

BUSINESS GROWTH – SHORT LINES STRIKE AGAIN IN 2005

Between 2002 and 2004, CSX and the short line industry delivered carload growth rates that exceeded the growth in industrial production. Interline growth also exceeded the gains generally experienced by CSX and other class 1s on their single-line business. The 14 percent growth CSX and its short line partners achieved in 2004 was a stunning example of how collaboration, teamwork, and shared business objectives lead to profitable growth at the industry level, and was over three times the carload growth rate achieved by CSX overall.

2005 brought significant challenges – not only to maintain the growth that had been achieved, but to continue growing in an environment where transportation capacity was very tight. Across the entire rail industry, resources were very strained, from car capacity, to crew and locomotive availability. Record demand for transportation service within the rail sector has done nothing but exacerbate the tight supply conditions Class 1s have been dealing with for over two years.

Not surprisingly, CSX and its short line partners have been up to the challenge yet again. In the midst of escalating fuel prices and tight equipment availability across most car fleets, short line business growth at CSX exceeds 27,000 carloads through eleven accounting periods (November). On a “same store sale basis,” our interline volume growth of five percent is almost twice the rate of growth at CSX overall. It serves as a strong and positive reminder that our joint line business development efforts continue to reap dividends for both of us, and is proof that our customers realize the value of the services we provide.



On a “same store sale basis,” our interline volume growth of more than seven percent is more than triple the rate of growth at CSX overall.

At CSX we’re gratified by the energy short lines have brought to regional and local sales and marketing efforts. Without your focus on local service, and attention to detail in cultivating new and existing customers, growth rates would not be as pronounced as they are. We appreciate the attention you give our mutual customers, and look forward to even more profitable growth in 2006 as the Rail Renaissance gains momentum.

CSX realizes it has issues that must be addressed if we are to succeed in 2006 and beyond. Delivering an

improved interchange product is one area we know must improve. While growth is evident, we know customers and short lines expect levels of service that will improve fleet velocities, improve utilization of crews and power, and reduce logistics costs.

CSX has increased its capital spending plans in 2006 and 2007 to provide more consistent, reliable service across its entire network. Locomotives and crews are being added, and key projects improving network capacity will be undertaken. This bodes well for our network velocity and equipment utilization, and in turn should result in a better product for our mutual customers.

We look forward to continued strength in our short line business, as the number of lines grows and the vitality of the short line industry improves. Please continue to engage and leverage CSX’s Regional Development Group as we look to capitalize further on the Rail Renaissance.

USEFUL INFORMATION FROM CSX TRANSPORTATION FOR SHORT LINE RAILROADS

SHORT LINE WORKSHOP DATES SET

CSX's 17th annual Short Line Workshop, the longest running in the Class I industry, will be held February 15-17, 2006, at the Hyatt Regency Hotel (formerly the Adams Mark) in Jacksonville, FL. Our program will begin on Wednesday afternoon with a golf outing, followed by a cocktail and dinner reception that evening.

Thursday's formal program will feature CSX leadership presentations, an Industrial Development seminar, an "Accounting 101" / Q&A session, and our ever-popular trade show. For the sixth consecutive year, our Chairman and CEO Michael Ward will give a keynote address, and on Friday morning, our CFO Oscar Munoz

will speak. Private breakout meetings will conclude our program Friday afternoon.

Mark your calendars for what will be a productive three days in warm, sunny Jacksonville. We look forward to the best attendance ever!

GINA ARNOLD JOINS REGIONAL DEVELOPMENT

In early August, Gina Arnold was promoted to our Regional and Short Line Development Group, having recently completed CSX's Management Training program. Gina received her undergraduate and MBA degrees from the

University of North Florida, and is a native of Belize. Gina will manage all aspects of our upcoming Short Line Workshop, work closely with CSX Regional Development managers to ensure short line issues are being dealt with in a

timely fashion, and manage a select group of short line accounts and relationships for CSX. When convenient, please introduce yourself to Gina at (904) 366-5058, or look for her at our workshop.



CSX

CSX TRANSPORTATION AND AMERICA'S SHORT LINES: CONNECTING FOR GROWTH

WINTER 2005

INTERCHANGE

INDUSTRIAL DEVELOPMENT & SHORT LINES - A KEY COMPONENT TO OUR NETWORK STRATEGY

Two years ago at CSX's annual Short Line Workshop, we introduced a strategy for consolidating local switching to facilitate terminal to terminal transit to improve service and capacity. There were many facets to the strategy, including the partnership between CSX and short line railroads in the recruitment of new and expanded industry along short lines to aggregate local business at interchange. Many of the mainline sites in the CSX inventory are not desirable now because serving them would impede network efficiency.

Working together we knew a successful industrial development partnership could focus on our combined network with greater dimension and service opportunities for our customers. Several programs are in place to advance this effort. The rebuilt CSX Sites web site now includes short line sites, and CSX sponsors annual awards for the development of short line served industrial sites. CSX realigned the responsibilities of field industrial

development managers to include short line liaison functions with the creation of the CSX Regional Development team in 2004. This is a team of twenty-one with your interests in mind.

The results of this ground work are paying off. CSX's Short Line Caucus Committee set an ambitious target that 12 percent of all CSX new and expanded industry announcements be located on short line railroads. Through the November 2005 reporting period, a total of 33 new or expanding industry projects were announced on 28 separate short lines. This accounts for over 24 percent of the industries locating or expanding on CSX overall. More significantly, these projects are on par with those located on CSX lines in terms of carloads (22 percent of total announced on CSX), community employment created by these projects (27 percent of total announced on CSX) and invested capital (33 percent of total announced on CSX).

With Industrial Development project activity looking strong going into 2006, the horizon for mutual growth looks very bright.

This success has been noted in the industrial recruitment community. Historically, there has been reluctance on the part of many industries to locate on short lines for a variety of ill-founded reasons. This bias has largely evaporated in the

past year. Both industry and, more importantly, site consultants are learning that short lines are valuable assets in industrial site selection. At CSX, continued success in short line business development revolves around vital Industrial Development work being performed collaboratively with our short line partners. We encourage all short lines to work with their Managers of Regional Development to identify profitable, sustainable traffic with new or expanding customers.

IN THIS ISSUE

2 Line Sales
The Short Line Model

3 Short Line Business Growth
2005 Successes

4 Motors Keep Running!
Incentive Awards

5 Customer Service
New Ways Of Doing Business

LINE SALES – LEVERAGING THE SHORT LINE MODEL

In the last three years CSX has had an aggressive line sale/lease program. CSX has sold or leased over 2200 miles of track in eleven states. Line segments range from 4 miles to 288 miles in length. Led by CSX's Network Rationalization Team, the goal is to effectively transition non-strategic lines to qualified short line operators with minimal negative impact to customers.

Major projects in 2005 include the B&O "Coal Fields" lines, three separate lines in Michigan, and the Red Level Jct. and Fernandina Beach segments in Florida. Several other lines are being studied for 2006.

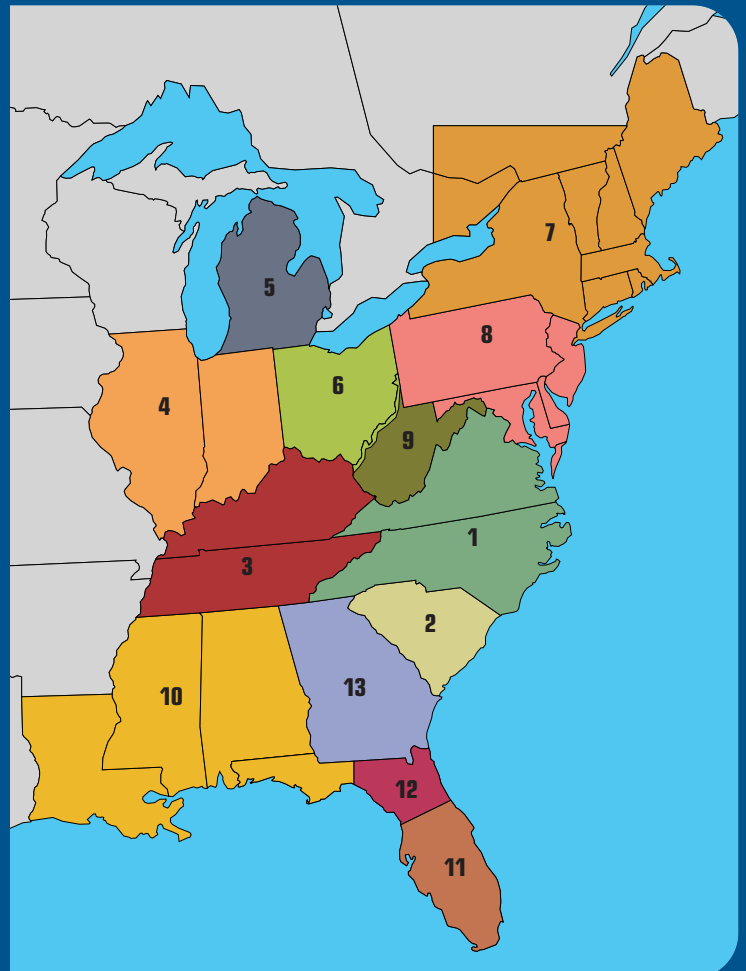
A key driver for the line strategy is the success of the short line model. Short lines are more flexible, can provide superior service, and have proven they can grow the business with customers on the line. They work closely

with customers to develop new business opportunities, are good at moving cars quickly improving turn times, and have a dedicated management team for the line to deal with all issues. As a result, CSX carload growth with short lines was six percent in 2003, 14 percent in 2004 and is on track to be five to six percent in 2005.

Another key component of the line strategy is making sure all integration issues are addressed prior to takeover. CSX Regional Development works with a number of departments on rate, route and reference file updates, interchange establishment, commercial issues, operating plans, and customer visits. Communication between CSX internal departments and the short line is crucial to the integration process and to ensure as smooth a transition as possible.

REGIONAL DEVELOPMENT TERRITORY MANAGERS

- | | | |
|-----------|--|---------------------|
| 1 | E. Clark Adams, Jr.
North Carolina & Virginia | 804-226-7504 |
| 2 | Christopher P. Phillips
South Carolina | 803-892-7819 |
| 3 | Alan K. Beaty
Tennessee & Kentucky | 615-371-6323 |
| 4 | Jeffrey S. Wagoner
Indiana & Illinois | 630-904-1493 |
| 5 | Dale E. Yates
Michigan | 734-464-4896 |
| 6 | Steven A. Davis
Ohio & northwest portion of West Virginia | 614-793-3065 |
| 7 | Patricia A. Byrne
NY, NYC metro, RI, VT, NH, ME, PQ, MA, CT | 518-767-6326 |
| 8 | Tony L. Giobbie
NJ, DE, MD & PA | 609-409-2410 |
| 9 | Todd W. Faulkner
West Virginia (except northwest portion) | 804-226-7509 |
| 10 | John C. Sanford
Alabama, Mississippi, Louisiana, Western Florida | 205-943-4771 |
| 11 | Eddie W. Pollock
Central and Southern Florida | 813-664-6323 |
| 12 | Gina J. Arnold
Northeast Florida | 904-366-5058 |
| 13 | Gerry G. Nechvatal
Georgia | 770-859-1917 |



“THE MOTORS JUST KEEP ON RUNNING!”

The Race Is On For CSX's Third Annual Short Line Incentive Awards



Based on the input of our Short Line Caucus members, our carload growth incentive award program was left intact for 2005; it provides four \$5,000 cash awards. The first two awards go to the interline or junction settlement roads that achieve the greatest amount of growth in their volumes with CSX in absolute volume and percentage terms. Similarly, two awards go to the switch carriers whose business growth with CSX is greatest in volume and percentage terms.

On the Industrial Development side of our business, awards are made to the short line that has the most new site listings in 2005 (\$5,000), and the largest industrial development “start-up” of new joint-line business with CSX (\$5,000).

All winners will be announced at CSX's 17th annual Short Line Workshop, scheduled for February 15-17, 2006 in Jacksonville, FL.

Results through November

INTERLINE OR JUNCTION:		Volume (carloads)	Percentage
Elgin Joliet & Eastern	+4,692	Indiana Railroad	+388%
New York Susquehanna & Western	+3,467	Eastern Shore	+144%
New York & Atlantic	+2,397	East Penn Railway	+54%
South Carolina Central RR	+2,293	Ann Arbor RR	+47%
Wheeling & Lake Erie RR	+2,173	Nashville & Western	+43%

SWITCH:		Volume (carloads)	Percentage
Delray Connecting RR	+14,655	South Chicago Industrial	+1,739%
Birmingham Southern	+1,459	Lehigh Valley-J	+135%
Massena Terminal RR	+844	New Castle Industrial	+84%

CHANGES TO CSX CUSTOMER SERVICE:

New ways of doing business

CSX works closely with local, state and federal authorities to help ensure the security of the nation's railroads. On February 15, CSX is scheduled to implement a new system wide information security policy for CSX Transportation (carload) customers.

Several changes are being made with the new security policy:

- Every carload customer and Short Line will be required to use a ShipCSX User ID and Personal Identification Number (PIN) when calling Customer Service.
- Customer Service teams will be realigned.

These changes will:

- Ensure security of your information and shipments by verifying that you are authorized to access information about your company's shipments.
- Automatically route your call to the proper Customer Service team.
- Get you faster and more accurate responses and problem resolution.

If you are not currently registered with ShipCSX, you must do so.

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Everyone needs to be registered in ShipCSX by Feb. 1.

Everyone needs to be registered in ShipCSX by February 1. You will be required to enter a ShipCSX ID, along with a pin number, in order to speak with someone in Customer Service. If you are already registered, you will receive a pin number from our eBusiness team. If you are not registered with ShipCSX here are a few quick and easy steps to take.

Go online at www.CSX.com, and follow these steps:

1. Click on the Customer link on the top left
2. Next, click on Register for eBusiness
3. After that you will see Getting Started and below that CSX Customer
4. Click on CSX Customer to begin the registration process

Or contact our eBusiness team at 877-744-7279, select prompts 2 then 1, and an eBusiness representative will be able to assist in getting you set up.

Once you are registered and have your PIN ID, you will then be able to speak with a Customer Service representative.

CSX COMMERCIAL METRICS

AS OF NOVEMBER 30, 2005
(CSX system-wide)

	Carload Volume	Change from 2004
Coal:	1,640,795	+96,074
Chemicals:	484,201	-19,032
Phosphates/Fertilizer:	407,339	- 9,596
Ag Products:	323,417	+ 5,064
Forest Products:	398,219	-15,493
Emerging Markets:	461,451	+ 8,036
Food/Consumer:	226,439	+ 7,742
Automotive:	442,673	- 8,869
Metals:	327,374	-13,134
Total:	4,711,908	+50,792