

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-07-28** | Period of Report: **1995-06-30**
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FILER

CSX CORP

CIK: **277948** | IRS No.: **621051971** | State of Incorpor.: **VA** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **002-63273** | Film No.: **95556847**
SIC: **4011** Railroads, line-haul operating

Business Address
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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For the quarter ended June 30, 1995

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.)

901 East Cary Street, Richmond, Virginia
(Address of principal executive offices)

23219-4031
(Zip Code)

(804) 782-1400
(Registrant's 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 (X) No ()

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of June 30, 1995: 105,214,506 shares.

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CSX CORPORATION
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1995
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CSX CORPORATION AND SUBSIDIARIES
Consolidated Statement of Earnings
(Millions of Dollars, Except Per Share Amounts)

	Quarter Ended		Six Months Ended	
	June 30, 1995	July 1, 1994	June 30, 1995	July 1, 1994
Operating Revenue				
Transportation	\$ 2,551	\$ 2,324	\$ 4,997	\$ 4,535
Non-Transportation	49	47	71	63
Total	2,600	2,371	5,068	4,598
Operating Expense				
Transportation	2,212	2,032	4,383	4,047
Non-Transportation	36	35	62	61
Restructuring Charge	257	---	257	---
Total	2,505	2,067	4,702	4,108
Operating Income	95	304	366	490
Other Income (Expense)	(2)	18	(9)	17
Interest Expense	68	71	135	138

Earnings before	-----	-----	-----	-----
Income Taxes	25	251	222	369
Income Tax Expense	6	89	82	133
	-----	-----	-----	-----
Net Earnings	\$ 19	\$ 162	\$ 140	\$ 236
	=====	=====	=====	=====
Earnings Per Share	\$.18	\$ 1.55	\$ 1.33	\$ 2.26
	=====	=====	=====	=====
Average Common Shares				
Outstanding (Thousands)	105,164	104,704	105,054	104,578
	=====	=====	=====	=====
Common Shares				
Outstanding (Thousands)	105,215	104,732	105,215	104,732
	=====	=====	=====	=====
Cash Dividends Paid Per				
Common Share	\$.44	\$.44	\$.88	\$.88
	=====	=====	=====	=====

See accompanying Notes to Consolidated Financial Statements.

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CSX CORPORATION AND SUBSIDIARIES
Consolidated Statement of Cash Flows
(Millions of Dollars)

	Six Months Ended	
	-----	-----
	June 30,	July 1,
	1995	1994
	-----	-----
OPERATING ACTIVITIES		
Net Earnings	\$ 140	\$ 236
Adjustments to Reconcile Earnings to Cash Provided		
Depreciation	297	288
Deferred Income Taxes	(58)	69
Restructuring Charge	257	---

Productivity/Restructuring Charge Payments	(55)	(72)
Other Operating Activities	26	23
Changes in Operating Assets and Liabilities		
Accounts Receivable	(10)	(2)
Materials and Supplies	(36)	(17)
Other Current Assets	(20)	10
Accounts Payable and Other Current Liabilities	41	(154)
	-----	----
Cash Provided by Operating Activities	582	381
	-----	----
INVESTING ACTIVITIES		
Property Additions	(585)	(320)
Short-Term Investments - Net	38	60
Purchases of Long-Term Marketable Securities	(67)	(22)
Proceeds from Sales of Long-Term Marketable Securities	53	5
Other Investing Activities	50	25
	-----	----
Cash Used by Investing Activities	(511)	(252)
	-----	----
FINANCING ACTIVITIES		
Short-Term Debt - Net	39	144
Long-Term Debt Issued	115	53
Long-Term Debt Repaid	(72)	(216)
Dividends Paid	(93)	(92)
Other Financing Activities	4	3
	-----	----
Cash Used by Financing Activities	(7)	(108)
	-----	----
CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
Increase in Cash and Cash Equivalents	64	21
Cash and Cash Equivalents at Beginning of Period	265	298
	-----	----
Cash and Cash Equivalents at End of Period	329	319
Short-Term Investments at End of Period	233	159
	-----	----
Cash, Cash Equivalents and Short-Term Investments at End of Period	\$ 562	\$ 478
	=====	=====

See accompanying Notes to Consolidated Financial Statements.

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CSX CORPORATION AND SUBSIDIARIES
Consolidated Statement of Financial Position
(Millions of Dollars)

June 30,
1995

December 30,
1994

ASSETS

Current Assets

Cash, Cash Equivalents and Short-Term Investments	\$ 562	\$ 535
Accounts Receivable	724	706
Materials and Supplies	247	211
Deferred Income Taxes	136	151
Other Current Assets	83	62

Total Current Assets	1,752	1,665
----------------------	-------	-------

Properties and Other Assets

Properties	16,517	16,315
Less Accumulated Depreciation	5,398	5,271
Properties - Net	11,119	11,044
Affiliates and Other Companies	299	302
Other Assets	724	713

Total Properties and Other Assets	12,142	12,059
-----------------------------------	--------	--------

Total Assets	\$13,894	\$13,724
--------------	----------	----------

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Accounts Payable and Other Current Liabilities	\$ 2,062	\$ 1,992
Current Maturities of Long-Term Debt	397	312
Short-Term Debt	240	201

Total Current Liabilities	2,699	2,505
---------------------------	-------	-------

Long-Term Debt	2,577	2,618
----------------	-------	-------

Deferred Income Taxes	2,501	2,570
-----------------------	-------	-------

Long-Term Liabilities and Deferred Gains	2,296	2,300
--	-------	-------

Shareholders' Equity

Common Stock	105	105
Other Capital	1,406	1,368
Retained Earnings	2,443	2,391
Minimum Pension Liability Adjustment	(133)	(133)

Total Shareholders' Equity	3,821	3,731
----------------------------	-------	-------

Total Liabilities and Shareholders' Equity	\$13,894	\$13,724
--	----------	----------

See accompanying Notes to Consolidated Financial Statements.

CSX CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(All Tables in Millions of Dollars, Except Per Share Amounts)

NOTE 1. BASIS OF PRESENTATION

In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary to present fairly the company's financial position as of June 30, 1995 and December 30, 1994, the results of its operations for the quarters and six months ended June 30, 1995 and July 1, 1994, and its cash flows for the six months ended June 30, 1995 and July 1, 1994, such adjustments being of a normal recurring nature.

Earnings per share are based on the weighted average of common shares outstanding for the second quarters and six months ended June 30, 1995 and July 1, 1994. Dilution for the quarters and six months ended June 30, 1995 and July 1, 1994, which could result if all outstanding common stock equivalents were exercised, is not significant.

While the company believes that the disclosures presented are adequate to make the information not misleading, it is suggested that these financial statements be read in conjunction with the financial statements and the notes included in the company's latest Annual Report and Form 10-K.

Certain prior-year data have been reclassified to conform to the 1995 presentation.

NOTE 2. RESTRUCTURING CHARGE

In the second quarter, the company recorded a \$257 million pretax restructuring charge, \$160 million after-tax, \$1.52 per share, to recognize the cost of initiatives undertaken to revise, restructure, and consolidate specific operations and administrative functions at its rail and container-shipping units. The initiatives will result in a \$163 million write-down of technologically obsolete telecommunications assets, separation payments totaling \$80 million to approximately 800 employees and \$14 million of lease and facility-related exit costs.

The rail unit initiative accounted for \$196 million of the total restructuring charge, covering the write-down of assets and cost of employee separations associated with a contractual agreement with a third party to replace and technologically enhance the unit's existing private telecommunications network.

The restructuring initiatives at the container-shipping unit include its global integration program and the reflagging of five U.S.-flag vessels to

the registry of the Marshall Islands in accordance with approval received from the Federal Maritime Administration. The global integration program accounted for \$31 million of the total restructuring charge and represents employee separation and facility exit costs associated with the global consolidation of senior management functions and relocation of its corporate headquarters to Charlotte, North Carolina, as well as the integration of its information technology requirements. The vessel reflagging initiative accounted for

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CSX CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued
(All Tables in Millions of Dollars, Except Per Share Amounts)

NOTE 2. RESTRUCTURING CHARGE, Continued

\$30 million of the total restructuring charge, primarily related to the cost of crew separations on the five vessels. As of June 30, 1995, \$6 million of payments have been recorded as a reduction of the liability for the restructuring charge at the container-shipping unit.

NOTE 3. ACCOUNTS RECEIVABLE

During 1993, the company issued \$200 million of Trade Receivable Participation Certificates ("Certificates"), at 5.05%, due September 1998. The Certificates are collateralized by \$243 million of accounts receivable held in a master trust. The proceeds from the issuance of the Certificates were used to reduce the amount of accounts receivable sold under a previous agreement.

In addition, the company has a five-year revolving agreement with a financial institution to sell with recourse on a monthly basis an undivided percentage ownership interest in designated pools of accounts receivable up to a maximum of \$200 million. CSX has retained the collection and servicing responsibility with respect to accounts receivable held in trust or sold.

At June 30, 1995 and December 30, 1994, accounts receivable have been reduced by \$372 million, representing Certificates and accounts receivable sold.

NOTE 4. OPERATING EXPENSE

Quarter Ended		Six Months Ended	
June 30,	July 1,	June 30,	July 1,
1995	1994	1995	1994
-----	-----	-----	-----

Labor and Fringe Benefits	\$ 805	\$ 769	\$1,618	\$1,552
Materials, Supplies and Other	652	565	1,255	1,109
Building and Equipment Rent	284	291	571	571
Inland Transportation	239	198	466	388
Depreciation	149	145	298	288
Fuel	119	99	237	200
Restructuring Charge	257	---	257	---
	-----	-----	-----	-----
Total	\$2,505	\$2,067	\$4,702	\$4,108
	=====	=====	=====	=====

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CSX CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued
(All Tables in Millions of Dollars, Except Per Share Amounts)

NOTE 5. OTHER INCOME (EXPENSE)

	Quarter Ended		Six Months Ended	
	June 30, 1995	July 1, 1994	June 30, 1995	July 1, 1994
Interest Income	\$ 15	\$ 16	\$ 29	\$ 28
Gain on South Florida Track Sale	---	22	---	22
Net Costs for Accounts Receivable Sold	(8)	(8)	(16)	(15)
Minority Interest	(6)	(4)	(11)	(8)
Equity Earnings of Other Affiliates	---	(3)	(3)	(6)
Miscellaneous	(3)	(5)	(8)	(4)
	-----	-----	-----	-----
Total	\$ (2)	\$ 18	\$ (9)	\$ 17
	=====	=====	=====	=====

NOTE 6. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	June 30, 1995	December 30, 1994
Trade Accounts Payable	\$ 976	\$ 926

Labor and Fringe Benefits	519	543
Income Taxes and Other	380	337
Casualty Reserves	187	186
	-----	-----
Total	\$2,062	\$1,992
	=====	=====

NOTE 7. COMMITMENTS AND CONTINGENCIES

As part of the restructuring initiative, CSX Transportation, Inc. ("CSXT") entered a contractual agreement with a third party to replace and technologically enhance its existing private telecommunications network. The agreement was executed during the second quarter of 1995, and requires minimum payments totaling approximately \$330 million over its ten-year term.

Although the company obtains substantial amounts of commercial insurance for potential losses for third-party liability and property damage, reasonable levels of risk are retained on a self-insurance basis. A substantial portion of the insurance coverage, up to \$100 million per occurrence for rail and certain other operations, is provided by companies owned or partially owned by CSX.

CSXT is a party to various proceedings brought both by private parties and regulatory agencies related to environmental issues. CSXT has been identified as a potentially responsible party in a number of governmental investigations and actions relating to environmentally impaired sites that are or may be subject to remedial action under the Federal Superfund statute ("Superfund") or corresponding state statutes. The majority of these proceedings are based on allegations that CSXT, or its railroad predecessors,

CSX CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued
 (All Tables in Millions of Dollars, Except Per Share Amounts)

NOTE 7. COMMITMENTS AND CONTINGENCIES, Continued

sent hazardous substances to the facilities in question for disposal. Such proceedings arising under Superfund typically involve numerous other waste generators and disposal companies and seek to allocate or recover costs associated with site investigation and cleanup, which could be substantial.

The assessment of the required response and remedial costs associated with these sites is extremely complex. Cost estimates are based on information available for each site, financial viability of other potentially responsible parties, and existing technology, laws and regulations.

CSXT frequently reviews its role, if any, with respect to each such location, giving consideration to the nature of CSXT's alleged connection to the location (e.g., generator, owner or operator), the extent of CSXT's alleged connection (e.g., volume of waste sent to the location and other relevant factors), the accuracy and strength of evidence connecting CSXT to the location, and the number, connection and financial position of other named and unnamed potentially responsible parties at the location. Further, CSXT periodically reviews its exposure in all non-Superfund environmental proceedings with which it is involved.

Based upon such reviews and updates of the sites with which it is involved, CSXT has recorded, and periodically reviews for adequacy, reserves to cover estimated contingent future environmental costs with respect to such sites. The recorded liabilities for estimated future environmental costs at June 30, 1995, and December 30, 1994, were \$139 million and \$140 million, respectively. The liability has been accrued for future costs for all sites where the company's obligation is probable and where such costs can be reasonably estimated. The liability includes future costs for remediation and restoration of sites as well as for ongoing monitoring costs, but excludes any anticipated insurance recoveries. The majority of the June 30, 1995 environmental liability is expected to be paid out over the next five years, funded by cash generated from operations.

The company does not currently possess sufficient information to reasonably estimate the amounts of additional liabilities, if any, on some sites until completion of future environmental studies. Based upon information currently available, however, the company believes that its environmental reserves are adequate to accomplish remedial actions to comply with present laws and regulations. The company believes that the ultimate liability for these matters will not materially affect its overall results of operations and financial condition.

A number of legal actions, other than environmental, are pending against CSX and certain subsidiaries in which claims are made in substantial amounts. While the ultimate results of environmental investigations, lawsuits and claims involving the company cannot be predicted with certainty, management does not currently expect that these matters will have a material adverse effect on the consolidated financial position, results of operations and cash flows of the company.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS
AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

- - - - -

The company reported net earnings for the second quarter ended June 30, 1995, of \$19 million, 18 cents per share, versus \$162 million, \$1.55 per share for the second quarter ended July 1, 1994. Earnings for the quarter included the effect of a \$257 million pre-tax restructuring charge and \$8 million pre-tax of associated relocation and training expenses. The restructuring charge and associated expenses relate to initiatives undertaken by the company that will revise, restructure, and consolidate specific operations and administrative functions and result in the technological obsolescence of certain telecommunications assets, the termination of employees, and exit costs associated with certain locations.

The restructuring charge reduced net earnings for the second quarter ended June 30, 1995 by \$160 million, \$1.52 per share. The associated relocation and training expenses reduced net earnings for the second quarter by \$5 million, 5 cents per share. Earnings for the quarter would have been \$184 million, \$1.75 per share, exclusive of the restructuring charge and associated expenses.

Operating revenue for the second quarter of 1995 was \$2.6 billion, 10% above the prior year quarter of \$2.4 billion, resulting primarily from higher rail, container-shipping and barge volumes and an improved rate environment. Operating expense, exclusive of the restructuring charge and associated expenses, was \$2.2 billion for the second quarter, 8% higher than the \$2.1 billion reported for the second quarter of 1994. Operating income, exclusive of the restructuring charge and associated expenses, was \$360 million for the second quarter of 1995, up \$56 million from 1994's second quarter.

Rail Unit Results

CSX's rail unit would have reported all-time quarterly record operating income of \$270 million, excluding its \$196 million portion of the restructuring charge. This compares with \$261 million in 1994's second quarter and surpasses the previous quarterly record of \$264 million set in 1994's fourth quarter.

Rail revenue, driven by traffic gains in both merchandise and export coal, increased 3 percent over the prior-year quarter to \$1.2 billion. Merchandise traffic rose 3 percent, benefiting from gains in a number of markets, notably agricultural products, phosphates and fertilizer, metals and chemicals.

Overall, coal volume rose 3 percent in the quarter to 39.7 million tons as exports surged 81 percent to 5.8 million tons, more than offsetting a

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS
AND FINANCIAL CONDITION, CONTINUED

RESULTS OF OPERATIONS, Continued

Rail Unit Results, Continued

4 percent drop in domestic tonnage. Domestic volume was 33.9 million tons for the quarter, reflecting lower utility burn rates due to mild winter weather across the eastern United States.

Excluding the charge, rail operating expense rose 3 percent to \$941 million, compared with \$914 million in the 1994 quarter. On that basis, the rail unit would have registered a record operating ratio of 77.7 percent. Including the charge, the unit reported operating expense of \$1.1 billion this quarter.

RAIL OPERATING INCOME
(Millions of Dollars)

	Quarter Ended			Six Months Ended		
	June 30, 1995	July 1, 1994	Percent Change	June 30, 1995	July 1, 1994	Percent Change
Operating Revenue						
Merchandise	\$ 797	\$ 786	1%	\$ 1,596	\$ 1,544	3%
Coal	379	363	4%	745	702	6%
Other	35	26	35%	64	49	31%
Total	1,211	1,175	3%	2,405	2,295	5%
Operating Expense	1,137	914	24%	2,085	1,854	12%
Operating Income	\$ 74	\$ 261	(72)%	\$ 320	\$ 441	(27)%
Operating Income (a)	\$ 270	\$ 261	3%	\$ 516	\$ 441	17%
Operating Ratio	93.6%	77.8%		86.7%	80.9%	
Operating Ratio (a)	77.7%	77.8%		78.5%	80.9%	

(a) Pro forma basis, excluding \$196 million restructuring charge.

Container Shipping Unit Results

The container-shipping unit, experiencing strong demand for its services worldwide, saw its operating revenue increase 20 percent in the quarter to \$991 million on a 16 percent increase in traffic. Excluding the effect of its \$61 million portion of the charge and \$8 million of associated expenses, the unit would have recorded operating income of \$67 million, compared with the \$15 million it reported in 1994's strike-impacted second quarter.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS
AND FINANCIAL CONDITION, CONTINUED

RESULTS OF OPERATIONS, Continued

Container Shipping Unit Results, Continued

Continued worldwide economic expansion translated into higher volumes in all major trade lanes, especially from Asia to the United States and intra-Europe. That growth, in combination with recently announced alliances and vessel-sharing agreements, presents increasingly favorable market conditions for Sea-Land.

Operating expense at the container-shipping unit rose to \$924 million, excluding the charge and associated expenses, mainly as a result of the higher volumes. Including the charge and associated expenses, operating expense was \$993 million, compared with \$811 million in 1994's second quarter.

Intermodal Unit Results

The company's intermodal unit, reflecting slower growth rates from 1994's double-digit levels, saw revenue increase 3 percent to \$230 million in the quarter. However, intensified motor carrier competition caused the unit's traffic to decline 2 percent, on a 9 percent drop in domestic volumes that was partially offset by higher international traffic. This mix change and expense increases resulted in an operating income decline to \$3 million from \$16 million in the prior-year quarter.

Barge Unit Results

The company's barge unit reported operating income of \$19 million, a 73 percent increase over the prior-year quarter. A more favorable rate environment, along with stronger demand for grain and growth in northbound industrial traffic, drove operating revenue to \$121 million, an 11 percent increase, while operating expense rose only \$4 million to \$102 million.

FINANCIAL CONDITION

- -----

Cash, cash equivalents and short-term investments totaled \$562 million at June 30, 1995, an increase of \$27 million since December 30, 1994. Primary uses of cash, cash equivalents and short-term investments were property additions, purchases of long-term marketable securities, repayment of long-term debt, payment of dividends, payments relating to productivity/restructuring charge liabilities and a net increase in short-term investments. Primary sources of cash, cash equivalents and short-term investments were operations, proceeds from sales of marketable securities, and the issuance of short-term and long-term debt.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS
AND FINANCIAL CONDITION, CONTINUED

FINANCIAL CONDITION, Continued

- -----

During the first six months of 1995, net investing activities consumed \$511 million of cash and cash equivalents compared with \$252 million consumed in the first six months of 1994. The increase in investing activities was primarily due to the timing of property additions compared to the six months ended July 1, 1994.

Financing activities used \$7 million of cash and cash equivalents for the six months ended June 30, 1995. This was a \$101 million decrease from the \$108 million of cash used by financing activities in the first six months of 1994. The change was primarily due to a reduction in proceeds from net short-term borrowings, an increase in proceeds from the issuance of long-term debt, and a decrease in the repayment of long-term debt.

The working capital deficit increased \$107 million during the six months ended June 30, 1995. The increase in the working capital deficit was primarily due to an increase in trade accounts payable and income and other taxes payable and an increased level of current maturities of long-term debt. A working capital deficit is not unusual for CSX and does not indicate a lack

of liquidity. CSX continues to maintain adequate current assets to satisfy current liabilities when they are due and has sufficient liquidity and financial resources to manage its day-to-day cash needs. For the full year, CSX does not expect significant changes in working capital or debt levels from the prior year. Property additions for the full year are expected to be approximately \$100 million higher than 1994.

FINANCIAL DATA

	(Millions of Dollars)	
	June 30, 1995	December 30, 1994
Cash, Cash Equivalents and Short-Term Investments	\$ 562	\$ 535
Commercial Paper Outstanding - Short-Term	\$ 240	\$ 201
Commercial Paper Outstanding - Long-Term	\$ 300	\$ 300
Working Capital (Deficit)	\$ (947)	\$ (840)
Current Ratio	.65	.66
Debt Ratio	40%	41%
Ratio of Earnings to Fixed Charges	2.0x (a)	3.1x

(a) Excluding the pre-tax restructuring charge of \$257 million and associated relocation and training expenses of \$13 million, the ratio of earnings to fixed charges would have been 3.2x for the six months ended June 30, 1995.

OUTLOOK

During the third quarter and remainder of 1995, each of CSX's transportation units continues to anticipate favorable revenue levels compared with 1994. The higher revenue levels are expected to result from strong export demand and a stable domestic economy. The company also plans to continue the intense focus on productivity improvements and expense control throughout its transportation units.

Entering the third quarter of 1995, the rail unit is experiencing solid demand for export coal shipments as U.S. producers take advantage of increased economic activity abroad and favorable exchange rates. Merchandise traffic is expected to maintain its strength over the second half of the year.

The rail unit continues to monitor and be actively involved in on-going industrywide labor contract negotiations. These negotiations have traditionally taken place over a number of months and have not resulted in any extended work stoppages.

The container-shipping unit anticipates solid traffic flows in the third quarter of 1995 in all of its trade lanes. Strong demand for ocean transportation should allow the unit to select higher-rated traffic. The unit expects to incur an additional \$20 million in relocation and training expenses during the remainder of 1995 associated with its global integration program.

The intermodal unit expects lower domestic trailer volumes in the third quarter due to motor carrier competition. The unit will continue to benefit from stronger international traffic.

The barge unit anticipates continued robust demand for its services, particularly in grain shipments. With this demand, strong barge rates are expected to continue in 1995.

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PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

- (a) Annual meeting held April 25, 1995.
- (b) Not applicable.
- (c) There were 105,098,736 shares of CSX common stock outstanding as of February 24, 1995, the record date for the 1995 annual meeting of shareholders. A total of 90,692,720 shares were voted. All of management's nominees for directors of the corporation were elected with the following vote:

Nominee	Votes For	Votes	
		Withheld	Broker Non-Votes
Edward L. Addison	90,254,629	438,091	0
Elizabeth E. Bailey	90,266,011	426,708	0
Robert L. Burrus, Jr.	90,252,630	440,090	0
Bruce C. Gottwald	90,263,938	428,781	0
John R. Hall	90,275,307	417,412	0
Robert D. Kunisch	90,280,754	411,965	0
Hugh L. McColl, Jr.	90,265,832	426,887	0
James W. McGlothlin	90,288,051	404,669	0
Southwood J. Morcott	90,286,284	406,436	0
Charles E. Rice	90,279,116	413,603	0
William C. Richardson	90,228,407	464,312	0
Frank S. Royal, M.D.	90,205,021	487,698	0
John W. Snow	90,226,769	465,950	0

The appointment of Ernst & Young as independent auditors to audit and report on CSX's financial statements for the year 1995 was ratified by the shareholders with the following vote:

Votes For	Votes Against	Abstentions	Broker
			Non-Votes
90,006,933	309,828	375,958	0

The shareholder proposal concerning equal opportunity reporting was withdrawn by its proponent prior to the Annual Meeting.

- (d) Not applicable.

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PART II. OTHER INFORMATION, Continued

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

1. None.

(b) Reports on Form 8-K

1. None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CSX CORPORATION
(Registrant)

By: /s/ GREGORY R. WEBER

Gregory R. Weber
Vice President, Controller and
Treasurer
(Principal Accounting Officer)

Dated: July 28, 1995

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

EPS are based on the weighted average of common shares outstanding for the three months ended June 30, 1995.

</LEGEND>

<MULTIPLIER> 1,000,000

<S>	<C>
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