248-8494 and ask for the CSX earnings call. Participants should dial in 10 minutes prior to the call. A live webcast and presentation materials will also be available on the Company’s website at [www.csx.com](http://www.csx.com) in the Investors section. Due to a difference in the transmission times between phone and internet, participants are encouraged to view the presentation in one mode only.

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*The accompanying unaudited financial information should be read in conjunction with the Company’s most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and any Current Reports on Form 8-K.*

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In addition, detailed financial information is contained in the CSX Flash report, which is also posted on the website and furnished on Form 8-K with the Securities and Exchange Commission (SEC).

CSX Corporation, based in Jacksonville, Fla., is one of the leading transportation companies, providing rail, intermodal and rail-to-truck transload services. The Company's transportation network spans 21,000 miles with service to 23 eastern states and the District of Columbia, and connects to more than 70 ocean, river and lake ports. More information about CSX Corporation and its subsidiaries is available at the Company's website, [www.csx.com](http://www.csx.com).

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*This press release and other statements by the Company contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act with respect to, among other items: projections and estimates of earnings, revenues, cost-savings, expenses, or other financial items; statements of management's plans, strategies and objectives for future operation, and management's expectations as to future performance and operations and the time by which objectives will be achieved; statements concerning proposed new products and services; and statements regarding future economic, industry or market conditions or performance. Forward-looking statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "project," and similar expressions. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update or revise any forward-looking statement. If the Company does update any forward-looking statement, no inference should be drawn that the Company will make additional updates with respect to that statement or any other forward-looking statements.*

*Forward-looking statements are subject to a number of risks and uncertainties, and actual performance or results could differ materially from that anticipated by these forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by these forward-looking statements include, among others: (i) the Company's success in implementing its financial and operational initiatives, (ii) changes in domestic or international economic or business conditions, including those affecting the rail industry (such as the impact of industry competition, conditions, performance and consolidation); (iii) legislative or regulatory changes; (iv) the inherent business risks associated with safety and security; and (v) the outcome of claims and litigation involving or affecting the Company. Other important assumptions and factors that could cause actual results to differ materially from those in the forward-looking statements are specified in the Company's SEC reports, accessible on the SEC's website at [www.sec.gov](http://www.sec.gov) and the Company's website at [www.csx.com](http://www.csx.com).*

**CSX Corporation**  
**CONSOLIDATED STATEMENT OF EARNINGS (Unaudited)**  
(Dollars in Millions, Except Per Share Amounts)

		Quarters Ended		
		Mar. 31, 2006	Apr. 1, 2005	\$ Change
<b>Surface Transportation</b>	<b>Revenue</b>	\$ 2,331	\$ 2,108	\$ 223
	<b>Expense</b>			
	Labor and Fringe	718	694	24
	Materials, Supplies and Other	463	472	(9)
	Depreciation	211	203	8
	Fuel	253	179	74
	Building and Equipment Rent	124	135	(11)
	Inland Transportation	56	54	2
	Conrail Rents, Fees and Services	19	20	(1)
	Total Expense	1,844	1,757	87
	<b>Surface Transportation Operating Income</b>	487	351	136
	Other Operating Income	9	3	6
<b>Consolidated</b>	<b>Consolidated Operating Income</b>	496	354	142
	Other Income (Expense), net	(3)	(2)	(1)
	Interest Expense	(98)	(114)	16
	<b>Earnings From Continuing Operations Before Income Taxes</b>	395	238	157
	Income Tax Expense	(150)	(84)	(66)
	<b>Earnings From Continuing Operations</b>	245	154	91
	Discontinued Operations - Net of Tax (Note a)	-	425	(425)
	<b>Net Earnings</b>	\$ 245	\$ 579	\$ (334)
<b>Earnings Per Common Share</b>	<b>Earnings Per Share, Assuming Dilution:</b>			
	From Continuing Operations	\$ 1.06	\$ 0.68	\$ 0.38
	Discontinued Operations	-	1.88	(1.88)
	<b>Net Earnings</b>	\$ 1.06	\$ 2.56	\$ (1.50)
	<b>Average Diluted Common Shares Outstanding</b> (Thousands)	232,182	226,246	
	<b>Cash Dividends Paid Per Common Share</b>	\$ 0.13	\$ 0.10	

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Prior periods have been reclassified to conform to the current year presentation.

- (a) In the first quarter of 2005, CSX sold its International Terminals business for net cash proceeds of \$998 million. As a result, CSX recognized earnings from discontinued operations of \$425 million after tax, which includes \$428 million of after tax gain on sale and a \$3 million after tax first quarter 2005 loss on operations of the International Terminals business.
- (b) Other Financing Activities on the Consolidated Cash Flow Statement increased \$96 million versus the first quarter of 2005, primarily due to stock option exercises which provide a source of cash to the Company in exchange for shares.

# CSX Corporation

## CONSOLIDATED BALANCE SHEET

(Dollars in Millions)

		(Unaudited)	
		Mar. 31, 2006	Dec. 30, 2005
<b>Assets</b>	Cash and Cash Equivalents	\$ 376	\$ 309
	Short-term Investments	337	293
	Accounts Receivable - Net	1,202	1,202
	Materials and Supplies	208	199
	Deferred Income Taxes	217	225
	Other Current Assets	107	144
	<b>Total Current Assets</b>	<b>2,447</b>	<b>2,372</b>
	Properties	26,850	26,538
	Accumulated Depreciation	(6,565)	(6,375)
	<b>Properties - Net</b>	<b>20,285</b>	<b>20,163</b>
	Investment in Conrail	607	603
	Affiliates and Other Companies	311	304
	Other Long-term Assets	769	790
	<b>Total Assets</b>	<b>\$ 24,419</b>	<b>\$ 24,232</b>
<b>Liabilities and Shareholders' Equity</b>	Accounts Payable	\$ 965	\$ 954
	Labor and Fringe Benefits Payable	433	565
	Casualty, Environmental and Other Reserves	309	311
	Current Portion of Long-term Debt	912	936
	Short-term Debt	4	1
	Income and Other Taxes Payable	237	102
	Other Current Liabilities	94	110
	<b>Total Current Liabilities</b>	<b>2,954</b>	<b>2,979</b>
	Casualty, Environmental and Other Reserves	678	653
	Long-term Debt	5,045	5,093
	Deferred Income Taxes	6,081	6,082
	Other Long-term Liabilities	1,386	1,471
	<b>Total Liabilities</b>	<b>16,144</b>	<b>16,278</b>
	Shareholders' Equity:		
	Common Stock \$1 Par Value	222	218
	Other Capital	1,871	1,751
	Retained Earnings	6,479	6,262
	Accumulated Other Comprehensive Loss	(297)	(277)
	<b>Total Shareholders' Equity</b>	<b>8,275</b>	<b>7,954</b>
	<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 24,419</b>	<b>\$ 24,232</b>

**See accompanying Notes to Consolidated Financial Statements on page 3.**

**CSX Corporation**  
**CONSOLIDATED CASH FLOW STATEMENT** (Unaudited)  
(Dollars in Millions)

		Quarters Ended	
		Mar. 31, 2006	Apr. 1, 2005
<b>Operating Activities</b>	Net Earnings	<b>\$ 245</b>	\$ 579
	<i>Adjustments to Reconcile Net Earnings to Net Cash Provided:</i>		
	Depreciation	212	209
	Deferred Income Taxes	26	8
	Gain on Sale of International Terminals- Net of Tax (Note a)	-	(428)
	Insurance Proceeds	50	-
	Other Operating Activities	50	(59)
	Changes in Operating Assets and Liabilities:		
	Accounts Receivable	(70)	(14)
	Other Current Assets	2	(41)
	Accounts Payable	42	84
	Income and Other Taxes Payable	39	31
	Other Current Liabilities	(151)	(60)
	<b>Net Cash Provided by Operating Activities</b>	<b>445</b>	309
<b>Investing Activities</b>	Property Additions	(367)	(167)
	Net Proceeds from Sale of International Terminals	-	1,108
	Purchase of Minority Interest in International Terminals Subsidiary	-	(110)
	Purchase of Short-term Investments	(416)	(1,093)
	Proceeds from Sales of Short-term Investments	378	305
	Other Investing Activities	(15)	-
	<b>Net Cash (Used by) Provided by Investing Activities</b>	<b>(420)</b>	43
<b>Financing Activities</b>	Short-term Debt - Net	2	(97)
	Long-term Debt Issued	3	26
	Long-term Debt Repaid	(71)	(112)
	Dividends Paid	(29)	(22)
	Other Financing Activities (Note b)	137	41
	<b>Net Cash Provided by (Used by) Financing Activities</b>	<b>42</b>	(164)
<b>Cash and Cash Equivalents</b>	Net Increase in Cash and Cash Equivalents	67	188
	Cash and Cash Equivalents at Beginning of Period	309	522
	<b>Cash and Cash Equivalents at End of Period</b>	<b>\$ 376</b>	\$ 710

**See accompanying Notes to Consolidated Financial Statements on page 3.**

**CSX Corporation**  
**SURFACE TRANSPORTATION DETAIL (Unaudited)**  
(Dollars in Millions)  
Quarters Ended March 31, 2006 and April 1, 2005

	Rail		Intermodal		Surface Transportation		\$ Change
	2006	2005	2006	2005	2006	2005	
<b>Revenue</b>	\$ 1,997	\$ 1,779	\$ 334	\$ 329	\$ 2,331	\$ 2,108	\$ 223
<b>Expense</b>							
Labor and Fringe	698	674	20	20	718	694	24
Materials, Supplies and Other	419	418	44	54	463	472	(9)
Depreciation	201	193	10	10	211	203	8
Fuel	253	179	-	-	253	179	74
Building and Equipment Rent	93	101	31	34	124	135	(11)
Inland Transportation	(111)	(105)	167	159	56	54	2
Conrail Rents, Fees and Services	19	20	-	-	19	20	(1)
<b>Total Expense</b>	<b>1,572</b>	<b>1,480</b>	<b>272</b>	<b>277</b>	<b>1,844</b>	<b>1,757</b>	<b>87</b>
<b>Surface Transportation Operating Income</b>	<b>\$ 425</b>	<b>\$ 299</b>	<b>\$ 62</b>	<b>\$ 52</b>	<b>\$ 487</b>	<b>\$ 351</b>	<b>\$ 136</b>
<b>Surface Transportation Operating Ratio</b>	<b>78.7%</b>	83.2%	<b>81.4%</b>	84.2%	<b>79.1%</b>	83.3%	
<b>Other Operating Income</b>					<b>\$ 9</b>	<b>\$ 3</b>	
<b>Consolidated Operating Income</b>					<b>\$ 496</b>	<b>\$ 354</b>	

Surface Transportation expenses increased \$87 million from last year's first quarter. Significant variances are described below.

**Labor and Fringe** expenses increased due to higher staffing levels as well as the impact of increased inflation. Other labor and fringe expense increases were more than offset by improved productivity in train operations, as overtime and other crew expenses were reduced with the improved operational fluidity.

**Materials, Supplies and Other** expenses decreased overall primarily from Intermodal costs in last year's first quarter that were not repeated this quarter related to sales tax and other items. Rail expenses were flat as material and other inflation was largely offset by productivity gains (for instance, as railroad measurements improve locomotives from other railroads are used less and therefore drive down expense).

**Depreciation** is higher due to an increase in the asset base.

**Fuel** increased due to higher fuel prices and less fuel hedge benefit versus the first quarter of last year.

**Building and Equipment Rent** decreased due to a reduction in railcar lease expense. This was a direct result of the improvement in operational fluidity, which drove improvements in shipment cycle-time and reduced the number of cars-on-line.

**Other Operating Income** increased primarily due to net gains from equipment sales of the former container shipping business. Also included are gain amortization on the CSX Lines conveyance, net sub-lease income from assets formerly included in the marine services segment, and other items.

# CSX Corporation

## SURFACE TRANSPORTATION VOLUME AND REVENUE

Volume (Thousands); Revenue (Dollars in Millions); Revenue Per Unit (Dollars)

Quarters Ended March 31, 2006, and April 1, 2005

	Volume			Revenue			Revenue Per Unit		
	2006	2005	% Change	2006	2005	% Change	2006	2005	% Change
Chemicals	135	140	(4) %	\$ 295	\$ 275	7 %	\$ 2,185	\$ 1,964	11 %
Emerging Markets	124	115	8	134	117	15	1,081	1,017	6
Forest Products	106	113	(6)	191	176	9	1,802	1,558	16
Agricultural Products	96	92	4	157	137	15	1,635	1,489	10
Metals	94	93	1	164	138	19	1,745	1,484	18
Phosphates and Fertilizers	88	117	(25)	90	90	-	1,023	769	33
Food and Consumer	64	63	2	118	105	12	1,844	1,667	11
<b>Total Merchandise</b>	<b>707</b>	<b>733</b>	<b>(4)</b>	<b>1,149</b>	<b>1,038</b>	<b>11</b>	<b>1,625</b>	<b>1,416</b>	<b>15</b>
Coal	456	437	4	552	482	15	1,211	1,103	10
Coke and Iron Ore	20	21	(5)	27	24	13	1,350	1,143	18
<b>Total Coal</b>	<b>476</b>	<b>458</b>	<b>4</b>	<b>579</b>	<b>506</b>	<b>14</b>	<b>1,216</b>	<b>1,105</b>	<b>10</b>
<b>Automotive</b>	<b>127</b>	<b>125</b>	<b>2</b>	<b>231</b>	<b>208</b>	<b>11</b>	<b>1,819</b>	<b>1,664</b>	<b>9</b>
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>27</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Rail</b>	<b>1,310</b>	<b>1,316</b>	<b>-</b>	<b>1,997</b>	<b>1,779</b>	<b>12</b>	<b>1,524</b>	<b>1,352</b>	<b>13</b>
International	302	316	(4)	132	132	-	437	418	5
Domestic	214	212	1	186	173	8	869	816	6
Other	-	-	-	16	24	(33)	-	-	-
<b>Total Intermodal</b>	<b>516</b>	<b>528</b>	<b>(2)</b>	<b>334</b>	<b>329</b>	<b>2</b>	<b>647</b>	<b>623</b>	<b>4</b>
<b>Total Surface Transportation</b>	<b>1,826</b>	<b>1,844</b>	<b>(1) %</b>	<b>\$ 2,331</b>	<b>\$ 2,108</b>	<b>11 %</b>	<b>\$ 1,277</b>	<b>\$ 1,143</b>	<b>12 %</b>

Surface Transportation revenue for the first quarter 2006 results represents the 16<sup>th</sup> consecutive quarter of year-over-year revenue growth. The strong pricing environment continues as all major markets experienced revenue gains.

**Merchandise – Chemicals** – Volume largely returned to pre-hurricane levels but was still below the prior year comparable quarter as high raw material costs continue to be a concern for domestic producers. **Emerging Markets** – Strong demand for aggregate products, such as rock, salt, and sand, and movement of municipal waste propelled volume increases partially offset by lower volumes in cement due to production interruptions. **Forest Products** – Volume declined due to weakness in the printing market as well as production downtimes at several brown paper mills. Substitution effects from newsprint to electronic media continues to reduce the demand for paper. These declines were partially offset by strength in the lumber market as warm weather helped increase housing starts despite recent signs of slowing housing activities. **Agricultural Products** – Both volumes and revenues improved due to increased movements of soybeans. In addition, volume of ethanol moving into the Northeast increased as there was higher demand for this fuel additive. **Metals** – Domestic demand continued to drive strong steel production throughout the quarter. Slight volume gains, strong pricing actions, and fuel surcharge coverage increases delivered 19% revenue growth. **Phosphate and Fertilizer** – Short haul, lower revenue per car, phosphate volume decreased significantly due to temporary plant shutdowns resulting from lower international demand. The loss of this short haul traffic, and an increase in longer haul domestic phosphate volume, combined for a favorable impact on revenue per unit and flat overall revenue. **Food and Consumer** – Volume in this segment (which includes the transportation of refrigerated products, canned goods, building products and transportation equipment) increased due to strong growth of shipments of canned goods, rice, beans, beer and wine and strength in deliveries of newly finished customer freight cars.

**Coal** – Revenue and volume were up on strong demand across all markets, except for the export market. Electricity generation was down 1% in CSXT-served markets due to warmer weather conditions, however, volume increased as utilities continue to rebuild inventories.

**Automotive** – North American light vehicle production was favorable. Market share continues to shift from the Big 3 to the new domestic manufacturers (foreign brands produced domestically). Automotive revenue per unit increased due to price escalation and fuel surcharge.

**Intermodal – International** – Although volume improved with several international customers, overall volume decreased predominantly due to the merger of two key accounts and continued yield management initiatives. Continued strength in pricing is partially offsetting the loss of higher revenue per unit traffic in long-haul markets. **Domestic** – Volume was up due to strength in the truckload market offsetting some known reductions in the parcel segment. The strong pricing environment continues, resulting in increased revenue per unit of 6%.

# CSX Corporation

## RAIL OPERATING STATISTICS *(Estimated)*

		First Quarter		
		2006	2005	% Change
<b>Coal</b> <i>(Millions of Tons)</i>	Domestic:			
	Utility	<b>40.4</b>	37.1	9
	Other	<b>5.1</b>	5.3	(4)
	Total Domestic	<b>45.5</b>	42.4	7
	Export	<b>3.2</b>	3.8	(16)
	Total	<b>48.7</b>	46.2	5
<b>Revenue Ton-Miles</b> <i>(Billions)</i>	Merchandise	<b>35.0</b>	34.2	2
	Automotive	<b>2.3</b>	2.2	5
	Coal	<b>21.6</b>	20.8	4
	Intermodal	<b>5.1</b>	5.0	2
	Total	<b>64.0</b>	62.2	3
<b>Gross Ton-Miles</b> <i>(Billions)</i>	Total Gross Ton-Miles <i>(Excludes locomotive gross ton-miles)</i>	<b>118.8</b>	116.7	2
<b>Service Measurements</b>	Personal Injury Frequency Index <i>(Per 200,000 Man Hours)</i>	<b>1.38</b>	1.65	16
	FRA Train Accidents Frequency <i>(Per Million Train Miles)</i>	<b>3.61</b>	5.02	28
	On -Time Originations	<b>74.4%</b>	49.9%	49
	On -Time Arrivals	<b>61.3%</b>	37.7%	63
	Average System Dwell Time <i>(Hours)</i> <sup>(a)</sup>	<b>26.6</b>	30.0	11
	Average Total Cars-On-Line	<b>224,299</b>	234,209	4
	Average Velocity, All Trains <i>(Miles Per Hour)</i>	<b>20.0</b>	19.5	3
	Average Recrews <i>(Per Day)</i>	<b>58</b>	65	11
<b>Resources</b>	Route Miles	<b>21,287</b>	21,884	(3)
	Locomotives <i>(Owned and long-term leased)</i>	<b>3,780</b>	3,708	2
	Freight Cars <i>(Owned and long-term leased)</i>	<b>102,794</b>	104,735	(2)

(a) Beginning October 2005, the American Association of Railroads adopted a new dwell calculation in an effort to standardize reporting across U.S. railroads. Beginning in the second quarter of 2006 and forward, CSX will adopt this new method. If CSX had used this new method in the first quarter of 2006, average system dwell time would have been 26.1 hours for that period versus 26.6 hours as shown above.

## SURFACE TRANSPORTATION FUEL STATISTICS

		First Quarter	
		2006	2005
Diesel No. 2:			
Estimated Fuel Consumption <i>(Millions of Gallons)</i>		<b>156.9</b>	157.3
Price Per Gallon <i>(Dollars)</i>		<b>\$ 1.6077</b>	\$ 1.1397
Impact of Year-to-Year Price Variance on Operating Expense <i>(Dollars in Millions)</i>		<b>\$ 73</b>	\$ (19)

# CSX Corporation

## OTHER INCOME (EXPENSE) *(Unaudited)*

	Quarters Ended		
	<b>Mar. 31,</b> <b>2006</b>	Apr. 1, 2005	<i>\$ Change</i>
Interest Income	\$ 9	\$ 7	\$ 2
Income from Real Estate and Resort Operations	(9)	(8)	(1)
Minority Interest Expense	(5)	(3)	(2)
Miscellaneous	2	2	-
<b>Total</b>	<b>\$ (3)</b>	\$ (2)	\$ (1)

## EMPLOYEE COUNTS *(Estimated)*

	<b>Feb.</b> <b>2006</b>	Feb. 2005	<i>Change</i>
<b>Surface Transportation</b>			
Rail	<b>32,614</b>	31,243	1,371
Intermodal	<b>1,037</b>	1,061	(24)
Technology and Corporate	<b>579</b>	555	24
<b>Total Surface Transportation</b>	<b>34,230</b>	32,859	1,371
<b>Other</b>	<b>908</b>	1,060	(152)
<b>Total</b>	<b>35,138</b>	33,919	1,219