

CSX CORP  
Form 10-Q  
October 23, 2007

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

**FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 28, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-8022

**CSX CORPORATION**

*(Exact name of registrant as specified in its charter)*

**Virginia**

*(State or other jurisdiction of incorporation or organization)*

**62-1051971**

*(I.R.S. Employer Identification No.)*

**500 Water Street, 15th Floor,  
Jacksonville, FL**

*(Address of principal executive offices)*

**32202**

*(Zip Code)*

**(904) 359-3200**

*(Telephone number, including area code)*

No Change

*(Former name, former address and former fiscal year, if changed since last report.)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (check one)

Large Accelerated Filer  Accelerated Filer  Non-accelerated Filer

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date, September 28, 2007: 420,425,477 shares.

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**FORM 10-Q**  
**FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 28, 2007**  
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**CSX CORPORATION**  
**ITEM 1: FINANCIAL STATEMENTS**

**CONSOLIDATED INCOME STATEMENTS (Unaudited)**  
*(Dollars in Millions, Except Per Share Amounts)*

|  | Third Quarters  |          | Nine Months     |          |
|--|-----------------|----------|-----------------|----------|
|  | 2007            | 2006     | 2007            | 2006     |
| <b>Operating Revenue</b>                                       | <b>\$ 2,501</b> | \$ 2,418 | <b>\$ 7,453</b> | \$ 7,170 |
| <b>Operating Expense:</b>                                      |                 |          |                 |          |
| Labor and Fringe   | 747             | 737      | 2,224           | 2,175    |
| Materials, Supplies and Other                                  | 501             | 496      | 1,566           | 1,455    |
| Fuel   | 304             | 300      | 853             | 841      |
| Depreciation   | 220             | 214      | 663             | 641      |
| Equipment and Other Rents                                      | 115             | 134      | 342             | 387      |
| Inland Transportation  | 60              | 63       | 177             | 181      |
| Gain on Insurance Recoveries (Note 8)                          | (1)             | (15)     | (19)            | (141)    |
| Total Operating Expense  | <b>1,946</b>    | 1,929    | <b>5,806</b>    | 5,539    |
| <b>Operating Income</b>  | <b>555</b>      | 489      | <b>1,647</b>    | 1,631    |
| <b>Other Income and Expense</b>                                |                 |          |                 |          |
| Other Income - Net (Note 11)                                   | 17              | 25       | 17              | 33       |
| Interest Expense   | (102)           | (97)     | (302)           | (293)    |
| <b>Earnings from Continuing Operations before Income Taxes</b> | <b>470</b>      | 417      | <b>1,362</b>    | 1,371    |
| Income Tax Expense   | (173)           | (89)     | (501)           | (408)    |
| <b>Earnings From Continuing Operations</b>                     | <b>297</b>      | 328      | <b>861</b>      | 963      |
| Discontinued Operations (Note 4)                               | 110             | -        | 110             | -        |
| <b>Net Earnings</b>  | <b>\$ 407</b>   | \$ 328   | <b>\$ 971</b>   | \$ 963   |
| <b>Per Common Share (Note 2)</b>                               |                 |          |                 |          |
| <b>Basic Earnings Per Share:</b>                               |                 |          |                 |          |
| From Continuing Operations                                     | \$ 0.69         | \$ 0.75  | \$ 1.98         | \$ 2.18  |
| Discontinued Operations  | 0.25            | -        | 0.25            | -        |
| <b>Net Earnings</b>  | <b>\$ 0.94</b>  | \$ 0.75  | <b>\$ 2.23</b>  | \$ 2.18  |
| <b>Earnings Per Share, Assuming Dilution:</b>                  |                 |          |                 |          |
| From Continuing Operations                                     | \$ 0.67         | \$ 0.71  | \$ 1.89         | \$ 2.07  |
| Discontinued Operations  | 0.24            | -        | 0.24            | -        |
| <b>Net Earnings</b>  | <b>\$ 0.91</b>  | \$ 0.71  | <b>\$ 2.13</b>  | \$ 2.07  |
| <b>Average Common Shares Outstanding (Thousands)</b>           | <b>432,529</b>  | 440,088  | <b>436,265</b>  | 441,088  |

|   |                |         |                |         |
|---|----------------|---------|----------------|---------|
| <b>Average Common Shares Outstanding,<br/>Assuming Dilution (Thousands)</b> | <b>445,548</b> | 465,641 | <b>455,882</b> | 466,737 |
| <b>Cash Dividends Paid Per Common<br/>Share</b>                             | <b>\$ 0.15</b> | \$ 0.10 | <b>\$ 0.39</b> | \$ 0.23 |

See accompanying Notes to Consolidated Financial Statements.

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**CONSOLIDATED BALANCE SHEETS**  
*(Dollars in Millions)*