

Contact: Jane Covington  
CSX Transportation  
(904) 477-7671

Kirk Hawley  
Watco Companies  
Senior Vice President of Marketing  
(620) 231-2230

## **CSX TRANSPORTATION ANNOUNCES LEASE OF A SEGMENT OF ITS B&O LINE IN WEST VIRGINIA**

**JACKSONVILLE, Fla.- Jan. 7, 2005** - CSX Transportation (CSXT) today announced that it will lease a 158-mile segment of its track from Grafton to Cowen, W. Va., on former B&O territory, to a subsidiary of the Pittsburg, Ks.-based Watco Companies, Inc. Watco is a transportation holding company that currently owns 10 shortline railroads in 11 states. The lease will become effective March 25, 2005.

“This is a unique segment of railroad because of the customer base and the geography,” said Les Passa, Vice President- Strategic Planning for CSX Corp. “Segments of railroad with such specific needs sometimes can be more efficiently operated by shortline railroads. Larger Class I railroads, like CSXT, are better at long-haul moves. So, the Class I/shortline relationship is an effective means to provide the most efficient level of service to rail customers,” Passa continued. CSXT interchanges with more than 230 shortline railroads across its 23-state system.

“Coal is an important commodity to the rail industry and to our country, and we are pleased to have the opportunity to operate in one of the most important coal-producing states,” said Rick Webb Chief Executive Officer of Watco Companies, Inc. “We are also pleased that CSXT has chosen us to provide that critical service, as well as serving other important merchandise customers along this route.

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“We got our start in the rail industry by repairing coal cars and switching a forest product company. Those first two customers are still our customers today, more than 20 years later,” Webb said. “We are excited to bring our commitment to our new customers and to our new employees to West Virginia in the months ahead.”

CSXT and Watco will be visiting each of the rail customers located along this route in the near future to answer any questions and ensure that their service will not be interrupted by the lease of this line. In the meantime, coal customers may contact Guy Martin at 800-852-4923 with any questions, and merchandise customers may contact David Martin at 904-359-7419.

CSX Corporation, based in Jacksonville, Fla., owns the largest rail network in the eastern United States. CSX Transportation Inc. and its 34,000 employees provide rail transportation services over a 21,000 route-mile network in 23 states, the District of Columbia and two Canadian provinces. CSX Corporation also provides intermodal and global container terminal operations through other subsidiaries.

(NYSE: CSX)

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