FINANCIAL HIGHLIGHTS

(Millions of Dollars, Except Per Share Amounts)

EARNINGS FROM CONTINUING OPERATIONS	2004	2003	2002	2001	2000
Operating Revenue	$ 8,020	$ 7,566	$ 7,916	$ 7,853	$ 7,887
Operating Expense	7,020	7,046	6,897	7,003	7,195
Operating Income	$ 1,000	$ 520	$ 1,019	$ 850	$ 692
Net Earnings from Continuing Operations	$ 418	$ 137	$ 410	$ 243	$ 129
Earnings Per Share from Continuing Operations	$ 1.95	$ 0.64	$ 1.93	$ 1.15	$ 0.61
Earnings Per Share from Continuing Operations, Assuming Dilution	$ 1.87	$ 0.63	$ 1.85	$ 1.13	$ 0.61
Earnings Per Share from Cumulative Effect of Accounting Change	$ –	$ 0.26	$ (0.20)	$ –	$ –
Earnings Per Share from Cumulative Effect of Accounting Change, Assuming Dilution	$ –	$ 0.25	$ (0.19)	$ –	$ –
FINANCIAL POSITION					
Cash, Cash Equivalents and Short-term Investments	$ 859	$ 368	$ 264	$ 618	$ 686
Total Assets	24,581	21,760	20,951	20,801	20,548
Long-term Debt	6,234	6,886	6,519	5,839	5,896
Shareholders' Equity	6,811	6,448	6,241	6,120	6,017
OTHER DATA PER COMMON SHARE					
Cash Dividends	$ 0.40	$ 0.40	$ 0.40	$ 0.80	$ 1.20
Market Price					
High	$ 40.46	$ 36.29	$ 41.40	$ 41.30	$ 33.44
Low	$ 28.80	$ 25.50	$ 25.09	$ 24.81	$ 19.50
EMPLOYEES – ANNUAL AVERAGES					
Rail	32,074	32,892	33,468	35,014	35,496
Other	3,773	4,624	6,471	6,446	9,955
Total	35,847	37,516	39,939	41,460	45,451

See accompanying Consolidated Financial Statements. Significant events include the following:

2004 – A charge of $71 million pretax, $44 million after tax, was recognized for separation expenses related to the management restructuring announced in November 2003 at Surface Transportation.

– Revenues, operating expenses and after-tax income include approximately $63 million, $35 million and $6 million, respectively, representing consolidation of Four Rivers Transportation ("FRT"), a short-line railroad previously accounted for under the equity method, in conjunction with adoption of FASB Interpretation No. 46, "Consolidation of Variable Interest Entities." Net equity earnings of FRT of approximately $4 million were included in other income in 2003.

– CSX completed a corporate reorganization of Conrail that resulted in the direct ownership of certain Conrail assets by CSXT. This transaction was accounted for at fair value and resulted in a net gain of $16 million after tax, which is included in other income. (See Note 2. Investment In and Integrated Rail Operations with Conrail.)

– In December 2004, CSX entered into a definitive agreement to sell its international terminals business for $1.142 billion in cash and other consideration. As a result, amounts related to this business are reported as discontinued operations for all periods presented.

2003 – Income of $93 million pretax, $57 million after tax, was recognized as a cumulative effect of accounting change, representing the reversal of the accrued liability for crosstie removal costs in conjunction with the adoption of SFAS 143, "Accounting for Asset Retirement Obligations." (See Note 1, Nature of Operations and Significant Accounting Policies.)

– In February 2003, CSX conveyed most of its interest in its domestic container-shipping subsidiary, CSX Lines, to a new venture formed with the Carlyle Group for approximately $300 million. CSX Lines was subsequently renamed Horizon. A deferred pretax gain of approximately $127 million as a result of the transaction is being recognized over the 12-year sub-lease term. In the third quarter of 2004, Horizon was acquired by an unrelated third party, and CSX received $59 million, which included $48 million for the purchase of its ownership interest in Horizon, $4 million of interest and a performance payment of $7 million.

– A charge of $232 million pretax, $145 million after tax, was recognized in conjunction with the change in estimate of casualty reserves to include an estimate of incurred but not reported claims for asbestos and other occupational injuries to be received over the next seven years. (See Note 11, Casualty, Environmental, and Other Reserves.)

– A charge of $108 million pretax, $67 after tax, was recognized to account for the Company entering into two settlement agreements with Maersk that resolved all material disputes pending between the companies arising out of the 1999 sale of the international container-shipping assets. (See Note 19, Commitments and Contingencies.)

– A charge of $34 million pretax, $21 million after tax, was recognized as the initial charge for separation expenses related to the management restructuring announced in November 2003. In addition, the Company recorded a credit of $22 million pretax, $13 million after tax related to revised estimates for railroad retirement taxes and the amount of benefits that will be paid to individuals under the $1.3 billion charges for separation plans initially recorded in 1991 and 1992. For the year, the Company recorded a net restructuring charge of $22 million, $13 million after tax that includes these items and additional separation charges that were included in the third quarter results. (See Note 5, Management Restructuring.)

2002 – A charge was recognized to write-down indefinite lived intangible assets as a cumulative effect of an accounting change, which reduced earnings $83 million pretax, $43 million after tax, and consideration of minority interest (See Note 1, Nature of Operations and Significant Accounting Policies.)

2001 – A charge $60 million pretax, $37 million after tax, was recognized to account for the settlement of the 1987 New Orleans tank car fire litigation.