



**John T. Gray**  
Senior Vice President - Policy & Economics

May 28, 2010

The Honorable Cynthia T. Brown  
Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E Street, SW.  
Washington, DC 20423-0001

Re: Ex Parte No. 682, Annual Submission of State Tax Information for Use in the Revenue Shortfall Allocation Method (2009)

Dear Ms. Brown:

This submission by the Association of American Railroads (AAR) is the AAR's calculation of the 2009 weighted average state tax rate for each Class I railroad, filed in pursuant to 49 C.F.R. § 1135.2, as adopted by the Board in Ex Parte No. 682, *Annual Submission of State Tax Information for Use in the Revenue Shortfall Allocation Method*, served February 26, 2010. The methodology used to calculate each weighted average state tax rate is the same as what was used in the AAR's calculation for 2008.

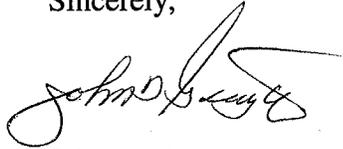
Weighted Average State Tax Rates

<u>Railroad</u>	<u>2009</u>	<u>2008</u>	<u>Percentage Point Change</u>
BNSF Railway Company	5.665%	5.668%	-0.003%
CSX Transportation, Inc.	5.578%	5.746%	-0.168%
Grand Trunk Corporation	7.590%	7.593%	-0.003%
The Kansas City Southern Rwy	6.434%	5.859%	0.575%
Norfolk Southern Combined	5.803%	6.005%	-0.202%
Soo Line Railroad Company	8.651%	8.634%	0.017%
Union Pacific Railroad Company	6.051%	6.051%	0.000%

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All calculations are included in the AAR's submission. Workpapers consist of copies of Schedules 702 and 210 from the railroads' Annual Report Form R-1. Railroads have reviewed the calculations. A copy of the workpapers underlying this submission are included in the AAR's filing. Questions should be directed to me or Clyde Crimmel (202 639-2309) of this office.

Sincerely,

A handwritten signature in cursive script, appearing to read "John T. Gray".

John T. Gray

Attachments

**Before the  
Surface Transportation Board**

**Ex Parte No. 682**

**Annual Submission of Tax Information for Use  
in the Revenue Shortfall Allocation Method**

**2009  
Weighted Average State Tax Rates**

**Policy and Economics Department  
Association of American Railroads**

**May 28, 2010**

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## Introduction

On February 26, 2010, the Surface Transportation Board served a decision in STB Ex Parte No. 682, *Annual Submission of Tax Information for Use in the Revenue Shortfall Allocation Method*, that amends 49 CFR Part 1135 to add a rule that requires the Association of American Railroads (AAR) to annually update each Class I railroad's weighted average state tax rate for use in the Revenue Shortfall Allocation Method (RSAM). The calculation must be submitted by May 30 of each year.

The methodology used by the AAR to calculate the weighted average state tax rates is the same as was used in its calculation of 2008. The AAR's 2008 weighted average state tax rate calculations were adopted by the Surface Transportation Board in its Ex Parte No. 646 (Sub-No. 2), Simplified Standards for Rail Rate Cases – Taxes in Revenue Shortfall Allocation Method (served January 22, 2010). The AAR's calculation submitted herein is for 2009.

### Sources

There are two major sources for these calculations. The first major source is Annual Report Form R-1, which is submitted by each Class I railroad to the Board. The STB instructed the AAR to weight state tax rates using miles operated in each state for each railroad. As the STB noted, mileage operated in each state can be found in column (g) of Schedule 702 (Miles of Road at Close of Year - By States and Territories) of each R-1. Additional information from the R-1's Schedule 210 (Results of Operations) has been used to calculate tax rates for Texas.

The second major source is a web site table with state corporate tax information published by the Tax Foundation, a nonpartisan research and education group based in Washington, DC. The Class I railroads provided additional information regarding tax rates, either to confirm the Tax Foundation rates or to document exceptions that apply to railroads operating in specific states.

## State Miles Operated for 2009

State	BNSF	CNGT	CSX	KCS	NS	SOO	UP	Total	
Alabama	255	41	1,015	0	1,372	0	0	2,683	AL
Arizona	595	0	0	0	0	0	642	1,237	AZ
Arkansas	1,047	0	0	162	0	0	1,331	2,540	AR
California	2,125	0	0	0	0	0	3,384	5,509	CA
Colorado	1,398	0	0	0	0	0	1,535	2,933	CO
Connecticut	0	0	68	0	0	0	0	68	CT
Delaware	0	0	44	0	203	0	0	247	DE
Dist. of Columbia	0	0	20	0	13	0	0	33	DC
Florida	0	0	1,652	0	149	0	0	1,801	FL
Georgia	0	0	1,615	0	1,778	0	0	3,393	GA
Idaho	123	0	0	0	0	0	849	972	ID
Illinois	1,552	1,645	916	182	1,260	250	2,204	8,009	IL
Indiana	0	112	1,724	0	1,514	197	4	3,551	IN
Iowa	673	605	0	0	44	0	1,435	2,757	IA
Kansas	1,708	0	0	18	2	0	2,205	3,933	KS
Kentucky	99	107	1,644	0	431	0	13	2,294	KY
Louisiana	348	263	43	737	81	0	1,138	2,610	LA
Maine	0	0	0	0	0	0	0	0	ME
Maryland	0	0	560	0	269	0	0	829	MD
Massachusetts	0	0	430	0	0	0	0	430	MA
Michigan	0	1,016	569	0	533	342	0	2,460	MI
Minnesota	1,686	435	0	0	0	1,240	659	4,020	MN
Mississippi	179	851	94	606	211	0	0	1,941	MS
Missouri	1,759	0	13	396	409	0	1,505	4,082	MO
Montana	1,927	0	0	0	0	0	125	2,052	MT
Nebraska	1,529	0	0	0	0	0	1,068	2,597	NE
Nevada	805	0	0	0	0	0	1,192	1,997	NV
New Hampshire	0	0	0	0	0	0	0	0	NH
New Jersey	0	0	647	0	933	0	0	1,580	NJ
New Mexico	1,357	0	0	0	0	0	618	1,975	NM
New York	0	0	1,294	0	788	0	0	2,082	NY
North Carolina	0	0	1,125	0	1,299	0	0	2,424	NC
North Dakota	1,732	0	0	0	0	482	0	2,214	ND
Ohio	0	7	1,903	0	2,208	30	0	4,148	OH
Oklahoma	1,412	0	0	151	0	0	1,173	2,736	OK
Oregon	386	0	0	0	0	0	1,072	1,458	OR
Pennsylvania	0	155	1,062	0	2,282	0	0	3,499	PA
Rhode Island	0	0	0	0	0	0	0	0	RI
South Carolina	0	0	1,285	0	783	0	0	2,068	SC
South Dakota	925	0	0	0	0	6	0	931	SD
Tennessee	144	145	1,006	5	848	0	14	2,162	TN
Texas	4,951	0	0	819	0	0	6,336	12,106	TX
Utah	433	0	0	0	0	0	1,254	1,687	UT
Vermont	0	0	0	0	0	0	0	0	VT
Virginia	0	0	1,054	0	2,079	0	0	3,133	VA
Washington	1,638	0	0	0	0	0	531	2,169	WA
West Virginia	0	0	1,295	0	833	0	0	2,128	WV
Wisconsin	273	1,514	0	0	0	607	928	3,322	WI
Wyoming	970	0	0	0	0	0	879	1,849	WY
<b>Total U.S.</b>	<b>32,029</b>	<b>6,896</b>	<b>21,078</b>	<b>3,076</b>	<b>20,322</b>	<b>3,154</b>	<b>32,094</b>	<b>118,649</b>	

Canada 111 0 112 0 301 0 0 0 524  
 Grand Total 32,140 6,896 21,190 3,076 20,623 3,154 32,094 119,173

Note: There is no Class I railroad mileage in Alaska, Hawaii, Maine, New Hampshire, Rhode Island, or Vermont. Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

## State Tax Rates Used for 2009

State	Inc. Tax Rate	Comments
Alabama	6.500%	
Arizona	6.968%	
Arkansas	6.500%	
California	8.840%	
Colorado	4.630%	
Connecticut	0.000%	Sole railroad reports in operating expense, so tax rate changed to 0.
Delaware	8.700%	
Dist. of Columbia	9.975%	
Florida	5.500%	
Georgia	6.000%	
Idaho	7.600%	
Illinois	7.300%	
Indiana	8.500%	
Iowa	12.000%	
Kansas	7.050%	*** Decreased 2009 -- 4% plus 3.05% surtax (instead of 3.1% surtax from 2008)
Kentucky	6.000%	
Louisiana	8.000%	
Maine	*	No Class I mileage
Maryland	8.250%	
Massachusetts	6.500%	Railroads use a Utility tax rate instead of corporate rate.
Michigan	6.039%	4.95% plus a 21.99% surcharge --- $4.95 \times 1.2199 = 6.038505\%$
Minnesota	9.800%	
Mississippi	5.000%	
Missouri	6.250%	
Montana	6.750%	
Nebraska	7.810%	
Nevada	0.000%	None.
New Hampshire	*	No Class I mileage
New Jersey	0.000%	Reported in operating expense, rate changed to zero.
New Mexico	7.600%	
New York	0.000%	Reported in operating expense, rate changed to zero.
North Carolina	6.900%	
North Dakota	6.400%	*** Companies (Soo) filing using Water's Edge Election add a 3.5% pt. surcharge on 6.4%.
Ohio	0.000%	*** Income tax fully phased out and replaced with a franchise fee.
Oklahoma	6.000%	
Oregon	7.900%	*** New marginal corporate tax rate (Measure 67)
Pennsylvania	9.990%	
Rhode Island	*	No Class I mileage
South Carolina	5.000%	
South Dakota	0.000%	None.
Tennessee	6.500%	
Texas	*	Calculated using 70% of Operating Revenue taxed at 1%, results may differ from last year.
Utah	5.000%	
Vermont	*	No Class I mileage
Virginia	6.000%	
Washington	0.000%	None.
West Virginia	8.500%	*** Decreased 2009
Wisconsin	7.900%	
Wyoming	0.000%	None.

**Notes:**

There is no Class I railroad mileage in Alaska, Hawaii, or states marked with an "\*" (except TX), rates are not collected here.

Tax rates are from the web site of the Tax Foundation, Washington, DC, with adjustments by the AAR if necessary.

See Appendix B for tax rates that have been adjusted by the AAR from Tax Foundation number.

"\*\*\*\*" in comments notes that tax rate is changed from prior year.

# Results of Calculations for 2009

## Average State Corporate Income Tax Rate

<b>Railroad</b>	<b>2009</b>	<b>2008</b>	<b>Difference</b>
BNSF	5.665 %	5.668 %	-0.003 % Pts.
CSX	5.578	5.746	-0.168
CNGT	7.590	7.593	-0.003
KCS	6.434	5.859	0.575
NS	5.803	6.005	-0.202
SOO	8.651	8.634	0.017
UP	6.051	6.051	0.000

## State Corporate Income Tax Rates

As of July 1, 2009

State	Tax Rates and Brackets	Special Rates or Notes
Alabama	6.5%	Federal deductibility
Alaska	1.0% > \$0 2.0 > 10K 3.0 > 20K 4.0 > 30K 5.0 > 40K 6.0 > 50K 7.0 > 60K 8.0 > 70K 9.0 > 80K 9.4 > 90K	4.5% alternative tax rate on capital gains. Alternative minimum tax equal to 18% of federal alternative minimum tax.
Arizona	6.968%	Minimum tax is \$50.
Arkansas	1.0% > \$0 2.0 > 3K 3.0 > 6K 5.0 > 11K 6.0 > 25K 6.5 > 100K	
California	8.84%	Minimum tax is \$800. 10.84% on financial institutions. The tax rate on S-Corporations is 1.5% (3.5% for financial S-Corporations). A 6.65% AMT is also imposed.
Colorado	4.63%	
Connecticut	7.5%	Pay higher of income tax or tax on capital (3.1 mills per dollar, with a minimum of \$250 and a maximum of \$1,000,000).
Delaware	8.7%	Banking tax: 8.7% on first \$20 million, 6.7% for next \$5 million, 4.7% for next \$5 million, 2.7% for next \$620 million, and 1.7% for amounts greater than \$650 million. A franchise tax is due on the greater of the tax calculated on authorized shares or gross assets (\$35 minimum, \$165,000 maximum). Delaware also levies a business and occupational gross receipts tax; rates range from 0.104% to 2.07%, depending on the business activity.
Florida	5.5%	Taxpayers who owe federal AMT must pay higher of FL corporate income tax or 3.3% alternative minimum rate.
Georgia	6.0%	Financial institutions, 0.25% of Georgia gross receipts.
Hawaii	4.4% > \$0 5.4 > 25K 6.4 > 100K	Banks and financial institutions are taxed at 7.92%. An alternative tax rate on capital gains is imposed at a rate of 4%.
Idaho	7.6%	Minimum tax \$20.
Illinois	7.3%	Includes 2.5% income replacement tax. S-Corporations pay only a 1.5% replacement tax.
Indiana	8.5%	

## State Corporate Income Tax Rates

As of July 1, 2009

State	Tax Rates and Brackets	Special Rates or Notes
Iowa	6.0% > \$0 8.0 > 25K 10.0 > 100K 12.0 > 250K	50% federal deductibility. 7.2% alternative minimum tax. Financial institutions are subject to a 5% franchise tax.
Kansas	4.0% > \$0 7.05 > 50K	The top rate is a result of a 3.1% surtax on income over \$50,000. Corporate Franchise tax of 0.09375% in 2008; 0.0625% in 2009; and 0.03125% in 2010 on total net worth for entities of \$1,000,000 or more. Banking Privilege tax is 2.25% of total net income plus 2.125% surtax on taxable income over \$25,000.
Kentucky	4.0% > \$0 5.0 > 50K 6.0 > 100K	Corporations must also pay the Limited Liability Entity Tax, which is the lesser of 0.095% of gross receipts or 0.75% of gross profits. The tax phases in between \$3 million and \$6 million of gross receipts or profits. Minimum tax \$175.
Louisiana	4.0% > \$0 5.0 > 25K 6.0 > 50K 7.0 > 100K 8.0 > 200K	Federal deductibility. Corporation franchise tax: \$1.50 for each \$1000 up to \$300,000 of capital employed in LA; and \$3 for each \$1000 over \$300,000 (\$10 minimum).
Maine	3.5% > \$0 7.93 > 25K 8.33 > 75K 8.93 > 250K	An AMT is imposed at 5.4%. Banks and financial institutions choose to pay either 1% of income plus 0.008% of assets, or 0.039% of assets only.
Maryland	8.25%	
Massachusetts	9.5%	There is an additional tax of \$2.60 per \$1,000 on taxable tangible property (or net worth allocable to the state, for intangible property corporations); minimum tax of \$456. 10.5% on financial institutions.
Michigan	4.95%	There is an additional modified gross receipts tax (sales minus purchases from other firms) at a rate of 0.8%. The income and gross receipts taxes are subject to a 21.99% surtax on the calculated liability, with the maximum surtax being \$6 million. Banks pay a tax on net worth at a rate of 0.235%.
Minnesota	9.8%	5.8% alternative minimum tax rate. A minimum tax ranging from \$0 to \$5000 is levied based on Minnesota property, payroll and sales.

## State Corporate Income Tax Rates

As of July 1, 2009

State	Tax Rates and Brackets	Special Rates or Notes
Mississippi	3.0% > \$0 4.0 > 5K 5.0 > 10K	Franchise tax of \$2.50 per \$1,000 of taxable capital, with a minimum tax of \$25
Missouri	6.25%	Additional franchise tax at 0.0333% of taxable capital. Financial institutions pay a 7% net income tax. 50% of federal tax deductible.
Montana	6.75%	7% for corporations filing under a water's edge election. Minimum tax is \$50.
Nebraska	5.58% > \$0 7.81 > 100K	Financial institutions, lesser of 0.047% of average deposits or 3.81% of net income before taxes and extraordinary items.
Nevada	None	
New Hampshire	8.5%	NH has two corporate taxes: the Business Profits Tax (BPT) and the Business Enterprise Tax (BET). The BPT rate is 8.5% of income for corporations with gross receipts over \$50K. The BET rate is 0.75% on the enterprise value tax base (total compensation paid out, including dividends and interest). The BET is assessed on corporations with gross receipts over \$150K or an enterprise value tax base over \$75K.
New Jersey	6.5% > \$0 7.5 > 50K 9.0 > 100K	Companies with income greater than \$100K pay 9% on all income, companies with income greater than \$50K but less than \$100K pay 7.5 % on all income and companies with income under \$50K pay 6.5%. The minimum tax is \$500. An Alternative Minimum Assessment based on gross receipts or profits applies if greater than corporate franchise tax. 4% surtax applied to tax liability for 2008 and 2009. Banking and financial institutions are subject to the income tax.
New Mexico	4.8% > \$0 6.4 > 500K 7.6 > 1,000,000	
New York	7.1%	Businesses pay greatest of regular income tax, 1.5% AMT, 0.178% of capital base, or a fixed dollar minimum tax between \$100 and \$1500. There is an additional 0.09% tax on subsidiary capital. Some banking corporations are subject to a tax of 7.5% of entire net income, or an alternative tax on net income or assets. A surcharge of 17% of the computed tax is imposed on business activity within the Metropolitan Commuter Transportation District.

## State Corporate Income Tax Rates

As of July 1, 2009

State	Tax Rates and Brackets	Special Rates or Notes
North Carolina	6.9%	The franchise tax rate is \$1.50 per \$1,000 and is applied to the greatest of three different tax bases, with a minimum of \$35.
North Dakota	2.6% > \$0 4.1 > 3K 5.6 > 8K 6.4 > 20K 6.5 > 30K	7% for financial institutions, with a minimum of \$50. Corporations making a water's-edge election must pay an additional 3.5% tax.
Ohio	0.26% > \$0	A tax on gross receipts, the commercial activity tax (CAT), was instituted in 2005. It will be phased in through 2010 while the corporate franchise tax (Ohio's corporate net income tax) is phased out. From April 2008 through March 2009, the CAT rate is 0.208%. Beginning April 1, 2009 the CAT rate is fully phased in and equals 0.26%. For tax year 2009 companies owe 20% of Corporate Franchise Tax liability. For Tax Year 2010 and thereafter the Corporate Franchise Tax is fully phased out.
Oklahoma	6.0%	Additional franchise tax of \$1.25 for each \$1,000 of capital invested or used in Oklahoma.
Oregon	6.6% 7.9% > \$250K	Minimum tax \$10. Financial institutions are subject to the income tax. The top income tax rate (7.9% on income over \$250,000) applies to tax years beginning on or after January 1, 2009, and before January 1, 2011.
Pennsylvania	9.99%	Imposes a capital stock and foreign franchise tax of 0.189% on taxable income over \$125K. Bank and Trust Company Shares Tax is 1.25%.
Rhode Island	9.0%	Greater of 9% of net income apportioned to Rhode Island or a franchise tax on authorized capital stock at the rate of \$2.50 for each \$10,000.00 or fractional part thereof (minimum of \$500).
South Carolina	5.0%	4.5% for banks; 6% for savings and loans.
South Dakota	None	Banks pay 6% on net income. Minimum tax is \$200 per location.
Tennessee	6.5%	Franchise tax of 0.25% of the greater of net worth or real and tangible property (minimum \$100)

## State Corporate Income Tax Rates

As of July 1, 2009

State	Tax Rates and Brackets	Special Rates or Notes
Texas	None	Texas has a 1% franchise tax which is a gross receipts tax paid by most taxable entities. Qualified entities with \$10 million or less in total revenue pay 0.575%. Qualifying retailers and wholesalers pay 0.5%. Taxable entities with total revenue of \$300,000 or less will owe no tax. Taxable entities with tax due of less than \$1,000 will owe no tax.
Utah	5.0%	Minimum tax \$100.
Vermont	6.0% > \$0 7.0 > 10k 8.5 > 25k	Minimum tax \$250.
Virginia	6.0%	Bank franchise tax is 1.0% of net capital.
Washington	None	Washington has no income tax but has a gross receipts tax called the Business & Occupation (B&O) Tax which is levied at various rates. The major rates are 0.471% for retail sales, 0.484% for wholesale and manufacturing, and 1.5% for service and other activities.
West Virginia	8.5%	Business franchise tax of 0.55% of taxable capital (minimum of \$50).
Wisconsin	7.9%	
Wyoming	None	
District of Columbia	9.975%	Minimum tax is \$100. DC's Ballpark Fee is levied on gross receipts over \$5 million at varying rates.

Sources: Tax Foundation and each state's tax forms and instructions.

### Tax Foundation

Ph: (202) 464-6200

[www.taxfoundation.org](http://www.taxfoundation.org)



## List of Adjustments to Tax Foundation Rates

State corporate income tax rates used for the Class I Railroads differ from the Tax Foundation for the following states. Appendix D contains information provided by the states.

	<b>State Tax Rate</b>		<b>Comment</b>
	<b>Tax Foundation</b>	<b>Railroad</b>	
Connecticut	7.500%	none	Note 1 - Franchise Fee
Massachusetts	9.500%	6.5000%	Note 2 - Different Tax Rate for Railroads
Michigan	4.950%	6.0385%	Note 3 - Surcharge
New Jersey	9.000%	none	Note 1 - Franchise Fee
New York	7.100%	none	Note 1 - Franchise Fee
North Dakota	6.500%	6.4000%	Note 4 - Foundation's Rate Out of Date
North Dakota	6.500%	9.9000%	Note 5 - Water's Edge Surcharge for 1 RR
Ohio	0.260%	none	Note 6 - Income Tax Phase-out
Texas	none	Varies	Note 7 - Texas

### Note 1 - Franchise Fees

Some state taxes, for example franchise taxes, are not reported as income taxes by the railroads per requirements of Generally Accepted Accounting Practices (GAAP). Instead, those taxes are treated as franchise fees or similar items, and are reported as operating expenses in Schedule 410, Line 615, of Annual Report Form R-1. In those cases, state income tax rates reported by the Tax Foundation have been changed to zero. The states where this occurs are Connecticut, New Jersey, and New York. The same three states were changed to zero for 2008.

### Note 2 - Different Tax Rate for Railroads

In Massachusetts, railroads pay a "Utility Franchise Tax" instead of the normal tax. This amount is reported as an income tax in Annual Report Form R-1. This change was also made for 2008.

### Note 3 - Surcharges

Some states may temporarily apply a surcharge or surtax to the normal tax rate. Examples include Kansas and Michigan.

### Note 4 - Foundation's Rate Out of Date

Rate listed by Tax Foundation is out of date. See Appendix D for more information.

### Note 5 - Water's Edge Surcharge

For North Dakota, some companies may be required to file their tax return using a worldwide unitary combined report method. Those companies may elect to use the "Water's Edge" method. If this is the case, a 3.5 percent surtax is applied. Soo Line Railroad uses this method, and its North Dakota tax rate has been adjusted to 9.9 percent (6.4 state tax rate + 3.5 surtax).

### Note 6 - Income Tax Phase-out

For Ohio, the corporate income tax was phased out and replaced with a franchise fee tax.

### Note 7 - Texas (see also Appendix F)

For Texas, railroads were taxed using a 1 percent tax rate on 70 percent of gross receipts, and the taxes are reported as income taxes. A carrier-specific tax rate for each Class I railroad has been calculated in Appendix F using the same procedure used for 2008. A key assumption in the calculation is that the ratio of Operating Revenue to Net Income Before Taxes is the same in all states where a carrier operates, which eliminates the need to make any revenue or cost allocations because the resulting tax rate (using the constant ratio) is the same using all revenue or a portion.

## List of Tax Rates that Differ From 2008

Listed herein are tax rates, as found on page 3 of this year's report, that differ from the prior year (2008). Refer to Appendix D for tax information from the appropriate state.

	<b>State Tax Rate</b>		<b>Comment</b>
	<b>2009</b>	<b>2008</b>	
Kansas	7.050%	7.100%	Surtax rate decreased.
North Dakota	6.400%	6.500%	Tax rate decreased
Ohio	None	1.700%	Phase-out complete
Oregon	7.900%	6.600%	New tax rate from Measure 67 (HB 3405)
West Virginia	8.500%	8.750%	Tax rate decreased
Texas	See comment		Varies each year by railroad

\*\*\* Kansas \*\*\*

150109

20. Kansas taxable income (Subtract line 18 from line 17 or enter line 19, as applicable) . . . . .		
21. Normal tax (4% of line 20) . . . . .		
22. Surtax (3.05% of line 20 in excess of \$50,000) . . . . .		
23. Total tax (Add lines 21 and 22. If filing combined, use line 22 of K-121.) . . . . .		
24. Total nonrefundable credits (Part I, line 27; cannot exceed amount on line 23). . . . .		
25. Balance (Subtract line 24 from line 23; cannot be less than zero). . . . .		
26. Estimated tax paid and amount credited forward (Part II, line 4). . . . .		
27. Other tax payments (Enclose separate schedule and any applicable K-19 forms). . . . .		
28. Amount paid with Kansas extension . . . . .		
29. Business machinery & equipment property tax credit; see instructions . . . . .		
30. Total of all other refundable credits (Part I, line 38. Do not include the business machinery & equipment property tax credit amount). . . . .		
31. Payment remitted with original return; see instructions . . . . .		
32. Overpayment from original return (This figure is a subtraction; see instructions). . . . .		
33. Total prepaid credits (Add lines 26 through 31 and subtract line 32) . . . . .		
34. BALANCE DUE. (If line 25 exceeds line 33). . . . .		
35. Interest . . . . .		
36. Penalty . . . . .		
37. Estimated tax penalty (If annualized, compute penalty this box) . . . . .		
38. Total tax, interest, penalty due (Lines 34 through 37). Complete Form 11-Q97 and enclose it with your payment. . . . .		
39. OVERPAYMENT (If plus line 37 is less than line 33) . . . . .		
40. REFUND. Enter the amount of line 39 you wish to be refunded. . . . .		
41. CREDIT FORWARD. Enter the amount of line 39 (original return only) you wish to be applied to 2010 estimated tax. (Line 41 cannot exceed the total of lines 26, 27, and 28) . . . . .		

THIS IS YOUR ORIGINAL KANSAS RETURN SIGNATURES 21 AND 22 AND CARRYOVER TO LINE 23

THIS IS YOUR ANNUALIZED KANSAS TAX COMPUTED LINE 37 AND 32 VALUES MUST BE LESS THAN 33

I authorize the Director of Taxation or the Director's designee to discuss my K-120 and enclosures with my preparer.

Signature of Taxpayer \_\_\_\_\_ Date \_\_\_\_\_  
 Signature of Preparer \_\_\_\_\_ Address and Phone Number \_\_\_\_\_

Tax preparer's EIN (Employer Identification Number) or SSN (Social Security Number)

NOTE: You are not required to send a copy of your entire federal return. See instructions for the list of federal forms required to accompany the state return.

Mail to: Kansas Governor, Tax, Revenue Department, 315 SW Harrison Street, Topeka, KS 66604-1000

## What's New...

The following changes are effective for this tax year:

### **CORPORATE SURTAX RATE DECREASED.**

For tax year 2009, the surtax rate is 3.05% (decreased from 3.1%) on income in excess of \$50,000. The rate decreases to 3% in all tax years after 2010.

**STATUTE OF LIMITATIONS.** Effective May 28, 2009, a return may be filed to claim a refund or amend a return to claim a refund three (3) years from the date the original return was due, including extensions allowed. The Statute of Limitations is tolled if a taxpayer fails to file an amended return within 180 days of issuance of IRS adjustment.

**TAX CREDITS REDUCED.** New legislation reduces most tax credits claimed in 2009 and 2010 to the lesser of 90% of the credit or 90% of the Kansas tax liability. The carry forward for most credits is also reduced by 10%. (Earned Income Credit, Child and Dependent Care Credit, credit for taxes paid to other states, and Historic Preservation Credit are not included in this reduction.) See specific credit schedules for detailed instructions.

**HISTORICAL PRESERVATION CREDIT.** For tax years 2009 and 2010, the total amount of credits allowed is \$3,750,000.

**FILM PRODUCTION CREDIT.** The Kansas Film Production tax credit is not available for tax years 2009 and 2010.

**INTEREST RATE CHANGE.** For calendar year 2009, interest will be assessed at 5% per annum (.417% per month or fraction thereof). Penalty for late payment of income tax remains at 1% per month or fraction thereof, capped at 24%.

## WHAT'S IN THIS TAX BOOKLET?

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## TIPS TO IMPROVE THE PROCESSING OF YOUR PAPER RETURN

Your Kansas return is *imaged* on our computers, enabling us to process your return faster and with fewer errors. For our system to work properly, follow these tips:

- **Do not staple or attach** the return, payment, or voucher together. Enclose them loosely in the envelope.
- Use only black or dark blue ink and write legibly. Send the original copy – **not a photocopy** – to KDOR (Kansas Department of Revenue).
- If you are sending a payment with your return, complete and enclose the voucher, Form K-120V.
- Your employer ID number (EIN) is part of your Kansas tax account number. To ensure proper credit to your account, include your EIN on your return.
- If you use a software package to produce your return, be sure it is approved by KDOR. Visit [www.ksrevenue.org](http://www.ksrevenue.org) for a list of approved software vendors.
- If you are **reproducing your own forms**, contact KDOR for information on the approval process.
- Only certain pages of your federal return are required to be enclosed with your Kansas return. See *Copy of Federal Return*, page 5.

## Form P.S.1 Instructions

### Major 2009 Tax Law Changes

There are several significant changes that apply to corporate taxpayers for tax year 2009.

Massachusetts has adopted combined reporting for corporations. In general, a corporation is required to file a combined report when it is subject to tax under the corporate excise statute (M.G.L. Ch. 63) and is engaged in a unitary business with one or more other corporations that are required to be included in a combined report under the combined reporting statute (M.G.L. Ch. 63, sec. 32B). This requirement includes Public Service Corporations taxable under M.G.L. Ch. 63, sec. 52A.

Corporations that fall into this category should consult 830 CMR 63.32B.2: Combined Reporting. Affected corporations must file Form 355U and its associated schedules. Entities that formerly filed combined returns of income under 830 CMR 63.32B.1 may no longer do so for taxable years beginning on or after January 1, 2009. Taxpayers should also consult TIR 09-5 with respect to the payments of estimated tax by corporations participating in combined reporting.

Massachusetts has also changed the way unincorporated businesses are classified and treated for purposes of the Massachusetts corporate excise and personal income taxes, resulting in general conformity with federal entity classification and filing rules, effective with the first taxable year beginning on or after January 1, 2009. While these rules do not affect entities that have always filed as corporations, they do require that unincorporated entities that file federally as corporations also generally must file in Massachusetts as corporations. For more information, see 830 CMR 63.30.3: Entity Classification under St. 2008, c. 173.

Corporate combined groups, composite filers, and certain pass-through entities must file their returns electronically. For further information, see TIR 09-18.

### Who Must File a Public Service Corporation Franchise Tax Return?

All utility corporations subject to Massachusetts General Laws (MGL) Ch. 63, sec. 52A (not including wireless companies), and which do any or all of their business in Massachusetts and which are not part of combined group required to file Form 355U must complete and file Massachusetts Form P.S.1. Utility corporations are as follows:

- Every incorporated electric company and gas company subject to MGL Ch. 164;
- Every incorporated water company and aqueduct company subject to MGL Ch. 165;
- Every incorporated telephone and telegraph company subject to MGL Ch. 166;
- Every incorporated railroad and railway company subject to MGL Ch. 160 and every corporation qualified under said MGL Ch. 160, sec. 131A to acquire, own and operate terminal facilities from steam, electric or other types of railroad;
- Every incorporated street railway subject to MGL Ch. 161;
- Every incorporated electric railroad subject to MGL Ch. 162;
- Every incorporated trackless trolley company subject to MGL Ch. 163;
- Every domestic or foreign pipeline corporation engaged in the transportation or sale of natural gas within the Commonwealth; or
- Every foreign corporation which is not subject to the above chapters, but which does an electric, gas, water, aqueduct, telephone, telegraph, railroad, railway, electric railroad, trackless trolley or bus business within the Commonwealth and has, prior to January 1, 1952, been subject to taxation under MGL Ch. 63, secs. 53–60.

### When Must Form P.S.1 Be Filed?

Form P.S.1 must be filed on or before the 15th day of the 3rd month after the close of the utility corporation's taxable year. A late return incurs a penalty of 1% per month (or fraction thereof), up to a maximum of 25% of the tax due. The penalty for late payment of the tax is 1% per month (or fraction thereof) of the balance due, up to a maximum of 25%.

### Can a Corporation Get an Extension of Time to File?

Yes. Utility corporations may request a six-month extension of time to file Form P.S.1 by submitting Massachusetts Form 355-7004 Misc. on or before the original due date of the return. At or before the time of filing Form 355-7004 Misc., the utility corporation must pay in full the estimated tax due. Failure to pay at least 50% of the total tax due as shown on your return will result in the voiding of the extension and the imposition of a late filing penalty.

### What Is a Valid Return?

A valid return is a return upon which all required amounts have been entered in all appropriate lines on all forms. Data sheets, account forms or other schedules may be enclosed to explain amounts entered on the forms. However, referencing items to enclosures in lieu of properly entering all amounts onto the return is not sufficient.

A properly filed return must also include exact and complete copies of all four pages of the corporation's U.S. Form 1120. Copies of all accompanying schedules and supplemental statements must be enclosed.

Reproduction of returns must be approved by the DOR prior to filing and meet the criteria provided in Technical Information Release 95-8. Please address form approvals to The Banking and Insurance Unit, PO Box 7052, Boston, MA 02204.

Failure to meet any of the requirements detailed in this section may result in a penalty for filing an insufficient return. Such penalties may be assessed at double the amount of the tax due.

### When Must a Corporation Pay Estimated Taxes?

Any utility corporation which reasonably estimates its franchise tax to be more than \$1,000 must pay estimated taxes. Payments must be made in quarterly installments of 40%, 25%, 25% and 10% of the estimated annual tax liability.

**Note:** New corporations in their first full taxable year with less than 10 employees have different estimated payment percentages — 30%, 25%, 25% and 20% respectively.

Public Utility companies that underpay, or fail to pay, their estimated taxes may incur an additional penalty on the amount of the underpayment for the period of the underpayment. Form M-2220, Underpayment of Massachusetts Estimated Tax by Corporations, is used to compute the additional charge.

Any corporation having \$1 million or more of federal taxable income in any of its three preceding taxable years (as defined in section 6655 (g) of the IRC) may only use its prior year's tax liability to calculate its first quarterly estimated tax payment. Any reduction in the first installment payment that results from using this method must be added to the second installment payment.

### How Is the Corporation Franchise Tax Determined?

The tax for utility corporations is 6½% of net income. For tax purposes, net income is gross income from all sources, without exclusion, other than dividends from investment in 80% or more of the voting stock of another utility corporation, less deductions allowed by the Internal Revenue Code in effect for the taxable year. Deductions are not allowed for dividends received, losses sustained in other taxable years, and income, franchise and capital stock taxes. Any credits allowed under the Internal Revenue Code for the taxable year are not allowed in Massachusetts.



Form P.S.1
Public Service Corporation
Franchise Tax Return

2009
Massachusetts
Department of
Revenue

For calendar year 2009 or taxable year beginning 2009 and ending
Name of corporation Federal Identification number
Principal business address City/Town State Zip Date of organization
Name of Treasurer/Assistant Treasurer/Responsible Corporate Officer State of incorporation
Type of business for which credit is being claimed (check only one):
Gas and electric Telephone Railroad Water Power Aqueduct Gas transmission Telecommunications Street railway

Has the federal government changed your taxable income for any prior year which has not yet been reported to Massachusetts? Yes No
If requesting alternative apportionment under MGL Ch. 63, sec. 42, check here and enclose Form AA-1 (see instructions).

Excise Tax Calculation

Table with 3 columns: Line number, Description, and Amount. Lines 1-33 include items like Net income, deductions, and credits.

Under penalties of perjury, I declare that to the best of my knowledge and belief, this return and enclosures are true, correct and complete.

Signature of appropriate corporate officer Social Security number Telephone number Date
Signature of paid preparer Employer identification number Address Date

The Privacy Act Notice is available upon request. If you are signing as an authorized delegate of the appropriate corporate officer, check here and enclose Massachusetts Form M-2848, Power of Attorney. Mail to: Massachusetts Department of Revenue, PO Box 7052, Boston, MA 02204. Make check or money order payable to the Commonwealth of Massachusetts.

## 2009 General Information for Standard Taxpayers

**Insurance Companies and Financial Institutions:** See the Michigan Business Tax (MBT) Instruction Booklet for Insurance Companies (Form 4592) or the MBT Instruction Booklet for Financial Institutions (Form 4599) at [www.michigan.gov/taxes](http://www.michigan.gov/taxes).

This booklet is intended as a guide to help complete the MBT return. It does not take the place of the law.

### Who Files a Standard Return?

All taxpayers (described here as standard taxpayers) other than financial institutions and insurance companies with apportioned or allocated gross receipts equal to \$350,000 or more must file an *MBT Annual Return* (Form 4567) or an *MBT Simplified Return* (Form 4583). The law does not require the filing of the MBT return by a taxpayer whose gross receipts are less than \$350,000. There is not a separate form for reporting that a taxpayer has no filing requirement. However, taxpayers without a filing requirement may choose to file a return to preserve a carry over of a credit or to claim a refundable tax credit.

**EXCEPTION:** Standard taxpayers that are owned by and unitary with financial institutions should file the *MBT Annual Return for Financial Institutions* (Form 4590).

Insurance companies and financial institutions will calculate tax liability using specialized tax bases and rules, which are covered in separate booklets (see the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588) and Form 4590, respectively).

### Using This Booklet

This MBT booklet includes forms and instructions for all "standard taxpayers" (all filers except insurance companies and financial institutions). These forms are designed for calendar year 2009 and for fiscal years ending in 2010.

Read the General Information first. Because MBT is a newer tax, the Michigan Department of Treasury (Department) recommends taxpayers and tax preparers also briefly review the instructions for all forms. A taxpayer might qualify for a credit and yet be unaware of it.

### Overview of MBT for Standard Taxpayers

MBT imposes both a Modified Gross Receipts Tax and a Business Income Tax on all standard taxpayers with apportioned or allocated gross receipts equal to \$350,000 or more, where:

- The Modified Gross Receipts Tax rate is 0.8 percent, and
- The Business Income Tax rate is 4.95 percent.

An annual surcharge of 21.99 percent is applied to the sum of both tax liabilities, where the surcharge amount levied against the taxpayer is capped at \$6,000,000 in any single tax year.

The statute then offers more than 40 credits that reduce the initial calculation of tax and surcharge. This includes a limited allowance of Single Business Tax (SBT) credit carryforwards.

The Modified Gross Receipts Tax base consists of gross receipts less purchases from other firms and other subtractions. *Gross receipts* are defined as the entire amount received by a taxpayer from any activity carried on for direct or indirect gain, benefit, or advantage to the taxpayer or to others, with certain specific

exceptions. (See page 23 for additional direction.)

For most taxpayers, the Business Income Tax base is essentially that part of federal taxable income (as defined for MBT purposes) derived from business activity, with certain additions and subtractions.

For more comprehensive information regarding MBT, visit the MBT Web site at [www.michigan.gov/mbt](http://www.michigan.gov/mbt). The Web site contains information taxpayers may find helpful in determining their estimated tax liabilities. Note that reliance on information found on the Web site does not protect a taxpayer from imposition of legally applicable interest and penalties.

### Filing MBT Quarterly Tax Estimates for 2010

If estimated combined MBT liability for the year (including surcharge) is reasonably expected to exceed \$800, a standard taxpayer must file estimated returns either monthly or quarterly. Payments can be made with either of the following returns:

- *Michigan Business Tax Quarterly Return* (Form 4548), or
- *Combined Return for Michigan Taxes* (Form 160) (if registered for Sales, Use, and Withholding Taxes).

If paying quarterly, estimates are due on the 15th of the month following the end of the quarter. If paying monthly using Form 160, monthly payments may be filed on the 20th day of the month. For example, a taxpayer may file monthly MBT estimated tax payments using Form 160 on February 20, March 20, and April 20 rather than a single quarterly payment on April 15 provided the combined estimated tax payments for those months are calculated using the instructions provided with the form. For taxpayers electing to make monthly remittances by Electronic Funds Transfer (EFT) where the requirement to file a paper Form 160 has been waived, MBT estimates can be made by the 20th day of the month following the month's end. The estimated MBT for the quarter must also reasonably approximate the liability for the quarter.

**NOTE:** Your debit transaction will be ineligible for EFT if the bank account used for the electronic debit is funded or otherwise associated with a foreign bank account to the extent that the payment transaction would qualify as an International ACH Transaction (IAT) under NACHA Rules. Contact your bank for questions about the status of your bank account. Contact the Department's EFT Unit at (517) 636-4730 for alternate payment methods.

The estimated payment made with each quarterly return must be computed on the actual Business Income Tax base and Modified Gross Receipts Tax base for the quarter, or 25 percent of the estimated annual total liability, plus the annual surcharge imposed. To avoid interest and penalty charges, estimated payments must equal at least 85 percent of the total liability for the tax year and the amount of each estimated payment must reasonably approximate the tax liability for that quarter. If the prior year's tax is \$20,000 or less, estimated tax may be based on the prior year's total tax liability paid in four equal installments. If the prior year's tax liability was reported for a



STATE OF NORTH DAKOTA  
OFFICE OF STATE TAX COMMISSIONER

Cory Fong, Commissioner

**North Dakota Corporation Income Tax Brackets and Rates**

**For taxable years beginning on or after January 1, 2009**

North Dakota taxable income:	<u>over</u>	<u>but not over</u>	
	\$0	\$25,000	2.10% of North Dakota taxable income
	\$25,000	\$50,000	\$525 + 5.25% of the amount over \$25,000
	\$50,000		\$1,837.50 + 6.40% of the amount over \$50,000

*If a corporation elects to use the water's edge method to apportion its income, the corporation will be subject to an additional 3.5% surtax on its North Dakota taxable income.*

**For taxable years beginning on or after January 1, 2007 and prior to January 1, 2009**

North Dakota taxable income:	<u>over</u>	<u>but not over</u>	
	\$0	\$3,000	2.60% of North Dakota taxable income
	\$3,000	\$8,000	\$78 + 4.10% of the amount over \$3,000
	\$8,000	\$20,000	\$283 + 5.60% of the amount over \$8,000
	\$20,000	\$30,000	\$955 + 6.40% of the amount over \$20,000
	\$30,000		\$1,595 + 6.50% of the amount over \$30,000

*If a corporation elects to use the water's edge method to apportion its income, the corporation will be subject to an additional 3.5% surtax on its North Dakota taxable income.*

**For taxable years beginning on or after January 1, 2004 and prior to January 1, 2007**

North Dakota taxable income	<u>over</u>	<u>but not over</u>	
	\$0	\$3,000	2.60% of North Dakota taxable income
	\$3,000	\$8,000	\$78 + 4.10% of the amount over \$3,000
	\$8,000	\$20,000	\$283 + 5.60% of the amount over \$8,000
	\$20,000	\$30,000	\$955 + 6.40% of the amount over \$20,000
	\$30,000		\$1,595 + 7.00% of the amount over \$30,000

*If a corporation elects to use the water's edge method to apportion its income, the corporation will be subject to an additional 3.5% surtax on its North Dakota taxable income.*

**For taxable years beginning on or after January 1, 1983 and prior to January 1, 2004**

North Dakota taxable income	<u>over</u>	<u>but not over</u>	
	\$0	\$3,000	3.00% of North Dakota taxable income
	\$3,000	\$8,000	\$90 + 4.50% of the amount over \$3,000
	\$8,000	\$20,000	\$315 + 6.00% of the amount over \$8,000
	\$20,000	\$30,000	\$1,035 + 7.50% of the amount over \$20,000
	\$30,000	\$50,000	\$1,785 + 9.00% of the amount over \$30,000
	\$50,000		\$3,585 + 10.50% of the amount over \$50,000

**For taxable years beginning on or after January 1, 1981 and prior to January 1, 1983**

North Dakota taxable income:	<u>over</u>	<u>but not over</u>	
	\$0	\$3,000	2.00% of North Dakota taxable income
	\$3,000	\$8,000	\$60 + 3.00% of the amount over \$3,000
	\$8,000	\$20,000	\$210 + 4.00% of the amount over \$8,000
	\$20,000	\$30,000	\$690 + 5.00% of the amount over 20,000
	\$30,000	\$50,000	\$1,190 + 6.00% of the amount over \$30,000
	\$50,000		\$2,390 + 7.00% of the amount over \$50,000

**For taxable years beginning on or after January 1, 1978 and prior to January 1, 1981**

North Dakota taxable income:	<u>over</u>	<u>but not over</u>	
	\$0	\$3,000	3.00% of North Dakota taxable income
	\$3,000	\$8,000	\$90 + 4.00% of the amount over \$3,000
	\$8,000	\$15,000	\$290 + 5.00% of the amount over \$8,000
	\$15,000	\$25,000	\$640 + 6.00% of the amount over \$15,000
	\$25,000		\$1,240 + 8.50% of the amount over \$25,000

**For taxable years beginning on or after January 1, 1937 and prior to January 1, 1978**

North Dakota taxable income:	<u>over</u>	<u>but not over</u>	
	\$0	\$3,000	3.00% of North Dakota taxable income
	\$3,000	\$8,000	\$90 + 4.00% of the amount over \$3,000
	\$8,000	\$15,000	\$290 + 5.00% of the amount over \$8,000
	\$15,000		\$640 + 6.00% of the amount over \$15,000

**For taxable years beginning on or after January 1, 1923 and prior to January 1, 1937**

The state's corporation income tax rate was 3.0% on North Dakota taxable income.



## CFT 2009-01 - No 2010 Franchise Tax Filing or Payment Obligation for Corporations Subject to the Phase-Out – Issued September 2009

This information release is intended as a reminder: The franchise tax phase-out was complete with the filing of the 2009 franchise tax report (based on the taxable year ending in 2008). **Most corporations are not subject to the franchise tax for tax years (report years) 2010 and thereafter. Corporations that are not subject to the 2010 franchise tax (based on the taxable year ending in 2009) are not subject to the minimum fee and have no report year 2010 franchise tax payment or filing obligation.**

For those corporations still subject to the franchise tax, prior filing and payment requirements apply. Financial institutions must file form FT 1120FI; all other corporations still subject to the franchise tax must file form FT 1120.

## What's new?

Below is a list of corporate tax House Bills (HB) and Senate Bills (SB) that the 2009 Oregon Legislature passed.

### Measure 67 (HB 3405)—Marginal corporate tax rate and minimum tax increase

Ballot measure 67 has passed and taxes will increase retroactively for tax years beginning on or after January 1, 2009. The 2009 Oregon Legislature passed HB 3405 effective for tax years beginning on or after January 1, 2009. It increases the corporate tax rate from 6.6 percent to a new marginal tax rate. It also increases the corporate minimum tax from \$10 to \$150–\$100,000, depending on the taxpayer's amount of Oregon sales.

The corporate minimum tax and tax rate will change as follows:

- S corporations and partnerships doing business in Oregon will pay a \$150 minimum tax.
- S corporations doing business in Oregon and subject to federal income tax will pay tax based on the greater of (a) or (b) in the table below.
- C corporations doing business in Oregon must pay the greater of (b) or (c) in the table below.

**Note:** Corporations and partnerships that are not doing business in Oregon are **not subject to the minimum tax**. Also, **exempt organizations** under Internal Revenue Code (IRC) Sections 501(c) through (f), 501(j), 501(n), 521, or 529, that do not have taxable unrelated business income are **exempt from Oregon corporation taxes including the minimum tax** imposed under ORS 317.090.

The minimum tax is based on taxable Oregon sales. For exempt organizations with taxable unrelated business income, only the taxable unrelated business income apportioned or allocated to Oregon is considered Oregon sales when determining the minimum tax. The tax exempt Oregon income is not included.

#### New tax rates

TABLE a

	<i>Minimum tax</i>
S Corporations, partnerships, LLCs, LLPs (regardless of sales level)	\$150

TABLE b

<i>Oregon taxable income</i>	<i>Tax rate</i>
\$250,000 or less	6.6%
\$250,001 or more	\$16,500 plus 7.9% of the amount over \$250,000

TABLE c (C corporations only)

<i>Oregon sales of filing group (see definitions below)</i>	<i>Minimum tax</i>
under \$500,000	\$150
\$500,000 to \$999,999	500
\$1,000,000 to \$1,999,999	1,000
\$2,000,000 to \$2,999,999	1,500
\$3,000,000 to \$4,999,999	2,000
\$5,000,000 to \$6,999,999	4,000
\$7,000,000 to \$9,999,999	7,500
\$10,000,000 to \$24,999,999	15,000
\$25,000,000 to \$49,999,999	30,000
\$50,000,000 to \$74,999,999	50,000
\$75,000,000 to \$99,999,999	75,000
\$100,000,000 and above	100,000

### The minimum tax for C corporations doing business in Oregon is based on Oregon sales.

- Consolidated returns: the minimum tax is based on Oregon sales of the affiliated group of corporations filing an Oregon return.
- Consolidated filers: one minimum tax applies to the affiliated group filing the consolidated return, **not** to each individual affiliate included in the consolidated return doing business in Oregon as it was under 2008 Oregon laws.
- The minimum tax is not apportionable for a short tax year (except a change of accounting period).
- The minimum tax is payable in full for any part of the year during which a taxpayer is subject to tax.
- Oregon follows the **federal entity classification regulations**. If an entity is classified or taxed as a corporation for federal income tax purposes, it will be treated as a corporation for Oregon tax purposes.

### Nonapportioned returns

C corporations doing business only within Oregon will calculate Oregon sales by adding:

- Gross receipts from sales of inventory (less returns and allowances), equipment, and other assets;
- Gross rent and lease payments received;
- Gross receipts from the performance of services;
- Gross receipts from the sale, exchange, redemption, or holding of intangible assets derived from the taxpayer's primary business activity and included in the taxpayer's business income; and
- Net gain from the sale, exchange, or redemption of intangible assets not derived from the taxpayer's primary business activity but included in the taxpayer's business income.

Generally, for purposes of determining minimum tax, the calculation for Oregon sales includes business income amounts from federal Form 1120, lines 1c, and 5 through 10. Include positive numbers only.

## EXEMPT ENTITIES

Some entities may be exempt from the franchise tax. The exemptions vary depending upon the type of organization. Exemptions are not automatically granted to an entity. For more information on franchise tax exemptions go to [www.window.state.tx.us/taxinfo/taxpubs/tx96\\_1045.html](http://www.window.state.tx.us/taxinfo/taxpubs/tx96_1045.html).

*Note: An entity that qualifies as a passive entity is not considered an exempt entity.*

## PASSIVE ENTITIES

Partnerships (general, limited, and limited liability) and trusts (other than business trusts) may qualify as a passive entity and not owe any franchise tax for a reporting period if at least 90 percent of the entity's federal gross income (as reported on the entity's federal income tax return), for the period upon which the tax is based, is from the following sources:

- dividends, interest, foreign currency exchange gain, periodic and nonperiodic payments with respect to notional principal contracts, option premiums, cash settlements or termination payments with respect to a financial instrument, and income from a limited liability company;
- distributive shares of partnership income to the extent that those distributive shares of income are greater than zero;
- net capital gains from the sale of real property, net gains from the sale of commodities traded on a commodities exchange, and net gains from the sale of securities; and
- royalties from mineral properties, bonuses from mineral properties, delay rental income from mineral properties and income from other nonoperating mineral interests including nonoperating working interests.

Passive income does not include rent or income received by a nonoperator from mineral properties under a joint operating agreement, if the nonoperator is a member of an affiliated group and another member of that group is the operator under the same joint operating agreement.

An entity that filed as passive on a prior report will not be required to file a subsequent franchise tax report, as long as the entity continues to qualify as passive.

A partnership or trust that qualifies as a passive entity for the period upon which the franchise tax report is based, and is not registered with the Comptroller's office or with the Texas Secretary of State's office, will not be required to register with or file a franchise tax report with the Comptroller's office.

Any passive entity, whether or not it is registered with the Comptroller's office or with the Secretary of State's office, that no longer qualifies as a passive entity must file a Nexus Questionnaire (Form AP-114) or a Business Questionnaire (Form AP-224) to register with the Comptroller's office and file a franchise tax report for the period in which the entity does not qualify as passive and any subsequent periods until the entity once again qualifies and files a No Tax Due Information Report as a passive entity.

## DISREGARDED ENTITIES

An entity's treatment for federal income tax purposes does not determine its responsibility for Texas franchise tax. Therefore, partnerships, LLCs and other entities that are disregarded for federal income tax purposes, are considered separate legal entities for franchise tax reporting purposes. The separate entity is responsible for filing its own franchise tax report unless it is a member of a combined group. If the entity is a member of a combined group, the reporting entity for the group may elect to treat the entity as disregarded and will not unwind its operations from its "parent" entity. In this instance, it will be presumed that both the "parent" entity and disregarded entity have nexus in Texas for apportionment purposes only. If the disregarded entity has physical presence in Texas, it will be required to file the appropriate information report (Form 05-102 or 05-167).

## MARGIN

Unless a taxable entity qualifies and chooses to file using the E-Z computation, the tax base is the taxable entity's margin and is computed in one of the following ways:

- Total Revenue times 70%
- Total Revenue minus Cost of Goods Sold (COGS)
- Total Revenue minus Compensation

A taxable entity must make an annual election to deduct COGS or compensation by the due date of the franchise tax report, the extended due date, or the date the report is filed, whichever is latest. The election to use COGS or compensation is made by filing the franchise tax report using one method or the other. This is an annual election and is effective for the entire period upon which the tax is based.

After the due date or the extended due date of the report, a taxable entity may not amend its report to change its election to COGS or compensation. However, a taxable entity may amend its report to change its method of computing margin from COGS or compensation to 70% of total revenue or, if eligible, the E-Z computation.

## TAX RATES

The franchise tax rates are:

- 1.0% (.01) for most entities
- 0.5% (.005) for qualifying wholesalers and retailers
- 0.575% (.00575) for those entities with \$10 million or less in annualized total revenue using the E-Z computation

Qualifying retailers and wholesalers are those entities that fall under Divisions F or G of the 1987 Standard Industrial Classification manual ([www.osha.gov/pls/imis/sicsearch.html](http://www.osha.gov/pls/imis/sicsearch.html)) who are primarily engaged in retail and/or wholesale trade.

An entity is primarily engaged in retail and/or wholesale trade if:

- 1) the total revenue from its activities in retail and wholesale trade is greater than the total revenue from its activities in trades other than the retail and wholesale trades;
- 2) except for eating and drinking places as described in Major Group 58 of Division G, less than 50 percent of the

\*\*\* West Virginia \*\*\*

WV/CNF-120  
REV 06-09

2009

COMPUTATION OF TAX DUE/OVERPAYMENT			
<b>BUSINESS FRANCHISE TAX</b>			
5. West Virginia taxable capital- Schedule A, Line 12 or Schedule UB 2, Line 21.....	5		.00
6. Tax Rate 0.48%.....	6	0.0048	
7. West Virginia franchise tax - Line 5 multiplied by Line 6 or \$50.00 whichever is greater.....	7		.00
8. Tax Credits from Form WV/CNF-120TC, Column 1, Line 25.....	8		.00
9. Adjusted franchise tax - Subtract Line 8 from Line 7.....		g	.00
<b>CORPORATE INCOME TAX</b>			
10. West Virginia net taxable income - Schedule B, Line 16 or Schedule UB 3, Line 15.....	10		.00
11. Tax Rate 8.5%.....	11	0.085	
12. West Virginia net income tax - Line 10 multiplied by Line 11.....	12		.00
13. Tax Credits from Form WV/CNF-120TC, Column 2, Line 25.....	13		.00
14. Adjusted net income tax - Subtract Line 13 from Line 12. Do not enter less than zero .....		14	.00
<b>COMBINED INCOME AND FRANCHISE TAX</b>			
15. COMBINED INCOME/FRANCHISE TAX - Add Line 9 and Line 14. Cannot subtract from Line 9....		15	.00
16. Prior year carryforward credit.....	16		.00
17. Tax payments.....	17		.00
18. Total payments - Add Lines 16 and 17 - must match total on Schedule C.....		18	.00
19. If Line 18 is larger than Line 15, enter total overpayment here and on Line 2.....		19	.00
20. Tax due - If Line 18 is smaller than Line 15, enter amount owed here .....		20	.00
21. Interest for late payment.....		21	.00
22. Additions to tax for late filing and/or late payment.....		22	.00
23. Penalty for underpayment of estimated tax.....		23	.00
Attach Form WV/CNF-120U - Check if requesting waiver/annualized worksheet used <input type="checkbox"/>			
24. Total due with this return - Add Lines 20 through 23. Enter here and on Line 1.....		24	.00



**Summary of Additional Data Used in Calculations  
from Annual Report Form R-1  
(\$000)**

**Total Railway Operating Revenues  
Schedule 210, Line 13, Column (b)**

<b>Year</b>	<b>RR</b>	<b>Sched</b>	<b>Line</b>	<b>Column (b)</b>
2009	BNSF	210	13	\$14,123,528
2009	CNGT	210	13	1,910,873
2009	CSX	210	13	8,170,380
2009	KCS	210	13	859,718
2009	NS	210	13	7,968,657
2009	SOO	210	13	698,965
2009	UP	210	13	14,116,528
	<b>Total</b>			<b>\$47,848,649</b>

**Income (Loss) from continuing operations (before income taxes)  
Schedule 210, Line 46, Col. (b)**

<b>Year</b>	<b>RR</b>	<b>Sched</b>	<b>Line</b>	<b>Column (b)</b>
2009	BNSF	210	46	\$3,003,751
2009	CNGT	210	46	234,271
2009	CSX	210	46	1,704,795
2009	KCS	210	46	99,684
2009	NS	210	46	1,803,930
2009	SOO	210	46	118,020
2009	UP	210	46	3,040,952
	<b>Total</b>			<b>\$10,005,403</b>

## BNSF Tax Rate Calculation for Texas for 2009

### **Corporate Activities Tax**

Operating Revenue	\$14,123,528	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$3,003,751	from R-1 Schedule 210 Line 46
Taxable Receipts	9,886,470	70% of Operating Revenue
Tax Rate	1.000%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	98,865	Tax Rate x Taxable Receipts
Effective Tax Rate	3.291%	State Taxes divided by Taxable Earnings

#### Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.  
All dollar amounts are in thousands.

## CNGT Tax Rate Calculation for Texas for 2009

### **Corporate Activities Tax**

Operating Revenue	\$1,910,873	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$234,271	from R-1 Schedule 210 Line 46
Taxable Receipts	1,337,611	70% of Operating Revenue
Tax Rate	1.000%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	13,376	Tax Rate x Taxable Receipts
Effective Tax Rate	5.710%	State Taxes divided by Taxable Earnings

#### Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.  
All dollar amounts are in thousands.

## CSX Tax Rate Calculation for Texas for 2009

### **Corporate Activities Tax**

Operating Revenue	\$8,170,380	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$1,704,795	from R-1 Schedule 210 Line 46
Taxable Receipts	5,719,266	70% of Operating Revenue
Tax Rate	1.000%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	57,193	Tax Rate x Taxable Receipts
Effective Tax Rate	3.355%	State Taxes divided by Taxable Earnings

#### Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.  
All dollar amounts are in thousands.

## KCS Tax Rate Calculation for Texas for 2009

### **Corporate Activities Tax**

Operating Revenue	\$859,718	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$99,684	from R-1 Schedule 210 Line 46
Taxable Receipts	601,803	70% of Operating Revenue
Tax Rate	1.000%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	6,018	Tax Rate x Taxable Receipts
Effective Tax Rate	6.037%	State Taxes divided by Taxable Earnings

#### Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state. All dollar amounts are in thousands.

## NS Tax Rate Calculation for Texas for 2009

### **Corporate Activities Tax**

Operating Revenue	\$7,968,657	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$1,803,930	from R-1 Schedule 210 Line 46
Taxable Receipts	5,578,060	70% of Operating Revenue
Tax Rate	1.000%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	55,781	Tax Rate x Taxable Receipts
Effective Tax Rate	3.092%	State Taxes divided by Taxable Earnings

#### Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state. All dollar amounts are in thousands.

## SOO Tax Rate Calculation for Texas for 2009

### **Corporate Activities Tax**

Operating Revenue	\$698,965	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$118,020	from R-1 Schedule 210 Line 46
Taxable Receipts	489,276	70% of Operating Revenue
Tax Rate	1.000%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	4,893	Tax Rate x Taxable Receipts
Effective Tax Rate	4.146%	State Taxes divided by Taxable Earnings

#### Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state. All dollar amounts are in thousands.

## UP Tax Rate Calculation for Texas for 2009

### **Corporate Activities Tax**

Operating Revenue	\$14,116,528	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$3,040,952	from R-1 Schedule 210 Line 46
Taxable Receipts	9,881,570	70% of Operating Revenue
Tax Rate	1.000%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	98,816	Tax Rate x Taxable Receipts
Effective Tax Rate	3.249%	State Taxes divided by Taxable Earnings

### Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.  
All dollar amounts are in thousands.

## BNSF Average State Tax Rate for 2009

State	Income			
	Miles BNSF	Tax Rate	Pct Miles	Pct Miles x Tax Rate
Alabama	255	6.500%	0.79615%	0.05175%
Arizona	595	6.968%	1.85769%	0.12944%
Arkansas	1,047	6.500%	3.26891%	0.21248%
California	2,125	8.840%	6.63461%	0.58650%
Colorado	1,398	4.630%	4.36479%	0.20209%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	0	8.700%	0.00000%	0.00000%
Dist. of Columbia	0	9.975%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	123	7.600%	0.38403%	0.02919%
Illinois	1,552	7.300%	4.84561%	0.35373%
Indiana	0	8.500%	0.00000%	0.00000%
Iowa	673	12.000%	2.10122%	0.25215%
Kansas	1,708	7.050%	5.33267%	0.37595%
Kentucky	99	6.000%	0.30909%	0.01855%
Louisiana	348	8.000%	1.08652%	0.08692%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	0	8.250%	0.00000%	0.00000%
Massachusetts	0	6.500%	0.00000%	0.00000%
Michigan	0	6.039%	0.00000%	0.00000%
Minnesota	1,686	9.800%	5.26398%	0.51587%
Mississippi	179	5.000%	0.55887%	0.02794%
Missouri	1,759	6.250%	5.49190%	0.34324%
Montana	1,927	6.750%	6.01642%	0.40611%
Nebraska	1,529	7.810%	4.77380%	0.37283%
Nevada	805	0.000%	2.51335%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	0	0.000%	0.00000%	0.00000%
New Mexico	1,357	7.600%	4.23679%	0.32200%
New York	0	0.000%	0.00000%	0.00000%
North Carolina	0	6.900%	0.00000%	0.00000%
North Dakota	1,732	6.400%	5.40760%	0.34609%
Ohio	0	0.000%	0.00000%	0.00000%
Oklahoma	1,412	6.000%	4.40850%	0.26451%
Oregon	386	7.900%	1.20516%	0.09521%
Pennsylvania	0	9.990%	0.00000%	0.00000%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	0	5.000%	0.00000%	0.00000%
South Dakota	925	0.000%	2.88801%	0.00000%
Tennessee	144	6.500%	0.44959%	0.02922%
Texas	4,951	3.291%	15.45787%	0.50878%
Utah	433	5.000%	1.35190%	0.06759%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	0	6.000%	0.00000%	0.00000%
Washington	1,638	0.000%	5.11412%	0.00000%
West Virginia	0	8.500%	0.00000%	0.00000%
Wisconsin	273	7.900%	0.85235%	0.06734%
Wyoming	970	0.000%	3.02851%	0.00000%
Total U.S.	32,029		100.00000%	<b>5.66547%</b>

There is no Class I railroad mileage in AK, HI, ME, NH, RI, VT, and any state marked with an "\*".

Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

Tax rates are from the web site of the Tax Foundation, Washington, DC unless updated by AAR (Appendix B).

Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

### CNGT Average State Tax Rate for 2009

State	Income			
	Miles CNGT	Tax Rate	Pct Miles	Pct Miles x Tax Rate
Alabama	41	6.500%	0.59455%	0.03865%
Arizona	0	6.968%	0.00000%	0.00000%
Arkansas	0	6.500%	0.00000%	0.00000%
California	0	8.840%	0.00000%	0.00000%
Colorado	0	4.630%	0.00000%	0.00000%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	0	8.700%	0.00000%	0.00000%
Dist. of Columbia	0	9.975%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	0	7.600%	0.00000%	0.00000%
Illinois	1,645	7.300%	23.85441%	1.74137%
Indiana	112	8.500%	1.62413%	0.13805%
Iowa	605	12.000%	8.77320%	1.05278%
Kansas	0	7.050%	0.00000%	0.00000%
Kentucky	107	6.000%	1.55162%	0.09310%
Louisiana	263	8.000%	3.81381%	0.30510%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	0	8.250%	0.00000%	0.00000%
Massachusetts	0	6.500%	0.00000%	0.00000%
Michigan	1,016	6.039%	14.73318%	0.88966%
Minnesota	435	9.800%	6.30800%	0.61818%
Mississippi	851	5.000%	12.34049%	0.61702%
Missouri	0	6.250%	0.00000%	0.00000%
Montana	0	6.750%	0.00000%	0.00000%
Nebraska	0	7.810%	0.00000%	0.00000%
Nevada	0	0.000%	0.00000%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	0	0.000%	0.00000%	0.00000%
New Mexico	0	7.600%	0.00000%	0.00000%
New York	0	0.000%	0.00000%	0.00000%
North Carolina	0	6.900%	0.00000%	0.00000%
North Dakota	0	6.400%	0.00000%	0.00000%
Ohio	7	0.000%	0.10151%	0.00000%
Oklahoma	0	6.000%	0.00000%	0.00000%
Oregon	0	7.900%	0.00000%	0.00000%
Pennsylvania	155	9.990%	2.24768%	0.22454%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	0	5.000%	0.00000%	0.00000%
South Dakota	0	0.000%	0.00000%	0.00000%
Tennessee	145	6.500%	2.10267%	0.13667%
Texas	0	5.710%	0.00000%	0.00000%
Utah	0	5.000%	0.00000%	0.00000%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	0	6.000%	0.00000%	0.00000%
Washington	0	0.000%	0.00000%	0.00000%
West Virginia	0	8.500%	0.00000%	0.00000%
Wisconsin	1,514	7.900%	21.95476%	1.73443%
Wyoming	0	0.000%	0.00000%	0.00000%
<b>Total U.S.</b>	<b>6,896</b>		<b>100.00000%</b>	<b>7.58957%</b>

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Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

## CSX Average State Tax Rate for 2009

State	Income			
	Miles CSX	Tax Rate	Pct Miles	Pct Miles x Tax Rate
Alabama	1,015	6.500%	4.81545%	0.31300%
Arizona	0	6.968%	0.00000%	0.00000%
Arkansas	0	6.500%	0.00000%	0.00000%
California	0	8.840%	0.00000%	0.00000%
Colorado	0	4.630%	0.00000%	0.00000%
Connecticut	68	0.000%	0.32261%	0.00000%
Delaware	44	8.700%	0.20875%	0.01816%
Dist. of Columbia	20	9.975%	0.09489%	0.00946%
Florida	1,652	5.500%	7.83756%	0.43107%
Georgia	1,615	6.000%	7.66202%	0.45972%
Idaho	0	7.600%	0.00000%	0.00000%
Illinois	916	7.300%	4.34576%	0.31724%
Indiana	1,724	8.500%	8.17914%	0.69523%
Iowa	0	12.000%	0.00000%	0.00000%
Kansas	0	7.050%	0.00000%	0.00000%
Kentucky	1,644	6.000%	7.79960%	0.46798%
Louisiana	43	8.000%	0.20400%	0.01632%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	560	8.250%	2.65680%	0.21919%
Massachusetts	430	6.500%	2.04004%	0.13260%
Michigan	569	6.039%	2.69950%	0.16301%
Minnesota	0	9.800%	0.00000%	0.00000%
Mississippi	94	5.000%	0.44596%	0.02230%
Missouri	13	6.250%	0.06168%	0.00385%
Montana	0	6.750%	0.00000%	0.00000%
Nebraska	0	7.810%	0.00000%	0.00000%
Nevada	0	0.000%	0.00000%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	647	0.000%	3.06955%	0.00000%
New Mexico	0	7.600%	0.00000%	0.00000%
New York	1,294	0.000%	6.13910%	0.00000%
North Carolina	1,125	6.900%	5.33732%	0.36827%
North Dakota	0	6.400%	0.00000%	0.00000%
Ohio	1,903	0.000%	9.02837%	0.00000%
Oklahoma	0	6.000%	0.00000%	0.00000%
Oregon	0	7.900%	0.00000%	0.00000%
Pennsylvania	1,062	9.990%	5.03843%	0.50334%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	1,285	5.000%	6.09640%	0.30482%
South Dakota	0	0.000%	0.00000%	0.00000%
Tennessee	1,006	6.500%	4.77275%	0.31023%
Texas	0	3.355%	0.00000%	0.00000%
Utah	0	5.000%	0.00000%	0.00000%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	1,054	6.000%	5.00047%	0.30003%
Washington	0	0.000%	0.00000%	0.00000%
West Virginia	1,295	8.500%	6.14385%	0.52223%
Wisconsin	0	7.900%	0.00000%	0.00000%
Wyoming	0	0.000%	0.00000%	0.00000%
Total U.S.	21,078		100.00000%	<b>5.57805%</b>

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Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

## KCS Average State Tax Rate for 2009

State	Income			
	Miles KCS	Tax Rate	Pct Miles	Pct Miles x Tax Rate
Alabama	0	6.500%	0.00000%	0.00000%
Arizona	0	6.968%	0.00000%	0.00000%
Arkansas	162	6.500%	5.26658%	0.34233%
California	0	8.840%	0.00000%	0.00000%
Colorado	0	4.630%	0.00000%	0.00000%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	0	8.700%	0.00000%	0.00000%
Dist. of Columbia	0	9.975%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	0	7.600%	0.00000%	0.00000%
Illinois	182	7.300%	5.91678%	0.43192%
Indiana	0	8.500%	0.00000%	0.00000%
Iowa	0	12.000%	0.00000%	0.00000%
Kansas	18	7.050%	0.58518%	0.04125%
Kentucky	0	6.000%	0.00000%	0.00000%
Louisiana	737	8.000%	23.95969%	1.91678%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	0	8.250%	0.00000%	0.00000%
Massachusetts	0	6.500%	0.00000%	0.00000%
Michigan	0	6.039%	0.00000%	0.00000%
Minnesota	0	9.800%	0.00000%	0.00000%
Mississippi	606	5.000%	19.70091%	0.98505%
Missouri	396	6.250%	12.87386%	0.80462%
Montana	0	6.750%	0.00000%	0.00000%
Nebraska	0	7.810%	0.00000%	0.00000%
Nevada	0	0.000%	0.00000%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	0	0.000%	0.00000%	0.00000%
New Mexico	0	7.600%	0.00000%	0.00000%
New York	0	0.000%	0.00000%	0.00000%
North Carolina	0	6.900%	0.00000%	0.00000%
North Dakota	0	6.400%	0.00000%	0.00000%
Ohio	0	0.000%	0.00000%	0.00000%
Oklahoma	151	6.000%	4.90897%	0.29454%
Oregon	0	7.900%	0.00000%	0.00000%
Pennsylvania	0	9.990%	0.00000%	0.00000%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	0	5.000%	0.00000%	0.00000%
South Dakota	0	0.000%	0.00000%	0.00000%
Tennessee	5	6.500%	0.16255%	0.01057%
Texas	819	6.037%	26.62549%	1.60741%
Utah	0	5.000%	0.00000%	0.00000%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	0	6.000%	0.00000%	0.00000%
Washington	0	0.000%	0.00000%	0.00000%
West Virginia	0	8.500%	0.00000%	0.00000%
Wisconsin	0	7.900%	0.00000%	0.00000%
Wyoming	0	0.000%	0.00000%	0.00000%
Total U.S.	3,076		100.00000%	<b>6.43446%</b>

There is no Class I railroad mileage in AK, HI, ME, NH, RI, VT, and any state marked with an "\*".

Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

Tax rates are from the web site of the Tax Foundation, Washington, DC unless updated by AAR (Appendix B).

Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

## NS Average State Tax Rate for 2009

State	Income			
	Miles NS	Tax Rate	Pct Miles	Pct Miles x Tax Rate
Alabama	1,372	6.500%	6.75130%	0.43883%
Arizona	0	6.968%	0.00000%	0.00000%
Arkansas	0	6.500%	0.00000%	0.00000%
California	0	8.840%	0.00000%	0.00000%
Colorado	0	4.630%	0.00000%	0.00000%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	203	8.700%	0.99892%	0.08691%
Dist. of Columbia	13	9.975%	0.06397%	0.00638%
Florida	149	5.500%	0.73320%	0.04033%
Georgia	1,778	6.000%	8.74914%	0.52495%
Idaho	0	7.600%	0.00000%	0.00000%
Illinois	1,260	7.300%	6.20018%	0.45261%
Indiana	1,514	8.500%	7.45005%	0.63325%
Iowa	44	12.000%	0.21651%	0.02598%
Kansas	2	7.050%	0.00984%	0.00069%
Kentucky	431	6.000%	2.12085%	0.12725%
Louisiana	81	8.000%	0.39858%	0.03189%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	269	8.250%	1.32369%	0.10920%
Massachusetts	0	6.500%	0.00000%	0.00000%
Michigan	533	6.039%	2.62277%	0.15838%
Minnesota	0	9.800%	0.00000%	0.00000%
Mississippi	211	5.000%	1.03828%	0.05191%
Missouri	409	6.250%	2.01260%	0.12579%
Montana	0	6.750%	0.00000%	0.00000%
Nebraska	0	7.810%	0.00000%	0.00000%
Nevada	0	0.000%	0.00000%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	933	0.000%	4.59108%	0.00000%
New Mexico	0	7.600%	0.00000%	0.00000%
New York	788	0.000%	3.87757%	0.00000%
North Carolina	1,299	6.900%	6.39209%	0.44105%
North Dakota	0	6.400%	0.00000%	0.00000%
Ohio	2,208	0.000%	10.86507%	0.00000%
Oklahoma	0	6.000%	0.00000%	0.00000%
Oregon	0	7.900%	0.00000%	0.00000%
Pennsylvania	2,282	9.990%	11.22921%	1.12180%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	783	5.000%	3.85297%	0.19265%
South Dakota	0	0.000%	0.00000%	0.00000%
Tennessee	848	6.500%	4.17282%	0.27123%
Texas	0	3.092%	0.00000%	0.00000%
Utah	0	5.000%	0.00000%	0.00000%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	2,079	6.000%	10.23029%	0.61382%
Washington	0	0.000%	0.00000%	0.00000%
West Virginia	833	8.500%	4.09901%	0.34842%
Wisconsin	0	7.900%	0.00000%	0.00000%
Wyoming	0	0.000%	0.00000%	0.00000%
Total U.S.	20,322		100.00000%	<b>5.80333%</b>

There is no Class I railroad mileage in AK, HI, ME, NH, RI, VT, and any state marked with an "\*\*\*".

Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

Tax rates are from the web site of the Tax Foundation, Washington, DC unless updated by AAR (Appendix B).

Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

## SOO Average State Tax Rate for 2009

State	Miles SOO	Income		Pct Miles	Pct Miles x Tax Rate
		Tax Rate			
Alabama	0	6.500%		0.00000%	0.00000%
Arizona	0	6.968%		0.00000%	0.00000%
Arkansas	0	6.500%		0.00000%	0.00000%
California	0	8.840%		0.00000%	0.00000%
Colorado	0	4.630%		0.00000%	0.00000%
Connecticut	0	0.000%		0.00000%	0.00000%
Delaware	0	8.700%		0.00000%	0.00000%
Dist. of Columbia	0	9.975%		0.00000%	0.00000%
Florida	0	5.500%		0.00000%	0.00000%
Georgia	0	6.000%		0.00000%	0.00000%
Idaho	0	7.600%		0.00000%	0.00000%
Illinois	250	7.300%		7.92644%	0.57863%
Indiana	197	8.500%		6.24604%	0.53091%
Iowa	0	12.000%		0.00000%	0.00000%
Kansas	0	7.050%		0.00000%	0.00000%
Kentucky	0	6.000%		0.00000%	0.00000%
Louisiana	0	8.000%		0.00000%	0.00000%
Maine	0	0.000% *		0.00000%	0.00000%
Maryland	0	8.250%		0.00000%	0.00000%
Massachusetts	0	6.500%		0.00000%	0.00000%
Michigan	342	6.039%		10.84337%	0.65478%
Minnesota	1,240	9.800%		39.31516%	3.85289%
Mississippi	0	5.000%		0.00000%	0.00000%
Missouri	0	6.250%		0.00000%	0.00000%
Montana	0	6.750%		0.00000%	0.00000%
Nebraska	0	7.810%		0.00000%	0.00000%
Nevada	0	0.000%		0.00000%	0.00000%
New Hampshire	0	0.000% *		0.00000%	0.00000%
New Jersey	0	0.000%		0.00000%	0.00000%
New Mexico	0	7.600%		0.00000%	0.00000%
New York	0	0.000%		0.00000%	0.00000%
North Carolina	0	6.900%		0.00000%	0.00000%
North Dakota	482	9.900% +		15.28218%	1.51294%
Ohio	30	0.000%		0.95117%	0.00000%
Oklahoma	0	6.000%		0.00000%	0.00000%
Oregon	0	7.900%		0.00000%	0.00000%
Pennsylvania	0	9.990%		0.00000%	0.00000%
Rhode Island	0	0.000% *		0.00000%	0.00000%
South Carolina	0	5.000%		0.00000%	0.00000%
South Dakota	6	0.000%		0.19023%	0.00000%
Tennessee	0	6.500%		0.00000%	0.00000%
Texas	0	4.146%		0.00000%	0.00000%
Utah	0	5.000%		0.00000%	0.00000%
Vermont	0	0.000% *		0.00000%	0.00000%
Virginia	0	6.000%		0.00000%	0.00000%
Washington	0	0.000%		0.00000%	0.00000%
West Virginia	0	8.500%		0.00000%	0.00000%
Wisconsin	607	7.900%		19.24540%	1.52039%
Wyoming	0	0.000%		0.00000%	0.00000%
Total U.S.	3,154			100.00000%	<b>8.65053%</b>

There is no Class I railroad mileage in AK, HI, ME, NH, RI, VT, and any state marked with an "\*\*\*".

Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

Tax rates are from the web site of the Tax Foundation, Washington, DC unless updated by AAR (Appendix B).

Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

"+" Waterman's Edge Surcharge Tax rate applied in North Dakota

## UP Average State Tax Rate for 2009

State	Income			
	Miles UP	Tax Rate	Pct Miles	Pct Miles x Tax Rate
Alabama	0	6.500%	0.00000%	0.00000%
Arizona	642	6.968%	2.00037%	0.13939%
Arkansas	1,331	6.500%	4.14719%	0.26957%
California	3,384	8.840%	10.54403%	0.93209%
Colorado	1,535	4.630%	4.78283%	0.22144%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	0	8.700%	0.00000%	0.00000%
Dist. of Columbia	0	9.975%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	849	7.600%	2.64535%	0.20105%
Illinois	2,204	7.300%	6.86733%	0.50131%
Indiana	4	8.500%	0.01246%	0.00106%
Iowa	1,435	12.000%	4.47124%	0.53655%
Kansas	2,205	7.050%	6.87044%	0.48437%
Kentucky	13	6.000%	0.04051%	0.00243%
Louisiana	1,138	8.000%	3.54583%	0.28367%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	0	8.250%	0.00000%	0.00000%
Massachusetts	0	6.500%	0.00000%	0.00000%
Michigan	0	6.039%	0.00000%	0.00000%
Minnesota	659	9.800%	2.05334%	0.20123%
Mississippi	0	5.000%	0.00000%	0.00000%
Missouri	1,505	6.250%	4.68935%	0.29308%
Montana	125	6.750%	0.38948%	0.02629%
Nebraska	1,068	7.810%	3.32772%	0.25990%
Nevada	1,192	0.000%	3.71409%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	0	0.000%	0.00000%	0.00000%
New Mexico	618	7.600%	1.92559%	0.14635%
New York	0	0.000%	0.00000%	0.00000%
North Carolina	0	6.900%	0.00000%	0.00000%
North Dakota	0	6.400%	0.00000%	0.00000%
Ohio	0	0.000%	0.00000%	0.00000%
Oklahoma	1,173	6.000%	3.65489%	0.21929%
Oregon	1,072	7.900%	3.34019%	0.26387%
Pennsylvania	0	9.990%	0.00000%	0.00000%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	0	5.000%	0.00000%	0.00000%
South Dakota	0	0.000%	0.00000%	0.00000%
Tennessee	14	6.500%	0.04362%	0.00284%
Texas	6,336	3.249%	19.74201%	0.64152%
Utah	1,254	5.000%	3.90727%	0.19536%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	0	6.000%	0.00000%	0.00000%
Washington	531	0.000%	1.65451%	0.00000%
West Virginia	0	8.500%	0.00000%	0.00000%
Wisconsin	928	7.900%	2.89151%	0.22843%
Wyoming	879	0.000%	2.73883%	0.00000%
Total U.S.	32,094		100.00000%	<b>6.05108%</b>

There is no Class I railroad mileage in AK, HI, ME, NH, RI, VT, and any state marked with an "\*".

Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

Tax rates are from the web site of the Tax Foundation, Washington, DC unless updated by AAR (Appendix B).

Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

# **Workpapers Sent to Surface Transportation Board for 2009 State Tax Rate Calculations**

May 28, 2010

1. Schedule 702 from 2009 Annual Report Form R-1 (7 pages)
2. Schedule 210 from 2009 Annual Report Form R-1 (14 pages)

**702. MILES OF ROAD AT CLOSE OF YEAR - BY STATES AND TERRITORIES (SINGLE TRACK)**

Give particulars, as of the close of the year, of all road operated and of all road owned but not operated. The respondent's proportion of operated road held by it as a joint or common owner, or under a joint lease, or under any joint arrangement, should be shown in columns (b), (c), (d), or (e), as may be appropriate. The remainder of jointly operated mileage should be shown in column (f). Respondent's proportion of road jointly owned but not operated should be shown in column (h), as appropriate. Mileage which has been permanently abandoned should not be included in column (h).

Mileage should be reported to the nearest WHOLE mile adjusted in accord with footings; i.e., counting one-half mile and over as a whole mile and disregarding any fraction less than one-half mile.

Line No.	Cross Check	State or territory (a)	MILES OF ROAD OPERATED BY RESPONDENT								Line No.	
			Line owned (b)	Line of proprietary companies (c)	Line operated under lease (d)	Line operated under contract, etc. (e)	Line operated under trackage rights (f)	Total mileage operated (g)	Line owned, not operated by respondent (h)	New line constructed during year (i)		
1		Alabama	115					140	255	22		1
2		Arizona	595						595			2
3		Arkansas	198					849	1,047			3
4		British Columbia	27					11	38	14		4
5		California	1,150					975	2,125	16		5
6		Colorado	769	96				533	1,398	3		6
7		Idaho	122					1	123	33		7
8		Illinois	1,174				2	376	1,552	5		8
9		Iowa	635					38	673	2		9
10		Kansas	1,230	3				475	1,708	6		10
11		Kentucky					13	86	99			11
12		Louisiana	237					111	348			12
13		Manitoba		4				69	73			13
14		Minnesota	1,584					102	1,686	10		14
15		Mississippi	166					13	179			15
16		Missouri	1,593					166	1,759	15		16
17		Montana	1,909					18	1,927	792		17
18		Nebraska	1,435					94	1,529			18
19		Nevada						805	805			19
20		New Mexico	896					461	1,357	248		20
21		North Dakota	1,716					16	1,732	730		21
22		Oklahoma	1,039					373	1,412	189		22
23		Oregon	235					151	386	127		23
24		South Dakota	897					28	925			24
25		Tennessee	17					127	144			25
26		Texas	2,567	20				2,364	4,951	100		26
27		Utah						433	433			27
28		Washington	1,466					172	1,638	113		28
29		Wisconsin	267					6	273			29
30		Wyoming	965					5	970	5		30
31												31
32		Total Mileage (Single Track)	23,004	123			15	8,998	32,140	2,430		32

**702. MILES OF ROAD AT CLOSE OF YEAR - BY STATES AND TERRITORIES (SINGLE TRACK)**

Give particulars, as of the close of the year, of all road operated and of all owned but not operated. The respondent's proportion of operated road held by it as joint or common owner, or under a joint lease, or under any joint arrangement, should be shown in columns (b), (c), (d), or (e), as may be appropriate. The remainder of jointly operated mileage should be shown in column (f). Respondent's proportion of road jointly owned, not operated, should be shown in column (h), as may be appropriate. Mileage which has been permanently abandoned should not be included in column (h). Mileage should be reported to the nearest WHOLE mile adjusted to accord with footings; i.e., counting one-half mile and over as a whole mile and disregarding any fraction less than one-half mile.

Line No.	Cross Check	State or territory  (a)	MILES OF ROAD OPERATED BY RESPONDENT							Line No.	
			Line owned  (b)	Line of propri- etary companies  (c)	Line operated under lease  (d)	Line operated under contract etc.  (e)	Line operated under trackage rights  (f)	Total mileage operated  (g)	Line owned not operated by respondent  (h)		New line constructed during year  (i)
1											1
2		ALABAMA	41	-	-	-	-	41			2
3											3
4		ILLINOIS	1,373	1	-	-	271	1,645			4
5											5
6		INDIANA	112	-	-	-	-	112			6
7											7
8		IOWA	605	-	-	-	-	605			8
9											9
10		KENTUCKY	89	-	-	-	18	107			10
11											11
12		LOUISIANA	259	-	-	-	4	263			12
13											13
14		MICHIGAN	942	-	11	-	63	1,016			14
15											15
16		MINNESOTA	383	-	-	-	52	435			16
17											17
18		MISSISSIPPI	672	-	-	-	179	851			18
19											19
20		OHIO	7	-	-	-	-	7			20
21											21
22		PENNSYLVANIA	155	-	-	-	-	155			22
23											23
24		TENNESSEE	145	-	-	-	-	145			24
25											25
26		WISCONSIN	1,470	-	-	-	44	1,514			26
27											27
28											28
29											29
30											30
31											31
32		TOTAL MILEAGE (single track)	6,253	1	11	-	631	6,896			32

**702. MILES OF ROAD AT CLOSE OF YEAR - BY STATES AND TERRITORIES (SINGLE TRACK)**

Give particulars, as of the close of the year, of all road operated and of all road owned but not operated. The respondent's proportion of operated road held by it as a joint or common owner, or under a joint lease, or under any joint arrangement, should be shown in columns (b), (c), (d) or (e), as may be appropriate. The remainder of jointly operated mileage should be shown in column (f). Respondent's proportion of road jointly owned but not operated should be shown in column (h), as appropriate. Mileage which has been permanently abandoned should not be included in column (h).

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Line No.	Cross Check	State or territory (a)	MILES OF ROAD OPERATED BY RESPONDENT								Line No.	
			Line owned (b)	Line of proprietary companies (c)	Line operated under lease (d)	Line operated under contract, etc. (e)	Line operated under trackage rights (f)	Total mileage operated (g)	Line owned, not operated by respondent (h)	New line constructed during year (i)		
1		Alabama	904	-	-	-	-	111	1,015	163	-	1
2		Canada - Ontario	-	53	-	-	-	10	63	-	-	2
3		Canada - Quebec	-	13	30	-	-	6	49	12	-	3
4		Connecticut	6	-	-	-	-	62	68	-	-	4
5		Delaware	23	-	-	-	-	21	44	-	-	5
6		District Of Columbia	18	-	-	-	-	2	20	-	-	6
7		Florida	1,524	-	-	81	-	47	1,652	125	-	7
8		Georgia	1,422	-	118	-	-	75	1,615	147	-	8
9		Illinois	607	35	55	-	-	219	916	40	-	9
10		Indiana	1,237	213	15	-	-	259	1,724	225	-	10
11		Kentucky	1,572	15	1	10	-	46	1,644	53	-	11
12		Louisiana	35	-	-	-	-	8	43	-	-	12
13		Maryland	452	17	5	-	-	86	560	-	-	13
14		Massachusetts	266	-	10	-	-	154	430	8	-	14
15		Michigan	418	-	-	-	-	151	569	181	-	15
16		Mississippi	74	-	-	-	-	20	94	-	-	16
17		Missouri	-	-	-	-	-	13	13	-	-	17
18		New Jersey	63	-	-	-	-	584	647	2	-	18
19		New York	845	-	195	-	-	254	1,294	20	-	19
20		North Carolina	1,066	-	-	7	-	52	1,125	-	-	20
21		Ohio	1,286	-	140	12	-	465	1,903	243	-	21
22		Pennsylvania	428	47	46	5	-	536	1,062	86	-	22
23		South Carolina	1,221	-	47	-	-	17	1,285	12	-	23
24		Tennessee	831	-	15	-	-	160	1,006	64	-	24
25		Virginia	763	30	7	-	-	254	1,054	2	-	25
26		West Virginia	1,043	20	16	14	-	202	1,295	182	-	26
27												27
28												28
29												29
30												30
31												31
32		Total Mileage (Single Track)	16,104	443	700	129	-	3,814	21,190	1,565	-	35

**702. MILES OF ROAD AT CLOSE OF YEAR - BY STATES AND TERRITORIES (SINGLE TRACK)**

Give particulars, as of the close of the year, of all road operated and of all owned but not operated. The respondent's proportion of operated road held by it as joint or common owner, or under a joint lease or under any joint arrangement, should be shown in columns (b), (c), (d) or (e), as may be appropriate. The remainder of jointly operated mileage should be shown in column (f). Respondent's proportion of road jointly owned, not operated, should be shown in column (h), as may be appropriate. Mileage which has been permanently abandoned should not be included in column (h). Mileage should be reported to the nearest WHOLE mile adjusted to accord with footings; i.e. counting one-half mile and over as a whole mile and disregarding and fraction less than one-half mile.

Line No.	Cross Check	State or territory (a)	MILES OF ROAD OPERATED BY RESPONDENT							Line No.	
			Line owned (b)	Line of propri- etary companies (c)	Line operated under lease (d)	Line operated under contract, etc. (e)	Line operated under trackage rights (f)	Total mileage operated (g)	Line owned not operated by respondent (h)		New line constructed during year (i)
1		Missouri	396	NONE	-	NONE	-	396	-	NONE	1
2											2
3		Kansas	18	-	-	-	-	18	-	-	3
4											4
5		Arkansas	158	-	-	-	4	162	59	-	5
6											6
7		Oklahoma	150	-	-	-	1	151	6	-	7
8											8
9		Louisiana	673	-	2	-	62	737	173	-	9
10											10
11		Texas	576	-	-	-	243	819	-	-	11
12											12
13		Tennessee	5	-	-	-	-	5	-	-	13
14											14
15		Mississippi	586	-	1	-	19	606	54	-	15
16											16
17		Alabama	-	-	-	-	-	-	79	-	17
18											18
19		Illinois	182	-	-	-	-	182	-	-	19
20											20
21											21
22											22
23											23
24											24
25											25
26											26
27											27
28											28
29											29
30											30
31											31
32		<b>TOTAL MILEAGE (single track)</b>	<b>2,744</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>329</b>	<b>3,076</b>	<b>371</b>	<b>-</b>	<b>32</b>

**702. MILES OF ROAD AT CLOSE OF YEAR - BY STATES AND TERRITORIES (SINGLE TRACK)**

Give particulars, as of the close of the year, of all road operated and of all owned but not operated. The respondent's portion of operated road held by it as joint or common owner, or under a joint lease, or under any joint arrangement, should be shown in columns (b), (c), (d), or (e), as may be appropriate. The remainder of jointly operated mileage should be shown in column (f). Respondent's proportion of road jointly owned, not operated, should be shown in column (h), as may be appropriate. Mileage which has been permanently abandoned should not be included in column (h). Mileage should be reported to the nearest WHOLE mile adjusted to accord with footings; i.e., counting one-half mile and over as a whole mile and disregarding any fraction less than one-half mile.

Line No.	Cross Check	State or territory (a)	MILES OF ROAD OPERATED BY RESPONDENT								Line No.	
			Line owned (b)	Line of propri- etary companies (c)	Line operated under lease (d)	Line operated under contract etc. (e)	Line operated under trackage rights (f)	Total mileage operated (g)	Line owned not operated by respondent (h)	New line constructed during year (i)		
1		Alabama	1,280					92	1,372	21		1
2		Canada						301	301			2
3		Delaware	160					43	203			3
4		District of Columbia						13	13			4
5		Florida	96					53	149			5
6		Georgia	1,769					9	1,778	326		6
7		Illinois	847					413	1,260	63		7
8		Indiana	1,247		2			265	1,514	73		8
9		Iowa	6				1	37	44	41		9
10		Kansas						2	2			10
11		Kentucky	156		212			63	431			11
12		Louisiana	77					4	81			12
13		Maryland	95					174	269			13
14		Michigan	303					230	533	111		14
15		Mississippi	209					2	211			15
16		Missouri	344					65	409			16
17		New Jersey	126					807	933			17
18		New York	494					294	788	154		18
19		North Carolina	924				11	364	1,299	418		19
20		Ohio	1,800		10			398	2,208	41		20
21		Pennsylvania	1,640				5	637	2,282	191		21
22		South Carolina	679					104	783	16		22
23		Tennessee	666		136			46	848	144		23
24		Virginia	1,972					107	2,079	93		24
25		West Virginia	786					47	833	14		25
26												26
27												27
28												28
29												29
30												30
31												31
32		TOTAL MILEAGE (single track)	15,676			360	17	4,570	20,623	1,706		32

**702. MILES OF ROAD AT CLOSE OF YEAR - BY STATES AND TERRITORIES (SINGLE TRACK)**

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Mileage should be reported to the nearest WHOLE mile adjusted to accord with footings; i.e., counting one-half mile and over as a whole mile and disregarding any fraction less than one-half mile.

Line No.	Cross Check	State or Territory  (a)	MILES OF ROAD OPERATED BY RESPONDENT							Line No.	
			Line Owned  (b)	Line of Proprietary Companies  (c)	Line Operated Under Lease  (d)	Line Operated Under Contract, etc.  (e)	Line Operated Under Trackage Rights  (f)	Total Mileage Operated  (g)	Line Owned, Not Operated By Respondent  (h)		New Line Constructed During Year  (i)
1		Montana	0	0	0	0	0	0	57	0	1
2		Michigan	0	0	0	0	342	342	0	0	2
3		South Dakota	6	0	0	0	0	6	0	0	3
4		North Dakota	474	0	0	0	8	482	603	0	4
5		Minnesota	749	0	0	0	491	1,240	53	0	5
6		Wisconsin	301	0	0	0	306	607	0	0	6
7		Illinois	22	0	0	0	228	250	0	0	7
8		Indiana	0	0	0	0	197	197	0	0	8
9		Ohio	0	0	0	0	30	30	0	0	9
10											10
11											11
12											12
13											13
14											14
15											15
16											16
17											17
18											18
19											19
20											20
21											21
22											22
23											23
24											24
25											25
26											26
27											27
28											28
29											29
30											30
31											31
32		Total Mileage (single track)	1,552	0	0	0	1,602	3,154	713	0	32

**702. MILES OF ROAD AT CLOSE OF YEAR - BY STATES AND TERRITORIES (SINGLE TRACK)**

Give particulars, as of the close of the year, of all road operated and of all owned but not operated. The respondent's proportion of operated road held by it as joint or common owner, or under a joint lease, or under any joint arrangement, should be shown in columns (b), (c), (d), or (e), as may be appropriate. The remainder of jointly operated mileage should be shown in column (f). Respondent's proportion of road jointly owned but not operated should be shown in column (h), as may be appropriate. Mileage which has been permanently abandoned should not be included in column (h).

Mileage should be reported to the nearest WHOLE mile adjusted to accord with footings, i.e., counting one-half mile and over as a whole mile and disregarding any fraction less than one-half mile.

Line No.	Cross Check	State or Territory (a)	Line owned (b)	Line of proprietary companies (c)	Line operated under lease (d)	Line operated under contract, etc. (e)	Line operated under trackage rights (f)	Total mileage operated (g)	Line owned, not operated by respondent (h)	New line constructed during year (i)	Line No.
1		Arizona	642	-	-	-	-	642	51	-	1
2		Arkansas	1,320	-	5	-	6	1,331	149	-	2
3		California	2,869	-	-	-	515	3,384	603	-	3
4		Colorado	1,154	-	-	-	381	1,535	171	-	4
5		Idaho	845	-	-	-	4	849	43	-	5
6		Illinois	1,545	19	2	-	638	2,204	11	-	6
7		Indiana	-	-	-	-	4	4	-	-	7
8		Iowa	1,340	-	-	-	95	1,435	6	-	8
9		Kansas	1,564	-	-	-	641	2,205	313	-	9
10		Kentucky	-	-	-	-	13	13	-	-	10
11		Louisiana	1,082	-	-	-	56	1,138	22	-	11
12		Minnesota	435	-	-	-	224	659	16	-	12
13		Missouri	994	-	-	-	511	1,505	358	-	13
14		Montana	125	-	-	-	-	125	52	-	14
15		Nebraska	977	-	-	-	91	1,068	254	-	15
16		Nevada	1,192	-	-	-	-	1,192	-	-	16
17		New Mexico	535	-	-	-	83	618	-	-	17
18		Oklahoma	514	-	308	-	351	1,173	65	-	18
19		Oregon	867	-	-	-	205	1,072	419	-	19
20		Tennessee	9	-	-	-	5	14	-	-	20
21		Texas	5,212	-	-	-	1,124	6,336	292	-	21
22		Utah	1,254	-	-	-	-	1,254	62	-	22
23		Washington	272	-	-	-	259	531	89	-	23
24		Wisconsin	597	-	-	-	331	928	107	-	24
25		Wyoming	879	-	-	-	-	879	-	-	25
26											26
27											27
28											28
29											29
30											30
31		<b>TOTAL MILEAGE</b>	<b>26,223</b>	<b>19</b>	<b>315</b>	<b>-</b>	<b>5,537</b>	<b>32,094</b>	<b>3,083</b>	<b>-</b>	<b>31</b>
32		(single track)									32

**210. RESULTS OF OPERATIONS**

(Dollars in Thousands)

1. Disclose requested information for respondent pertaining to results of operations for the year.
2. Report total operating expenses from Sched. 410. Any differences between this schedule and Sched. 410 must be explained on page 18.
3. List dividends from investments accounted for under the cost method on line 19, and list dividends accounted for under the equity method on line 25.
4. All contra entries should be shown in parenthesis.

Cross-Checks

Schedule 210  
Line 15, col b  
Lines 47,48,49 col b  
Line 50, col b

Schedule 210  
= Line 62, col b  
= Line 63, col b  
= Line 64, col b

Schedule 410  
= Line 620, col h  
= Line 620, col f  
= Line 620, col g

Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Freight-related revenue & expenses (d)	Passenger-related revenue & expenses (e)	Line No.
		<b>ORDINARY ITEMS</b>					
		<b>OPERATING INCOME</b>					
		Railway Operating Income					
1		(101) Freight	13,863,416	17,848,082	13,863,416		1
2		(102) Passenger					2
3		(103) Passenger-related					3
4		(104) Switching	30,690	30,412	30,690		4
5		(105) Water transfers					5
6		(106) Demurrage	120,652	128,397	120,652		6
7		(110) Incidental	96,622	111,904	96,622		7
8		(121) Joint facility - credit	12,148	13,609	12,148		8
9		(122) Joint facility - debit					9
10		(501) Railway operating revenues (Exclusive of transfers from government authorities-lines 1-9)	14,123,528	18,132,404	14,123,528		10
11		(502) Railway operating revenues - transfers from government authorities					11
12		(503) Railway operating revenues - amortization of deferred transfers from government authorities					12
13		TOTAL RAILWAY OPERATING REVENUES (lines 10-12)	14,123,528	18,132,404	14,123,528		13
14	*	(531) Railway operating expenses	11,015,853	14,320,684	11,015,853		14
15	*	Net revenue from railway operations	3,107,675	3,811,720	3,107,675		15
		<b>OTHER INCOME</b>					
16		(506) Revenue from property used in other than carrier operations					16
17		(510) Miscellaneous rent income					17
18		(512) Separately operated properties - profit					18
19		(513) Dividend income (cost method)	400	400			19
20		(514) Interest income	17,499	29,217			20
21		(516) Income from sinking and other funds					21
22		(517) Release of premiums on funded debt					22
23		(518) Reimbursements received under contracts and agreements					23
24		(519) Miscellaneous income	31,842	13,482			24
25		Income from affiliated companies: 519					
26		a. Dividends (equity method)					25
27		b. Equity in undistributed earnings (losses)					26
27		TOTAL OTHER INCOME (lines 16-26)	49,741	43,099			27
28		TOTAL INCOME (lines 15, 27)	3,157,416	3,854,819			28
		<b>MISCELLANEOUS DEDUCTIONS FROM INCOME</b>					
29		(534) Expenses of property used in other than carrier operations					29
30		(544) Miscellaneous taxes					30
31		(545) Separately operated properties-Loss					31
32		(549) Maintenance of investment organization					32
33		(550) Income transferred under contracts and agreements					33
34		(551) Miscellaneous income charges	27,269	27,756			34
35		(553) Uncollectible accounts					35
36		TOTAL MISCELLANEOUS DEDUCTIONS	27,269	27,756			36
37		Income available for fixed charges	3,130,147	3,827,063			37

210. RESULTS OF OPERATIONS - Continued					
(Dollars in Thousands)					
Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No.
FIXED CHARGES					
38		(546) Interest on funded debt:			
		(a) Fixed interest not in default	123,524	98,805	38
39		(b) Interest in default			39
40		(547) Interest on unfunded debt			40
41		(548) Amortization of discount on funded debt	2,872	2,800	41
42		TOTAL FIXED CHARGES (lines 38 through 41)	126,396	101,605	42
43		Income after fixed charges (line 37 minus line 42)	3,003,751	3,725,458	43
OTHER DEDUCTIONS					
44		(546) Interest on funded debt:			
		(c) Contingent interest			44
UNUSUAL OR INFREQUENT ITEMS					
45		(555) Unusual or infrequent items (debit) credit			45
46		Income (Loss) from continuing operations (before inc. taxes)	3,003,751	3,725,458	46
PROVISIONS FOR INCOME TAXES					
47	*	(556) Income taxes on ordinary income:			
		(a) Federal income taxes	419,615	866,382	47
48	*	(b) State income taxes	38,023	151,600	48
49	*	(c) Other income taxes			49
50	*	(557) Provision for deferred taxes	579,970	391,253	50
51		TOTAL PROVISION FOR INCOME TAXES (lines 47 through 52)	1,037,608	1,409,235	51
52		Income from continuing operations (line 46 minus line 51)	1,966,143	2,316,223	52
DISCONTINUED OPERATIONS					
53		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$ )			53
54		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$ )			54
55		Income before extraordinary items (lines 52 through 54)	1,966,143	2,316,223	55
EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES					
56		(570) Extraordinary items (Net)			56
57		(590) Income taxes on extraordinary items			57
58		(591) Provision for deferred taxes - Extraordinary items			58
59		TOTAL EXTRAORDINARY ITEMS (lines 56 through 58)			59
60		(592) Cumulative effect of changes in accounting principles (less applicable income taxes of \$ )			60
61	*	Net income (Loss) (lines 55 + 59 + 60)	1,966,143	2,316,223	61
RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)					
62	*	Net revenues from railway operations	3,107,675	3,811,720	62
63	*	(556) Income taxes on ordinary income (-)	457,638	1,017,982	63
64	*	(557) Provision for deferred income taxes (-)	579,970	391,253	64
65		Income from lease of road and equipment (-)	12,272	12,848	65
66		Rent for leased roads and equipment (+)			66
67		Net railway operating income (loss)	2,057,795	2,389,637	67

## 210 - RESULTS OF OPERATIONS

(Dollars in Thousands)

1. Disclose requested information for respondent pertaining to results of operations for the year.
2. Report total operating expenses from Sched 410. Any differences between this schedule and Sched. 410 must be explained on page 18.
3. List dividends from investments accounted for under the cost method on line 19, and list dividends accounted for under the equity method on line 25.
4. All contra entries should be shown in parenthesis.

Cross - Checks  
Schedule 210  
Line 15, col b  
Lines 47, 48, 49 col b  
Line 50, col b

Line 14, col b  
Line 14, col d  
Line 14, col e

Schedule 210  
= Line 62, col b  
= Line 63, col b  
= Line 64, col b

Schedule 410  
= Line 620, col h  
= Line 620, col f  
= Line 620, col g

Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Freight-related revenue & expenses (d)	Passenger-related revenue & expenses (e)
<b>ORDINARY ITEMS</b>						
<b>OPERATING INCOME</b>						
		Railway Operating Income				
1		(101) Freight	1,782,498	2,243,002	1,782,498	-
2		(102) Passenger	-	-	-	-
3		(103) Passenger - related	-	-	-	-
4		(104) Switching	56,151	54,288	56,151	-
5		(105) Water Transfers	-	-	-	-
6		(106) Demurrage	25,319	31,094	25,319	-
7		(110) Incidental	42,858	68,210	42,858	-
8		(121) Joint Facility - credit	-	-	-	-
9		(122) Joint Facility - debit	-	-	-	-
10		(501) Railway operating revenues (Exclusive of transfers from government authorities - lines 1 - 9)	1,906,826	2,396,594	1,906,826	-
11		(502) Railway operating revenues - transfer from government authorities	3,497	3,132	3,497	-
12		(503) Railway operating revenues - amortization of deferred transfers from government authorities	550	543	550	-
13		<b>TOTAL RAILWAY OPERATING REVENUES (Lines 10 - 12)</b>	<b>1,910,873</b>	<b>2,400,269</b>	<b>1,910,873</b>	<b>-</b>
14	*	(531) Railway operating expenses	1,457,480	1,642,966	1,457,480	-
15	*	Net revenue from railway operations	453,393	757,303	453,393	-
<b>OTHER INCOME</b>						
16		(506) Revenue from property used in other than carrier operations	-	-	-	-
17		(510) Miscellaneous rent income	6,457	4,463	-	-
18		(512) Separately operated properties - profit	-	-	-	-
19		(513) Dividend income (cost method)	-	-	-	-
20		(514) Interest income	-	-	-	-
21		(516) Income from sinking and other funds	-	-	-	-
22		(517) Release of premiums on funded debt	-	-	-	-
23		(518) Reimbursements received under contracts and agreements	-	-	-	-
24		(519) Miscellaneous income	25,487	36,214	-	-
Income from affiliated companies: 519						
25		a) Dividends (equity method)	-	-	-	-
26		b) Equity in undistributed earnings (losses)	6,973	(12,158)	-	-
27		<b>TOTAL OTHER INCOME (Lines 16 - 26)</b>	<b>38,917</b>	<b>28,519</b>	-	-
28		<b>TOTAL INCOME (Lines 15, 27)</b>	<b>492,310</b>	<b>785,822</b>	-	-
<b>MISCELLANEOUS DEDUCTIONS FROM INCOME</b>						
29		(534) Expense of property used in other than carrier operations	900	-	-	-
30		(544) Miscellaneous taxes	-	-	-	-
31		(545) Separately operated properties - Loss	-	-	-	-
32		(549) Maintenance of investment organizations	-	-	-	-
33		(550) Income transferred under contracts and agreements	-	-	-	-
34		(551) Miscellaneous income charges	2,876	6,717	-	-
35		(553) Uncollectible accounts	-	-	-	-
36		<b>TOTAL MISCELLANEOUS DEDUCTIONS</b>	<b>3,776</b>	<b>6,717</b>	-	-
37		Income available for fixed charges	488,534	779,105	-	-

<b>210 - RESULTS OF OPERATIONS - Continued</b>				
(Dollars in Thousands)				
Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)
		<b>FIXED CHARGES</b>		
		(546) Interest on funded debt:		
38		(a) Fixed interest not in default	254,124	245,245
39		(b) Interest in default	-	-
40		(547) Interest on unfunded debt	26	1
41		(548) Amortization of discount on funded debt	113	114
42		<b>TOTAL FIXED CHARGES (Lines 38 - 41)</b>	<b>254,263</b>	<b>245,360</b>
43		Income after fixed charge (Line 37 - Line 42)	234,271	533,745
		<b>OTHER DEDUCTIONS</b>		
		(546) Interest on funded debt:		
44		(c) Contingent interest	-	-
		<b>UNUSUAL OR INFREQUENT ITEMS</b>		
45		(555) Unusual or infrequent items (debit) credit	-	-
46		Income (Loss) from continuing operations (before inc. taxes)	234,271	533,745
		<b>PROVISIONS FOR INCOME TAXES</b>		
		(556) Income taxes on ordinary income:		
47	*	a) Federal income taxes	6,601	95,773
48	*	b) State income taxes	8,525	23,844
49	*	c) Other income taxes	164	5,998
50	*	(557) Provision for deferred taxes	65,193	56,064
51		<b>TOTAL PROVISIONS FOR INCOME TAXES (Lines 47 - 52)</b>	<b>80,483</b>	<b>181,679</b>
52		Income from continuing operations (line 46 minus line 51)	153,788	352,066
		<b>DISCONTINUED OPERATIONS</b>		
53		(560) Income or loss from operations of discontinued segments (less applicable income of \$ )	-	-
54		(562) Gain or loss on disposal of discontinued segments (less applicable income of \$ )	-	-
55		Income before extraordinary items (Line 52 - 54)	153,788	352,066
		<b>EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES</b>		
56		(570) Extraordinary items (Net)	-	-
57		(590) Income taxes on extraordinary items	-	-
58		(591) Provision for deferred taxes - Extraordinary items	-	-
59		<b>TOTAL EXTRAORDINARY ITEMS (Lines 56 - 58)</b>	<b>-</b>	<b>-</b>
60		(592) Cumulative effect of changes in accounting principles (less applicable income taxes of \$ )	-	-
61	*	Net income (loss) (lines 55 + 59 + 60)	153,788	352,066
		<b>RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)</b>		
62	*	Net revenues from railway operations	453,393	757,303
63	*	(556) Income taxes on ordinary income (-)	15,290	125,615
64	*	(557) Provision for deferred taxes (-)	65,193	56,064
65		Income from leased road and equipment (-)	-	-
66		Rent for leased road and equipment (+)	1,350	1,350
67		Net railway operating income (loss)	374,260	576,974

**210. RESULTS OF OPERATIONS**  
(Dollars in Thousands)

- |   |  |              |  |
|---|--|--------------|--|
| 1. Disclose requested information for respondent pertaining to results of operations for the year.  | Schedule 210<br>Line 15, col b                     | Cross-Checks | Schedule 210<br>= Line 62, col (b)                     |
| 2. Report total operating expenses from Sched. 410. Any differences between this schedule and Sched. 410 must be explained on page 18.                  | Lines 47,48,49 col b<br>Line 50, col b             |              | = Line 63, col (b)<br>= Line 64, col (b)               |
| 3. List dividends from investments accounted for under the cost method on line 19, and list dividends accounted for under the equity method on line 25. |  |              | Schedule 410<br>= Line 620, col h<br>= Line 620, col f |
| 4. All contra entries should be shown in parenthesis.   | Line 14, col b<br>Line 14, col d<br>Line 14, col e |              | = Line 620, col g                                      |

Line No.	Cross Check	Item	Amount for current year	Amount for preceding year	Freight-related revenue & expenses (d)	Passenger-related revenue & expenses (e)	Line No.
		(a)	(b)	(c)	(d)	(e)	
		<b>ORDINARY ITEMS OPERATING INCOME</b>					
		Railway Operating Income					
1		(101) Freight	7,996,581	10,041,556	7,996,581		1
2		(102) Passenger	-	-	-		2
3		(103) Passenger-related	-	-	-		3
4		(104) Switching	(100,937)	(123,259)	(100,937)		4
5		(105) Water transfers	-	-	-		5
6		(106) Demurrage	53,081	68,194	53,081		6
7		(110) Incidental	221,655	232,662	221,655		7
8		(121) Joint facility - credit	-	-	-		8
9		(122) Joint facility - debit	-	-	-		9
10		(501) Railway operating revenues (Exclusive of transfers from government authorities-lines 1-9)	8,170,380	10,219,153	8,170,380	-	10
11		(502) Railway operating revenues - transfers from government authorities	-	-			11
12		(503) Railway operating revenues - amortization of deferred transfers from government authorities	-	-			12
13		<b>TOTAL RAILWAY OPERATING REVENUES (lines 10-12)</b>	<b>8,170,380</b>	<b>10,219,153</b>	<b>8,170,380</b>	<b>-</b>	<b>13</b>
14		(531) Railway operating expenses	6,377,576	8,033,923	6,377,576		14
15		Net revenue from railway operations	1,792,804	2,185,230	1,792,804		15
		<b>OTHER INCOME</b>					
16		(506) Revenue from property used in other than carrier operations	19,371	25,634			16
17		(510) Miscellaneous rent income	34,062	35,715			17
18		(512) Separately operated properties - profit	-	-			18
19		(513) Dividend income (cost method)	6,753	5,751			19
20		(514) Interest Income	24,492	56,271			20
21		(516) Income from sinking and other funds	-	-			21
22		(517) Release of premiums on funded debt	-	-			22
23		(518) Reimbursements received under contracts and agreements	-	-			23
24		(519) Miscellaneous income	(12,560)	8,271			24
25		Income from affiliated companies: 519					
		a. Dividends (equity method)	-	-			25
26		b. Equity in undistributed earnings (losses)	9,550	37,465			26
27		<b>TOTAL OTHER INCOME (lines 16-26)</b>	<b>81,668</b>	<b>169,107</b>			<b>27</b>
28		<b>TOTAL INCOME (lines 15, 27)</b>	<b>1,874,472</b>	<b>2,354,337</b>			<b>28</b>
		<b>MISCELLANEOUS DEDUCTIONS FROM INCOME</b>					
29		(534) Expenses of property used in other than carrier operations	(31,571)	(39,047)			29
30		(544) Miscellaneous taxes	-	-			30
31		(545) Separately operated properties-Loss	-	-			31
32		(549) Maintenance of investment organization	-	-			32
33		(550) Income transferred under contracts and agreements	-	-			33
34		(551) Miscellaneous income charges	(43,964)	(81,446)			34
35		(553) Uncollectible accounts	-	-			35
36		<b>TOTAL MISCELLANEOUS DEDUCTIONS</b>	<b>(75,535)</b>	<b>(120,493)</b>			<b>36</b>
37		Income available for fixed charges	1,798,937	2,233,844			37

<b>210. RESULTS OF OPERATIONS - Continued</b> (Dollars in Thousands)					
Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No.
<b>FIXED CHARGES</b>					
38		(546) Interest on funded debt: (a) Fixed interest not in default	96,575	82,991	38
39		(b) Interest in default	-	-	39
40		(547) Interest on unfunded debt	3,150	8,292	40
41		(548) Amortization of discount on funded debt	(5,583)	(5,629)	41
42		TOTAL FIXED CHARGES (lines 38 through 41)	94,142	85,654	42
43		Income after fixed charges (line 37 minus line 42)	1,704,795	2,148,190	43
<b>OTHER DEDUCTIONS</b>					
44		(546) Interest on funded debt: (c) Contingent interest	-	-	44
<b>UNUSUAL OR INFREQUENT ITEMS</b>					
45		(555) Unusual or infrequent items (debit) credit	-	-	45
46		Income (Loss) from continuing operations (before inc. taxes)	1,704,795	2,148,190	46
<b>PROVISIONS FOR INCOME TAXES</b>					
47		(556) Income taxes on ordinary income: (a) Federal income taxes	246,579	305,922	47
48		(b) State income taxes	39,988	67,546	48
49		(c) Other income taxes	(2,380)	785	49
50		(557) Provision for deferred taxes	340,247	353,210	50
51		TOTAL PROVISION FOR INCOME TAXES (lines 47 through 50)	624,434	727,463	51
52		Income from continuing operations (line 46 minus line 51)	1,080,361	1,420,727	52
<b>DISCONTINUED OPERATIONS</b>					
53		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$ 0 )	-	-	53
54		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$ 0 )	-	-	54
55		Income before extraordinary items (lines 52 through 54)	1,080,361	1,420,727	55
<b>EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES</b>					
56		(570) Extraordinary items (Net)	-	-	56
57		(590) Income taxes on extraordinary items	-	-	57
58		(591) Provision for deferred taxes - Extraordinary items	-	-	58
59		TOTAL EXTRAORDINARY ITEMS (lines 56 through 58)	-	-	59
60		(592) Cumulative effect of changes in accounting principles (less applicable income taxes of \$ 0 ).	-	-	60
61		Net income (Loss) (lines 55 + 59 + 60)	1,080,361	1,420,727	61
<b>RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)</b>					
62		Net revenues from railway operations	1,792,804	2,185,230	62
63		(556) Income taxes on ordinary income (-)	(284,187)	(374,253)	63
64		(557) Provision for deferred income taxes (-)	(340,247)	(353,210)	64
65		Income from lease of road and equipment (-)	(24,400)	(22,852)	65
66		Rent for leased roads and equipment (+)	13,999	13,893	66
67		Net railway operating income (loss)	1,157,969	1,448,808	67

**210. RESULTS OF OPERATIONS**  
(Dollars in Thousands)

1. Disclose the requested information for the respondent pertaining to the results of operations for the year.  
2. Report total operating expenses from Schedule 410 of this report. Any disparities in expense amounts shown in this schedule and expense amounts reported in Schedule 410 must be fully explained on page 18.  
3. List dividends from investments accounted for under the cost method on the appropriate line No. 19 for Account No. 513. "Dividend Income." List dividends accounted for by the equity method on the appropriate dividend line No. 25 under the "Income from Affiliated Companies" subsection of this schedule.

4. All contra entries hereunder should be indicated in parentheses.  
5. Cross checks:  
Schedule 210  
Line 15, column (b) = Line 62, column (b)  
Line 47 plus 48 plus 49, column (b) = Line 63, column (b)  
Line 50, column (b) = Line 64, column (b)  
Schedule 410  
Line 14, column (b) = Line 620, column (h)  
Line 14, column (d) = Line 620, column (f)  
Line 14, column (e) = Line 620, column (g)

Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Freight-related revenue & expenses (d)	Passenger-related revenue & expenses (e)	Line No.
		ORDINARY ITEMS					
		OPERATING INCOME					
		Railway Operating Income					
1		(101) Freight	809,079	980,022	809,079	NONE	1
2		(102) Passenger	-	-	-		2
3		(103) Passenger-Related	-	-	-		3
4		(104) Switching	14,096	17,381	14,096		4
5		(105) Water Transfers	-	-	-		5
6		(106) Demurrage	22,273	23,421	22,273		6
7		(110) Incidental	14,270	8,679	14,270		7
8		(121) Joint Facility - Credit	-	-	-		8
9		(122) Joint Facility - Debit	-	-	-		9
10		(501) Railway Operating Revenues (Exclusive of Transfers from Government Authorities - Lines 1-9)	859,718	1,029,503	859,718		10
11		(502) Railway Operating Revenues - Transfers from Government Authorities for Current Operations	-	-	-		11
12		(503) Railway Operating Revenues - Amortization of Deferred Transfers from Government Authorities	-	-	-		12
13		TOTAL RAILWAY OPERATING REVENUES (Lines 10-12)	859,718	1,029,503	859,718		13
14		(531) Railway Operating Expenses	701,072	851,965	701,072		14
15		Net Revenue from Railway Operations	158,646	177,538	158,646		15
		OTHER INCOME					
16		(506) Revenue from Property Used in Other Than Carrier Operations	12	82			16
17		(510) Miscellaneous Rent Income	34	40			17
18		(512) Separately Operated Properties - Profit	-	-			18
19		(513) Dividend Income (Cost Method)	2	2			19
20		(514) Interest Income	515	1,253			20
21		(516) Income from Sinking and Other Funds	-	-			21
22		(517) Release of Premiums on Funded Debt	-	-			22
23		(518) Reimbursements Received under Contracts and Agreements	-	-			23
24		(519) Miscellaneous Income	8,546	8,170			24
		Income from Affiliated Companies: 519					
25		a. Dividends (Equity Method)	4,250	-			25
26		b. Equity in Undistributed Earnings (Losses)	(742)	56,614			26
27		TOTAL OTHER INCOME (Lines 16-26)	12,617	66,161			27
28		TOTAL INCOME (Lines 15, 27)	171,263	243,699			28
		MISCELLANEOUS DEDUCTIONS FROM INCOME					
29		(534) Expenses of Property Used in Other Than Carrier Operations	22	22			29
30		(544) Miscellaneous Taxes	-	-			30
31		(545) Separately Operated Properties - Loss	-	-			31
32		(549) Maintenance of Investment Organization	-	-			32
33		(550) Income Transferred under Contracts and Agreements	-	-			33
34		(551) Miscellaneous Income Charges	1,054	1,105			34
35		(553) Uncollectible Accounts	-	-			35
36		TOTAL MISCELLANEOUS DEDUCTIONS (Lines 29-35)	1,076	1,127			36
37		Income Available for Fixed Charges (Lines 28, 36)	170,187	242,572			37

<b>210. RESULTS OF OPERATIONS - Concluded</b> (Dollars in Thousands)					
Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No.
		<b>FIXED CHARGES</b>			
		(546) Interest on Funded Debt			
38		(a) Fixed Interest Not in Default	67,867	56,822	38
39		(b) Interest in Default	-	-	39
40		(547) Interest on Unfunded Debt	(6,068)	(871)	40
41		(548) Amortization of Discount on Funded Debt	8,704	9,566	41
42		<b>TOTAL FIXED CHARGES (Lines 38-41)</b>	<b>70,503</b>	<b>65,517</b>	<b>42</b>
43		Income after Fixed Charges (Lines 37, 42)	99,684	177,055	43
		<b>OTHER DEDUCTIONS</b>			
		(546) Interest on Funded Debt			
44		(c) Contingent Interest	-	-	44
		<b>UNUSUAL OR INFREQUENT ITEMS</b>			
45		(555) Unusual or Infrequent Items (Debit) Credit	-	-	45
46		Income (Loss) from Continuing Operations (before Income Taxes)	99,684	177,055	46
		<b>PROVISIONS FOR INCOME TAXES</b>			
		(556) Income Taxes on Ordinary Income:			
47		(a) Federal Income Taxes	(310)	768	47
48		(b) State Income Taxes	1,260	(127)	48
49		(c) Other Income Taxes	-	-	49
50		(557) Provision for Deferred Taxes	33,523	40,652	50
51		<b>TOTAL PROVISIONS FOR INCOME TAXES (Lines 47-50)</b>	<b>34,473</b>	<b>41,293</b>	<b>51</b>
52		Income from Continuing Operations (Lines 46-51)	65,211	135,762	52
		<b>DISCONTINUED OPERATIONS</b>			
		(560) Income or Loss from Operations of Discontinued Segments (Less Applicable Income Taxes of \$ - )	-	-	53
53			-	-	53
54		(562) Gain or Loss on Disposal of Discontinued Segments (Less Applicable Tax of \$ - )	-	-	54
55		Income before Extraordinary Items (Lines 52 + 53 + 54)	65,211	135,762	55
		<b>EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES</b>			
56		(570) Extraordinary Items (net)	-	-	56
57		(590) Income Taxes on Extraordinary Items	-	-	57
58		(591) Provision for Deferred Taxes - Extraordinary Items	-	-	58
59		<b>TOTAL EXTRAORDINARY ITEMS (Lines 56-58)</b>	<b>-</b>	<b>-</b>	<b>59</b>
60		(592) Cumulative Effect of Changes in Accounting Principles (Less Applicable Tax of \$ - )	-	-	60
61		Net Income (Loss) (Lines 55 + 59 + 60)	65,211	135,762	61
		<b>RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)</b>			
62		Net Revenues from Railway Operations	158,646	177,538	62
63		(556) Income Taxes on Ordinary Income (-)	950	641	63
64		(557) Provision for Deferred Taxes (-)	33,523	40,652	64
65		Income from Lease of Road and Equipment (-)	-	-	65
66		Rent for Leased Roads and Equipment (+)	123	92	66
67		Net Railway Operating Income (Loss)	124,296	136,337	67

**210. RESULTS OF OPERATIONS**  
(Dollars in Thousands)

1. Disclose the requested information for the respondent pertaining to the results of operations for the year.

2. Report total operating expenses from Schedule 410 of this report. Any disparities in expense amounts shown in this schedule and expense amounts reported in Schedule 410 must be fully explained on page 18.

3. List dividends from investments accounted for under the cost method on the appropriate line No. 19 for Account No. 513, "Dividend Income." List dividends accounted for by the equity method on the appropriate dividend line No. 25 under the "Income from Affiliated Companies" subsection of this schedule.

4. All contra entries hereunder should be indicated in parenthesis.

5. Cross-checks

Schedule 210  
Line 15, column (b)  
Line 47 plus 48 plus 49, column (b)  
Line 50, column (b)

Line 14, column (b)  
Line 14, column (d)  
Line 14, column (e)

Schedule 210  
= Line 62, column (b)  
= Line 63, column (b)  
= Line 64, column (b)  
Schedule 410  
= Line 620, column (h)  
= Line 620, column (f)  
= Line 620, column (g)

Line No.	Cross Check	Item	Amount for current year	Amount for preceding year	Freight-related revenue & expenses	Passenger-related revenue & expenses	Line No.
		(a)	(b)	(c)	(d)	(e)	
		<b>ORDINARY ITEMS</b>					
		<b>OPERATING INCOME</b>					
		Railway Operating Income					
1		(101) Freight	7,616,521	10,330,756	7,616,521		1
2		(102) Passenger					2
3		(103) Passenger-Related					3
4		(104) Switching	66,893	71,986	66,893		4
5		(105) Water Transfers					5
6		(106) Demurrage	148,971	129,170	148,971		6
7		(110) Incidental	136,272	129,428	136,272		7
8		(121) Joint Facility-Credit (Debit)					8
9		(122) Joint Facility-Debit (Credit)					9
10		(501) Railway operating revenues (Exclusive of transfers from Government Authorities-lines 1-9)	7,968,657	10,661,340	7,968,657		10
11		(502) Railway operating revenues-Transfers from Government Authorities for current operations					11
12		(503) Railway operating revenues-Amortization of deferred transfers from Government Authorities					12
13		<b>TOTAL RAILWAY OPERATING REVENUES (lines 10-12)</b>	<b>7,968,657</b>	<b>10,661,340</b>	<b>7,968,657</b>		13
14	*	(531) Railway operating expenses	6,190,644	7,803,714	6,190,644		14
15	*	Net revenue from railway operations	1,778,013	2,857,626	1,778,013		15
		<b>OTHER INCOME</b>					
16		(506) Revenue from property used in other than carrier operations	1,484	1,956			16
17		(510) Miscellaneous rent income	41,373	41,121			17
18		(512) Separately operated properties-Profit					18
19		(513) Dividend Income (cost method)	27,906	25,173			19
20		(514) Interest Income	11,136	32,878			20
21		(516) Income from sinking and other funds	3	6			21
22		(517) Release of premiums on funded debt					22
23		(518) Reimbursements received under contracts and agreements					23
24		(519) Miscellaneous income	149,680	122,951			24
		Income from affiliated companies: 519					
25		a. Dividends (equity method)					25
26		b. Equity in undistributed earnings (losses)	47	(659)			26
27		<b>TOTAL OTHER INCOME (lines 16-26)</b>	<b>231,629</b>	<b>223,426</b>			27
28		<b>TOTAL INCOME (lines 15, 27)</b>	<b>2,009,642</b>	<b>3,081,052</b>			28
		<b>MISCELLANEOUS DEDUCTIONS FROM INCOME</b>					
29		(534) Expenses of property used in other than carrier operations	20,455	20,498			29
30		(544) Miscellaneous taxes					30
31		(545) Separately operated properties-Loss					31
32		(549) Maintenance of investment organization					32
33		(550) Income transferred under contracts and agreements					33
34		(551) Miscellaneous income charges	18,717	47,976			34
35		(553) Uncollectible accounts					35
36		<b>TOTAL MISCELLANEOUS DEDUCTIONS (lines 29-35)</b>	<b>39,172</b>	<b>68,474</b>			36
37		Income available for fixed charges (lines 28, 36)	1,970,470	3,012,578			37

Road Initials: NS Rail Year: 2009

**210. RESULTS OF OPERATIONS - Continued**  
(Dollars in Thousands)

Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No.
		<b>FIXED CHARGES</b>			
38		(546) Interest on funded debt:			38
		(a) Fixed interest not in default	36,069	44,157	39
39		(b) Interest in default			40
40		(547) Interest on unfunded debt	130,416	121,489	41
41		(548) Amortization of discount on funded debt	55	115	42
42		TOTAL FIXED CHARGES (lines 38-41)	166,540	165,761	43
43		Income after fixed charges (lines 37, 42)	1,803,930	2,846,817	
		<b>OTHER DEDUCTIONS</b>			
44		(546) Interest on funded debt: (c) Contingent interest			44
		<b>UNUSUAL OR INFREQUENT ITEMS</b>			
45		(555) Unusual or infrequent items (debit) credit			45
46		Income (Loss) from continuing operations (before income taxes)	1,803,930	2,846,817	46
		<b>PROVISIONS FOR INCOME TAXES</b>			
47	*	(556) Income taxes on ordinary income:			47
		(a) Federal income taxes	278,090	658,008	48
48	*	(b) State income taxes	11,374	79,864	49
49	*	(c) Other income taxes			50
50	*	(557) Provision for deferred taxes	366,597	344,925	51
51		TOTAL PROVISIONS FOR INCOME TAXES (lines 47-50)	656,061	1,082,797	52
52		Income from continuing operations (lines 46+51)	1,147,869	1,764,020	
		<b>DISCONTINUED OPERATIONS</b>			
53		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$ )			53
54		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$ )			54
55		Income before extraordinary items (lines 52+53+54)	1,147,869	1,764,020	55
		<b>EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES</b>			
56		(570) Extraordinary items (Net)			56
57		(590) Income taxes on extraordinary items			57
58		(591) Provision for deferred taxes-Extraordinary items			58
59		TOTAL EXTRAORDINARY ITEMS (lines 56-58)			59
60		(592) Cumulative effect of changes in accounting principles (less applicable tax of \$ )			60
61	*	Net income (Loss) (lines 55+59+60)	1,147,869	1,764,020	61
		<b>Reconciliation of net railway operating income(NROI)</b>			
62		Net revenues from railway operation	1,778,013	2,857,626	62
63	*	(556) Income taxes on ordinary income ( - )	(289,464)	(737,872)	63
64	*	(557) Provision for deferred income taxes ( - )	(366,597)	(344,925)	64
65		Income from lease of road and equipment ( - )	(7,368)	(7,736)	65
66		Rent for leased roads and equipment ( + )	22,832	23,758	66
67		Net railway operating income (loss)	1,137,416	1,790,851	67

**210. RESULTS OF OPERATIONS**  
(Dollars in thousands)

1. Disclose requested information for the respondent pertaining to the results of operations for the year.
2. Report total operating expenses from Sched. 410. Any differences between this schedule and Sched. 410 must be explained on page 18.
3. List dividends from investments accounted for under the cost method on line No. 19, and list dividends accounted for under the equity method on line 25.
4. All contra entries hereunder should be indicated in parenthesis.

## 5. Cross-checks:

**Schedule 210**  
Line 15, column (b)  
Line 47, 48, 49 col (b)  
Line 50, col (b)

**Schedule 210**  
= Line 62, col (b)  
= Line 63, col (b)  
= Line 64, col (b)

Line 14, column (b)  
Line 14, column (d)  
Line 14, column (e)

**Schedule 410**  
= Line 620, col (h)  
= Line 620, col (f)  
= Line 620, col (g)

Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Freight-related revenue & expenses (d)	Passenger-related revenue & expenses (e)	Line No.
		<b>ORDINARY ITEMS OPERATING INCOME</b>					
		<b>Railway Operating Income</b>					
1		(101) Freight	686,057	847,237	686,057	0	1
2		(102) Passenger	0	0	0	0	2
3		(103) Passenger-Related	0	0	0	0	3
4		(104) Switching	6,618	8,767	6,618	0	4
5		(105) Water Transfers	0	0	0	0	5
6		(106) Demurrage	4,633	7,609	4,633	0	6
7		(110) Incidental	1,370	1,225	1,370	0	7
8		(121) Joint Facility-Credit	0	0	0	0	8
9		(122) Joint Facility-Debit	0	0	0	0	9
10		(501) Railway operating revenues (Exclusive of transfers from Government Authorities-lines 1-9)	698,678	864,838	698,678	0	10
11		(502) Railway operating revenues-Transfers from Government Authorities	0	0	0	0	11
12		(503) Railway operating revenues-Amortization of deferred transfers from Government Authorities	287	287	287	0	12
13		<b>TOTAL RAILWAY OPERATING REVENUES (lines 10-12)</b>	<b>698,965</b>	<b>865,125</b>	<b>698,965</b>	<b>0</b>	<b>13</b>
14		(531) Railway operating expenses	565,916	631,694	565,916	0	14
15		<b>Net revenue from railway operations</b>	<b>133,049</b>	<b>233,431</b>	<b>133,049</b>	<b>0</b>	<b>15</b>
		<b>OTHER INCOME</b>					
16		(506) Revenue from property used in other than carrier operations	0	0			16
17		(510) Miscellaneous rent income	6,302	6,867			17
18		(512) Separately operated properties-Profit	0	0			18
19		(513) Dividend Income (cost method)	2	2			19
20		(514) Interest Income	2,973	3,481			20
21		(516) Income from sinking and other funds	0	0			21
22		(517) Release of premiums on funded debt	0	0			22
23		(518) Reimbursements received under contracts and agreements	0	0			23
24		(519) Miscellaneous income	4,936	1,722			24
25		Income from affiliated companies: 519					
25		a. Dividends (equity method)	392	392			25
26		b. Equity in undistributed earnings (losses)	1,581	4,892			26
27		<b>TOTAL OTHER INCOME (lines 16-26)</b>	<b>16,186</b>	<b>17,356</b>			<b>27</b>
28		<b>TOTAL INCOME (lines 15, 27)</b>	<b>149,235</b>	<b>250,787</b>			<b>28</b>
		<b>MISCELLANEOUS DEDUCTIONS FROM INCOME</b>					
29		(534) Expenses of property used in other than carrier operations	0	0			29
30		(544) Miscellaneous taxes	0	0			30
31		(545) Separately operated properties-loss	0	0			31
32		(549) Maintenance of investment organization	0	0			32
33		(550) Income Transferred under contracts and agreements	0	0			33
34		(551) Miscellaneous income charges	935	683			34
35		(553) Uncollectible accounts	0	0			35
36		<b>TOTAL MISCELLANEOUS DEDUCTIONS</b>	<b>935</b>	<b>683</b>			<b>36</b>
37		<b>Income available for fixed charges</b>	<b>148,300</b>	<b>250,104</b>			<b>37</b>

<b>210. RESULTS OF OPERATIONS - Continued</b> (Dollars in thousands)					
Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No.
<b>FIXED CHARGES</b>					
		(546) Interest on funded long-term debt:			
38		(a) Fixed interest not in default	30,141	27,504	38
39		(b) Interest in default	0	0	39
40		(547) Interest on unfunded debt	139	311	40
41		(548) Amortization of discount on funded debt	0	0	41
42		TOTAL FIXED CHARGES (lines 38 through 41)	30,280	27,815	42
43		Income after fixed charges (lines 37 minus line 42)	118,020	222,289	43
<b>OTHER DEDUCTIONS</b>					
		(546) Interest on funded debt:			
44		(c) Contingent interest	0	0	44
<b>UNUSUAL OR INFREQUENT ITEMS</b>					
45		(555) Unusual or infrequent items (debit) credit	0	0	45
46		Income (loss) from continuing operations (before income taxes)	118,020	222,289	46
<b>PROVISIONS FOR INCOME TAXES</b>					
		(556) Income taxes on ordinary income:			
47		(a) Federal income taxes	8,238	48,198	47
48		(b) State income taxes	(1,103)	2,124	48
49		(c) Other income taxes	44	0	49
50		(557) Provision for deferred taxes	31,926	31,520	50
51		TOTAL PROVISIONS FOR INCOME TAXES (lines 47 through 50)	39,105	81,842	51
52		Income from continuing operations (line 46 minus line 51)	78,915	140,447	52
<b>DISCONTINUED OPERATIONS</b>					
		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$ )	0	0	53
54		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$ )	0	0	54
55		Income before extraordinary items (lines 52 through 54)	78,915	140,447	55
<b>EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES</b>					
56		(570) Extraordinary items (net)	0	0	56
57		(590) Income taxes on extraordinary items	0	0	57
58		(591) Provision for deferred taxes-Extraordinary items	0	0	58
59		TOTAL EXTRAORDINARY ITEMS (lines 56 through 58)	0	0	59
60		(592) Cumulative effect of changes in accounting principles (\$10,997) less applicable tax of \$4,191	(6,806)	0	60
61		Net income (loss) (lines 55 + 59 + 60)	72,109	140,447	61
<b>Reconciliation of net railway operating income (NROI)</b>					
62		Net revenues from railway operations	133,049	233,431	62
63		(556) Income taxes on ordinary income (-)	7,179	50,322	63
64		(557) Provision for deferred income taxes (-)	31,926	31,520	64
65		Income from lease of road and equipment (-)	0	0	65
66		Rent for leased roads and equipment (+)	430	368	66
67		Net railway operating income (loss)	94,374	151,957	67

**210. RESULTS OF OPERATIONS**  
(Dollars in Thousands)

- |   |  |   |   |  |
|---|--|---|---|--|
| 1   | Disclose the requested information for respondent pertaining to results of operations for the year.  | Cross-checks  |   |  |
| 2   | Report total operating expenses from Schedule 410. Any differences between this schedule and Schedule 410 must be explained on page 18.              | <table border="0" style="width:100%"> <tr> <td style="width:50%"><u>Schedule 210</u><br/>Line 15, col b<br/>Lines 47, 48, 49 col b<br/>Line 50, col b</td> <td style="width:50%"><u>Schedule 210</u><br/>= Line 62, col b<br/>= Line 63, col b<br/>= Line 64, col b</td> </tr> </table> | <u>Schedule 210</u><br>Line 15, col b<br>Lines 47, 48, 49 col b<br>Line 50, col b | <u>Schedule 210</u><br>= Line 62, col b<br>= Line 63, col b<br>= Line 64, col b    |
| <u>Schedule 210</u><br>Line 15, col b<br>Lines 47, 48, 49 col b<br>Line 50, col b | <u>Schedule 210</u><br>= Line 62, col b<br>= Line 63, col b<br>= Line 64, col b  |   |   |  |
| 3   | List dividends from investments accounted for under the cost method on line 19, and list dividends accounted for under the equity method on line 25. | <table border="0" style="width:100%"> <tr> <td style="width:50%"><u>Schedule 410</u><br/>Line 14, col b<br/>Line 14, col d<br/>Line 14, col e</td> <td style="width:50%"><u>Schedule 410</u><br/>= Line 620, col h<br/>= Line 620, col f<br/>= Line 620, col g</td> </tr> </table>      | <u>Schedule 410</u><br>Line 14, col b<br>Line 14, col d<br>Line 14, col e         | <u>Schedule 410</u><br>= Line 620, col h<br>= Line 620, col f<br>= Line 620, col g |
| <u>Schedule 410</u><br>Line 14, col b<br>Line 14, col d<br>Line 14, col e         | <u>Schedule 410</u><br>= Line 620, col h<br>= Line 620, col f<br>= Line 620, col g   |   |   |  |
| 4   | All contra entries should be shown in parenthesis.   |   |   |  |

Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Freight-related revenue and expenses (d)	Passenger-related revenue and expenses (e)	Line No.
<b>ORDINARY ITEMS</b>							
<b>OPERATING INCOME</b>							
Railway Operating Income							
1		(101) Freight	13,373,159	17,118,316	13,373,159		1
2		(102) Passenger	78,098	82,487		78,098	2
3		(103) Passenger-Related	611	981		611	3
4		(104) Switching	131,363	146,522	131,363		4
5		(105) Water Transfers					5
6		(106) Demurrage	75,291	106,529	75,291		6
7		(110) Incidental	360,194	375,748	360,194		7
8		(121) Joint Facility-Credit	12,777	15,527	12,777		8
9		(122) Joint Facility-Debit					9
10		(501) Railway operating revenues (Exclusive of transfers from government authorities-lines 1-9)	14,031,493	17,846,110	13,952,784	78,709	10
11		(502) Railway operating revenues-transfers from government authorities	85,035	88,734		85,035	11
12		(503) Railway operating revenues-amortization of deferred transfers from government authorities					12
13		<b>TOTAL RAILWAY OPERATING REVENUES (lines 10-12)</b>	<b>14,116,528</b>	<b>17,934,844</b>	<b>13,952,784</b>	<b>163,744</b>	<b>13</b>
14	*	(531) Railway operating expenses	10,916,501	14,075,010	10,751,923	164,578	14
15	*	<b>Net revenue from railway operations</b>	<b>3,200,027</b>	<b>3,859,834</b>	<b>3,200,861</b>	<b>(834)</b>	<b>15</b>
<b>OTHER INCOME</b>							
16		(506) Revenue from property used in other than carrier operations	21,375	31,429			16
17		(510) Miscellaneous rent income	84,285	82,536			17
18		(512) Separately operated properties-Profit					18
19		(513) Dividend income (cost method)	253	100			19
20		(514) Interest income	3,291	4,944			20
21		(516) Income from sinking and other funds					21
22		(517) Release of premiums on funded debt	4,262	4,262			22
23		(518) Reimbursements received under contracts and agreements					23
24		(519) Miscellaneous income	164,347	47,882			24
25		Income from affiliated companies: 519					
26		a. Dividends (equity method)	5,697	16,160			25
27		b. Equity in undistributed earnings (losses)	58,473	69,378			26
28		<b>TOTAL OTHER INCOME (lines 16-26)</b>	<b>341,983</b>	<b>256,691</b>			<b>27</b>
28		<b>TOTAL INCOME (lines 15, 27)</b>	<b>3,542,010</b>	<b>4,116,525</b>			<b>28</b>
<b>MISCELLANEOUS DEDUCTIONS FROM INCOME</b>							
29		(534) Expenses of property used in other than carrier operations	11,306	10,421			29
30		(544) Miscellaneous taxes					30
31		(545) Separately operated properties-Loss					31
32		(549) Maintenance of investment organization					32
33		(550) Income transferred under contracts and agreements					33
34		(551) Miscellaneous income charges	70,595	81,737			34
35		(553) Uncollectible accounts					35
36		<b>TOTAL MISCELLANEOUS DEDUCTIONS</b>	<b>81,901</b>	<b>92,158</b>			<b>36</b>
37		<b>Income available for fixed charges</b>	<b>3,460,109</b>	<b>4,024,367</b>			<b>37</b>

210. RESULTS OF OPERATIONS - (Concluded)					
(Dollars in Thousands)					
Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No.
<b>FIXED CHARGES</b>					
		(546) Interest on funded debt:			
38		(a) Fixed interest not in default	136,892	108,367	38
39		(b) Interest in default			39
40		(547) Interest on unfunded debt	272,325	304,240	40
41		(548) Amortization of discount on funded debt	2,298	2,051	41
42		TOTAL FIXED CHARGES (lines 38-41)	411,515	414,658	42
43		Income after fixed charges (line 37 minus line 42)	3,048,594	3,609,709	43
<b>OTHER DEDUCTIONS</b>					
		(546) Interest on funded debt:			
44		(c) Contingent interest	7,642	7,578	44
<b>UNUSUAL OR INFREQUENT ITEMS</b>					
45		(555) Unusual or infrequent items (debit) credit			45
46		Income (Loss) from continuing operations (before income taxes)	3,040,952	3,602,131	46
<b>PROVISIONS FOR INCOME TAXES</b>					
		(556) Income taxes on ordinary income:			
47	*	(a) Federal income taxes	397,348	733,405	47
48	*	(b) State income taxes	51,867	62,369	48
49	*	(c) Other income taxes	21,868	(225,701)	49
50	*	(557) Provision for deferred taxes	632,729	734,549	50
51		TOTAL PROVISIONS FOR INCOME TAXES (lines 47-52)	1,103,812	1,304,622	51
52		Income from continuing operations (line 46 minus line 51)	1,937,140	2,297,509	52
<b>DISCONTINUED OPERATIONS</b>					
53		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$ _____)			53
54		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$ _____)			54
55		Income before extraordinary items (lines 52 - 54)	1,937,140	2,297,509	55
<b>EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES</b>					
56		(570) Extraordinary items (Net)			56
57		(590) Income taxes on extraordinary items			57
58		(591) Provision for deferred taxes - Extraordinary items			58
59		TOTAL EXTRAORDINARY ITEMS (lines 56-58)			59
60		(592) Cumulative effect of changes in accounting principles (less applicable income taxes of \$ _____)			60
61	*	Net income (Loss) (Lines 55 + 59 + 60)	1,937,140	2,297,509	61
<b>RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)</b>					
62	*	Net revenues from railway operations	3,200,027	3,859,834	62
63	*	(556) Income taxes on ordinary income (-)	(471,083)	(570,073)	63
64	*	(557) Provision for deferred income taxes (-)	(632,729)	(734,549)	64
65		Income from lease of road and equipment (-)			65
66		Rent for leased roads and equipment (+)	2,656	3,131	66
67		Net railway operating income (loss)	2,098,871	2,558,343	67

Note: Line 49 reflects unrecognized tax benefits expense.