

CSX CORP  
Form 11-K  
June 28, 2004

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

OR

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

For the year ended December 31, 2003

Commission file number 1-8022

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF  
CSX CORPORATION  
AND AFFILIATED COMPANIES

CSX CORPORATION

A Virginia Corporation  
IRS Employer Identification Number 62-1051971  
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TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION  
AND AFFILIATED COMPANIES  
FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2003 AND 2002

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Report of Independent Registered Public Accounting Firm

The Finance Committee of the Board of Directors  
Tax Savings Thrift Plan for Employees of  
CSX Corporation and Affiliated Companies  
CSX Corporation  
Jacksonville, Florida

We have audited the accompanying statements of net assets available for benefits of Tax Savings Thrift Plan for Employees of CSX Corporation and Affiliated Companies as of December 31, 2003 and 2002, and the related statement of changes in net assets available for benefits for the year ended December 31, 2003. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2003 and 2002, and the changes in its net assets available for benefits for the year ended December 31, 2003, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2003 is presented for the purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ ERNST & YOUNG LLP

Jacksonville, Florida  
June 8, 2004

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION  
AND AFFILIATED COMPANIES

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
(Dollars in Thousands)

	<b>December 31</b>	
	<b>2003</b>	<b>2002</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Investments, at fair value:		
Investments in Master Trust (see Note 3)	<b>\$713,813</b>	\$623,860
Loans to members	<b>16,231</b>	18,393
	<u>                    </u>	<u>                    </u>
	<b>730,044</b>	642,253
Receivables:		
Employer contributions	<b>606</b>	683
Member contributions	<b>1,876</b>	2,082
	<u>                    </u>	<u>                    </u>
	<b>2,482</b>	2,765
	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<b>732,526</b>	645,018
<b>LIABILITIES</b>		
Accrued expenses	<b>102</b>	293
	<u>                    </u>	<u>                    </u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$732,424</b>	\$644,725
	<u>                    </u>	<u>                    </u>

See Notes to Financial Statements.

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION  
AND AFFILIATED COMPANIES

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED DECEMBER 31, 2003

(Dollars in Thousands)

ADDITIONS	
Net gain on Investment in Master Trust	\$112,199
Interest from member loans	977
Employer contributions	7,721
Member contributions	24,784
	<u>145,681</u>
DEDUCTIONS	
Distributions to members	45,274
Transfers to other plan	11,726
Fees and expenses	982
	<u>57,982</u>
NET INCREASE	87,699
Net Assets Available for Benefits at Beginning of Year	<u>644,725</u>
Net Assets Available for Benefits at End of Year	<u>\$732,424</u>

See Notes to Financial Statements.

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION  
AND AFFILIATED COMPANIES

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003  
(Dollars in Thousands)

NOTE 1 DESCRIPTION OF THE PLAN

The following description of the Tax Savings Thrift Plan for Employees of CSX Corporation and Affiliated Companies (the Plan) provides only general information. Members should refer to the Summary Plan Description and the Plan Document for a more complete description of the Plan's provisions.

General: The Plan is a defined contribution plan covering all salaried employees and certain non-union hourly employees of CSX Corporation (CSX or Plan Sponsor) and adopting affiliated companies (collectively, the Company). Effective January 1, 2002, CSX established a portion of the Plan as an Employee Stock Ownership Plan (ESOP) designed to comply with Section 4975(e)(7) of the Internal Revenue Code (the Code) of 1986, as amended. The Plan also contains a cash or deferred arrangement described in Code Section 401(k), and is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The ESOP component of the Plan are intended to be invested primarily in CSX common stock and may be invested 100% in such securities.

Contributions: Members may contribute from 1% up to 50%, (in 1% multiples) of eligible compensation, as defined by the Plan, on a pre-tax or after-tax basis. Members who are not eligible to participate in the Company's 2002 Deferred Compensation Plan may also contribute up to 50% of any incentive compensation to the Plan. Subject to certain limitations, members may transfer distributions from another qualified plan or an Individual Retirement Account to the Plan. Members may change the percent of contribution and investment options daily.

The Company contributes amounts equal to 50% of the first 6% of a member's pre-tax or after-tax eligible contributions as matching contributions. In 2003, CSX common stock and cash held under the CSX Corporation rabbi trust were used to fund Company contributions to the Plan. Shares to fund contributions may be purchased throughout the year and held by CSX Corporation in a rabbi trust until they are contributed to the Plan and credited to members accounts. During 2003, the Rabbi Trust Fund was depleted and remaining contributions were funded through purchases of CSX common stock in the open market. Member incentive compensation contributions are not matched. Additional amounts may be contributed at the option of the Company's Board of Directors. The Company did not make any additional contributions during 2003.

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION  
AND AFFILIATED COMPANIES  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2003  
(Dollars in Thousands)

NOTE 1 DESCRIPTION OF THE PLAN (Continued)

Diversification: Members may immediately diversify the nonmember-directed contributions made to the CSX Stock Fund to other investment options offered under the Plan.

Member Accounts: Each member's account is credited with the member's contributions and allocations of (a) Company contributions and (b) Plan earnings, and is charged for administrative expenses. The benefit to which a member is entitled is the benefit that can be provided from the member's account.

Vesting: Members are 100% vested in their accounts.

Loans: Certain members may borrow from their accounts an amount equal to not more than the lesser of \$50 in the aggregate (reduced by the highest outstanding balance during the one-year period preceding the loan) or 50% of their account balance (reduced by the outstanding balance of all Plan loans at the time of the loan). Members may not borrow from an ESOP account or the Company match account even though those accounts are used in the calculation to determine the amount available for the loan. Loan terms range from one to five years unless the loan is to be used in conjunction with the purchase of a primary residence. Loans are secured by the balance in the member's account and bear interest at the prime rate in effect at CitiBank at the beginning of the quarter in which the loan originated. Principal and interest are paid ratably through payroll deductions.

Dividends: Dividends paid on shares of Company stock held in a member's account are reinvested in shares of Company stock. A member or spousal beneficiary may elect to have dividends paid to them in cash. Any change in an election will apply only to ex-dividend dates occurring after the date such election is received. A member who does not make a timely election will have the dividends paid to his or her account and reinvested in shares of Company stock.

Payment of Benefits: Upon termination of service, a member may receive a lump-sum amount equal to the value of his or her account, or upon disability or retirement, elect to receive monthly installments over a period not to exceed the lesser of 240 months or the life expectancy of the last survivor of the member and his beneficiary. Surviving spouses of retired or disabled members may also elect monthly installments. A terminated member with an account balance of \$5 or less (excluding the Rollover Account) as of his or her date of termination or the last day of any plan year shall be paid in lump-sum.



TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION  
AND AFFILIATED COMPANIES  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2003  
(Dollars in Thousands)

NOTE 1 DESCRIPTION OF THE PLAN (Continued)

Plan Termination: Although it has not expressed any intent to do so, the Company has the right to discontinue its contributions to the Plan at any time and to terminate the Plan subject to the provisions of ERISA.

Administrative expenses: The administrative expenses of the Plan are paid by the Company or from Plan funds as the Plan Sponsor directs. All of the administrative expenses of the Plan during the year ended December 31, 2003 were paid from Plan funds.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The financial statements have been prepared under the accrual method of accounting in accordance with U.S. generally accepted accounting principles.

Investments: The CSX Corporation Master Retirement Savings Plan Trust (Master Trust) holds all investments of the Plan, except for loans to members, together with those of the CSX Corporation Capital Builder Plan. Loans to members are valued at their outstanding balances, which approximate fair value.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications: Certain amounts in 2002 were reclassified to conform to the current year presentation.

NOTE 3 INVESTMENT IN MASTER TRUST

All investments of the Master Trust are held by The Northern Trust Company, the Master Trust's trustee.

Investments in CSX Common Stock, which are stated at fair value, are valued at the last reported sales price on the last business day of the year. Investments in mutual funds are measured by quoted market prices and are reported at aggregate fair value at year-end. Synthetic guaranteed investment contracts (defined on page 8) are reported at fair value, which in the case of such contracts approximates contract value.

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION  
AND AFFILIATED COMPANIES  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2003  
(Dollars in Thousands)

## NOTE 3 INVESTMENT IN MASTER TRUST (Continued)

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Summarized financial information of the Master Trust is presented below:

	<b>December 31</b>	
	<b>2003</b>	<b>2002</b>
Assets:		
Investments at fair value:		
Cash and cash equivalents	\$ 4,127	\$ 4,543
Mutual Funds	392,514	284,643
CSX Corporation common stock	362,090	323,124
Collective trust fund	28,839	27,510
Guaranteed investment contracts	303,629	285,126
Synthetic guaranteed investment contract wrappers	(21,207)	(18,417)
	<b>1,069,992</b>	906,529
Liabilities:		
Accrued expenses	178	
Due to brokers		518
	<b>178</b>	518
Net assets	<b>\$1,069,814</b>	\$906,011
Percentage of Plan's investments in the Master Trust's net assets	<b>67%</b>	69%

Investment income and expenses are allocated to each plan based upon its pro-rata share in the net assets of the Master Trust. Investment income for the Master Trust for the year ended December 31, 2003 is as follows:

Net appreciation in fair value of investments determined by quoted market prices:

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Mutual funds	\$ 78,788
CSX Corporation common stock	79,402
Collective trust fund	<u>1,083</u>
	159,273
Interest and dividend income	<u>21,651</u>
Investment income for the Master Trust	<u>\$180,924</u>

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION  
AND AFFILIATED COMPANIES  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2003  
(Dollars in Thousands)

## NOTE 3 INVESTMENT IN MASTER TRUST (Continued)

Synthetic guaranteed investment contracts (SICs) represent a diversified portfolio of primarily corporate and government bonds held in the name of the Master Trust in conjunction with a corresponding contract with the issuer of the SIC to provide a variable rate of return (based on investment experience and reset quarterly) on the cost of the investment. The crediting rate for the AIG Life Contract and the JP Morgan Contract at December 31, 2003 was 4.88% and 5.19%, respectively (5.42% and 5.26%, respectively, at December 31, 2002). The average crediting rate during 2003 was 4.77% (5.92% in 2002) for the AIG Life Contract and 5.19% (5.94% in 2002) for the JP Morgan Contract. A summary of the SICs at December 31, 2003 and 2002 is as follows:

	<b>AIG Life Contract</b>	<b>JP Morgan Contract</b>	<b>Total</b>
	<hr/>	<hr/>	<hr/>
<b>December 31, 2003:</b>			
Fair value of investments	\$153,259	\$150,370	\$303,629
Fair value of corresponding contract	(7,830)	(13,377)	(21,207)
	<hr/>	<hr/>	<hr/>
Contract value	\$145,429	\$136,993	\$282,422
	<hr/>	<hr/>	<hr/>
<b>December 31, 2002:</b>			
Fair value of investments	\$146,179	\$138,947	\$285,126
Fair value of corresponding contract	(8,774)	(9,643)	(18,417)
	<hr/>	<hr/>	<hr/>
Contract value	\$137,405	\$129,304	\$266,709
	<hr/>	<hr/>	<hr/>

## NOTE 4 RELATED PARTY TRANSACTIONS

CSX and its subsidiaries provide the Plan with certain management and accounting services. During the year ended December 31, 2003, the Master Trust reimbursed CSX and its subsidiaries approximately \$110 for these services.

During the year ended December 31, 2003, the Master Trust received cash dividends from investments in CSX common stock of \$4,280. The Plan's share of these dividends was \$2,032.

The Trustee, Northern Trust Company, routinely invests assets in its Collective Short-Term Investment Fund. During the year ended December 31, 2003, the Master Trust earned interest of \$60 for transactions with this fund, a portion of which is allocated to the Plan based upon the Plan's pro-rata share in the net assets of the Master Trust and is included

in net gain on investment in Master Trust in the statement of changes in net assets available for benefits.

TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION  
AND AFFILIATED COMPANIES  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2003  
(Dollars in Thousands)

NOTE 5 INCOME TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service dated March 12, 2002, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code and, therefore, the related trust is exempt from taxation. Subsequent to this issuance of the determination letter, the Plan was amended. The Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Sponsor believes the Plan, as amended, complies with all applicable rules, and is being operated in compliance with the applicable requirements of the Code. Accordingly, the Plan Sponsor believes that the Plan, as amended, is qualified and the related trust is tax exempt.

NOTE 6 TRANSFER TO OTHER PLAN

On December 16, 2002, SL Service, Inc., a wholly owned subsidiary of CSX Corporation, entered into a transaction agreement to convey CSX Lines, LLC to a joint venture with Delian Holdings, LLC. The transaction closed in February 2003, at which time CSX Lines, LLC became known as Horizon Lines, LLC. The transaction agreement provided that SL Service, Inc. would arrange for CSX Corporation as plan sponsor to distribute affected members accounts pursuant to Section 401(k)(10) of the Internal Revenue Code of 1986, as amended, and to arrange for the 401(k) plan established by the buyer (the Horizon Plan ) to accept direct and indirect rollovers of affected members account balances under the Plan. As a result the Plan transferred approximately \$11,726 of assets to the Horizon Plan in 2003.

**Supplemental Schedule**

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TAX SAVINGS THRIFT PLAN FOR EMPLOYEES OF CSX CORPORATION  
 EIN: 62-1051971 PLAN NUMBER: 003  
 SCHEDULE H, LINE 4I

SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
 DECEMBER 31, 2003

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(e) Current Value
*	Members	Loans with interest rates of 4.0% to 9.5%, maturing through 2028	\$16,231,340

\* Indicates a party-in-interest to the Plan.

Note: Cost information has not been included in column (d) because all investments are member directed.



SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the CSX Administrative Committee has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

TAX SAVINGS THRIFT PLAN FOR  
EMPLOYEES OF CSX CORPORATION AND  
AFFILIATED COMPANIES

By: /s/ CAROLYN T. SIZEMORE

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Carolyn T. Sizemore  
Vice President and Controller  
CSX Corporation  
(Plan Sponsor)

Date: June 28, 2004