

Class I Railroad Annual Report

	<p>Norfolk Southern Combined Railroad Subsidiaries Three Commercial Place Norfolk, VA 23510-2191</p>
<p>Correct name and address if different than shown</p>	<p>Full name and address of reporting carrier (Use mailing label on original, copy in full on duplicate)</p>



2004-1 P 12:18

**To The
Surface Transportation Board**

For the Year Ending December 31, 2003

NOTICE

1. This report is required for every class I railroad operating within the United States. Three copies of this Annual Report should be completed. Two of the copies must be filed with the Surface Transportation Board, Office of Economics, Environmental Analysis, and Administration, The Mercury Building, 1925 K St. N.W., Suite 500, Washington, DC 20423, by March 31 of the year following that for which the report is made. One copy should be retained by the carrier.

2. Every inquiry must be definitely answered. Where the word "none" truly and completely states the fact, it should be given as the answer. If any inquiry is inapplicable, the words "not applicable" should be used.

3. Wherever the space provided in the schedules is insufficient to permit a full and complete statement of the requested information, inserts should be prepared and appropriately identified by the number of the schedule.

4. All entries should be made in a permanent black ink or typed. Those of a contrary character must be indicated in parenthesis. Items of an unusual character must be indicated by appropriate symbols and explained in footnotes.

5. Money items, except averages, throughout the annual report form should be shown in thousands of dollars adjusted to accord with footings. Totals for amounts reported in subsidiary accounts included in supporting schedules must be in agreement with related primary accounts. For purposes of rounding, amounts of \$500 but less than \$1,000 should be raised to the nearest thousand dollars, and amounts of less than \$500 should be lowered.

6. Except where the context clearly indicates some other meaning, the following terms when used in this Form have the following meanings:

(a) Board means *Surface Transportation Board*.

(b) Respondent means *the person or corporation in whose behalf the report is made*.

(c) Year means *the year ended December 31 for which the report is being made*.

(d) Close of the Year means *the close of business on December 31 for the year in which the report is being made*. If the report is made for a shorter period than one year, it means *the close of the period covered by the report*.

(e) Beginning of the Year means *the beginning of business on January 1 of the year for which the report is being made*. If the report is made for a shorter period than one year, it means *the beginning of that period*.

(f) Preceding Year means *the year ended December 31 of the year preceding the year for which the report is made*.

(g) The Uniform System of Accounts for Railroad Companies means *the system of accounts in Part 1201 of Title 49, Code of Federal Regulations, as amended*.

7. The ICC Termination Act of 1995 abolished the Interstate Commerce Commission and replaced it with the Surface Transportation Board. Any references to the Interstate Commerce Commission or Commission contained in this report refer to the Surface Transportation Board.

8. Any references to the Bureau of Accounts or the Office of Economics contained in this report refer to the Office of Economics, Environmental Analysis, and Administration of the Surface Transportation Board.

For Index, See Back of Form

ANNUAL REPORT

OF

**NORFOLK SOUTHERN COMBINED RAILROAD SUBSIDIARIES
("NS RAIL")**

TO THE

SURFACE TRANSPORTATION BOARD

FOR THE

YEAR ENDED DECEMBER 31, 2003

Name, official title, telephone number, and office address of officer in charge of correspondence with the Board regarding this report:

(Name) Marta R. Stewart (Title) Vice President and Controller

(Telephone number) (757) 629-2765
(Area Code)

(Office address) Three Commercial Place, Norfolk, VA 23510-2191
(Street and number, city, state, and ZIP code)

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SPECIAL NOTICE

Docket No. 38559, Railroad Classification Index, (ICC served January 20, 1983), modified the reporting requirements for Class II, Class III, and Switching and Terminal Companies. These carriers will notify the Board only if the calculation results in a different revenue level than its current classification.

The dark borders on the schedules represent data that are captured by the Board.

It is estimated that an average of 800 burden hours per response are required to complete this collection of information. This estimate includes time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Comments concerning the accuracy of this burden estimate or suggestions for reducing this burden should be directed to the Office of the Secretary, Surface Transportation Board.

A. SCHEDULES OMITTED BY RESPONDENT

1. The Respondent, at its option, may omit pages from this report provided there is nothing to report or the schedules are not applicable.
2. Show the pages excluded, as well as the schedule number and title, in the space provided below.
3. If no schedules were omitted indicate "NONE."

Page	Schedule No.	Title
		NONE

B. IDENTITY OF RESPONDENT

Answers to the questions asked should be made in full, without reference to data returned on the corresponding page of previous reports. In case any changes of the nature referred to under inquiry 4 on this page have taken place during the year covered by this report, they should be explained in full detail.

- 1 Give in full the exact name of the respondent. Use the words "The" and "Company" only when they are parts of the corporate name. Be careful to distinguish between railroad and railway. The corporate name should be given uniformly throughout the report, notably on the cover, on the title page, and in the "Verification." If the report is made by receivers, trustees, a committee of bondholders, or individuals otherwise in possession of the property, state names and facts with precision. If the report is for a consolidated group, pursuant to Special Permission from the Board, indicate such fact on line 1 below and list the consolidated group on page 4.
- 2 If incorporated under a special charter, give date of passage of the act; if a reorganization has been effected, give date of reorganization. If a receivership or other trust, give also date when such receivership or other possession began. If a partnership, give date of formation and also names in full of present partners.
- 3 State the occasion for the reorganization, whether by reason of foreclosure of mortgage or otherwise, according to the fact. Give date of organization of original corporation and refer to laws under which organized.

- 1 Exact name of common carrier making this repo Norfolk Southern Combined Railroad Subsidiaries* (NS Rail) is comprised principally of Norfolk Southern Railway Consolidated.
- 2 Date of incorporation Norfolk Southern Railway Company was incorporated June 18, 1894, under the name Southern Railway Company.
- 3 Under laws of what Government, State, or Territory organized? If more than one, name all. If in bankruptcy, give court of jurisdiction and dates of beginning of receivership and of appointment of receivers or trustees
Norfolk Southern Railway Company - Organized under and by virtue of an act of Assembly of the State of Virginia, approved February 20, 1894.
- 4 If the respondent was reorganized during the year, involved in a consolidation or merger, or conducted its business under a different name, give full particulars - On June 1, 1982, Southern Railway Company (SR) and Norfolk and Western Railway Company (NW) became subsidiaries of Norfolk Southern Corporation (NS), a transportation holding company incorporated in Virginia. Effective December 31, 1990, NS transferred all the common stock of NW to SR, and SR's name was changed to Norfolk Southern Railway Company (NSR). Effective September 1, 1998, NW was merged with and into NSR. In August 1998, the STB's decision approving the joint application of NS, NSR and other parties to control Conrail (which owns Consolidated Rail Corporation) became final. NSR and CSX Transportation began operating their respective portions of Conrail's routes and assets on June 1, 1999. See also note 11 to Schedule 200.

* See note on page 4 "Principles of Combined Reporting."

STOCKHOLDERS REPORTS

- 5 The respondent is required to send the office of Economic and Environmental Analysis, immediately upon preparation, two copies of its latest annual report to stockholders.

Check appropriate box:

- ☐ Two copies are attached to this report.
- ☐ Two copies will be submitted

- ☒ No annual report to stockholders is prepared. Not applicable for "Norfolk Southern Combined Railroad Subsidiaries."
- Enclosed with this Report Form R-1 are copies of Annual Reports on Form 10-K for year ended December 31, 2003, filed with the Securities and Exchange Commission by Norfolk Southern Corporation and Norfolk Southern Railway Company.

C. VOTING POWERS AND ELECTIONS

1. State the par value of each share of stock: Common, \$ No Par per share; first preferred, \$ 50 stated value per share; second preferred \$ _____ per share; debenture stock, \$ _____ per share.
2. State whether or not each share of stock has the right to one vote; if not, give full particulars in a footnote. Yes
3. Are voting rights proportional to holdings? Yes If no, state in a footnote the relation between holdings and corresponding voting rights.
4. Are voting rights attached to any securities other than stock? No If so, name in a footnote each security, other than stock, to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent, and if contingent, showing the contingency.
5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? No If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.
6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing
Stock Books Do Not Close
7. State the total voting power of all security holders of the respondent at the date of such closing, if within one year of the date of such filing; if not, state as of the close of the year. NSR 16,668,997*, T-Cubed 2,000 and TCS Leasing, Inc. 500 votes as of
December 31, 2003.
(date)
8. State the total number of stockholders of record, as of the date shown in answer to inquiry No. 7. One stockholder.
9. Give the names of the thirty security holders of the respondent who, at the date of the latest closing of the stock book or compilation of the list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each, his address, the number of votes he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. In the case of voting trust agreement, give as supplemental information the names and addresses of the thirty largest holders of the voting trust certificates and the amount of their individual holdings. If the stock book was not closed or the list of stockholders compiled within such year, show such thirty security holders as of the close of the year.

Line No.	Name of Security Holder	Address of Security Holder	Number of votes to which security holder was entitled	NUMBER OF VOTES, CLASSIFIED WITH RESPECT TO SECURITIES ON WHICH BASED			Line No.
				Stock			
				Common	PREFERRED		
Second	First						
1	Norfolk Southern Railway:						1
2	Norfolk Southern Corp.	Norfolk, VA	16,668,997	16,668,997		*	2
3							3
4	Thoroughbred Technology and						4
5	Telecommunications, Inc.						5
6	(T-Cubed):						6
7	Norfolk Southern Corp.	Norfolk, VA	2,000	2,000			7
8							8
9	TCS Leasing, Inc.:						9
10	Norfolk Southern Corp.	Norfolk, VA	500	500			10
11							11
12							12
13							13
14							14
15							15
16	* In 2003, Norfolk Southern Railway redeemed all publicly held shares of its \$2.60 Cumulative Preferred Stock, Series A for a redemption price of \$50 per share plus accrued and unpaid dividends, for an aggregate redemption price of \$50.2066.						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

C. VOTING POWERS AND ELECTIONS - Continued

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent.

NSR - 17,636,851 votes, T-Cubed - 2,000 votes and TCS Leasing, Inc. - 500 votes.

11. Give the date of such meeting. NSR - May 27, 2003 T-Cubed - April 8, 2003 and TCS Leasing, Inc. - October 13, 2003

12. Give the place of such meeting. Norfolk, Virginia for NSR, T-Cubed and TCS Leasing, Inc.

NOTES AND REMARKS**Principles of Combined Reporting**

Norfolk Southern Combined Railroad Subsidiaries (NS Rail) includes the affiliated railroads under the COMMON CONTROL of Norfolk Southern Corporation (NS). The major subsidiary is Norfolk Southern Railway Company and consolidated subsidiaries (NSR). See listing of companies included in combined rail reporting below. Nonrailroad subsidiaries whose assets and operations are not deemed to be an integral part of rail operations are included in this combined report in the following classifications:

Balance Sheet - Fixed Capital Assets - "Property Used in Other Than Carrier Operations"

Results of Operations - "Other Income" and "Miscellaneous Deductions From Income"

All significant intercompany balances and transactions have been eliminated in combination.

This form of Combined reporting was approved by the ICC Accounting and Valuation Board on March 23, 1987, as indicated in Chairman William F. Moss, III's letter.

The following companies are included in the combined rail reporting to the Surface Transportation Board:

Class I

Cincinnati, New Orleans and Texas Pacific Railway Company, The
Norfolk Southern Railway Company

Class II

Alabama Great Southern Railroad Company, The
Central of Georgia Railroad Company
Georgia Southern and Florida Railway Company

Class III

Camp Lejeune Railroad Company
Chesapeake Western Railway
Interstate Railroad Company
Norfolk and Portsmouth Belt Line Railroad Company
State University Railroad Company
Tennessee, Alabama & Georgia Railway Company
Tennessee Railway Company

Lessors and Other

Airforce Pipeline, Inc.
Alabama Great Southern LLC
Central of Georgia LLC
Citico Realty Company
High Point, Randleman, Asheboro and
Southern Railroad Company
Lamberts Point Barge Company, Inc.
Mobile and Birmingham Railroad Company
Norfolk Southern International, Inc.
Norfolk Southern-Mexico, LLC
NorfolkSouthernMexicana, S de RL de CV
North Carolina Midland Railroad Company, The
NS Transportation Brokerage Corporation
Rail Investment Company
Rail Technologies, Inc.
Shenandoah-Virginia Corporation
South Western Rail Road Company, The
Southern Rail Terminals, Inc.
Southern Rail Terminals of North Carolina, Inc.
Southern Region Coal Transport, Inc.
Southern Region Materials Supply, Inc.
T-Cubed of North America, Inc.
T-Cubed of South Carolina, Inc.
T-Cubed of Virginia, Inc.
TCS Leasing, Inc.
Thoroughbred Direct Intermodal Services, Inc.
Thoroughbred Technology and Telecommunications, Inc.
Transworks Company
Transworks Inc.
Transworks of Indiana, Inc.
Triple Crown Services Company
Virginia and Southwestern Railway Company
Wheelersburg Terminal LLC
Yadkin Railroad Company

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - ASSETS
(Dollars in Thousands)

Line No.	Cross Check	Account	Title (a)	Balance at close of year (b)	Balance at beginning of year (c)	Line No.
Current Assets						
1		701	Cash and Cash Equivalents	265,578	145,036	1
2		702	Temporary Cash Investments	2,129	46	2
3		703	Special Deposits			3
			Accounts Receivable			
4		704	- Loan and Notes	92	2,847	4
5		705	- Interline and Other Balances	661	450	5
6		706	- Customers	33,534	30,521	6
7		707	- Other	48,625	42,526	7
8		709, 708	- Accrued Accounts Receivables	76,163	112,294	8
9		708.5	- Receivables from Affiliated Companies			9
10		709.5	- Less: Allowance for Uncollectible Accounts	(6,125)	(5,148)	10
11		710, 711, 714	Working Funds Prepayments Deferred Income Tax Debits	276,961	273,687	11
12		712	Materials and Supplies	92,025	97,165	12
13		713	Other Current Assets	57,126	37,112	13
14			TOTAL CURRENT ASSETS	846,769	736,536	14
Other Assets						
15		715, 716, 717	Special Funds	623,957	582,003	15
16		721, 721.5	Investments and Advances Affiliated Companies (Schedule 310 and 310A)	592,979	497,984	16
17		722, 723	Other Investments and Advances	229,974	244,745	17
18		724	Allowances for Net Unrealized Loss on Noncurrent Marketable Equity Securities-Cr.			18
19		737, 738	Property Used in Other than Carrier Operation (less Depreciation) \$26,241 and \$24,406 respectively	105,415	189,052	19
20		739, 741	Other Assets	60,670	71,286	20
21		743	Other Deferred Debits	12,458	13,191	21
22		744	Accumulated Deferred Income Tax Debits			22
23			TOTAL OTHER ASSETS	1,625,453	1,598,261	23
Road and Equipment						
24		731, 732	Road (Schedule 330, L-30 Col. h & b)	11,019,459	10,681,229	24
25		731, 732	Equipment (Schedule 330, L-39 Col. h & b)	5,723,978	5,541,067	25
26		731, 732	Unallocated Items	278,155	210,167	26
27		733, 735	Accumulated Depreciation and Amortization (Schedules 335, 342, 351)	(5,800,090)	(5,542,218)	27
28			Net Road and Equipment	11,221,502	10,890,245	28
29	*		TOTAL ASSETS	13,693,724	13,225,042	29

NOTES AND REMARKS

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - LIABILITIES AND SHAREHOLDERS' EQUITY
(Dollars in Thousands)

Line No.	Cross Check	Account	Title (a)	Balance at close of year (b)	Balance at beginning of year (c)	Line No.
Current Liabilities						
30		751	Loans and Notes Payable			30
31		752	Accounts Payable; Interline and Other Balances	13,573	2,488	31
32		753	Audited Accounts and Wages	47,185	44,620	32
33		754	Other Accounts Payable	191	1,155	33
34		755, 756	Interest and Dividends Payable	10,596	18,260	34
35		757	Payables to Affiliated Companies	1,163,860	790,842	35
36		759	Accrued Accounts Payable	860,110	838,686	36
37		760, 761, 761.5, 762	Taxes Accrued	161,139	177,882	37
38		763	Other Current Liabilities	102,144	104,560	38
39		764	Equipment Obligations and Other Long-Term Debt	110,320	108,089	39
40			TOTAL CURRENT LIABILITIES	2,469,118	2,086,582	40
Non-Current Liabilities						
41		765, 767	Funded Debt Unmatured	31,682	32,525	41
42		766	Equipment Obligations	562,935	485,915	42
43		766.5	Capitalized Lease Obligations	239,125	274,239	43
44		768	Debt in Default			44
45		769	Accounts Payable; Affiliated Companies	741,892	538,899	45
46		770.1, 770.2	Unamortized Debt Premium	(944)	(1,265)	46
47		781	Interest in Default			47
48		783	Deferred Revenues-Transfers from Government Authorities			48
49		786	Accumulated Deferred Income Tax Credits	4,249,259	4,037,447	49
50		771, 772, 774, 775, 782, 784	Other Long-Term Liabilities and Deferred Credits	1,037,166	1,026,101	50
51			TOTAL NONCURRENT LIABILITIES	6,861,115	6,393,861	51
Shareholders' Equity						
52		791, 792	Total Capital Stock: (Schedule 230, E-11 & 17)	166,690	166,690	52
53			Common Stock	166,690	166,690	53
54			Preferred Stock			54
55			Discount on Capital Stock			55
56		794, 795	Additional Capital (Schedule 230)	783,564	771,186	56
57		797	Retained Earnings:			57
58		798	Appropriated			58
59		796	Unappropriated (Schedule 220)	3,090,561	3,540,727	59
60		798.5	Accumulated Other Comprehensive Income	322,676	265,996	60
61			Less Treasury Stock			61
62	*		Net Stockholders' Equity	4,363,491	4,744,599	62
			TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	13,693,724	13,225,042	

NOTES AND REMARKS

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES

The notes listed below are provided to disclose supplementary information on matters that have an important effect on the financial condition of the carrier. The carrier shall give the particulars called for herein and where there is nothing to report, insert the word "none"; and in addition thereto shall enter in separate notes with suitable particulars other matters involving material amounts of the character commonly disclosed in financial statements under generally accepted accounting and reporting principles, except as shown in other schedules. This includes statements explaining (1) service interruption insurance policies and indicating the amount of indemnity to which respondent will be entitled for work stoppage losses and the maximum amount of additional premium respondent may be obligated to pay in the event such losses are sustained by other railroads; (2) particulars concerning obligations for stock purchase options granted to officers and employees; and (3) what entries have been made for net income or retained income restricted under provisions of mortgages and other arrangements.

1. Amount (estimated, if necessary) of net income or retained income which has to be provided for capital expenditures, and for sinking and other funds pursuant to provisions of reorganization plans, mortgages, deeds of trust, or other contracts
NONE
2. Estimated amount of future earnings which can be realized before paying Federal income taxes because of unused and available net operating loss carryover on January 1 of the year following that for which the report is made
NONE
3. (a) Explain the procedure in accounting for pension funds and recording in the accounts the current and past service pension costs, indicating whether or not consistent with the prior year
SEE NOTE 3, PAGE 9
- (b) State amount, if any, representing the excess of the actuarially computed value of vested benefits over the total of the pension fund NONE FOR FUNDED PLANS
- (c) Is any part of pension plan funded? Specify. Yes X No
 (i) If funding is by insurance, give name of insuring company NOT APPLICABLE
 If funding is by trust agreement, list trustee(s) WACHOVIA NATIONAL BANK (CUSTODIAN)
 Date of trust agreement or latest amendment AUGUST 1, 1988 (CUSTODIAL AGREEMENT)
 If respondent is affiliated in any way with the trustee(s), explain affiliation
- (d) List affiliated companies which are included in the pension plan funding agreement and describe basis for allocating charges under the agreement SEE NOTE 3, PAGE 9
- (e) Is any part of the pension plan fund invested in stock or other securities of the respondent or any of its affiliates? Specify. Yes No X
 If yes, give number of the shares for each class of stock or other security:

Are voting rights attached to any securities held by the pension plan? Specify. Yes X No
If yes, who determines how stock is voted? The Chairman of the Board of Managers is authorized to give instructions to the Board of Managers' nominee regarding the execution of general proxies.
4. State whether a segregated political fund has been established as provided by the Federal Election Campaign Act of 1971 (18 U.S.C. 610). Yes X No
5. (a) The amount of employers contribution to employee stock ownership plans for the current year was SEE NOTE 3, PAGE 9.
- (b) The amount of investment tax credit used to reduce current income tax expense resulting from contributions to qualified employee stock ownership plans for the current year was NONE.
6. In reference to Docket No. 37465 specify the total amount of business entertainment expenditures charged to the nonoperating expense account. NONE

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

7. Give particulars with respect to contingent assets and liabilities at the close of the year, in accordance with Instruction 5-6 in the Uniform System of Accounts for Railroad Companies, that are not reflected in the amounts of the respondent.

Disclose the nature and amount of contingency that is material.

Example of contingent liabilities are items which may become obligations as a result of pending or threatened litigation, assessments or possible assessments of additional taxes and agreements or obligations to repurchase securities or property. Additional pages may be added if more space is needed. (Explain and/or reference to the following pages.)

See Note 7 on page 12.

(a) Changes in Valuation Accounts

8. Marketable Equity Securities. See Note 8 on page 13.

		Cost	Market	Dr. (Cr.) to Income	Dr. (Cr.) to Stockholders Equity
(Current Yr.)	Current Portfolio				N/A
as of / /	Noncurrent Portfolio			N/A	\$
(Previous Yr.)	Current Portfolio			N/A	N/A
as of / /	Noncurrent Portfolio			N/A	N/A

At / / , gross unrealized gains and losses pertaining to marketable equity securities were as follows:

	Gains	Losses
Current	\$	\$
Noncurrent	\$	\$

A net unrealized gain (loss) of \$ _____ on the sale of marketable equity securities was included in net income for _____ (year). The cost of securities sold was based on the _____ (method) cost of all the shares of each security held at time of sale.

Significant net realized and net unrealized gains and losses arising after date of the financial statements but prior to the filing, applicable to marketable equity securities owned at balance sheet date shall be disclosed below:

NOTE: / / (date) Balance sheet date of reported year unless specified as previous year

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

3. PENSIONS AND OTHER POSTRETIREMENT BENEFITS

Norfolk Southern and certain subsidiaries have both funded and unfunded defined benefit pension plans covering principally salaried employees. Norfolk Southern and certain subsidiaries also provide specified health care and death benefits to eligible retired employees and their dependents. Under the present plans, which may be amended or terminated at NS' option, a defined percentage of health care expenses is covered, reduced by any deductibles, copayments, Medicare payments and, in some cases, coverage provided under other group insurance policies. The following relates to the combined NS plans.

Pension Plan Asset Management

Eleven investment firms manage Norfolk Southern's defined benefit pension plan's assets under investment guidelines approved by the Board of Directors. Investments are restricted to domestic fixed income securities, a limited amount of international fixed income securities, domestic and international equity investments and unleveraged exchange-traded options and financial futures. Limitations restrict investment concentration and use of certain derivatives instruments. Fixed income investments must have an average rating of "AA" or better and all fixed income securities must be rated "A" or better except bond index funds. Equity investments must be in liquid securities listed on national exchanges. No investment is permitted in the securities of Norfolk Southern Corporation or its subsidiaries (except through commingled pension trust funds). Investment managers' returns are expected to exceed selected market indices by prescribed margins.

The target asset allocation range for equity is between 65% and 75% of the fund's assets, with approximately 10% of the fund's assets allocated to international equity investments. The asset allocation on Dec. 31, 2003, was 25% in fixed income investments and 75% in equity investments, including 9% in international equities. This compared to 33%, 67% and 9%, respectively, on Dec. 31, 2002.

The plan's assumed future returns are based principally on the asset allocation and on the historic returns for the plan's asset classes determined from both actual plan returns and, over longer time periods, market returns for those asset classes. As of Dec. 31, 2003, the plan had assets of \$1.72 billion and a current pension obligation of \$1.49 billion.

Voluntary Separation Program

NS Rail's expense in 2003 includes \$107 million of costs related to NS' voluntary separation program undertaken in the fourth quarter. Through the program, 553 nonagreement employees were separated from service, of which 314 retired under Norfolk Southern's retirement plan. The costs include \$66 million for separation payments and other benefits of the program and \$41 million of costs related to the pension and other benefit plans.

Medicare Changes

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the Act) was signed into law in December 2003. The Act introduces a new prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. Norfolk Southern believes that its medical plan's prescription drug benefit will qualify as actuarially equivalent to Medicare Part D based on a review of the plan's prescription drug benefit compared with the prescription drug benefit that would be paid under Medicare Part D beginning in 2006. Norfolk Southern has elected to take into account these legislative changes in the measurement of its postretirement benefit obligations in accordance with Financial Accounting Standards Board Staff Position No. 106-1. This resulted in a \$45 million decrease in the end-of-year benefit obligation with a corresponding decline in the unrecognized actuarial loss for 2003. There was no effect on the net benefit cost in 2003; however, the effects of the Act will be reflected in the net benefit cost in 2004 and subsequent years. Specific authoritative guidance on the accounting for the Act's subsidy is pending, and that guidance, when issued, could require Norfolk Southern to change information previously reported herein.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

Pension and Other Postretirement Benefit Obligations and Plan Assets

	Pension Benefits		Other Benefits	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	(\$ in millions)			
Change in benefit obligations				
Benefit obligation at beginning of year	\$ 1,370	\$ 1,324	\$ 592	\$ 479
Service cost	20	17	18	13
Interest cost	89	91	40	33
Amendment	--	--	(51)	--
Legislative changes	--	--	(45)	--
Curtailment loss	17	--	10	--
Special termination benefits	--	--	17	--
Actuarial (gains) losses	105	54	65	98
Benefits paid	(113)	(116)	(38)	(31)
Benefit obligation at end of year	<u>1,488</u>	<u>1,370</u>	<u>608</u>	<u>592</u>
Change in plan assets				
Fair value of plan assets at beginning of year	1,469	1,798	106	118
Actual return on plan assets	358	(201)	24	(12)
Employer contribution	6	6	38	31
401(h) account transfer	--	(18)	--	--
Benefits paid	(113)	(116)	(38)	(31)
Fair value of plan assets at end of year	<u>1,720</u>	<u>1,469</u>	<u>130</u>	<u>106</u>
Funded status	<u>232</u>	<u>99</u>	<u>(478)</u>	<u>(486)</u>
Unrecognized (gain) loss	208	305	163	169
Unrecognized prior service cost	21	26	(44)	--
Net amount recognized	<u>\$ 461</u>	<u>\$ 430</u>	<u>\$ (359)</u>	<u>\$ (317)</u>
Amounts recognized in the Combined Balance Sheets consist of:				
Prepaid benefit cost	\$ 532	\$ 497	\$ --	\$ --
Accrued benefit liability	(89)	(82)	(359)	(317)
Accumulated other comprehensive income	18	15	--	--
Net amount recognized	<u>\$ 461</u>	<u>\$ 430</u>	<u>\$ (359)</u>	<u>\$ (317)</u>

Of the pension plans included above, the unfunded pension plans were the only plans with an accumulated benefit obligation in excess of plan assets. These plans' accumulated benefit obligations were \$89 million at Dec. 31, 2003, and \$82 million at Dec. 31, 2002. These plans' projected benefit obligations were \$103 million at Dec. 31, 2003, and \$94 million at Dec. 31, 2002. Because of the nature of such plans, there are no plan assets.

Section 401(h) account transfers to NS, from pension assets, were zero in 2003 and \$18 million in 2002 as reimbursement for medical payments for retirees.

During 2003, NS amended its retiree medical plan to require participants retiring after Dec. 31, 2003 to share in any increased medical costs. Contributions will be determined annually and will increase at a rate similar to that of active nonagreement employees. The amendment decreased the retiree medical benefit obligation by \$51 million.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

Pension and Other Postretirement Benefit Costs Components

	<u>2003</u>	<u>2002</u> (\$ in millions)	<u>2001</u>
<i>Pension benefits</i>			
Service cost	\$ 20	\$ 17	\$ 15
Interest cost	89	91	94
Curtailment loss	17	—	—
Expected return on plan assets	(158)	(179)	(202)
Amortization of prior service cost	5	4	4
Amortization of initial net asset	—	—	(3)
Recognized net actuarial gains (losses)	2	(13)	(24)
Net benefit	\$ (25)	\$ (80)	\$ (116)
<i>Other postretirement benefits</i>			
Service cost	\$ 18	\$ 13	\$ 14
Interest cost	40	33	33
Curtailment loss	10	—	—
Special termination benefits	17	—	—
Expected return on plan assets	(12)	(13)	(13)
Amortization of prior service cost	(7)	—	—
Amortization of unrecognized losses	14	—	—
Net cost	\$ 80	\$ 33	\$ 34

Pension Assumptions

Pension and other postretirement benefit costs are determined based on actuarial valuations that reflect appropriate assumptions as of the measurement date, ordinarily the beginning of each year. The funded status of the plans is determined using appropriate assumptions as of each year end. A summary of the major assumptions follows:

	<u>2003</u>	<u>2002</u>	<u>2001</u>
<i>Funded status:</i>			
Discount rate	6.25%	6.75%	7.25%
Future salary increases	4.5%	4.5%	5%
<i>Pension cost:</i>			
Discount rate	6.75%	7.25%	7.50%
Return on assets in plans	9%	9%	10%
Future salary increases	4.5%	5%	5%

Health Care Cost Trend Assumptions

For measurement purposes, increases in the per capita cost of covered health care benefits were assumed to be 9% for 2004 and 8% for 2005. It is assumed the rate will decrease gradually to an ultimate rate of 5% for 2008 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported in the financial statements. To illustrate, a one-percentage-point change in the assumed health care cost trend would have the following effects:

	<u>ONE PERCENTAGE POINT</u>	
	<u>Increase</u>	<u>Decrease</u>
	(\$ in millions)	
Increase (decrease) in:		
Total service and interest cost components	\$ 8	\$ (7)
Postretirement benefit obligation	\$ 65	\$ (47)

Contributions for Pension and Other Postretirement Benefits

NS expects to contribute approximately \$7 million to its pension plan and \$42 million to its other postretirement benefit plans in 2004.

Other Postretirement Coverage

Under collective bargaining agreements, NS Rail and certain subsidiaries participate in a multi-employer benefit plan, which provides certain postretirement health care and life insurance benefits to eligible union employees. Premiums under this plan are expensed as incurred and amounted to \$18 million in 2003, \$11 million in 2002 and \$10 million in 2001.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

401(k) Plans

NS Rail and certain subsidiaries participate in 401(k) savings plans sponsored by NS for its and NS Rail's employees. Under the plans, NS Rail matches a portion of employee contributions, subject to applicable limitations. Since 1999, NS has contributed newly issued shares of Common Stock on behalf of NS Rail for its matching contributions. NS Rail's expenses under these plans were \$12 million in 2003, \$12 million in 2002 and \$11 million in 2001.

7. COMMITMENTS AND CONTINGENCIES

Lawsuits

NS Rail and certain subsidiaries are defendants in numerous lawsuits and other claims relating principally to railroad operations. When management concludes that it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, it is accrued through a charge to expenses. While the ultimate amount of liability incurred in any of these lawsuits and claims is dependent on future developments, in management's opinion the recorded liability is adequate to cover the future payment of such liability. However, the final outcome of any of these lawsuits and claims cannot be predicted with certainty, and unfavorable or unexpected outcomes could result in accrual adjustments that could be significant to results of operations in a particular year or quarter. Any adjustments to the recorded liability will be reflected in expenses in the periods in which such adjustments are known.

Casualty Claims

NS Rail is generally self-insured for casualty claims. Claims in excess of self-insurance levels are insured up to excess coverage limits. The casualty claims liability is determined actuarially, based upon claims filed and an estimate of claims incurred but not yet reported. While the ultimate amount of claims incurred is dependent on future developments, in management's opinion, the recorded liability is adequate to cover the future payments of claims. However, it is possible that the recorded liability may not be adequate to cover the future payment of claims. Adjustments to the recorded liability will be reflected in operating expenses in the periods in which such adjustments are known.

Environmental Matters

NS Rail is subject to various jurisdictions' environmental laws and regulations. It is NS Rail's policy to record a liability where such liability or loss is probable and its amount can be estimated reasonably. Claims, if any, against third parties for recovery of cleanup costs incurred by NS Rail are reflected as receivables in the balance sheet and are not netted against the associated NS Rail liability. Environmental engineers regularly participate in ongoing evaluations of all identified sites and in determining any necessary adjustments to initial liability estimates. NS Rail also has established an Environmental Policy Council, composed of senior managers, to oversee and interpret its environmental policy.

NS Rail's balance sheets included liabilities for environmental exposures in the amount of \$25 million at Dec. 31, 2003, and \$29 million at Dec. 31, 2002, (of which \$8 million was accounted for as a current liability in each year). At Dec. 31, 2003, the liability represented NS Rail's estimate of the probable cleanup and remediation costs based on available information at 113 identified locations. On that date, 10 sites accounted for \$12 million of the liability, and no individual site was considered to be material. NS Rail anticipates that much of this liability will be paid out over five years; however, some costs will be paid out over a longer period.

At some of the 113 locations, certain NS Rail subsidiaries, usually in conjunction with a number of other parties, have been identified as potentially responsible parties by the Environmental Protection Agency (EPA) or similar state authorities under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, or comparable state statutes, which often impose joint and several liability for cleanup costs.

With respect to known environmental sites (whether identified by NS Rail or by the EPA or comparable state authorities), estimates of NS Rail's ultimate potential financial exposure for a given site or in the aggregate for all such sites are necessarily imprecise because of the widely varying costs of currently available cleanup techniques, the likely development of new cleanup technologies, the difficulty of determining in advance the nature and full extent of contamination and each potential participant's share of any estimated loss (and that participant's ability to bear it), and evolving statutory and regulatory standards governing liability.

The risk of incurring environmental liability is inherent in the railroad business. Some of the commodities in NS Rail's traffic mix, particularly those classified as hazardous materials, can pose special risks that NS Rail and its subsidiaries work diligently to minimize. In addition, several NS Rail subsidiaries own, or have owned, land used as operating property, or which is leased and operated by others, or held for sale. Because environmental problems may exist on these properties that are latent or undisclosed, there can be no assurance that NS Rail will not incur environmentally related liabilities or costs with respect to one or more of them, the amount and materiality of which cannot be estimated reliably at

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

this time. Moreover, lawsuits and claims involving these and other potentially unidentified environmental sites and matters are likely to arise from time to time. The resulting liabilities could have a significant effect on NS Rail's financial condition, results of operations or liquidity in a particular year or quarter.

However, based on its assessment of the facts and circumstances now known, management believes that it has recorded the probable costs for dealing with those environmental matters of which the Corporation is aware. Further, management believes that it is unlikely that any identified matters, either individually or in the aggregate, will have a material adverse effect on NS Rail's financial position, results of operations or liquidity.

Purchase Commitments

NS Rail had outstanding purchase commitments of approximately \$166 million in connection with its 2004 capital program.

Change-In-Control Arrangements

NS has compensation agreements with officers and certain key employees that become operative only upon a change in control of NS, as defined in those agreements. The agreements provide generally for payments based on compensation at the time of a covered individual's involuntary or other specified termination and for certain other benefits.

Guarantees

In a number of instances, NSR and its subsidiaries have agreed to indemnify lenders for additional costs they may bear as a result of certain changes in laws or regulations applicable to their loans. Such changes may include impositions or modifications with respect to taxes, duties, reserves, liquidity, capital adequacy, special deposits, and similar requirements relating to extensions of credit by, deposits with, or the assets or liabilities of such lenders. Similar provisions exist in NSR's accounts receivable sales program. The nature and timing of changes in laws or regulations applicable to NS Rail's financings are inherently unpredictable, and therefore NSR's exposure in connection with the foregoing indemnifications cannot be quantified. No liability has been recorded related to these indemnifications. In the case of one type of equipment financing, NSR's Japanese leveraged leases, NSR may terminate the leases and ancillary agreements if such a change-in-law indemnity is triggered. Such a termination would require NSR to make early termination payments that would not be expected to have a material adverse effect on NS Rail's financial condition, results of operations or liquidity.

NSR has indemnified parties in a number of transactions for U.S. income tax withholding imposed as a result of changes in U.S. tax law. In all cases, NSR has the right to unwind the related transaction if the withholding cannot be avoided in the future. Because these indemnities would be triggered and are dependent upon a change in the tax law, the maximum exposure is not quantifiable. Management does not believe that it is likely that it will be required to make any payments under these indemnities.

NSR has outstanding warranty liabilities primarily related to work performed at its locomotive facilities. NSR has recorded a reserve of \$1 million as of Dec. 31, 2003, and less than \$2 million as of Dec. 31, 2002, for these warranties.

As of Dec. 31, 2003, NSR and subsidiaries are contingently liable as guarantors with respect to \$8 million of indebtedness of an entity in which it has an ownership interest, the Terminal Railroad Association of St. Louis, due in 2019. Six other railroads are also jointly and severally liable as guarantors for this indebtedness. No liability has been recorded related to this guaranty.

NSR is liable for any shortfall in the then fair market value of certain leased locomotives and a specified residual value for the locomotives ~~if the leases are not renewed. NS Rail does not expect to be required to make any payments under this provision. As of Dec. 31, 2003, the~~ maximum liability under this provision, assuming NS Rail chose not to renew the lease in 2004 and the then fair value of the locomotives was zero, would be \$106 million.

8. MARKETABLE EQUITY SECURITIES

	<u>2003</u>	Dec. 31,	<u>2002</u>
Marketable equity securities, principally 21,016,125 shares of NS Common Stock at fair value	\$ 498	(in millions of dollars)	\$ 425

Carrying value adjustments, which are noncash transactions, are not included in the Combined Statement of Cash Flows. The gross unrealized holding gain was \$478 million on Dec. 31, 2003, and \$404 million at Dec. 31, 2002. Sales of "available-for-sale-securities" were immaterial for years ended Dec. 31, 2003 and 2002.

9. REQUIRED ACCOUNTING CHANGE

NS Rail adopted Financial Accounting Standards Board (FASB) Interpretation No. 46, "Consolidation of Variable Interest Entities," (FIN No. 46) effective Jan. 1, 2003, and recorded a \$4 million net adjustment (\$6 million before taxes) for the cumulative effect of this change in accounting on years prior to 2003. Pursuant to FIN No. 46, NS has consolidated a special-purpose entity that leases certain locomotives to NS (see Note 7). This entity's assets and liabilities at Jan. 1, 2003, included \$169 million of locomotives and \$157 million of debt related to their purchase as well as a \$6 million minority interest liability. This change in accounting increased depreciation and interest expense (to reflect the locomotives as owned assets) and lowered lease expense. The net effect to total railway operating expenses and net income was not material.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

In August 2001, the FASB issued Statement No. 143 "Accounting for Asset Retirement Obligations," (SFAS No. 143). Pursuant to SFAS No. 143, the cost to remove crossties must be recorded as an expense when incurred; previously these removal costs were accrued as a component of depreciation. STB accounting rules require that railroads accrue the cost of removing crossties over the expected useful life of these assets. NS Rail has not implemented SFAS No. 143 for STB reporting purposes. As a result, these financial statements do not reflect generally accepted accounting principles with regard to the removal of crossties.

10. RELATED PARTIES (OTHER THAN CONRAIL/PRR)

General

Norfolk Southern Corporation (NS) is the parent holding company of NSR. Rail operations are coordinated at the holding company level by the NS Vice Chairman and Chief Operating Officer. Effective June 1, 2000, NS charges NS Rail a fee for management services it performs for NS Rail (which totaled \$686 million, including a \$43 million markup in 2003; \$522 million, including a \$32 million markup in 2002; and \$521 million, including a \$35 million markup in 2001). Previously, the costs of functions performed by NS were charged to NS Rail. As a result, costs that were previously included in "Salaries and wages" and "General" are reflected in "Purchased services." In addition, NS charges NS Rail a revenue-based licensing fee (which totaled \$93 million in 2003, \$91 million in 2002 and \$90 million in 2001) for use of certain intangible assets owned by NS.

Noncash Dividends

NSR declared and issued to NS noncash dividends of \$767 million in 2003, \$501 million in 2002 and \$700 million in 2001, which were settled by reduction of NSR's interest-bearing advances due from NS. Noncash dividends are excluded from the Combined Statements of Cash Flows.

Sale of Accounts Receivable

NS Rail sells, without recourse, to a bankruptcy-remote special-purpose NS subsidiary, a pool of accounts receivable. NS Rail services and collects the sold receivables; however, no servicing asset or liability has been recognized because the benefits of servicing are estimated to be just adequate to compensate NS Rail for its responsibilities. Payments collected from sold receivables are remitted to the special-purpose NS subsidiary, which, in turn, reinvests the amounts by purchasing new receivables from NS Rail. NS Rail has no retained interest in the sold receivables. Under the terms of the sale agreement, the receivables are treated as sold and, accordingly, \$528 million at Dec. 31, 2003, and \$513 million at Dec. 31, 2002, of sold receivables are not included on the balance sheet of NS Rail. Fees associated with the sale, which are based on historical dilution and prevailing interest rates, are included in Account 551.

Intercompany Federal Income Tax Accounts

In accordance with the NS Tax Allocation Agreement, intercompany federal income tax accounts are recorded between companies in the NS consolidated group. NS Rail had long-term intercompany federal income tax payables (which are included in "Deferred income taxes" in the Combined Balance Sheets) of \$950 million at Dec. 31, 2003, and \$897 million at Dec. 31, 2002.

Capital Contributions

In 2003, NS made a noncash capital contribution of the Norfolk Southern Railway preferred shares it held concurrent with their redemption (see Note 15). In each of 2002 and 2001, NS Rail recognized capital contributions for benefits it received related to tax credits generated by a nonrail subsidiary of NS.

Cash Required for NS Debt

To finance the cost of the Conrail transaction, NS issued and sold commercial paper and \$4.3 billion of unsecured notes. A significant portion of the funding for the interest and repayments on this and other NS debt is expected to be provided by NS Rail.

NS is subject to various financial covenants with respect to its debt and under its credit agreement, including a minimum net worth requirement, a maximum leverage ratio restriction and certain restrictions on issuance of further debt. As a major NS subsidiary, NS Rail is subject to certain of those covenants.

11. OPERATIONS OVER CONRAIL'S LINES

Operations Over Conrail's Lines

Overview – Through a limited liability company, NS and CSX Corporation (CSX) jointly own Conrail Inc. (Conrail), whose primary subsidiary is Consolidated Rail Corporation (CRC), the major freight railroad in the Northeast. NS has a 58% economic and 50% voting interest in the jointly owned entity, and CSX has the remainder of the economic and voting interests.

NSR operates as a part of its rail system the routes and assets of Pennsylvania Lines LLC (PRR), a wholly owned subsidiary of CRC, pursuant to operating and lease agreements. CSX Transportation, Inc. (CSXT) operates the routes and assets of another CRC subsidiary under comparable terms.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

Operations of Conrail's Lines – The June 1999 Operating Agreement between NSR and PRR governs substantially all track assets operated by NSR and has an initial 25-year term, renewable at the option of NSR for two five-year terms. Payments under the Operating Agreement are subject to adjustment every six years to reflect changes in values. NSR also has leased or subleased equipment for varying terms from PRR. Costs necessary to operate and maintain the PRR assets, including leasehold improvements, are borne by NSR. NSR receives all freight revenues on the PRR lines.

NSR and CSXT also have entered into agreements with CRC governing other properties that continue to be owned and operated by CRC (the Shared Assets Areas). NSR and CSXT pay CRC a fee for joint and exclusive access to the Shared Assets Areas. In addition, NSR and CSXT pay, based on usage, the costs incurred by CRC to operate the Shared Assets Areas.

Future minimum lease payments due to PRR under the Operating Agreement and lease agreements and to CRC under the Shared Assets Areas (SAA) agreements are as follows:

	<u>PRR Oper. Agmt.</u>	<u>PRR Lease Agmt.</u> (\$ in millions)	<u>SAA Agmts.</u>
2004	\$ 238	\$ 104	\$ 32
2005	246	75	33
2006	246	61	34
2007	246	49	34
2008	246	44	34
2009 and subsequent years	4,039	89	551
Total	\$ 5,261	\$ 422	\$ 718

Operating lease expense related to the agreements, which is included in "Conrail rents and services," amounted to \$478 million in 2003, \$468 million in 2002 and \$467 million in 2001.

NS Rail's combined balance sheet at Dec. 31, 2003, includes \$32 million of liabilities related to the Conrail transaction, principally for contractual obligations to Conrail employees imposed by the STB when it approved the transaction. Through Dec. 31, 2003, NS Rail had paid \$151 million of these costs.

NS Rail provides certain general and administrative support functions to Conrail, the fees for which are billed in accordance with several service-provider arrangements and totaled \$7 million in 2003 and 2002 and \$6 million in 2001.

A significant portion of payments made to PRR is borrowed back from a subsidiary of PRR. Previously, these loans were made under a demand note; however, in the first quarter of 2002, the subsidiary of PRR exchanged this demand note for a new note due in 2032. Borrowings owed to the subsidiary of PRR are included in Account 769. The interest rate for these loans is variable and was 1.7% at Dec. 31, 2003. Upon consummation of the proposed reorganization these loans would be extinguished.

Conrail Corporate Reorganization

NS, CSX and Conrail are jointly seeking to reorganize Conrail and establish direct ownership and control by NSR and CSXT of PRR and NYC, respectively. The proposed reorganization would replace the operating agreements described above and allow NSR and CSXT to directly own and operate PRR and NYC, respectively. The reorganization would not involve the Shared Assets Areas, and would have no effect on the competitive rail service provided in the Shared Assets Areas. Conrail would continue to own, manage and operate the Shared Assets Areas as previously approved by the Surface Transportation Board (STB).

Consummation of the reorganization requires a ruling from the Internal Revenue Service (IRS), the approval of the STB and filings with the Securities and Exchange Commission. In addition, NS, CSX and Conrail must obtain the consent of Conrail's debt holders to carry out the transaction and will obtain a valuation of PRR and of NYC.

In 2003, the IRS issued a ruling that the reorganization would qualify as a tax-free distribution. Also in 2003, the STB granted its authorization to carry out the reorganization, subject to a condition requiring NS, CSX and Conrail to either: (i) obtain the voluntary consent of the Conrail debt holders; or (ii) propose further proceedings to determine whether the terms offered to the Conrail debt holders are fair, just and reasonable. In 2004, NS, CSX and Conrail intend to file registration statements on Form S-4 with the Securities and Exchange Commission to allow a proposed exchange offer relating to Conrail's unsecured debt (see below). In order to implement the reorganization approved by the IRS, the companies have engaged an investment banking firm to provide a valuation. The results of the valuation could impact NS' carrying amount of its investment in Conrail and the recording of the corporation reorganization.

As a part of the proposed reorganization, Conrail would undertake a restructuring of its existing unsecured and secured public indebtedness. There are currently two series of unsecured public debentures with an outstanding principal amount of \$800 million and 13 series of secured debt with an outstanding principal amount of approximately \$321 million. It is currently contemplated that guaranteed debt securities of two newly formed corporate subsidiaries of NSR and CSXT would be offered in a 58%/42% ratio in exchange for Conrail's unsecured debentures. Upon completion of the proposed transaction, the new debt securities would become direct unsecured obligations of NSR and CSXT, respectively, and would rank equally with all existing and future senior unsecured debt obligations, if any, of NSR and CSXT. These new debt securities will have maturity dates, interest rates and principal and interest payment dates identical to those of the respective series of Conrail's unsecured debentures. In addition, these new debt securities will have covenants substantially similar to those of the publicly traded debt securities of NS and CSX, respectively.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

Conrail's secured debt and lease obligations will remain obligations of Conrail and are expected to be supported by new leases and subleases which, upon completion of the proposed transaction, would be the direct lease and sublease obligations of NSR or CSXT.

NS, CSX and Conrail are diligently working to complete all steps necessary to consummate the Conrail corporate reorganization in 2004. Upon consummation of the proposed transaction, the assets and liabilities of PRR will be reflected in their respective line items in NS Rail's Combined Balance Sheet, and any amounts owed to PRR would be extinguished.

12. DERIVATIVE FINANCIAL INSTRUMENTS

On Jan. 1, 2001, NS Rail adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133), as amended by Statement of Financial Accounting Standards No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" (SFAS No. 138). The Statements establish accounting and reporting standards for derivative instruments and hedging activities, requiring that all derivatives be recognized in the financial statements as either assets or liabilities and that they be measured at fair value. Changes in fair value are recorded as adjustments to the assets or liabilities being hedged in Account 769 or in current earnings, depending on whether the derivative is designated and qualifies for hedge accounting, the type of hedge transaction represented and the effectiveness of the hedge.

NS Rail uses derivative financial instruments to reduce the risk of volatility in its diesel fuel costs and to manage its overall exposure to fluctuations in interest rates. NS Rail does not engage in the trading of derivatives. Management has determined that its derivative financial instruments qualify as either fair-value or cash-flow hedges, having values that highly correlate with the underlying hedged exposures, and has designated such instruments as hedging transactions. Credit risk related to the derivative financial instruments is considered to be minimal and is managed by requiring high credit standards for counterparties and periodic settlements.

Diesel Fuel Hedging

In the second quarter of 2001, NS Rail began a program to hedge a portion of its diesel fuel consumption. The intent of the program is to assist in the management of NS Rail's aggregate risk exposure to fuel price fluctuations, which can significantly affect NS Rail's operating margins and profitability. In order to minimize this risk, NS Rail instituted a continuous hedging strategy for a portion of its estimated future fuel needs by entering into a series of swaps in order to lock in the purchase prices of some of its diesel fuel. Management has designated these derivative instruments as cash-flow hedges of the exposure to variability in expected future cash flows attributable to fluctuations in diesel fuel prices.

Following is a summary of NS Rail's diesel fuel swaps:

	<u>2003</u>	<u>2002</u>
Number of swaps entered into during the year	286	288
Approximate number of gallons hedged (millions)	374	393
Approximate average price per gallon of Nymex No. 2 heating oil	\$0.76	\$0.66
	<u>2004</u>	<u>2005</u>
Percent of estimated future diesel fuel consumption covered as of Dec. 31, 2003	63%	22%
		<u>2006</u>
		--

Hedges are placed each month by competitive bid among selected counterparties. The goal of this hedging strategy is to average fuel costs over an extended period of time while minimizing the incremental cost of hedging. The program provides that NS Rail will not enter into any fuel hedges with a duration of more than 36 months, and that no more than 80% of NS Rail's average monthly fuel consumption will be hedged for each month within any 36-month period. Diesel fuel costs represented 7%, 6% and 8% of NS Rail's operating expenses for the years ended Dec. 31, 2003, 2002 and 2001, respectively.

In 2001, NS Rail also purchased eight monthly call options at a strike price of 84 cents per gallon of Nymex No. 2 heating oil. The cost of the monthly options, which expired serially through Dec. 31, 2001, was amortized as a component of diesel fuel expense. Because the price of diesel fuel did not reach the strike price at any time during the period the options were outstanding, NS Rail did not record any benefit related to these transactions.

NS Rail's fuel hedging activity resulted in a net decrease in 2003 diesel fuel expenses of \$59 million, a net decrease in 2002 diesel fuel expense of \$10 million and a net increase in 2001 diesel fuel expense of \$8 million. Ineffectiveness related to the use of diesel fuel hedges in 2003, 2002 and 2001 was less than \$1 million for each year.

Interest Rate Hedging

NS Rail manages its overall exposure to fluctuations in interest rates by issuing both fixed and floating-rate debt instruments, and by entering into interest rate hedging transactions. NS Rail had \$186 million, or 32.2%, and \$220 million, or 33.1%, of its fixed rate debt portfolio hedged at Dec. 31, 2003, and Dec. 31, 2002, respectively, using interest rate swaps that qualify for and are designated as fair-value hedge transactions. These swaps have been effective in hedging the changes in fair value of the related debt arising from changes in interest rates and, accordingly, there has been no impact on earnings resulting from ineffectiveness associated with these derivative transactions.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

Fair Values

The fair values of NS Rail's diesel fuel derivative instruments at Dec. 31, 2003 and 2002, were determined based upon current fair market values as quoted by third party dealers. Fair values of interest rate swaps were determined based upon the present value of expected future cash flows discounted at the appropriate implied spot rate from the spot rate yield curve. Fair value adjustments are noncash transactions and, accordingly, are excluded from the Combined Statement of Cash Flows. Account 796 included \$40 million (pretax) at Dec. 31, 2003, and \$29 million (pretax) at Dec. 31, 2002, both relating to an increase in the fair value of derivative fuel hedging transactions that will terminate within 12 months.

13. PROPERTIES

Impairment of Telecommunication Assets

In 2003, NS recorded an \$84 million non-cash reduction in the carrying value of certain telecommunications assets to recognize their impaired value in accordance with the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." NS' subsidiary, Thoroughbred Technology and Telecommunications (T-Cubed), developed fiber optic infrastructure with companies in the telecommunications industry. This industry has been in a severe downturn and, accordingly, T-Cubed monitored the carrying amount of these assets through independent fair market value appraisals. As a result of a deterioration in the long-term prospects for these assets, an updated appraisal obtained in the fourth quarter indicated a significant decline in their value.

14. FREIGHT RATES AND REGULATED TRAFFIC

Freight Rates

In 2003, NS Rail continued its reliance on private contracts and exempt price quotes as the predominant pricing mechanism. Thus, a major portion of NS Rail's freight business is not currently economically regulated by the government. In general, market forces have been substituted for government regulation and now are the primary determinant of rail service prices. However, in 2003 there were significant coal movements moving under common carrier (tariff) rates that had previously moved under rates contained in transportation contracts. Beginning Jan. 1, 2002, coal moving to Duke Energy's (Duke) Belew's Creek, Allen, Buck and Dan River generating stations moved under common carrier rates and beginning April 1, 2002, coal moving to Carolina Power and Light's (CP&L) Hyco and Mayo plants moved under common carrier rates. In 2002, Duke and CP&L filed rate reasonableness complaints at the STB alleging that NS' tariff rates for the transportation of coal were unreasonable. In the Duke proceeding the STB initially found NS' rates to be reasonable in November 2003, but subsequently issued technical corrections in February 2004 finding that in certain years some portion of the rates were unreasonable. The case is currently stayed because both parties have indicated that they intend to file petitions for reconsideration, and the STB has not yet ordered any rate relief. In the CP&L proceeding, the STB found NS' rates to be unreasonable in December 2003, but upheld a significant portion of NS' tariff increase. Both of the STB's rate decisions remain subject to petitions for rehearing and appeals. Moreover, the Duke case is currently stayed pending the STB's review of evidence filed after the decision was issued. Future developments in the two cases could have a significant impact on results of operations in a particular quarter.

In 2003, NS Rail was found by the STB not to be "revenue adequate" based on results for the year 2002. A railroad is "revenue adequate" under the applicable law when its return on net investment exceeds the rail industry's composite cost of capital. This determination is made pursuant to statutory requirement and does not adversely impact NS Rail's liquidity or capital resources.

15. STOCK

In 2003, Norfolk Southern Railway redeemed all publicly held shares of its \$2.60 Cumulative Preferred Stock, Series A for a redemption price of \$50 per share plus accrued and unpaid dividends, for an aggregate redemption price of \$50.2066.

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)	
		ORDINARY ITEMS					
		OPERATING INCOME					
		Railway Operating Income					
1		(101) Freight	6,236,033	6,037,390	6,236,033		1
2		(102) Passenger					2
3		(103) Passenger-Related					3
4		(104) Switching	58,789	59,439	58,789		4
5		(105) Water Transfers					5
6		(106) Demurrage	79,318	80,629	79,318		6
7		(110) Incidental	94,164	92,363	94,164		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)	6,468,304	6,269,821	6,468,304		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)	6,468,304	6,269,821	6,468,304		13
14	*	(531) Railway operating expenses	5,609,278	5,292,680	5,609,278		14
15	*	Net revenue from railway operations	859,026	977,141	859,026		15
		OTHER INCOME					
16		(506) Revenue from property used in other than carrier operations	1,353	2,144			16
17		(510) Miscellaneous rent income	36,845	34,680			17
18		(512) Separately operated properties-Profit					18
19		(513) Dividend Income (cost method)	6,402	5,508			19
20		(514) Interest Income	13,557	16,796			20
21		(516) Income from sinking and other funds	7	74			21
22		(517) Release of premiums on funded debt					22
23		(518) Reimbursements received under contracts and agreements					23
24		(519) Miscellaneous income	155,065	118,917			24
25		Income from affiliated companies: 519					
26		a. Dividends (equity method)					25
27		b. Equity in undistributed earnings (losses)	(348)	371			26
27		TOTAL OTHER INCOME (lines 16-26)	212,881	178,490			27
28		TOTAL INCOME (lines 15, 27)	1,071,907	1,155,631			28
		MISCELLANEOUS DEDUCTIONS FROM INCOME					
29		(534) Expenses of property used in other than carrier operations	25,460	20,865			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	412,350	272,207			34
35		(553) Uncollectible accounts					35
36		TOTAL MISCELLANEOUS DEDUCTIONS (lines 29-35)	437,810	293,072			36
37		Income available for fixed charges (lines 28, 36)	634,097	862,559			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					
		(546) Interest on funded debt:			
38		(a) Fixed interest not in default	25,848	32,723	38
39		(b) Interest in default			39
40		(547) Interest on unfunded debt	104,118	128,871	40
41		(548) Amortization of discount on funded debt	670	763	41
42		TOTAL FIXED CHARGES (lines 38-41)	130,636	162,357	42
43		Income after fixed charges (lines 37, 42)	503,461	700,202	43
OTHER DEDUCTIONS					
		(546) Interest on funded debt:			
44		(c) Contingent interest			44
UNUSUAL OR INFREQUENT ITEMS					
45		(555) Unusual or infrequent items (debit) credit			45
46		Income (Loss) from continuing operations (before income taxes)	503,461	700,202	46
PROVISIONS FOR INCOME TAXES					
		(556) Income taxes on ordinary income:			
47	*	(a) Federal income taxes	53,483	84,794	47
48	*	(b) State income taxes	7,637	5,508	48
49	*	(c) Other income taxes			49
50	*	(557) Provision for deferred taxes	129,541	182,257	50
51		TOTAL PROVISIONS FOR INCOME TAXES (lines 47-50)	190,661	272,559	51
52		Income from continuing operations (lines 46+51)	312,800	427,643	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+53+54)	312,800	427,643	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 56-58)			59
60		(592) Cumulative effect of changes in accounting principles (less applicable tax of \$2,474)	3,808		60
61	*	Net income (Loss) (lines 55+59+60)	316,608	427,643	61
Reconciliation of net railway operating income(NROI)					
62		Net revenues from railway operation	859,026	977,141	62
63	*	(556) Income taxes on ordinary income (-)	(61,120)	(90,302)	63
64	*	(557) Provision for deferred income taxes (-)	(129,541)	(182,257)	64
65		Income from lease of road and equipment (-)	(5,335)	(7,292)	65
66		Rent for leased roads and equipment (+)	235,749	214,761	66
67		Net railway operating income (loss)	898,779	912,051	67

NOTES AND REMARKS

220. RETAINED EARNINGS

(Dollars in Thousands)

1. Show below the items of Retained Earnings Accounts of the respondent for the year, classified in accordance with the Uniform System of Accounts for Railroad Companies.
2. All contra entries hereunder should be shown in parentheses.
3. Show under "Remarks" the amount of assigned Federal income tax consequences for Account 606 and 616.
4. Segregate in column (c) all amounts applicable to the equity in undistributed earnings (losses) of affiliated companies based on the equity method of accounting.
5. The total of column (b) and (c), lines 3 and 7, should agree with line 61 column (b), Schedule 210.
6. Include in column (b) only amounts applicable to retained earnings exclusive of any amounts included in column (c).

Line No.	Cross Check	Item	Retained earnings- Unappropriated (b)	Equity in undistributed earnings (losses) of affiliated companies (c)	Line No.
		(a)			
1		Balances at beginning of year	3,540,727		1
2		(601.5) Prior period adjustments to beginning retained earnings			2
		CREDITS			
3		(602) Credit balance transferred from income	316,608		3
4		(603) Appropriations released			4
5		(606) Other credits to retained earnings			5
6		TOTAL	316,608		6
		DEBITS			
7		(612) Debit balance transferred from income			7
8		(616) Other debits to retained earnings			8
9		(620) Appropriations for sinking and other funds			9
10		(621) Appropriations for other purposes			10
11		(623) Dividends: Common stock (Schedule 200, Note 10, page 14)	766,774		11
12		Preferred stock (1)			12
13		TOTAL	766,774		13
14		Net increase (decrease) during year (line 6 minus line 13)	(450,166)		14
15		Balances at close of year (lines 1, 2 & 14)	3,090,561		15
16		Balances from line 15 (c)		N/A *	16
17		(798) Total unappropriated retained earnings and equity in undistributed earnings (losses) of affiliated companies at end of year	3,090,561	N/A	17
18		(797) Total appropriated retained earnings:			18
19		Credits during year			19
20		Debits during year			20
21		Balance at close of \$0			21
22		Amount of assigned Federal income tax consequences:			22
23		Account 606 \$ None			23
		Account 616 \$ None			

(1) If any dividends have not been declared on cumulative preferred stock, give cumulative undeclared dividends at beginning of year and end of year.

* Respondent maintains equity accounting for affiliates by recording transactions into the books of accounts. Therefore, a separate retained earnings memorandum account for the financial reporting of the equity portion is not maintained.

230. CAPITAL STOCK

PART I. CAPITAL STOCK
(Dollars in Thousands)

1. Disclose in column (a) the particulars of the various issues of capital stock of the respondent, distinguishing separate issues of any general class, if different in any respect.
2. Present in column (b) the par or stated value of each issue. If none, so state.
3. Disclose in columns (c), (d), (e) and (f) the required information concerning the number of shares authorized, issued, in treasury and outstanding for the various issues.
4. For the purposes of this report, capital stock and other securities are considered to be nominally issued when certificates are signed and sealed and placed with the proper officer for sale and delivery or are pledged or otherwise placed in some special fund of the respondent. They are considered to be actually issued when sold to a bona fide purchaser who holds them free from control by the respondent. All securities actually issued and not reacquired by or for the respondent are considered to be actually outstanding. If reacquired by or for the respondent, and not cancelled or retired, they are considered to be nominally outstanding.

Line No.	Class of Stock (a)	Par Value (b)	Number of Shares				Book Value at End of Year		Line No.
			Authorized (c)	Issued (d)	In Treasury (e)	Outstanding (f)	Outstanding (g)	In Treasury (h)	
1	Common:								1
2	Norfolk Southern Railway Company	None	50,000,000	16,668,997		16,668,997	\$166,690		2
3	TCS Leasing, Inc.	None	500	500		500			3
4	Thoroughbred Technology and Telecommunications, Inc.	\$1	10,000	2,000		2,000			4
5									5
6									6
7	Preferred:								7
8	Southern cumulative preferred stock was redeemed by public								8
9	shareholders during 2003.								9
10	TOTAL	N/A	50,010,500	16,671,497		16,671,497	\$166,690		10

PART II. SUMMARY OF CAPITAL STOCK CHANGES DURING YEAR

(Dollars in Thousands)

1. The purpose of this part is to disclose capital stock changes during the year.
2. Column (a) presents the items to be disclosed.
3. Columns (b), (d) and (f) require disclosures of the number of preferred, common and treasury stock, respectively, applicable to the items presented in column (a).
4. Columns (c), (e) and (g) require the applicable disclosure of the book values of preferred, common and treasury stock.
5. Disclose in column (h) the additional paid-in capital realized from changes in capital stock during year.
6. Unusual circumstances arising from changes in capital stock changes shall be fully explained in footnotes to this schedule.

Line No.	Items (a)	Preferred Stock		Common Stock		Treasury Stock		Line No.
		Number of Shares (b)	Amount (c)	Number of Shares (d)	Amount (e)	Number of Shares (f)	Amount (g)	Additional Capital (h)
11	Balance at beginning of year							\$771,186
12	Capital Stock Sold							
13	Capital Stock Reacquired							
14	Capital Stock Canceled							12,378
15	Contribution to Capital (See Note 10, page 14)							
16								
17	Balance at close of year				\$166,690			\$783,564

240. STATEMENT OF CASH FLOWS

(Dollars in Thousands)

Give the information as requested concerning the cash flows during the year. Either the direct or indirect method can be used. The direct method shows as its principal components operating cash receipts and payments, such as cash received from customers as cash paid to suppliers and employees, the sum of which is net cash flow from operating activities. The indirect method starts with net income and adjusts it for revenue and expense items that were not the result of operating cash transactions in the current period to reconcile it to net cash from operating activities. If direct method is used complete lines 1-41; indirect method complete lines 10-41. Cash for the purpose of this schedule shall include cash and cash equivalents which are short-term, highly liquid investments readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Information about all investing and financing activities which do not directly affect cash shall be separately disclosed in footnotes to this schedule. They shall clearly relate the cash (if any) and noncash aspects of transactions. Examples of noncash investing and transactions include converting debt to equity acquiring assets by assuming directly related liabilities, such as purchasing a building by incurring a mortgage to the seller; obtaining an asset by entering into a capital lease; and exchanging noncash assets or liabilities for other noncash assets or liabilities. Some transactions are part cash and part noncash; only the cash portion shall be reported directly in the statement of cash flows. Refer to FAS Statement No. 95, Statement of Cash Flows, for further details.

CASH FLOWS FROM OPERATING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Prior Year (c)	Line No.
1		Cash received from operating revenues			1
2		Dividends received from affiliates			2
3		Interest received			3
4		Other income			4
5		Cash paid for operating expenses			5
6		Interest paid (net of amounts capitalized)			6
7		Income taxes paid			7
8		Other-net			8
9		NET CASH PROVIDED BY OPERATING ACTIVITIES (Lines 1-8)			9

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Prior Year (c)	Line No.
10		Income from continuing operations	312,800	427,643	10

ADJUSTMENTS TO RECONCILE INCOME FROM CONTINUING OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Prior Year (c)	Line No.
11		Loss (gain) on sale or disposal of tangible property and investments	(33,657)	(22,229)	11
12		Depreciation and amortization expenses	543,296	515,710	12
13		Increase (decrease) in provision for deferred income taxes	129,541	182,257	13
14		Net decrease (increase) in undistributed earnings (losses) of affiliates	(5,846)	(7,026)	14
15		Decrease (increase) in accounts receivable	30,540	39,786	15
16		Decrease (increase) in materials and supplies, and other current assets	(7,336)	(29,919)	16
17		Increase (decrease) in current liabilities other than debt	18,381	(12,748)	17
18		Increase (decrease) in other-net	93,465	62,149	18
19		Net cash provided from continuing operations (Lines 10-18)	1,081,184	1,155,623	19
20		Add (subtract) cash generated (paid) by reason of discontinued operations and extraordinary items	3,808	-	20
21		NET CASH PROVIDED FROM OPERATING ACTIVITIES (Lines 19 & 20)	1,084,992	1,155,623	21

CASH FLOWS FROM INVESTING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Prior Year (c)	Line No.
22		Proceeds from sale of property	122,840	22,484	22
23		Capital expenditures	(711,148)	(695,251)	23
24		Net change in temporary cash investments not qualifying as cash equivalents	(2,083)	-	24
25		Proceeds from sale/repayment of investment and advances	102,593	53,525	25
26		Purchase price of long-term investment and advances	(102,662)	(73,459)	26
27		Net decrease (increase) in sinking and other special funds	(32,902)	(69,727)	27
28		Other-net	(393,756)	(378,520)	28
29		NET CASH USED IN INVESTING ACTIVITIES (Lines 22-28)	(1,017,118)	(1,140,948)	29

(Continued on next page)

240. STATEMENT OF CASH FLOWS (Concluded)
(Dollars in Thousands)

CASH FLOWS FROM FINANCING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Prior Year (c)	Line No.
30		Proceeds from issuance of long-term debt	261,100	344,003	30
31		Principal payments of long-term debt	(165,904)	(392,759)	31
32		Proceeds from issuance of capital stock	-	-	32
33		Redemption of minority interest	(42,528)	-	33
34		Cash dividends paid	-	-	34
35		Other-net	-	-	35
36		NET CASH FROM FINANCING ACTIVITIES (Lines 30-35)	52,668	(48,756)	36
37		NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS -25015 (Lines 21, 29 & 36)	120,542	(34,081)	37
38		Cash and cash equivalents at beginning of the year	145,036	179,117	38
39		CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Lines 37 & 38)	265,578	145,036	39
		Footnotes to Schedule 240			
		Cash paid during the year for:			
40		Interest (net of amount capitalized)*	44,620	52,464	40
41		Income taxes (net)*	42,241	34,996	41

*Only applies if indirect method is adopted.

NOTES AND REMARKS

245. WORKING CAPITAL

(Dollars in Thousands)

1. This schedule should include only data pertaining to railway transportation services.
 2. Carry out calculation of lines 9, 10, 20 and 21, to the nearest whole number.

Line No.	Item (a)	Source No.	Amount (b)	Line No.
CURRENT OPERATING ASSETS				
1	Interline and Other Balances (705)	Schedule 200, line 5, column b	661	1
2	Customers (706)	Schedule 200, line 6, column b	33,534	2
3	Other (707)	Note A	48,625	3
4	TOTAL CURRENT OPERATING ASSETS	Line 1 + 2 + 3	82,820	4
OPERATING REVENUE				
5	Railway Operating Revenue	Schedule 210, line 13, column b	6,468,304	5
6	Rent Income	Note B	241,087	6
7	TOTAL OPERATING REVENUES	Lines 5 + 6	6,709,391	7
8	Average Daily Operating Revenues	Line 7 ÷ 360 days	18,637	8
9	Days of Operating Revenue in Current Operating Assets	Line 4 ÷ line 8	4	9
10	Revenue Delay Days Plus Buffer	Lines 9 + 15 days	19	10
CURRENT OPERATING LIABILITIES				
11	Interline and Other Balances (752)	Schedule 200, line 31, column b	13,573	11
12	Audited Accounts and Wages Payable (753)	Note A	47,185	12
13	Accounts Payable-Other (754)	Note A	191	13
14	Other Taxes Accrued (761.5)	Note A	149,330	14
15	TOTAL CURRENT OPERATING LIABILITIES	Sum of lines 11 to 14	210,279	15
OPERATING EXPENSES				
16	Railway Operating Expenses	Schedule 210, line 14, column b	5,609,278	16
17	Depreciation	Schedule 410, lines 136, 137, 138, 213, 232, 317, column h	541,456	17
18	Cash Related Operating Expenses	Line 16 + line 6 - line 17	5,308,909	18
19	Average Daily Expenditures	Line 18 ÷ 360 days	14,747	19
20	Days of Operating Expenses in Current Operating Liabilities	Line 15 ÷ line 19	14	20
21	Days of Working Capital Required	Line 10 - line 20 (Note C)	5	21
22	Cash Working Capital Required	Line 21 x line 19	73,735	22
23	Cash and Temporary Cash Balance	Schedule 200, line 1 + line 2, column b	267,707	23
24	Cash Working Capital Allowed	Lesser line 22 and line 23	73,735	24
MATERIALS AND SUPPLIES				
25	Total Material and Supplies (712)	Note A	91,206	25
26	Scrap and Obsolete Material included in Acct. 712	Note A		26
27	Materials and Supplies held for Common Carrier Purposes	Line 25 - line 26	91,206	27
28	TOTAL WORKING CAPITAL	Line 24 + line 27	164,941	28

Notes: (A) Use common carrier portion only. Common carrier refers to railway transportation service.

(B) Rent Income is the sum of Schedule 410, column h, lines 121, 122, 123, 127, 128, 129, 133, 134, 135, 208, 210, 212, 227, 229, 231, 312, 314, and 316. Rent income is added to railway operating revenues to produce total revenues. Rent income is also added to total operating expenses to exclude the rent revenue items from operating expense.

(C) If result is negative, use zero.

NOTES AND REMARKS

GENERAL INSTRUCTIONS CONCERNING RETURNS IN SCHEDULES 310 AND 310A

1. Schedule 310 should give particulars of stocks, bonds, and other secured obligations, unsecured notes, and investment advances of affiliated companies held by respondent at the close of the year. Also, disclose the investments made, disposed of, and written down during the year and the applicable dividends and interest credited to income as a result of those investments. They should exclude securities issued or assumed by respondent. For definition of affiliated companies, see the rules governing Account No. 721 "Investments and Advances; Affiliated Companies", in the Uniform System of Accounts for Railroad Companies.

2. List the investments in the following order and show a total for each group and each class of investment by accounts in numerical order.

- (A) Stocks
 - (1) Carriers-active
 - (2) Carriers-inactive
 - (3) Noncarriers-active
 - (4) Noncarriers-inactive
- (B) Bonds (including US government bonds)
- (C) Other secured obligations
- (D) Unsecured notes
- (E) Investment advances

3. The subclassification of classes (B), (C), (D), and (E) should be the same as those provided for class (A).

4. The kinds of industry represented by respondent's investments in the securities of other companies should be shown by symbol opposite the names of the issuing corporations. The symbols and industrial classifications are as follows:

Symbol	Kind of Industry
I	Agriculture, forestry, and fisheries
II	Mining
III	Construction
IV	Manufacturing
V	Wholesale and retail trade
VI	Finance, insurance, and real estate
VII	Transportation, communications, and other public utilities
VIII	Services
IX	Government
X	All other

5. By carriers, as the term is used here, is meant companies owning or operating railroads, facilities auxiliary thereto such as bridges, ferries, union depots, and other terminal facilities, sleeping cars, parlor cars, dining cars, freight cars, express services and facilities, electric railways, highway motor vehicles, steamboats and other marine transportation equipment, pipe lines (other than those for transportation of water), and other instrumentalities devoted to the transportation of persons or property for hire. Telegraph and telephone companies are not meant to be included.

6. Noncarrier companies should, for the purposes of these schedules, include telephone companies, telegraph companies, mining companies, manufacturing companies, hotel companies, etc. Purely holding companies are to be classified as noncarrier companies, even though the securities held by such companies are largely or entirely issued or assumed by carriers.

7. By an active corporation is meant one which maintains an organization for operating property or administering its financial affairs. An inactive corporation is one which has been practically absorbed in a controlling corporation and which neither operates property nor administers its financial affairs. If it maintains an organization it does so only for the purpose of complying with legal requirements and maintaining title to property or franchises.

8. Combine in one account investments in which the original cost or present equity in total assets is less than \$10,000.

9. Include investments in unincorporated entities such as lessee organizations. Exclude amounts normally settled on a current basis.

10. Do not include the value of securities issued or assumed by respondent.

11. For affiliates which do not report to the Surface Transportation Board and are jointly owned, disclose in footnotes the name and extent of control of the other controlling entities.

310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES

1. Give particulars of investments in stocks, bonds, other secured obligations, unsecured notes, and investment advances of companies affiliated with respondent, included in accounts Nos. 715, "Sinking Funds"; 716, "Capital Funds"; 721, "Investments and Advances Affiliated Companies"; and 717, "Other Funds."

2. Entries in this schedule should be made in accordance with the definitions and general instructions given on page 18, classifying the investments by means of letters, figures, and symbols in columns (a), (b) and (c).

3. Indicate by means of an arbitrary mark in column (d) the obligation in support of which any security is pledged, mortgaged, or otherwise encumbered, giving names and other important particulars of such obligations in footnotes.

4. Give totals for each class and for each subclass and a grand total for each account.

5. Entries in column (d) should show date of maturity of bonds and other evidences of indebtedness. In case obligations of the same designation mature serially, the date in column (d) may be reported as "Serially ____ to ____." Abbreviations in common use in standard financial publications may be used to conserve space.

Line No.	Account No.	Class No.	Kind of industry	Name of issuing company and also lien reference, if any (include rate for preferred stocks and bonds)	Extent of Control	Line No.
	(a)	(b)	(c)	(d)	(e)	
1	721	A-1	VII	Belt Railway Company of Chicago (1)	8.33	1
2				Kansas City Terminal Rwy. (2)	8.33	2
3				Peoria and Pekin Union Rwy. (3)	15.00	3
4				Winston-Salem Southbound Rwy. Co. (4)	50.00	4
5				Terminal Railroad Association of St. Louis (5)	14.29	5
6				Trailer-Train Co. (6)	7.84	6
7				Algers Winslow & Western Rwy. Co. (7)	50.00	7
8				Augusta & Summerville RR Co. (8)	50.00	8
9				Central Transfer Rwy. and Storage Co. (9)	50.00	9
10				North Charleston Terminal Co. (10)	33.33	10
11				Woodstock & Blockton Ry. (11)	50.00	11
12				Chatham Terminal Co. (12)	50.00	12
13				Beaver Street Tower Co. (13)	25.00	13
14				Iowa Transfer Ry Co. (14)	25.00	14
15						15
16						16
17				Total A-1		17
18						18
19						19
20						20
21		A-3	VI	Green Real Estate Co. (15)	33.33	21
22			X	Norfolk Southern Corp. (16)		22
23				Total A-3		23
24						24
25						25
26						26
27						27
28						28
29						29
30						30
31						31
32						32
33						33
34						34
35						35
36						36
37						37
38						38

(1) Controlled jointly-other RRs own 91.67%

(2) Controlled jointly-other RRs own 91.67%

(3) Controlled jointly-other RRs own 85%

(4) CSX Transp., Inc. owns 50%

(5) Controlled jointly-other RRs own 85.71%

(6) Controlled jointly-other RRs own 92.16%

(7) Kindill Mining, Inc. owns 50%

(8) CSX Transp., Inc. owns 50%

310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES-Continued

(Dollars in Thousands)

6. If any of the companies in this schedule are controlled by respondent the percent of control should be shown in column (e). In case any company listed is controlled other than through actual ownership of securities, give particulars in a footnote. In cases of joint control, give names of other parties and particulars of control.

7. If any advances reported are pledged, give particulars in a footnote.

8. Investments in companies in which neither the original cost or present equity in total assets are less than \$10,000 may be combined in one figure.

9. Also included should be investments in unincorporated entities such as lessee organizations (exclusive of amounts nominally settled on a current basis).

10. This schedule should not include securities issued or assumed by respondent.

11. For affiliates which do not report to the Interstate Commerce Commission and are jointly owned, give names and extent of control of other entities by footnotes.

Line No.	Investments and advances				Disposed of: profit (loss)	Adjustments Account 721.5	Dividends or interest credited to income	Line No.
	Opening balance	Additions	Deductions (if other than sale, explain)	Closing balance				
	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
1	173			173		20		1
2	*			*				2
3	157			157				3
4	623			623				4
5	330			330				5
6	309			309				6
7	85			85				7
8	28			28				8
9	19			19				9
10	35			35				10
11	120			120				11
12	19			19				12
13	*			*				13
14	16			16				14
15								15
16								16
17	1,914			1,914		20		17
18								18
19								19
20								20
21	236		226	10				21
22	423,171	77,103	3,242	497,032			6,402	22
23	423,407	77,103	3,468	497,042			6,402	23
24								24
25								25
26								26
27								27
28								28
29								29
30			Line 21, column h, represents the dissolution of Green Real Estate Company					30
31			Line 22, column g, represents the unrealized market gain (FAS115)					31
32			Line 22, column h, represents a stock donation					32
33								33
34								34
35								35
36			* Carrying value is zero					36
37								37
38								38

(9) CSX Transp., Inc. owns 50%

(10) CSX Transp., Inc. owns 66.67%

(11) CSX Transp., Inc. owns 50%

(12) CSX Transp., Inc. owns 50%

(13) CSX Transp., Inc. owns 50% and FEC owns 25%

(14) BN owns 25%, Heartland Rail owns 25%, and Chicago & NW owns 25%

(15) Conrail owns 33.3% and CSX Transp., Inc. owns 33.3%

(16) Line 23, col. (g) see note 8, page 13

310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES-Continued
(Dollars in Thousands)

Line No.	Account No.	Class No.	Kind of industry	Name of issuing company and also lien reference, if any (include rate for preferred stocks and bonds)	Extent of Control	Line No.
	(a)	(b)	(c)	(d)	(e)	
1	721	E-1	VII	Akron Barberton Belt Rwy.		1
2				Kansas City Terminal Rwy.		2
3				Terminal Railroad Association of St. Louis		3
4				Central Transfer Ry. & Storage Co.		4
5				North Charleston Terminal Co.		5
6				Chatham Terminal Co.		6
7				Beaver St. Tower Co.		7
8				Woodstock & Blocton Ry.		8
9						9
10						10
11						11
12				Total E-1		12
13						13
14		E-3	X	Norfolk Southern Corporation		14
15			X	Caithness Western Wind Acquisition, LLC		15
16			VI	Southern Region Industrial Realty, Inc.		16
17				Total E-3		17
18						18
19						19
20						20
21				Total 721		21
22						22
23						23
24						24
25						25
26						26
27						27
28						28
29						29
30						30
31						31
32						32
33						33
34						34
35						35
36						36
37						37
38						38
39						39
40						40

310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES-Concluded
(Dollars in Thousands)

Line No.	Opening balance	Investments and advances			Disposed of: profit (loss)	Adjustments Account 721.5	Dividends or interest credited to income	Line No.
		Additions	Deductions (if other than sale, explain)	Closing balance				
	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
1	114			114				1
2	3,133			3,133				2
3	170			170				3
4	25			25				4
5	1,089			1,089				5
6	5			5				6
7	5			5				7
8	10			10				8
9								9
10								10
11								11
12	4,551			4,551				12
13								13
14	39,731			39,731				14
15		15,151		15,151				15
16	383			383				16
17	40,114	15,151		55,265				17
18								18
19								19
20								20
21	469,986	92,254	3,468	558,772		20	6,402	21
22								22
23				(20)	721.5 Total			23
24				34,227	Sch. 310A Total			24
25				592,979				25
26								26
27								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36
37								37
38								38
39								39
40								40

310A. INVESTMENTS IN COMMON STOCKS OF AFFILIATED COMPANIES
(Dollars in Thousands)

Undistributed Earnings From Certain Investments in Affiliated Companies

1. Report below the details of all investments in common stocks included in Account 721, Investments and Advances Affiliated Companies.
2. Enter in column (c) the amount necessary to retroactively adjust those investments. (See instruction 5-2, Uniform System of Accounts.)
3. Enter in column (d) the share of undistributed earnings (i.e., less dividends) or losses.
4. Enter in column (e) the amortization for the year of the excess of cost over equity in net assets (equity over cost) at date of acquisition.
5. For definitions of "carrier" and "noncarrier," see general instructions.

Line No.	Name of issuing company and description of security held	Balance at beginning of year (b)	Adjustment for investments equity method (c)	Equity in undistributed earnings (losses) during year (d)	Amortization during year (e)	Adjustment for investments disposed of or written down during year (f)	Balance at close of year (g)	Line No.
1	Carriers: (List specifics for each company)							1
2	Algers Winslow and Western	766	(499)	139			406	2
3	Augusta and Summerville	56					56	3
4	Belt Railway Company of Chicago*	2,384		258			2,642	4
5	Central Transfer and Storage Co.	9		1			10	5
6	Peoria and Pekin Union Rwy.*	426	(120)	81			387	6
7	Trailer-Train Co.*	18,317		6,617			24,934	7
8	Winston-Salem Southbound Rwy.	6,284	(6)	(494)			5,790	8
9	Woodstock and Blocton	2		6			2	9
10	Total Carriers	28,244	(625)	6,608 *			34,227	10
11								11
12								12
13								13

Noncarrier: (List specifics for each company)

14	NOTE:							14
15	Respondent maintains equity accounting for affiliates by recording transactions into the books of accounts. Therefore, a separate retained earnings memorandum account for the financial reporting of the equity portion is not maintained.							15
16								16
17								17
18	Dividends received are accounted (in column (c)) as a reduction in the investment carrying value.							18
19								19
20								20
21								21
22	*Equity in undistributed earnings during the year for lines 3, 5 and 6 credited to operating expenses due to nature of operations equals 6,260, which leaves (348) applied to equity in undistributed earnings.							22
23								23
24								24
25								25

Road Initials: NS Rail Year: 2003

INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 330

1. Give particulars of balances at the beginning and close of the year and of all changes during the year in Account No. 731, "Road and Equipment Property", and Account No. 732, "Improvements on Leased Property", classified by primary accounts in accordance with the Uniform System of Accounts for Railroad Companies. The balances, by primary accounts, should insofar as known, be stated in column (b) and all changes made during the year should be analyzed in columns (c) to (f), inclusive. Column (h) is the aggregate of columns (b) to (f), inclusive. Grand totals of columns (b) and (h) should equal the sum of Accounts 731 and 732 for the respective periods; if not, full explanation should be made in a footnote.
2. In column (c) are to be shown disbursements made for the specific purpose of purchasing, constructing, and equipping new lines, and for the extension of old lines, as provided for in Instruction 2-1, "Items to be charged", of the Uniform System of Accounts for Railroad Companies for such items.
3. In column (d) is to be shown the cost of a railway or portion thereof, acquired as an operating entity or system by purchase, merger, consolidation, reorganization, receivership sale or transfer, or otherwise.
4. In columns (c) and (e) should be included all entries covering expenditures for additions and betterments, as defined, whether or not replacing other property.
5. In column (f) should be entered all credits representing property sold, abandoned, or otherwise retired.
6. Both the debit and credit involved in each transfer, adjustment, or clearance between road and equipment accounts, should be included in the column in which the item was initially included; also the transfer of prior years' debits or credits from investment in road and equipment to operating expenses or other accounts, or vice versa, should be included in the column applicable to current items of like nature. Each such transfer, adjustment, or clearance should be fully explained when in excess of \$100,000.
7. If during the year an individual charge of \$100,000 or more was made to Account No. 2, "Land for Transportation Purposes", state in a footnote the cost, location, area, and other details which will identify the property.
8. Report on line 29 amounts not includible in the primary road accounts. The items reported should be briefly identified and explained under "Notes and Remarks" below. Amounts should be reported on this line only under special circumstances, usually after permission is obtained from the Commission for exceptions to prescribed accounting. Reference to such authority should be made when explaining the amounts reported. Respondents must not make arbitrary changes to the printed stub or column headings without specific authority from the Commission.
9. If during the year a segment of transportation property was acquired, state in a footnote the name of the vendor, the mileage acquired, and the date of acquisition, giving terminal and the cost of the property to the respondent. Also furnish a statement of the amount included in each primary account representing such property acquired, referring to the column or columns in which the entries appear.
10. If an amount of less than \$2,000 is used as the minimum for additions and betterments to property investment accounts as provided for in Instruction 2-2 of the Uniform System of Accounts for Railroad Companies, state in a footnote the amount used.

NOTES AND REMARKS**Reconciliation of Depreciation Expense to Schedule 410****Road (Column (c))**

297,939	Schedule 410, Lines 136 - 138, Column (h)
2,295	Shop Machinery
4,815	Depreciation capitalized
<u>305,049</u>	<u>Total</u>
274,630	Schedule 335, Line 30, Column (c)
179	Schedule 339, Line 41, Column (c)
30,240	Schedule 342, Line 30, Column (c)
<u>305,049</u>	<u>Total</u>

Equipment (Column (c))

243,517	Schedule 410
(2,295)	Shop Machinery
-	Other
<u>241,222</u>	<u>Total</u>
237,704	Schedule 335, Line 40, Column (c)
3,518	Schedule 342, Line 40, Column (c)
<u>241,222</u>	

Reconciliation of Accumulated Depreciation and Amortization to Schedule 200

5,620,019	Schedule 335, Line 41, Column (g)
180,071	Schedule 342, Line 41, Column (g)
<u>5,800,090</u>	
<u>5,800,090</u>	Schedule 200, Line 27, Column (b)

330. ROAD PROPERTY AND EQUIPMENT AND IMPROVEMENTS TO LEASED PROPERTY AND EQUIPMENT
(Dollars in Thousands)

Line No.	Cross Check	Account (a)	Balance at beginning of year (b)	Expenditures during the year for original road and equipment, and road extensions (c)	Expenditures during the year for purchase of existing lines, reorganizations, etc. (d)	Line No.
1		(2) Land for transportation purpose	207,257			1
2		(3) Grading	520,712			2
3		(4) Other, right-of-way expenditures	5,613			3
4		(5) Tunnels and subways	43,011			4
5		(6) Bridges, trestles, and culverts	812,335			5
6		(7) Elevated structures	37,963			6
7		(8) Ties	2,185,107			7
8		(9) Rail and other track material	3,046,878			8
9		(11) Ballast	920,397			9
10		(13) Fences, snow sheds, and signs	6,419			10
11		(16) Station and office buildings	420,869			11
12		(17) Roadway buildings	48,065			12
13		(18) Water stations	0			13
14		(19) Fuel stations	22,617			14
15		(20) Shops and enginehouses	205,509			15
16		(22) Storage warehouses	4,143			16
17		(23) Wharves and docks	0			17
18		(24) Coal and ore wharves	151,781			18
19		(25) TOFC/COFC terminals	309,136			19
20		(26) Communications systems	366,904			20
21		(27) Signals and interlocker	659,091			21
22		(29) Power plants	2,676			22
23		(31) Power-transmissions systems	24,563			23
24		(35) Miscellaneous structures	14,061			24
25		(37) Roadway machines	273,275			25
26		(39) Public improvements-Construction	296,186			26
27		(44) Shop machinery	81,855			27
28		(45) Power-plant machinery	14,806			28
29		Other (specify and explain)	0			29
30		TOTAL EXPENDITURES FOR ROAD	10,681,229			30
31		(52) Locomotives *	2,420,828			31
32		(53) Freight-train cars	2,613,816			32
33		(54) Passenger-train cars	0			33
34		(55) Highway revenue equipment	127,924			34
35		(56) Floating equipment	0			35
36		(57) Work equipment	128,040			36
37		(58) Miscellaneous equipment	158,030			37
38		(59) Computer systems and word processing equip	278,293			38
39		TOTAL EQUIPMENT	5,728,931			39
40		(76) Interest during construction	0			40
41		(80) Other elements of investment	0			41
42		(90) Construction in progress	210,167			42
43		GRAND TOTAL	16,618,327			43

* NS Rail adopted FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," (FIN 46) effective January 1, 2003 (see Schedule 200, Note 9, page 13). As a result of the implementation of FIN 46, the beginning balance for Account 52, Locomotives was increased by \$186 million.

330. ROAD PROPERTY AND EQUIPMENT AND IMPROVEMENTS TO LEASED PROPERTY AND EQUIPMENT-Continued
(Dollars in Thousands)

Line No.	Cross Check	Expenditures for additions during the year (e)	Credits for property retired during the year (f)	Net changes during the year (g)	Balance at close of year (h)	Line No.
1		898	1,505	(607)	206,650	1
2		7,942	102	7,840	528,552	2
3		169	0	169	5,782	3
4		0	13	(13)	42,998	4
5		22,037	1,934	20,103	832,438	5
6		203	0	203	38,166	6
7		173,497	46,813	126,684	2,311,791	7
8		98,129	23,288	74,841	3,121,719	8
9		63,273	16,164	47,109	967,506	9
10		0	15	(15)	6,404	10
11		920	10,218	(9,298)	411,571	11
12		90	37	53	48,118	12
13		0	0	0	0	13
14		796	0	796	23,413	14
15		5,601	227	5,374	210,883	15
16		0	0	0	4,143	16
17		0	0	0	0	17
18		3,943	292	3,651	155,432	18
19		5,873	(1,311)	7,184	316,320	19
20		8,350	301	8,049	374,953	20
21		10,636	416	10,220	669,311	21
22		21	2	19	2,695	22
23		730	0	730	25,293	23
24		277	2	275	14,336	24
25		13,518	4,269	9,249	282,524	25
26		29,319	2,734	26,585	322,771	26
27		82	1,046	(964)	80,891	27
28		0	7	(7)	14,799	28
29		0	0	0	0	29
30		116,504	195,074	(88,570)	1,015,253	30
31		153,807	49,245	104,562	2,525,390	31
32		9,515	125,021	(115,506)	2,498,310	32
33		0	0	0	0	33
34		3,044	(566)	3,610	131,534	34
35		0	0	0	0	35
36		504	1,408	(904)	127,136	36
37		11,394	7,214	4,180	162,210	37
38		17,199	16,094	1,105	279,398	38
39		195,463	198,416	(2,953)	5,723,978	39
40		0	0	0	0	40
41		0	0	0	0	41
42		68,426	438	67,988	278,155	42
43		710,193	306,928	403,265	17,021,552	43

332. DEPRECIATION BASE AND RATES - ROAD AND EQUIPMENT OWNED AND USED AND LEASED FROM OTHERS
(Dollars in Thousands)

1. Show in columns (b) and (e), for each primary account, the depreciation base used to compute the depreciation charges for the month of January, and in columns (c) and (f) show the depreciation base used to compute the depreciation charges for the month of December, in columns (d) and (g) show the composite rates used in computing the depreciation charges for the month of December, and on lines 30 and 39 of these columns show the composite percentage for all road and equipment accounts, respectively, ascertained by applying the primary account composite rates to the depreciation base used in computing the charges for December and dividing the total so computed by the total depreciation base for the same month. The depreciation base should not include the cost of equipment used, but not owned, when the rents therefor are included in the rent for equipment and Account Nos. 31-22-00, 31-23-00, 31-25-00, 31-21-00, 35-21-00, 35-23-00, 35-22-00, and 35-25-00. It should include the cost of equipment owned and leased to others when the rents therefrom are included in the rent for equipment Accounts Nos. 32-21-00, 32-22-00, 32-23-00, 32-25-00, 36-21-00, 36-22-00, and 36-25-00, inclusive. The composite rates used should be those prescribed or otherwise authorized by the Board, except that where the use of component rates has been authorized, the composite rates to be shown for the respective primary accounts should be recomputed from the December charges developed by the use of the authorized rates. If any changes in rates were effective during the year, give full particulars in a footnote.
2. All leased properties may be combined and one composite rate computed for each primary account, or a separate schedule may be included for each such property.
3. Show in columns (e), (f), and (g) data applicable to Lessor property, when the rent therefor is included in Account Nos. 31-11-00, 31-12-00, 31-13-00, 31-21-00, 31-22-00, and 31-23-00, inclusive.
4. If depreciation accruals have been discontinued for any account, the depreciation base should be reported, nevertheless, in support of depreciation reserves. Authority for the discontinuance of accruals should be shown in a footnote indicating the account(s) effected.
5. Disclosures in the respective sections of this schedule may be omitted if either total road leased from others or total equipment leased from others represents less than 5% of total road owned or total equipment owned, respectively.

Line No.	Account (a)	OWNED AND USED			LEASED FROM OTHERS			Line No.
		Depreciation base		Annual composite rate (percent) (d)	Depreciation base		Annual composite rate (percent) (g)	
		1/1 At beginning of year (b)	12/1 At close of year (c)		1/1 At beginning of year (e)	12/1 At close of year (f)		
	ROADWAY							
1	(3) Grading	461,451	466,417	1.00%	132,971	132,939		1
2	(4) Other, right-of-way expenditures	4,839	4,901	1.00%	1,849	1,849		2
3	(5) Tunnels and subways	41,421	41,408	0.74%	42,906	42,751		3
4	(6) Bridges, trestles, and culverts	762,843	775,055	1.02%	181,908	176,645		4
5	(7) Elevated structures	37,963	38,166	10.00%	1,310	1,310		5
6	(8) Ties	1,894,736	1,962,337	4.38%	643,394	628,579		6
7	(9) Rail and other track material	2,683,975	2,709,787	2.52%	1,391,623	1,385,378		7
8	(11) Ballast	792,701	814,935	2.50%	483,548	478,582		8
9	(13) Fences, snow sheds, and signs	6,155	6,156	1.11%	1,374	1,374		9
10	(16) Station and office buildings	389,682	384,848	2.64%	85,726	85,570		10
11	(17) Roadway buildings	47,728	47,768	2.78%	9,165	9,165		11
12	(18) Water stations	0	0	0.00%	42	42		12
13	(19) Fuel stations	19,387	19,405	3.55%	26,467	26,433		13
14	(20) Shops and enginehouses	191,787	196,050	2.00%	68,780	68,780		14
15	(22) Storage warehouses	4,143	4,143	2.50%	40	40		15
16	(23) Wharves and docks	0	0	0.00%	110	110		16
17	(24) Coal and ore wharves	151,652	151,791	2.45%	30,275	30,275		17
18	(25) TOFC/COFC terminals	293,549	295,428	3.13%	103,717	103,687		18
19	(26) Communications systems	362,192	369,700	3.80%	54,574	54,535		19
20	(27) Signals and interlocker	596,019	598,620	1.96%	323,410	321,442		20
21	(29) Power plants	2,659	2,660	3.23%	524	524		21
22	(31) Power-transmissions systems	23,131	23,336	2.50%	5,851	5,851		22
23	(35) Miscellaneous structures	12,051	12,051	3.13%	2,161	2,161		23
24	(37) Roadway machines	273,275	281,882	5.70%	43,590	42,740		24
25	(39) Public improvements-Construction	259,338	271,651	2.70%	27,077	27,035		25
26	(44) Shop machinery*	80,532	79,587	2.81%	39,641	39,423		26
27	(45) Power-plant machinery	14,760	14,755	2.50%	3,030	3,030		27
28	All other road accounts	0	0	0.00%	0	0		28
29	Amortization (Adjustments)	0	0	0.00%	0	0		29
30	TOTAL ROAD	9,407,969	9,572,837	2.71%	3,705,063	3,670,250		30
	EQUIPMENT							
31	(52) Locomotives	2,415,253	2,515,483	3.58%	546,066	539,271		31
32	(53) Freight-train cars	2,604,105	2,490,816	3.18%	295,376	290,969		32
33	(54) Passenger-train cars	0	0	0.00%	3,992	3,931		33
34	(55) Highway revenue equipment	127,924	131,582	6.84%	0	0		34
35	(56) Floating equipment	0	0	5.00%	0	0		35
36	(57) Work equipment	128,161	127,358	2.27%	13,288	13,288		36
37	(58) Miscellaneous equipment	158,030	162,200	8.52%	18,918	18,599		37
38	(59) Computer systems and word processing equipment	278,293	283,652	16.67%	8,778	8,187		38
39	TOTAL EQUIPMENT	5,711,766	5,711,071	4.16%	886,418	874,245		39
40	GRAND TOTAL	15,119,735	15,283,908	3.25%	4,591,481	4,544,495		40

335. ACCUMULATED DEPRECIATION - ROAD AND EQUIPMENT OWNED AND USED
(Dollars in Thousands)

1. Disclose the required information in regard to credits and debits to Account No. 735, "Accumulated Depreciation; Road and Equipment Property," during the year relating to owned and used road and equipment. Include entries for depreciation of equipment owned but not used when the resulting rents are included in the "Lease Rentals - Credits - Equipment" accounts and "Other Rents - Credits - Equipment" accounts. Exclude any entries for depreciation of equipment that is used but not owned when the resulting rents are included in "Lease Rental - Debit - Equipment" account and "Other Rents - Debit - Equipment" accounts. (See Schedule 351 for the accumulated depreciation to road and equipment owned and leased to others).
2. If any data are included in columns (d) or (f), explain the entries in detail.
3. A debit balance in columns (b) or (g) for any primary account should be designated "Dr."
4. If there is any inconsistency between the credits to the reserve as shown in column (c) and the charges to operating expenses, a full explanation should be given.
5. Enter amounts representing amortization under an authorized amortization program other than for defense projects on lines 29 and 39.

Line No.	Cross Check	Account (a)	Balance at beginning of year (b)	CREDITS TO RESERVE During the year		DEBITS TO RESERVE During the year		Balance at close of year (g)	Line No.
				Charges to operating expenses (c)	Other credits (d)	Retirements (e)	Other debits (f)		
1		(3) Grading	187,046	4,626	0	2,626	0	189,046	1
2		(4) Other, right-of-way expenditures	1,273	49	0	1	0	1,321	2
3		(5) Tunnels and subways	13,120	306	0	0	0	13,426	3
4		(6) Bridges, trestles, and culverts	157,330	7,841	0	1,915	0	163,256	4
5		(7) Elevated structures	34,272	3,800	0	0	0	38,072	5
6		(8) Ties	740,181	84,452	0	58,528	0	766,105	6
7		(9) Rail and other track material	787,801	69,669	0	17,678	0	839,792	7
8		(11) Ballast	188,240	20,056	0	14,348	0	193,948	8
9		(13) Fences, snow sheds, and signs	3,415	68	0	14	0	3,469	9
10		(16) Station and office buildings	144,468	10,828	0	750	0	154,546	10
11		(17) Roadway buildings	20,630	1,326	0	3	0	21,953	11
12		(18) Water stations	0	0	0	0	0	0	12
13		(19) Fuel stations	9,065	689	0	1	0	9,753	13
14		(20) Shops and enginehouses	73,521	3,889	0	92	0	77,318	14
15		(22) Storage warehouses	1,000	104	0	0	0	1,104	15
16		(23) Wharves and docks	0	0	0	0	0	0	16
17		(24) Coal and ore wharves	57,954	3,717	0	293	0	61,378	17
18		(25) TOFC/COFC terminals	64,702	10,951	0	129	0	75,524	18
19		(26) Communications systems	148,400	13,882	0	258	0	162,024	19
20		(27) Signals and interlocker	138,024	11,686	0	357	0	149,353	20
21		(29) Power plants	1,911	87	0	1	0	1,997	21
22		(31) Power-transmissions systems	10,510	578	0	0	0	11,088	22
23		(35) Miscellaneous structures	5,582	377	0	2	0	5,957	23
24		(37) Roadway machines	108,564	15,824	0	3,881	0	120,507	24
25		(39) Public improvements-Construction	44,019	7,161	0	2,474	0	48,706	25
26		(44) Shop machinery*	22,824	2,295	0	964	0	24,155	26
27		(45) Power-plant machinery	7,363	369	0	7	0	7,725	27
28		All other road accounts	0	0	0	0	0	0	28
29		Amortization (Adjustments)	0	0	0	0	0	0	29
30		TOTAL ROAD	2,242,235	274,330	0	104,322	0	2,416,322	30
31	*	(52) Locomotives **	833,307	89,337	0	46,398	0	876,246	31
32	*	(53) Freight-train cars	1,070,636	81,674	0	117,667	0	1,034,643	32
33	*	(54) Passenger-train cars	0	0	0	0	0	0	33
34	*	(55) Highway revenue equipment	79,668	11,403	0	1,157	0	89,914	34
35	*	(56) Floating equipment	0	0	0	0	0	0	35
36	*	(57) Work equipment	33,430	2,902	0	1,175	0	35,157	36
37	*	(58) Miscellaneous equipment	65,855	13,187	0	6,588	0	72,454	37
38		(59) Computer systems and word processing equipment	118,660	47,060	2,200	14,710	0	153,210	38
39	*	Amortization Adjustments	224,731	-7,859	0	0	0	216,872	39
40		TOTAL EQUIPMENT	2,426,230	267,704	2,200	167,655	0	2,695,489	40
41		GRAND TOTAL	5,397,502	512,334	2,200	292,017	0	5,620,019	41

* To be reported with equipment expenses rather than W&S expenses

** NS Rail adopted FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," (FIN 46) effective January 1, 2003 (see Schedule 200, Note 9, page 13). As a result of the implementation of FIN 46, the beginning balance for Account 52, Locomotives, was increased by \$17 million.

339. ACCRUED LIABILITY -- LEASED PROPERTY
(Dollars in Thousands)

1. Disclose the required information relating to credits and debits of Account 772, "Accrued Liability Leased Property," during the year concerning road and equipment leased from others.
2. In column (c), enter amounts charged to operating expenses; in column (e), enter debits to account arising from retirements; in column (f), enter amounts paid to lessor.
3. Any inconsistencies between credits to account, charges to operating expenses and payments to lessors should be fully explained.
4. Required disclosure may be omitted if leased road and equipment property represents 5% or less of total property owned and used.
5. If settlement for depreciation is made currently between lessee and lessor, and no debits or credits to Account No. 772 are made by the accounting company, show in column (c) the charges to operating expenses, and in column (f) show payments made to the lessor in settlement thereof.

Line No.	Account (a)	Balance at beginning of year (b)	CREDITS TO ACCOUNTS During the year		DEBITS TO ACCOUNTS During the year		Balance at close of year (g)	Line No.
			Charges to operating expenses (c)	Other credits (d)	Retirements (e)	Other debits (f)		
	ROADWAY							
1	(3) Grading							1
2	(4) Other, right-of-way expenditures							2
3	(5) Tunnels and subways							3
4	(6) Bridges, trestles, and culverts							4
5	(7) Elevated structures							5
6	(8) Ties							6
7	(9) Rail and other track material							7
8	(11) Ballast							8
9	(13) Fences, snow sheds, and signs							9
10	(16) Station and office buildings							10
11	(17) Roadway buildings							11
12	(18) Water stations							12
13	(19) Fuel stations		NOT APPLICABLE - 5 % RULE					13
14	(20) Shops and enginehouses							14
15	(22) Storage warehouses							15
16	(23) Wharves and docks							16
17	(24) Coal and ore wharves							17
18	(25) TOFC/COFC terminals							18
19	(26) Communications systems							19
20	(27) Signals and interlocker							20
21	(29) Power plants							21
22	(31) Power-transmissions systems							22
23	(35) Miscellaneous structures							23
24	(37) Roadway machines							24
25	(39) Public improvements-Construction							25
26	(44) Shop machinery*							26
27	(45) Power-plant machinery							27
28	All other road accounts							28
29	Amortization (Adjustments)							29
30	TOTAL ROAD							30
	EQUIPMENT							
31	(52) Locomotives							31
32	(53) Freight-train cars							32
33	(54) Passenger-train cars							33
34	(55) Highway revenue equipment							34
35	(56) Floating equipment							35
36	(57) Work equipment							36
37	(58) Miscellaneous equipment							37
38	(59) Computer systems and word processing equipment							38
39	Amortization Adjustments							39
40	TOTAL EQUIPMENT							40
41	GRAND TOTAL	4,552	179			284	4,447	41

*To be reported with equipment expenses rather than W & S expenses.

340. DEPRECIATION BASE AND RATES -- IMPROVEMENTS TO ROAD AND EQUIPMENT LEASED FROM OTHERS (Dollars in Thousands)

1. Show in column (b) for each primary account the depreciation base used in computing the depreciation charges for the month of January, and in column (c) show the depreciation base used in computing the depreciation charges for the month of December, in column (d) show the composite rates used in computing the depreciation charges for the month of December, and on lines 30 and 40 of these columns show the composite percentage of all road and equipment accounts, respectively, ascertained by applying the primary account composite rates to the depreciation base used in computing the charges for December and dividing the total so computed by the total depreciation base for the same month. This schedule should include only improvements to leased property charges to Account 732, "Improvements on Leased Property." The composite rates used should be those prescribed or otherwise authorized by the Board, except that where the use of component rates has been authorized, the composite rates to be shown for the respective primary accounts should be recomputed from the December charges developed by the use of the authorized rates. If any charges in rates were effective during the year, give full particulars in a footnote.
2. All improvements to leased properties may be combined and one composite rate computed for each primary account, or a separate schedule may be included for each such property.
3. If depreciation accruals have been discontinued for any account, the depreciation base should be reported, nevertheless, in support of depreciation reserves. Authority for the discontinuance of accruals should be shown in a footnote indicating the account(s) affected.
4. Disclosures in the respective sections of this schedule may be omitted if either total road leased from others or total equipment leased from others represents less than 5% of total road owned or total equipment owned, respectively. However, line 41, Grand Total, should be completed.

Line No.	Account (a)	Depreciation base		Annual composite rate (percent) (d)	Line No.
		At beginning of year (b)	At close of year (c)		
	ROADWAY				
1	(3) Grading	38,054	43,064	1.00%	1
2	(4) Other, right-of-way expenditures	767	874	1.00%	2
3	(5) Tunnels and subways	1,590	1,590	0.74%	3
4	(6) Bridges, trestles, and culverts	43,584	52,362	1.02%	4
5	(7) Elevated structures	0	0	10.00%	5
6	(8) Ties	235,665	288,330	4.38%	6
7	(9) Rail and other track material	316,405	358,311	2.52%	7
8	(11) Ballast	116,989	140,267	2.50%	8
9	(13) Fences, snow sheds, and signs	171	171	1.11%	9
10	(16) Station and office buildings	18,833	18,583	2.64%	10
11	(17) Roadway buildings	327	343	2.78%	11
12	(18) Water stations	0	0	0.00%	12
13	(19) Fuel stations	2,091	2,870	3.55%	13
14	(20) Shops and enginehouses	9,686	10,493	2.00%	14
15	(22) Storage warehouses	0	0	2.50%	15
16	(23) Wharves and docks	0	0	0.00%	16
17	(24) Coal and ore wharves	129	153	2.45%	17
18	(25) TOFC/COFC terminals	19,675	20,015	3.13%	18
19	(26) Communications systems	4,504	4,507	3.80%	19
20	(27) Signals and interlocker	61,710	68,689	1.96%	20
21	(29) Power plants	17	17	3.23%	21
22	(31) Power-transmissions systems	1,421	1,946	2.50%	22
23	(35) Miscellaneous structures	1,998	2,275	3.13%	23
24	(37) Roadway machines	0	0	5.70%	24
25	(39) Public improvements-Construction	36,625	47,696	2.70%	25
26	(44) Shop machinery*	1,323	1,323	2.81%	26
27	(45) Power-plant machinery	43	43	2.50%	27
28	All other road accounts	0	0	0.00%	28
29	Amortization (Adjustments)	0	0	0.00%	29
30	TOTAL ROAD	911,607	1,063,922	2.71%	30
	EQUIPMENT				
31	(52) Locomotives	5,576	8,371	20.88%	31
32	(53) Freight-train cars	9,341	9,341	18.42%	32
33	(54) Passenger-train cars	0	0	0.00%	33
34	(55) Highway revenue equipment	0	0	0.00%	34
35	(56) Floating equipment	0	0	0.00%	35
36	(57) Work equipment	151	151	33.21%	36
37	(58) Miscellaneous equipment	0	0	0.00%	37
38	(59) Computer systems and word processing equipment	0	0	0.00%	38
39	Amortization Adjustments	0	0	0.00%	39
40	TOTAL EQUIPMENT	15,068	17,863	19.69%	40
41	GRAND TOTAL	926,675	1,081,785	3.00%	41

*To be reported with equipment expenses rather than W & S expenses.

342. ACCUMULATED DEPRECIATION -- IMPROVEMENTS TO ROAD AND EQUIPMENT LEASED FROM OTHERS

(Dollars in Thousands)

1. Enter the required information concerning debits and credits to Account 733, "Accumulated Depreciation -- Improvements of Leased Property," during the year relating to improvements made to road and equipment property leased from others, the depreciation charges for which are included in operating expenses of the respondent.
2. If any entries are made for column (d) "Other credits" or column (f) "Other debits," state the facts occasioning such entries on page 39. A debit balance in column (b) or (g) for any primary account should be shown in parenthesis or designated "Dr."
3. Any inconsistency between the credits to the reserve as shown in column (c) and the charges to operating expenses should be fully explained on page 39.
4. Show in column (e) the debits to the reserve arising from retirements. These debits should not exceed investment, etc.
5. Details in the respective sections of this schedule may be omitted if either total road leased from others or total equipment leased from others represents less than 5% of total road owned or total equipment owned, respectively. However, line 39, Grand Total should be completed.

Line No.	Cross Check	Account (a)	Balance at beginning of year (b)	CREDITS TO RESERVE During the year		DEBITS TO RESERVE During the year		Balance at close of year (g)	Line No.
				Charges to operating expenses (c)	Other credits (d)	Retirements (e)	Other debits (f)		
		ROADWAY							
1		(3) Grading	9,469	495	0	6	0	9,958	1
2		(4) Other, right-of-way expenditures	48	9	0	0	0	57	2
3		(5) Tunnels and subways	23	12	0	0	0	35	3
4		(6) Bridges, trestles, and culverts	6,012	723	0	39	0	6,696	4
5		(7) Elevated structures	0	0	0	0	0	0	5
6		(8) Ties	43,360	11,293	0	6,293	0	48,360	6
7		(9) Rail and other track material	56,416	9,557	0	645	6,334	58,994	7
8		(11) Ballast	18,395	3,615	0	1,213	0	20,797	8
9		(13) Fences, snow sheds, and signs	107	3	0	0	0	110	9
10		(16) Station and office buildings	4,560	581	0	364	0	4,777	10
11		(17) Roadway buildings	88	10	0	0	0	98	11
12		(18) Water stations	0	0	0	0	0	0	12
13		(19) Fuel stations	264	100	0	0	0	364	13
14		(20) Shops and enginehouses	2,280	203	0	135	0	2,348	14
15		(22) Storage warehouses	0	0	0	0	0	0	15
16		(23) Wharves and docks	0	0	0	0	0	0	16
17		(24) Coal and ore wharves	10	4	0	0	0	14	17
18		(25) TOFC/COFC terminals	1,984	685	0	0	0	2,669	18
19		(26) Communications systems	1,924	175	0	41	0	2,058	19
20		(27) Signals and interlocker	9,277	1,447	0	10	0	10,714	20
21		(29) Power plants	10	0	0	0	0	10	21
22		(31) Power-transmissions systems	417	44	0	0	0	461	22
23		(35) Miscellaneous structures	1,218	68	0	0	0	1,286	23
24		(37) Roadway machines	0	0	0	0	0	0	24
25		(39) Public improvements-Construction	3,833	1,215	0	274	0	4,774	25
26		(44) Shop machinery*	0	0	0	0	0	0	26
27		(45) Power-plant machinery	35	1	0	0	0	36	27
28		All other road accounts	0	0	0	0	0	0	28
29		Amortization (Adjustments)	0	0	0	0	0	0	29
30		TOTAL ROADWAY	159,780	33,220	0	9,020	6,334	174,694	30
		EQUIPMENT							
31		(52) Locomotives	353	1,748	0	0	0	2,101	31
32		(53) Freight-train cars	1,529	1,720	0	0	0	3,249	32
33		(54) Passenger-train cars	0	0	0	0	0	0	33
34		(55) Highway revenue equipment	0	0	0	0	0	0	34
35		(56) Floating equipment	0	0	0	0	0	0	35
36		(57) Work equipment	55	50	0	0	0	105	36
37		(58) Miscellaneous equipment	0	0	0	0	0	0	37
38		(59) Computer systems and word processing equipment	0	0	0	0	0	0	38
39		Amortization Adjustments	0	0	0	0	0	0	39
40		TOTAL EQUIPMENT	1,937	3,518	0	0	0	5,455	40
41		GRAND TOTAL	161,667	33,758	0	9,020	6,334	180,071	41

*To be reported with equipment expenses rather than W & S expenses.

NOTES AND REMARKS

SCHEDULE 335**Column (D) Other Credits**

2,200 Adjustment related to salvage for prior year retirement.

SCHEDULE 342**Column (F) Other Debits**

6,334 Net of salvage and cost-to-remove associated with the track replacement program on PRR leased lines, line 7 (rail).

350. DEPRECIATION BASE AND RATES -- ROAD AND EQUIPMENT LEASED TO OTHERS
(Dollars in Thousands)

1. This schedule is to be used in cases where the related depreciation reserve is carried in the accounts of the respondent and the rent therefrom is included in Accounts 32-11-00, 32-12-00, 32-13-00, 32-21-00, 32-22-00, and 32-23-00
2. Show in columns (b) and (c), for each primary account, the depreciation base used in computing the depreciation for the months of January and December, respectively, with respect to road and equipment owned by the respondent but leased to others, the depreciation charges for which are not included in operating expenses of the respondent, but for which the depreciation reserve is recorded in the accounts of the respondent. If the base for road is other than the original cost or estimated original cost as found by the Board's Office of Economic and Environmental Analysis, brought to a current date by the respondent from its Order No. 3 records and accounts, or is other than ledger value for equipment, a full explanation should be given.
3. In column (d) show the composite rates used to compute the depreciation for the month of December and on lines 29 and 38 of this column show the composite percentage for all road and equipment accounts, respectively, ascertained by applying the primary account composite rates to the depreciation base used to compute the depreciation for December and dividing the total also computed by the depreciation base.
4. If depreciation accruals have been discontinued for any account, the depreciation base should be reported, nevertheless, in support of depreciation reserves. Authority for the discontinuance of accruals should be shown in a footnote indicating the accounts affected.
5. Disclosures in the respective sections of this schedule may be omitted if either total road leased to others or total equipment leased to others represents less than 5% of total road owned or total equipment owned, respectively. However, Line 39, Grand Total, should be completed.

Line No.	Account (a)	Depreciation base		Annual composite rate (percent) (d)	Line No.
		At beginning of year (b)	At close of year (c)		
	ROADWAY				
1	(3) Grading				1
2	(4) Other, right-of-way expenditures				2
3	(5) Tunnels and subways				3
4	(6) Bridges, trestles, and culverts				4
5	(7) Elevated structures				5
6	(8) Ties				6
7	(9) Rail and other track material				7
8	(11) Ballast				8
9	(13) Fences, snow sheds, and signs				9
10	(16) Station and office buildings				10
11	(17) Roadway buildings				11
12	(18) Water stations				12
13	(19) Fuel stations				13
14	(20) Shops and enginehouses				14
15	(22) Storage warehouses				15
16	(23) Wharves and docks				16
17	(24) Coal and ore wharves				17
18	(25) TOFC/COFC terminals				18
19	(26) Communications systems				19
20	(27) Signals and interlocker				20
21	(29) Power plants				21
22	(31) Power-transmissions systems				22
23	(35) Miscellaneous structures				23
24	(37) Roadway machines				24
25	(39) Public improvements-Construction				25
26	(44) Shop machinery*				26
27	(45) Power-plant machinery				27
28	All other road accounts				28
29	TOTAL ROAD				29
	EQUIPMENT				
30	(52) Locomotives				30
31	(53) Freight-train cars				31
32	(54) Passenger-train cars				32
33	(55) Highway revenue equipment				33
34	(56) Floating equipment				34
35	(57) Work equipment				35
36	(58) Miscellaneous equipment				36
37	(59) Computer systems and word processing equipment				37
38	TOTAL EQUIPMENT				38
39	GRAND TOTAL				39

Included in Schedule 332

351. ACCUMULATED DEPRECIATION – ROAD AND EQUIPMENT LEASED TO OTHERS

(Dollars in Thousands)

1. This schedule is to be used in cases where the depreciation reserve is carried in the accounts of the respondent and the rent therefrom is included in Accounts 32-11-00, 32-12-00, 32-13-00, 32-21-00, 32-22-00, and 32-23-00
2. Disclose credits and debits to Account 735, "Accumulated Depreciation – Road and Equipment Property," during the year relating to road and equipment leased to others, the depreciation charges for which are not includible in operating expenses of the respondent (See Schedule 330 for the reserve relating to road and equipment owned and used by the respondent).
3. If any entries are made for column (d) "Other credits" or column (f) "Other debits," state the facts occasioning such entries on page 39. A debit balance in columns (b) or (g) for any primary account should be shown in parenthesis or designated "Dr."
4. Disclosures in the respective sections of this schedule may be omitted if either total road leased to others or total equipment leased from others represents less than 5% of total road owned or total equipment owned, respectively. However, line 39, Grand Total, should be completed.

Line No.	Account (a)	Balance at beginning of year (b)	CREDITS TO RESERVE During the year		DEBITS TO RESERVE During the year		Balance at close of year (g)	Line No.
			Charges to operating expenses (c)	Other credits (d)	Retirements (e)	Other debits (f)		
	ROADWAY							
1	(3) Grading							1
2	(4) Other, right-of-way expenditures							2
3	(5) Tunnels and subways							3
4	(6) Bridges, trestles, and culverts							4
5	(7) Elevated structures							5
6	(8) Ties							6
7	(9) Rail and other track material							7
8	(11) Ballast							8
9	(13) Fences, snow sheds, and signs							9
10	(16) Station and office buildings							10
11	(17) Roadway buildings							11
12	(18) Water stations							12
13	(19) Fuel stations							13
14	(20) Shops and enginehouses							14
15	(22) Storage warehouses							15
16	(23) Wharves and docks							16
17	(24) Coal and ore wharves							17
18	(25) TOFC/COFC terminals							18
19	(26) Communications systems							19
20	(27) Signals and interlocker							20
21	(29) Power plants							21
22	(31) Power-transmissions systems							22
23	(35) Miscellaneous structures							23
24	(37) Roadway machines							24
25	(39) Public improvements-Construction							25
26	(44) Shop machinery*							26
27	(45) Power-plant machinery							27
28	All other road accounts							28
29	TOTAL ROAD							29
	EQUIPMENT							
30	(52) Locomotives							30
31	(53) Freight-train cars							31
32	(54) Passenger-train cars							32
33	(55) Highway revenue equipment							33
34	(56) Floating equipment							34
35	(57) Work equipment							35
36	(58) Miscellaneous equipment							36
37	(59) Computer systems and word processing equipment							37
38	TOTAL EQUIPMENT							38
39	GRAND TOTAL							39

*To be reported with equipment expense rather than W & S expense.

Included in Schedule 335

352A. INVESTMENT IN RAILROAD PROPERTY USED IN TRANSPORTATION SERVICE (By Company)
(Dollars in Thousands)

1. Disclose the investment in railway property used in transportation service at the close of the year. This investment represents the aggregate of property owned or leased by respondent and used in respondent's transportation service. Such property includes (a) investment reported in Accounts 731, "Road and Equipment Property" and 732, "Improvements on Leased Property" of respondent, less any 731 or 732 property leased to others for their exclusive use of road, track, or bridges (including equipment or other railway property covered by the contract). Equipment leased to others under separate distinct contracts shall not be deducted from the respondent's 731 or 732 property, and (b) the investment of other companies' 731 or 732 property (including operating and lessor railroads) used by respondent when the lease is for exclusive use or control of roads, tracks or bridges (including equipment of other railway property covered by the contract). This excludes leased equipment from operating railroads under separate distinct contracts and the investment of other carriers in property jointly used by respondent.
2. In column (a), classify each company in this schedule as: "R" for respondent, "L" for lessor railroad, "P" for inactive or proprietary company or "O" for other leased properties.
3. In column (a) to (e), inclusive, first show the data requested for respondent (R); next the data for companies whose entire properties are used in transportation service of the respondent, divided between lessor (L) and proprietary (P) companies; followed by data for carriers and others (O), portions of whose property are used in transportation service of respondent. Show a total for each class of company in column (d) and (e). Then show, as deductions, data for transportation property leased to carriers and others.
4. In column (c), line-haul carriers report the miles of road used in line-haul service. Report miles in whole numbers.
5. In column (d), show the amount applicable in Accounts 731 and 732 on the books of the companies whose names appear in column (b). Values of property of other carriers segregated by estimate or otherwise should correspond in amount to the deductions made by the owners in their reports. If separate value is not available, an explanation should be provided. Differences between amounts shown in column (d) of this schedule and column (c), line 24, on the asset side of the general balance sheet of each individual railway should be explained in a footnote. Book values included in Accounts 731 and 732 of the owner should be reported in column (d) in reference to the investment of respondent in securities of the owner unless a good reason can be given for the contrary. Methods of estimating (by capitalizing rentals at 6 % or otherwise) value of property of private owners, or portions of property of other carriers should be explained.
6. In column (e), show the amount of depreciation and amortization accrued as of the close of the year in Accounts 733, 734, 735, 736, and 772, that is applicable to the property of the carriers whose names are listed in column (b), regardless of where the reserves therefore are recorded.

Line No.	Class (See Ins. 2) (a)	Name of company (b)	Miles of road used (See Ins. 4) (whole number) (c)	Investments in property (See Ins. 5) (d)	Depreciation & amortization of defense projects (See Ins. 6) (e)	Line No.
1	R	Norfolk Southern Combined Railroad Subsidiaries	12,750	17,021,592	5,800,090	1
2						2
3	L	C & CI Railroad Company	2	0	0	3
4	L	Cincinnati Southern Railway	335	53,089	0	4
5	L	North Carolina Railroad	313	7,939	2,351	5
6	L	Pennsylvania Lines, LLC	5,100	4,051,202	1,064,922	6
7	L	Pittsburgh & West Virginia Railroad	121	49,837	20,518	7
8	L	P & WV Subleased to Wheeling & Lake Erie	(121)	(49,837)	(20,518)	8
9		SUB-TOTAL	5,750	4,112,230	1,067,273	9
10						10
11	O	Baltimore & Ohio Railroad	0	53	0	11
12	O	Carolina Aluminum company	11	674	0	12
13	O	Central Transfer & Storage	0	12	0	13
14	O	Chicago & Illinois Midland Railway Company	10	13	0	14
15	O	Georgia Railroad & Banking Company	0	2	0	15
16	O	United States Government	6	0	0	16
17		SUB-TOTAL	27	754	0	17
18						18
19		Less Lines Leased to or Operated by Others				19
20	R	Aberdeen Carolina Western	104	14,907		20
21	R	Adrienne Blissfield Railroad	2	246		21
22	R	Athens Line LLC	38	6,223		22
23	R	BN Railroad	27	2,864		23
24	R	C & NC Railroad	22	2,477		24
25	R	C S X, Corp.	20	2,893		25

352A. INVESTMENT IN RAILROAD PROPERTY USED IN TRANSPORTATION SERVICE (By Company) - Continued						
Line No.	Class (See Ins. 2) (a)	Name of company (b)	Miles of road used (See Ins. 4) (whole number) (c)	Investments in property (See Ins. 5) (d)	Depreciation & amortization of defense projects (See Ins. 6) (e)	Line No.
26	R	Carolina Coastal Railway	17	2,457		26
27	R	Central Railroad Company of Indianapolis	38	5,862		27
28	R	Chattanooga Chickamauga Railway	19	2,163		28
29	R	Chesapeake & Albemarle Railway	73	9,636		29
30	R	Commonwealth Railway Company	13	1,345		30
31	R	Eastern Shore Railroad	5	558		31
32	R	Georgia & Florida Railway Company	58	7,559		32
33	R	Georgia Southwestern Railway	50	5,497		33
34	R	Great Walton Railroad Company	27	3,453		34
35	R	Iowa Interstate	14	1,496		35
36	R	Lancaster and Chester Railway Company	30	4,152		36
37	R	Metra	33	3,540		37
38	R	Ogeechee Railway	57	7,778		38
39	R	R.J. Corman Co. - Western Ohio Line	16	1,754		39
40	R	Railtex	72	10,675		40
41	R	South Carolina Central Railroad	79	10,379		41
42	R	West Tennessee Railway Company	136	19,641		42
43	R	Yadkin Valley Railroad	93	8,776		43
44		SUB-TOTAL	1,043	136,331	0	44
45						45
46						46
47						47
48						48
49						49
50						50
51						51
52						52
53						53
54						54
55						55
56						56
57						57
58						58
59						59
60						60
61						61
62						62
63						63
64						64
65						65
66						66
67						67
68						68
69						69
70						70
71						71
72						72
73						73
74						74
75		TOTAL	17,484	20,998,245	6,867,363	75

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352B INVESTMENT IN RAILWAY PROPERTY USED IN TRANSPORTATION SERVICE

(By Property Accounts)

(Dollars in Thousands)

1. In column (b) through (e) give, by primary accounts, the amount of investment at the close of the year in property of respondent and each group or class of companies and properties.
2. The amounts for respondent and for each group or class of companies and properties on line 44 should correspond with the amounts for each class of company and property shown in Schedule 352A. Continuing records shall be maintained by respondent of the primary property accounts separately for each company or property included in this schedule.
3. Report on line 29 amounts representing capitalization or rentals for leased property based on 6% per year where property is not classified by accounts by noncarrier owners, or where cost of property leased from other carriers is not ascertainable. Identify noncarrier owners, and briefly explain on page 39 the methods of estimating value of property of noncarriers or property of other carriers.
4. Report on line 30 amounts not included in the accounts shown, or in line 29. The items reported should be briefly identified and explained. Also include here those items after permission is obtained from the Board for exceptions to prescribed accounting. Reference to such authority should be made when explaining amounts reported. Respondents must not make arbitrary changes to the printed stub or column headings without specific authority from the Board.

Line No.	Cross Check	Account (a)	Respondent (b)	Lessor railroads (c)	Inactive (proprietary companies) (d)	Other leased properties (e)	Line No.
1		(2) Land for transportation purpose	206,114	56,013		1	1
2		(3) Grading	505,935	161,105		12	2
3		(4) Other, right-of-way expenditures	5,782	1,882			3
4		(5) Tunnels and subways	42,998	42,969			4
5		(6) Bridges, trestles, and culverts	828,718	194,899		71	5
6		(7) Elevated structures	38,166	1,310			6
7		(8) Ties	2,263,184	732,484		225	7
8		(9) Rail and other track material	3,082,575	1,508,263		337	8
9		(11) Ballast	946,895	535,171		97	9
10		(13) Fences, snow sheds, and signs	6,352	1,559			10
11		(16) Station and office buildings	410,909	98,611			11
12		(17) Roadway buildings	48,102	9,586			12
13		(18) Water stations	0	152			13
14		(19) Fuel stations	23,413	26,878			14
15		(20) Shops and enginehouses	210,845	72,980			15
16		(22) Storage warehouses	4,143	40			16
17		(23) Wharves and docks	0	110			17
18		(24) Coal and ore wharves	155,432	30,278			18
19		(25) TOFC/COFC terminals	316,320	107,231			19
20		(26) Communications systems	374,881	59,350		5	20
21		(27) Signals and interlocker	669,188	345,713		3	21
22		(29) Power plants	2,695	547			22
23		(31) Power-transmissions systems	25,293	6,213			23
24		(35) Miscellaneous structures	14,333	2,427			24
25		(37) Roadway machines	282,524	48,562			25
26		(39) Public improvements-Construction	322,641	28,648		3	26
27		(44) Shop machinery*	80,891	43,219			27
28		(45) Power-plant machinery	14,799	3,035			28
29		Leased property capitalized rentals (explain)	0	0			29
30		Other (specify and explain) Accts. 1 & 77	0	3,999			30
31		TOTAL EXPENDITURES FOR ROAD	10,883,128	4,123,234	0	754	31
32		(52) Locomotives	2,525,390	0			32
33		(53) Freight-train cars	2,498,310	0			33
34		(54) Passenger-train cars	0	0			34
35		(55) Highway revenue equipment	131,534	0			35
36		(56) Floating equipment	0	0			36
37		(57) Work equipment	127,136	0			37
38		(58) Miscellaneous equipment	162,210	0			38
39		(59) Computer systems and word processing equip	279,398	0			39
40		TOTAL EQUIPMENT	5,723,978	0	0	0	40
41		(76) Interest during construction	0	3,077			41
42		(80) Other elements of investment	0	(14,098)			42
43		(90) Construction in progress	278,155	17			43
44		GRAND TOTAL	16,885,261	4,112,230	0	754	44

INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 410

Cross Checks

Schedule 410	Schedule 210	Schedule 410	Schedule 412
Line 620, column (h)	Line 14, column (b)	Lines 138 through 138, column (f)	Line 29, column (b)
Line 620, column (f)	Line 14, column (d)	Lines 118 through 123, and 130 through 135, column (f)	Line 29, column (c)
Line 620, column (g)	Line 14, column (e)		
Line 231, column (f)	Schedule 414	Lines 207, 208, 211, 212, column (f)	Schedule 415
Line 230, column (f)	Line 19, columns (b) through (d)	Lines 226, 227, column (f)	Lines 5, 38, column (f)
	Line 19, columns (e) through (g)	Lines 311, 312, 315, 316, column (f)	Lines 24, 39, column (f)
			Lines 32, 35, 36, 37, 40, 41, column (f)
			And
Line 507, column (f)	Schedule 417		Schedule 414
Line 508, column (f)	Line 1, column (f)		Minus line 24, columns (b) through (d)
Line 508, column (f)	Line 2, column (f)		plus line 24, columns (e) through (g)
Line 510, column (f)	Line 3, column (f)		
Line 511, column (f)	Line 4, column (f)		Schedule 415
Line 512, column (f)	Line 5, column (f)		Lines 5, 38, columns (c) and (d)
Line 513, column (f)	Line 6, column (f)		Lines 24, 39, columns (c) and (d)
Line 514, column (f)	Line 7, column (f)		Lines 32, 35, 36, 37, 40, 41, columns (c) and (d)
Line 515, column (f)	Line 8, column (f)		
Line 516, column (f)	Line 9, column (f)		Lines 5, 38, column (b)
Line 517, column (f)	Line 10, column (f)		
	Line 11, column (f)		
Line 4, column (b)	Schedule 210	Line 202, 203, 216, column (f), equal to or greater than, but variance cannot exceed line 216, column (f)	Lines 24, 39, column (b)
	Line 47, column (b)	Lines 221, 222, 235, column (f), equal to or greater than, but variance cannot exceed line 235, column (f)	
		Lines 302 through 307 and 320, column (f), equal to or greater than, but variance cannot exceed line 320, column (f)	Lines 32, 35, 36, 37, 40, 41, column (b)

410. RAILWAY OPERATING EXPENSES

(Dollars in Thousands)

State the railway operating expenses on respondent's road for the year, classifying them in accordance with the Uniform System of Accounts for Railroad Companies, and allocate the common operating expenses in accordance with the Commission's rule governing the separation of such expenses between freight and passenger services.

Line No.	Cross Check	Name of railway operating expense account (a)	FREIGHT					Passenger (g)	Total (h)	Line No.
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)			
		WAY AND STRUCTURES:	\$	\$	\$	\$	\$	\$	\$	
1		Track	1,270	950	1,182	1,936	5,338		5,338	1
2		Bridge and Building	86	183	380	458	1,107		1,107	2
3		Signal	164	234	645	453	1,496		1,496	3
4		Communication		61	6,310	245	6,616		6,616	4
5		Other	1,319		1	1	1,321		1,321	5
		TOTAL ADMINISTRATION	2,839	1,428	8,518	3,093	15,878		15,878	
6		REPAIR AND MAINTENANCE:								
		Roadway - Running	18,803	260	12,947	3	32,013		32,013	6
7		Roadway - Switching	1,667	26	402		2,095		2,095	7
8		Tunnels and Subways - Running	2		17		19		19	8
9		Tunnels and Subways - Switching								9
10		Bridges and Culverts - Running	14,708	1,045	5,143	2,705	23,601		23,601	10
11		Bridges and Culverts - Switching	903	87	241	185	1,416		1,416	11
12		Ties - Running	5,371	1,813	(1,836)	39	5,387		5,387	12
13		Ties - Switching	353	241	2		596		596	13
14		Rail and Other Track Material - Running	38,620	4,345	14,547	10,078	67,590		67,590	14
15		Rail and Other Track Material - Switching	3,085	617	878	649	5,229		5,229	15
16		Ballast - Running	4,894	357	1,938		7,189		7,189	16
17		Ballast - Switching	412	47	171		630		630	17
18		Road Property Damaged - Running	5,412	5,005	2,138	71	12,626		12,626	18
19		Road Property Damaged - Switching								19
20		Road Property Damaged - Other	42	22	1		65		65	20
21		Signals and Interlockers - Running	18,559	8,424	3,070	1,089	31,142		31,142	21
22		Signals and Interlockers - Switching	993	103	1	29	1,126		1,126	22
23		Communications Systems	5,727	2,053	17,629	50	25,459		25,459	23
24		Power Systems	671	226	42		939		939	24
25		Highway Grade Crossings- Running	1,767	2,085	1,927	847	6,626		6,626	25
26		Highway Grade Crossings- Switching		35	53		88		88	26
27		Station and Office Buildings	1,872	842	4,500	1	7,215		7,215	27
28		Shop Buildings - Locomotives	2,490	1,667	2,992		7,149		7,149	28
29		Shop Buildings - Freight Cars	392	645	1,823		2,860	N/A	2,860	29
30		Shop Buildings - Other Equipment	4	16	12		32		32	30

410. RAILWAY OPERATING EXPENSES - Continued
(Dollars in Thousands)

Line No.	Cross Check	Name of railway operating expense account (a)	FREIGHT					Passenger (g)	Total (h)	Line No.
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)			
		REPAIR AND MAINTENANCE - Continued:								
101		Locomotive Servicing Facilities		3	96		99		99	101
102		Miscellaneous Buildings and Structures	807	213	328		1,348		1,348	102
103		Coal Terminals	1,213	700	801		2,714	N/A	2,714	103
104		Ore Terminals						N/A		104
105		Other Marine Terminals						N/A		105
106		TOFC/COFC Terminals	185	2,764	4,143		7,092	N/A	7,092	106
107		Motor Vehicle Loading and Distribution Facilities			1,025		1,025	N/A	1,025	107
108		Facilities for Other Specialized Service Operations	48	617	1,036	85	1,786	N/A	1,786	108
109		Roadway Machines	7,357	10,177	1,689	525	19,748		19,748	109
110		Small Tools and Supplies	1	16,964	1,203		18,168		18,168	110
111		Snow Removal	1,557	423	1,594	1	3,575		3,575	111
112		Fringe Benefits - Running	N/A	N/A	N/A	80,558	80,558		80,558	112
113		Fringe Benefits - Switching	N/A	N/A	N/A	2,801	2,801		2,801	113
114		Fringe Benefits - Other	N/A	N/A	N/A	5,457	5,457		5,457	114
115		Casualties and Insurance - Running	N/A	N/A	N/A	19,789	19,789		19,789	115
116		Casualties and Insurance - Switching	N/A	N/A	N/A	1,430	1,430		1,430	116
117		Casualties and Insurance - Other	N/A	N/A	N/A	4,812	4,812		4,812	117
118	*	Lease Rentals - Debit - Running	N/A	N/A	187,753	N/A	187,753		187,753	118
119	*	Lease Rentals - Debit - Switching	N/A	N/A	188,466	N/A	188,466		188,466	119
120	*	Lease Rentals - Debit - Other	N/A	N/A	28,637	N/A	28,637		28,637	120
121	*	Lease Rentals - (Credit) - Running	N/A	N/A	(5,335)	N/A	(5,335)		(5,335)	121
122	*	Lease Rentals - (Credit) - Switching	N/A	N/A		N/A				122
123	*	Lease Rentals - (Credit) - Other	N/A	N/A		N/A				123
124		Joint Facility Rent - Debit - Running	N/A	N/A	13,146	N/A	13,146		13,146	124
125		Joint Facility Rent - Debit - Switching	N/A	N/A	3,927	N/A	3,927		3,927	125
126		Joint Facility Rent - Debit - Other	N/A	N/A	209	N/A	209		209	126
127	*	Joint Facility Rent - (Credit) - Running	N/A	N/A	(5,731)	N/A	(5,731)		(5,731)	127
128	*	Joint Facility Rent - (Credit) - Switching	N/A	N/A	(2,100)	N/A	(2,100)		(2,100)	128
129	*	Joint Facility Rent - (Credit) - Other	N/A	N/A	(116)	N/A	(116)		(116)	129
130	*	Other Rents - Debit - Running	N/A	N/A	1,177	N/A	1,177		1,177	130
131	*	Other Rents - Debit - Switching	N/A	N/A	3	N/A	3		3	131
132	*	Other Rents - Debit - Other	N/A	N/A	909	N/A	909		909	132
133	*	Other Rents - (Credit) - Running	N/A	N/A		N/A				133
134	*	Other Rents - (Credit) - Switching	N/A	N/A		N/A				134
135	*	Other Rents - (Credit) - Other	N/A	N/A	(63)	N/A	(63)		(63)	135

410. RAILWAY OPERATING EXPENSES - Continued
(Dollars in Thousands)

Line No.	Cross Check	Name of railway operating expense account (a)	FREIGHT					Passenger (g)	Total (h)	Line No.
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)			
		REPAIR AND MAINTENANCE - Continued:								
136	*	Depreciation - Running	N/A	N/A	N/A	185,943	185,943		185,943	136
137	*	Depreciation - Switching	N/A	N/A	N/A	14,076	14,076		14,076	137
138	*	Depreciation - Other	N/A	N/A	N/A	97,920	97,920		97,920	138
139		Joint Facility - Debit - Running	N/A	N/A	34,819	N/A	34,819		34,819	139
140		Joint Facility - Debit - Switching	N/A	N/A	3,416	N/A	3,416		3,416	140
141		Joint Facility - Debit - Other	N/A	N/A	562	N/A	562		562	141
142		Joint Facility - (Credit) - Running	N/A	N/A	(20,334)	N/A	(20,334)		(20,334)	142
143		Joint Facility - (Credit) - Switching	N/A	N/A	(4,415)	N/A	(4,415)		(4,415)	143
144		Joint Facility - (Credit) - Other	N/A	N/A	(313)	N/A	(313)		(313)	144
145		Dismantling Retired Road Property - Running								145
146		Dismantling Retired Road Property - Switching								146
147		Dismantling Retired Road Property - Other								147
148		Other - Running	1,452			4,498	5,950		5,950	148
149		Other - Switching		5	101		106		106	149
150		Other - Other								150
		TOTAL REPAIR AND MAINTENANCE	139,367	61,827	505,271	433,641	1,140,106		1,140,106	
151		TOTAL WAY AND STRUCTURES	142,206	63,255	513,789	436,734	1,155,984		1,155,984	151
		EQUIPMENT:								
		LOCOMOTIVES:								
201		Administration	5,792	310	686	1,157	7,945		7,945	201
202	*	Repair and Maintenance	58,801	99,212	4,918	57	162,988		162,988	202
203	*	Machinery Repair	2,640	1,942	924	3	5,509		5,509	203
204		Equipment Damaged	568	490	97		1,155		1,155	204
205		Fringe Benefits	N/A	N/A	N/A	30,376	30,376		30,376	205
206		Other Casualties and Insurance	N/A	N/A	N/A	22,928	22,928		22,928	206
207	*	Lease Rentals - Debit	N/A	N/A	72,710	N/A	72,710		72,710	207
208	*	Lease Rentals - (Credit)	N/A	N/A	(5,382)	N/A	(5,382)		(5,382)	208
209		Joint Facility Rent - Debit	N/A	N/A	38	N/A	38		38	209
210	*	Joint Facility Rent - (Credit)	N/A	N/A	(1)	N/A	(1)		(1)	210
211	*	Other Rents - Debit	N/A	N/A	549	N/A	549		549	211
212	*	Other Rents - (Credit)	N/A	N/A	(40)	N/A	(40)		(40)	212
213	*	Depreciation	N/A	N/A		88,783	88,783		88,783	213
214		Joint Facility - Debit	N/A	N/A	117	N/A	117		117	214
215		Joint Facility - (Credit)	N/A	N/A	4	N/A	4		4	215
216	*	Repairs Billed to Others - (Credit)	N/A	N/A	(3,797)	N/A	(3,797)		(3,797)	216
217		Dismantling Retired Property								217

410. RAILWAY OPERATING EXPENSES - Continued
(Dollars in Thousands)

Line No.	Cross Check	Name of railway operating expense account (a)	FREIGHT					Passenger (g)	Total (h)	Line No.
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)			
218		LOCOMOTIVES - Continued:								
		Other	4,332	19		1	4,352		4,352	218
219		TOTAL LOCOMOTIVES	72,133	101,973	70,823	143,305	388,234		388,234	219
		FREIGHT CARS:								
220		Administration	2,985	914	1,076	1,283	6,258	N/A	6,258	220
221	*	Repair and Maintenance	33,304	29,042	61,610	138	124,094	N/A	124,094	221
222	*	Machinery Repair	738	783	1,794		3,315	N/A	3,315	222
223		Equipment Damaged					6,233	N/A	6,233	223
224		Fringe Benefits	2,810	3,423			16,087	N/A	16,087	224
225		Other Casualties and Insurance	N/A	N/A	N/A	13,342	13,342	N/A	13,342	225
226	*	Lease Rentals - Debit	N/A	N/A	N/A		104,292	N/A	104,292	226
227	*	Lease Rentals - (Credit)	N/A	N/A	N/A		(7,982)	N/A	(7,982)	227
228		Joint Facility Rent - Debit	N/A	N/A	N/A		41	N/A	41	228
229	*	Joint Facility Rent - (Credit)	N/A	N/A	N/A		(3)	N/A	(3)	229
230	*	Other Rents - Debit	N/A	N/A	N/A		461,033	N/A	461,033	230
231	*	Other Rents - (Credit)	N/A	N/A	N/A		(200,652)	N/A	(200,652)	231
232	*	Depreciation	N/A	N/A	N/A	79,870	79,870	N/A	79,870	232
233		Joint Facility - Debit	N/A	N/A	100	N/A	100	N/A	100	233
234		Joint Facility - (Credit)	N/A	N/A	(4)	N/A	(4)	N/A	(4)	234
235	*	Repairs Billed to Others - (Credit)	N/A	N/A	(39,123)	N/A	(39,123)	N/A	(39,123)	235
236		Dismantling Retired Property						N/A		236
237		Other	4,276	10,044		125	14,445	N/A	14,445	237
238		TOTAL FREIGHT CARS	44,113	44,206	382,182	110,845	581,346	N/A	581,346	238
		OTHER EQUIPMENT:								
301		Administration		337	326	1,438	2,101		2,101	301
		Repair and Maintenance:								
302	*	Trucks, Trailers and Containers - Revenue Service		1,175	37,884	37	39,096	N/A	39,096	302
303	*	Floating Equipment - Revenue Service		1			5	N/A	5	303
304	*	Passenger and Other Revenue Equipment			4					304
305	*	Computer Systems and Word Processing Equipment	12	429	30,035		30,476		30,476	305
306	*	Machinery	227	81	11		319		319	306
307	*	Work and Other Non-Revenue Equipment	813	4,175	9,305	24	14,317		14,317	307
308		Machinery								308
309		Fringe Benefits	N/A	N/A		3,712	3,712		3,712	309
310		Other Casualties and Insurance	N/A	N/A		1,634	1,634		1,634	310
311	*	Lease Rentals - Debit	N/A	N/A	30,677	N/A	30,677		30,677	311

410. RAILWAY OPERATING EXPENSES - Continued
(Dollars in Thousands)

Line No.	Cross Check	Name of railway operating expense account (a)	FREIGHT					Passenger (g)	Total (h)	Line No.
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)			
312	*	OTHER EQUIPMENT - Continued:								
313		Lease Rentals - (Credit)	N/A	N/A	(128)	N/A	(128)		(128)	312
314	*	Joint Facility Rent - Debit	N/A	N/A	34	N/A	34		34	313
315	*	Joint Facility Rent - (Credit)	N/A	N/A	(12)	N/A	(12)		(12)	314
316	*	Other Rents - Debit	N/A	N/A	31,806	N/A	31,806		31,806	315
317	*	Other Rents - (Credit)	N/A	N/A	(13,542)	N/A	(13,542)		(13,542)	316
318		Depreciation	N/A	N/A	N/A	74,864	74,864		74,864	317
319		Joint Facility - Debit	N/A	N/A	80	N/A	80		80	318
320	*	Joint Facility - (Credit)	N/A	N/A	(48)	N/A	(48)		(48)	319
321		Repairs Billed to Others - (Credit)	N/A	N/A	(2,359)	N/A	(2,359)		(2,359)	320
322		Dismantling Retired Property								321
323		Other								322
324		TOTAL OTHER EQUIPMENT	1,052	6,198	124,073	81,709	213,032		213,032	323
		TOTAL EQUIPMENT	117,298	152,377	577,078	335,859	1,182,612		1,182,612	324
		TRANSPORTATION:								
		TRAIN OPERATIONS:								
401		Administration	6,933	3,594	9,403	4,348	24,278		24,278	401
402		Engine Crews	256,954	75	11,692	8,595	277,316		277,316	402
403		Train Crews	229,107	1,406	11,404	10,943	252,860		252,860	403
404		Dispatching Trains	32,505	18		45	32,568		32,568	404
405		Operating Signals and Interlockers	22,077	200	326	295	22,898		22,898	405
406		Operating Drawbridges	4,715	1		14	4,730		4,730	406
407		Highway Crossing Protection	31	17	4,786		4,834		4,834	407
408		Train Inspection and Lubrication	49,728	185			49,913		49,913	408
409	*	Locomotive Fuel	1	348,812	34		348,847		348,847	409
410		Electric Power Purchased or Produced for Motive Power								410
411		Servicing Locomotives	16,204	7,258	4,454		27,916		27,916	411
412		Freight Lost or Damaged - Solely Related		N/A	N/A					412
413		Clearing Wrecks	253	56	12,012		12,321		12,321	413
414		Fringe Benefits		N/A	N/A	226,257	226,257		226,257	414
415		Other Casualties and Insurance	N/A	N/A	N/A	58,321	58,321		58,321	415
416		Joint Facility - Debit	N/A	N/A	1,775	N/A	1,775		1,775	416
417		Joint Facility - (Credit)	N/A	N/A	(551)	N/A	(551)		(551)	417
418		Other	68	45	67,466	40	67,619		67,619	418
419		TOTAL TRAIN OPERATIONS	618,576	361,667	122,801	308,858	1,411,902		1,411,902	419

410. RAILWAY OPERATING EXPENSES - Continued
(Dollars in Thousands)

Line No.	Cross Check	Name of railway operating expense account (a)	FREIGHT					Passenger (g)	Total (h)	Line No.
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)			
420		YARD OPERATIONS:								
421		Administration	210	301	1,169	584	2,264			2,264 420
422		Switch Crews	171,403	727	13,445	501	186,076			186,076 421
423		Controlling Operations	28,862	4	8	1	28,875			28,875 422
424		Yard and Terminal Clerical	11,655	4,098	4,153	353	20,259			20,259 423
425	*	Operating Switches, Signals, Retarders and Humps		536	52		588			588 424
426		Locomotive Fuel		31,285			31,285			31,285 425
427		Electric Power Purchased or Produced for Motive Power								
428		Servicing Locomotives	650				650			650 426
429		Freight Lost or Damaged - Soley Related	N/A	N/A	N/A					
430		Clearing Wrecks	60		51		111			111 427
431		Fringe Benefits		N/A	N/A	77,961	77,961			
432		Other Casualties and Insurance		N/A	N/A	20,978	20,978			111 429
433		Joint Facility - Debit	N/A	N/A	5,529	N/A	5,529			77,961 430
434		Joint Facility - (Credit)	N/A	N/A	(3,401)	N/A	(3,401)			20,978 431
435		Other			310	1	311			5,529 432
		TOTAL YARD OPERATIONS	212,840	36,951	21,316	100,379	371,486			(3,401) 433
501		TRAIN AND YARD OPERATIONS COMMON:								311 434
502		Cleaning Car Interiors	323	4	1,464	N/A	1,791			311 434
503		Adjusting and Transferring Loads	83	8	224	N/A	315			371,486 435
504		Car Loading Devices and Grain Doors				N/A				
505		Freight Lost or Damaged - All Other		N/A	N/A	26,828	26,828			1,791 501
506		Fringe Benefits		N/A	N/A	161	161			315 502
		TOTAL TRAIN AND YARD OPERATIONS COMMON	406	12	1,688	26,989	29,095			N/A 503
507	*	SPECIALIZED SERVICES OPERATIONS:								
508	*	Administration	19,730	1,494	6,724	2,005	29,953			26,828 504
509	*	Pickup and Delivery and Marine Line Haul	5,409	1	122,181	171	127,762			161 505
510	*	Loading and Unloading and Local Marine	5,400	2,514	189,891	50	197,855			29,095 506
511	*	Protective Services	2	73	624		699			
512	*	Freight Lost or Damaged - Soley Related	N/A	N/A	N/A					699 510
513	*	Fringe Benefits	N/A	N/A	N/A	5,272	5,272			N/A 511
514	*	Casualties and Insurance	N/A	N/A	N/A	2,878	2,878			N/A 512
515	*	Joint Facility - Debit	N/A	N/A	384	N/A	384			5,272 513
516	*	Joint Facility - (Credit)	N/A	N/A	(118)	N/A	(118)			2,878 514
517	*	Other								384 514
		TOTAL SPECIALIZED SERVICES OPERATIONS	30,541	4,082	319,686	10,376	364,685			(118) 515

410. RAILWAY OPERATING EXPENSES - Continued
(Dollars in Thousands)

Line No.	Cross Check	Name of railway operating expense account (a)	FREIGHT						Passenger (g)	Total (h)	Line No.
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)				
		ADMINISTRATIVE SUPPORT OPERATIONS:									
518		Administration	52	136	285	778	1,251			1,251	518
519		Employees Performing Clerical and Accounting Functions	30,290	518	1,695	57	32,560			32,560	519
520		Communications Systems Operation	3,406			18	3,424			3,424	520
521		Loss and Damage Claims Processing	88	67	2,220	43	2,418			2,418	521
522		Fringe Benefits	N/A	N/A	N/A	14,439	14,439			14,439	522
523		Casualties and Insurance	N/A	N/A	N/A	3,728	3,728			3,728	523
524		Joint Facility - Debit	N/A	N/A	19	N/A	19			19	524
525		Joint Facility - (Credit)	N/A	N/A		N/A					525
526		Other									526
527		TOTAL ADMINISTRATIVE SUPPORT OPERATIONS	33,836	721	4,219	19,063	57,839			57,839	527
528		TOTAL TRANSPORTATION	896,199	403,433	469,710	465,665	2,235,007			2,235,007	528
		GENERAL AND ADMINISTRATIVE:									
601		Officers - General Administration		892	2,305	911	4,108			4,108	601
602		Accounting, Auditing and Finance	4,006	288	6,645	648	11,587			11,587	602
603		Management Services and Data Processing	1,005	554	26,368	1,194	29,121			29,121	603
604		Marketing	295	349	10,407	4,410	15,461			15,461	604
605		Sales		61	119	221	401			401	605
606		Industrial Development	113	89	524	253	979		N/A	979	606
607		Personnel and Labor Relations	2,034	367	9,049	3,848	15,298			15,298	607
608		Legal and Secretarial		337	34,770	4,242	39,349			39,349	608
609		Public Relations and Advertising		351	632	2,149	3,132			3,132	609
610		Research and Development		2			2			2	610
611		Fringe Benefits		N/A	N/A	6,638	6,638			6,638	611
612		Casualties and Insurance	N/A	N/A	N/A	6,352	6,352			6,352	612
613		Writedown of Uncollectible Accounts	N/A	N/A	N/A	8,695	8,695			8,695	613
614		Property Taxes	N/A	N/A	N/A	76,410	76,410			76,410	614
615		Other Taxes Except on Corporate Income or Payrolls	N/A	N/A	N/A	31,310	31,310			31,310	615
616		Joint Facility - Debit	N/A	N/A	706	N/A	706			706	616
617		Joint Facility - (Credit)	N/A	N/A	(76)	N/A	(76)			(76)	617
618		Other	8,047	541	676,749	100,865	786,202			786,202	618
619		TOTAL GENERAL AND ADMINISTRATIVE	15,500	3,831	768,198	248,146	1,035,675			1,035,675	619
620	*	TOTAL CARRIER OPERATING EXPENSES	1,171,203	622,896	2,328,775	1,486,404	5,609,278			5,609,278	620

412. WAY AND STRUCTURES

(Dollars in Thousands)

1. Report freight expenses only.
2. The total depreciation expense reported in column (b), line 29, should balance to the sum of the depreciation expense reported in Schedule 410, column (f), lines 136, 137, and 138.
3. Report in column (c) the lease/rentals for the various property categories of Way and Structures. The total net lease/rental reported in column (c), line 29, should balance to the net amount reported in Schedule 410, column (f), lines 118 through 123, plus lines 130 through 135. If an entire road or segment of track is leased and if the actual breakdown of lease/rentals by property categories is not known, apportion the lease/rentals based on the percentage of the categories' depreciation bases to the depreciation bases for all categories of depreciable leased property. Use Schedule 352B of this report for obtaining the depreciation bases of the categories of leased property.
4. Amortization adjustment of each road property type which is included in column (b) shall be repeated in column (d) as a debit or credit to the appropriate line item; the net adjustment on line 29 shall equal the adjustment reported on line 29 of Schedule 335.
5. Report on line 28 all other lease rentals not apportioned to any category listed on lines 1-27.
6. Line 11, Account 16, should not include computer and data processing equipment reported on line 37 of Schedule 415.

Line No.	Cross Check	Property Account	Category (a)	Depreciation (b)	Lease/Rentals (net) (c)	Amortization adjustment during year (d)	Line No.
1		2	Land for transportation purpose	N/A	N/A		1
2		3	Grading	5,121	6,902		2
3		4	Other, right-of-way expenditures	104	140		3
4		5	Tunnels and subways	318	429		4
5		6	Bridges, trestles, and culverts	8,564	11,542		5
6		7	Elevated structures	3,851	5,190		6
7		8	Ties	95,745	129,040		7
8		9	Rail and other track material	79,226	106,777		8
9		11	Ballast	23,687	31,924		9
10		13	Fences, snow sheds, and signs	74	100		10
11		16	Station and office buildings	11,409	15,376		11
12		17	Roadway buildings	1,361	1,834		12
13		18	Water stations	2	3		13
14		19	Fuel stations	789	1,063		14
15		20	Shops and enginehouses	4,096	5,520		15
16		22	Storage warehouses	107	144		16
17		23	Wharves and docks	0	0		17
18		24	Coal and ore wharves	3,721	5,015		18
19		25	TOFC/COFC terminals	11,636	15,683		19
20		26	Communications systems	14,057	18,945		20
21		27	Signals and interlocker	13,137	17,705		21
22		29	Power plants	100	135		22
23		31	Power-transmissions systems	623	840		23
24		35	Miscellaneous structures	446	601		24
25		37	Roadway machines	11,010	14,839		25
26		39	Public improvements-Construction	8,385	11,301		26
27		45	Power plant machines	370	499		27
28			Other lease/rentals				28
29	*		Total	297,939	401,547		29

414. RENTS FOR INTERCHANGED FREIGHT TRAIN CARS AND OTHER FREIGHT-CARRYING EQUIPMENT (Dollars in Thousands)

1. Report freight expenses only.
2. Report in this supporting schedule rental information by car type and other freight-carrying equipment relating to the interchange of railroad, owned or leased equipment and privately owned equipment. (Reporting for leased equipment covers equipment with the carrier's own railroad markings.)
3. The gross amounts receivable and payable for freight-train cars (line 19, columns (b) through (d), and line 19, columns (e) through (g), respectively) should balance with Schedule 410, column (f), lines 231 (credits) and 230 (debits). Trailer and container rentals in this schedule are included in Schedule 410, column (f), lines 315 and 316. However, the trailer and container rentals in this schedule will not balance to lines 315 and 316 of Schedule 410 because those lines include rents for "Other Equipment" which is reported in Schedule 415, column (e). The balancing of Schedule 410, 414 and 415 "Other Equipment" is outlined in note 6 to Schedule 415.
4. Report in columns (b) and (e) rentals for private-line cars (whether under railroad control or not) and shipper-owned cars.
5. Report in columns (c), (d), (f), and (g) rentals for railroad owned cars prescribed by the Board in Ex Parte No. 334, for which rentals are settled on a combination mileage and time basis (basic per diem). Include railroad owned per diem tank cars on line 17.

NOTE: Mechanical designations for each car type are shown in Schedule 710.

Line No.	Cross Check	Type of Equipment (a)	GROSS AMOUNTS RECEIVABLE			GROSS AMOUNTS PAYABLE			Line No.
			Per diem basis			Per diem basis			
			Private line cars (b)	Mileage (c)	Time (d)	Private line cars (e)	Mileage (f)	Time (g)	
		CAR TYPES							
1		Box-Plain 40 Foot							1
2		Box-Plain 50 Foot and Longer		170	446	11,268	2,909	13,245	2
3		Box-Equipped		9,717	38,921	141	16,241	56,706	3
4		Gondola-Plain		917	2,862	265	818	2,285	4
5		Gondola-Equipped		4,496	19,945	31	3,734	12,441	5
6		Hopper-Covered		1,457	8,682	8,466	6,537	24,595	6
7		Hopper-Open Top-General Service		726	4,885	6	800	2,364	7
8		Hopper-Open Top-Special Service		232	1,448	3	160	1,055	8
9		Refrigerator-Mechanical				6	922	2,451	9
10		Refrigerator-Non-Mechanical		252	674	11	1,647	4,519	10
11		Flat-TOFC/COFC		136	4,229	47,027	4,401	16,004	11
12		Flat-Multi-Level		2,493	42,174	64,101	2,199	31,568	12
13		Flat-General Service		110	395	168	101	139	13
14		Flat-Other		434	2,633	12,323	4,020	13,827	14
15		Tank-Under 22,000 Gallons				23,118			15
16		Tank-22,000 Gallons and Over				18,461			16
17		All Other Freight Cars		35	1,681	14	1,625	5,752	17
18		Auto Racks			50,502			42,559	18
19		TOTAL FREIGHT TRAIN CARS		21,175	179,477	185,409	46,114	229,510	19
		OTHER FREIGHT CARRYING EQUIPMENT							
20		Refrigerated Trailers							20
21		Other Trailers			3,059	10,193		4,814	21
22		Refrigerated Containers							22
23		Other Containers			10,482	11,313		5,343	23
24	*	TOTAL TRAILERS AND CONTAINERS			13,541	21,506		10,157	24
25		GRAND TOTAL (LINES 19 AND 24)		21,175	193,018	206,915	46,114	239,667	25

NOTES AND REMARKS

GENERAL INSTRUCTIONS CONCERNING RETURNS TO BE MADE TO SCHEDULE 415

1. Report freight expenses only.
2. Report by type of equipment all natural expenses relating to equipment functions (salaries and wages, materials, tools, supplies, fuels and lubricants, purchased services, and general).
3. Report in column (b) net repair expense, excluding the cost to repair damaged equipment.
Schedule 415, column (b) will balance to Schedule 410, column (f) as follows:
 - (a) Locomotives, line 5 plus line 38, compared to the sum of Schedule 410, lines 202, 203, and 216 (excluding wreck repairs). Do not report in Schedule 415, Equipment Damaged from Schedule 410, line 204.
 - (b) Freight cars, line 24 plus line 39, compared to the sum of Schedule 410, lines 221, 222, and 235 (excluding wreck repairs). Do not report in Schedule 415, Equipment Damaged from Schedule 410, line 223.
 - (c) Sum of highway equipment (line 32), floating equipment (line 35), passenger and other revenue equipment (line 36), computer and data processing equipment (line 37), machinery-other equipment (line 40), and work and other non-revenue equipment (line 41), compared to Schedule 410, the sum of lines 302 through 307, plus line 320 (excluding wreck repairs). Do not report in Schedule 415, equipment damaged from Schedule 410, line 308.

Note: Lines 216, 235, and 320 of Schedule 410 are credit amounts.

The allocation of freight car repair expenses reportable on Schedule 415 by car types shall be in accordance with Instruction 2-21, Freight train repair costing, 49 CFR 1201.
4. Depreciation expense for each class of equipment by car type shall be reported in columns (c) and (d). For improvements on leased property, Accounts 732 and 733, use a supplementary Schedule 415, which will relate to Schedules 340 and 342.
Depreciation charges reported in columns (c) and (d) will balance to Schedule 410, column (f) as follows:
 - (a) Locomotives, lines 5 and 38, compared to Schedule 410, line 213.
 - (b) Freight cars, lines 24 and 39, compared to Schedule 410, line 232.
 - (c) Sum of highway equipment (line 32), floating equipment (line 35), passenger and other revenue equipment (line 36), computer and data processing equipment (line 37), machinery-other equipment (line 40), and work and other non-revenue equipment (line 41), compared to Schedule 410, line 317.
5. Amortization adjustment of each equipment type which is included in column (c) shall be reported in column (e) as a debit or credit to the appropriate line item. The net adjustment on line 43 shall equal the equipment amortization adjustment applicable to equipment used in freight service included in line 39, column (c), of Schedule 335.
6. Lease/rentals reported in column (f) should balance to column (f) of Schedule 410 as follows:
 - (a) Locomotives, lines 5 and 38, compared to Schedule 410, lines 207, 208, 211, and 212.
 - (b) Freight cars, lines 24 and 39, compared to Schedule 410, lines 226 and 227 (note that Schedule 410, lines 230 and 231, are reported in Schedule 415, and are not included in Schedule 415).
 - (c) Sum of lease/rentals for all other equipment, lines 32, 35, 36, 37, 40, and 41, will balance to Schedule 410, lines 311, 312, 315, and 316, except for the interchange rental on trailers and containers which is reported in Schedule 414. Therefore, both Schedules 414 and 415 should be used when balancing lease/rentals other equipment to Schedule 410. Do not report in Schedule 415, the trailer and container rentals reported in Schedule 414.
7. Investment base by types of equipment shall be reported in columns (g) and (h) and should not include the cost of equipment used but not owned when rents therefor are included in the rent for equipment and Account Nos. 31-21-00, 31-22-00, 31-23-00, 35-21-00, 35-22-00, and 35-23-00. It should include the cost of equipment owned and leased to others when the rents are included in the rent for Equipment Account Nos. 32-21-00, 32-22-00, 32-23-00, 36-21-00, 36-22-00, and 36-23-00.
Property used but not owned should also be included when the rent is included in Account Nos. 31-12-00, 31-13-00, 31-21-00, 31-22-00, and 31-23-00, inclusive.
The grand total of each equipment account in column (h) of Schedule 330 should equal the totals of line items constituting the equipment account totals of columns (g) and (h) of Schedule 415.
8. Accumulated depreciation for each class of equipment shall be reported in columns (i) and (j). The grand total of each equipment reserve account in column (g), Schedule 335, shall equal the combined aggregate total accumulated depreciation for line items constituting the corresponding equipment accounts reported in columns (i) and (j), on Schedule 415.

415. SUPPORTING SCHEDULE -- EQUIPMENT

(Dollars in Thousands)

See also schedule 415 (supplement) on pages 57A and B.

Line No.	Cross Check	Types of equipment (a)	Repairs (net expense) (b)	Depreciation		Amortization Adjustment net during year (e)	Line No.
				Owned (c)	Capitalized lease (d)		
		LOCOMOTIVES					
1		Diesel Locomotive - Yard	13,169	3,732		(32)	1
2		Diesel Locomotive - Road	149,819	82,566		(3,007)	2
3		Other Locomotive - Yard					3
4		Other Locomotive - Road					4
5	*	TOTAL	162,988	86,298		(3,039)	5
		FREIGHT TRAIN CARS					
6		Box - Plain 40 Foot					6
7		Box - Plain 50 Foot and Longer	165	35		(12)	7
8		Box - Equipped	25,470	9,945		(5,110)	8
9		Gondola - Plain	12,698	27,724		10,713	9
10		Gondola - Equipped	12,065	(649)		(6,820)	10
11		Hopper - Covered	12,823	3,429		(2,355)	11
12		Hopper - Open Top - General Service	8,114	12,331		108	12
13		Hopper - Open Top - Special Service	2,684	3,423		54	13
14		Refrigerator - Mechanical	1				14
15		Refrigerator - Nonmechanical	457	167		1	15
16		Flat TOFC/COFC	1,813	306		44	16
17		Flat Multi - level	1,679	(101)		(1,979)	17
18		Flat - General Service	146	85		(2)	18
19		Flat - Other	2,132	2,105		441	19
20		All Other Freight Cars	3,786	2,015		599	20
21		Cabooses	75	166		(2)	21
22		Auto Racks	863	13,664		(99)	22
23		Miscellaneous Accessories (see note 4)		2,610			23
24	*	TOTAL FREIGHT TRAIN CARS	84,971	77,255		(4,419)	24
		OTHER EQUIPMENT - REVENUE					
25		FREIGHT HIGHWAY EQUIPMENT					
		Refrigerated Trailers					25
26		Other Trailers	10,401	10,989		231	26
27		Refrigerated Containers					27
28		Other Containers	8,774		607		28
29		Bogies					29
30		Chassis	19,921	38			30
31		Other Highway Equipment (Freight)					31
32	*	TOTAL HIGHWAY EQUIPMENT	39,096	11,027	607	231	32
		FLOATING EQUIPMENT - REVENUE SERVICE					
33		Marine Line - Haul	5				33
34		Local Marine					34
35	*	TOTAL FLOATING EQUIPMENT	5				35
		OTHER EQUIPMENT					
36	*	Passenger & Other Revenue Equipment (Freight Portion)					36
37	*	Computer systems & word processing equip.	30,476	46,776	284		37
38	*	Machinery - Locomotives (see note 1)	5,509	737			38
39	*	Machinery - Freight Cars (see note 2)	3,315	895			39
40	*	Machinery - Other Equipment (see note 3)	319	663			40
41	*	Work & Other Non - revenue Equipment	14,317	15,457		(632)	41
42		TOTAL OTHER EQUIPMENT	53,936	64,528	284	(632)	42
43		TOTAL ALL EQUIPMENT (FREIGHT PORTION)	340,996	239,108	891	(7,859)	43

Note 1 Data to be reported on line 38, column (b) is the amount reported in Schedule 410, column (f), line 203, reduced by the allocable portion of line 216.

Note 2 Data to be reported on line 39, column (b) is the amount reported in Schedule 410, column (f), line 222, reduced by the allocable portion of line 235.

Note 3 Data to be reported on line 40 in column (b) is the amount reported in Schedule 410, column (f), lines 302 through 306, reduced by the allocable portion of line 320.

Note 4 End of train devices and miscellaneous spare parts previously reported in lines 20 and 22, respectively.

415. SUPPORTING SCHEDULE -- EQUIPMENT

(Dollars in Thousands)

See also schedule 415 (supplement) on pages 57A and B.

Line No.	Cross Check	Lease and rentals (net) (f)	Investment base as of 12/31		Accumulated depreciation as of 12/31		Line No.
			Owned (g)	Capitalized lease (h)	Owned (i)	Capitalized lease (j)	
1		794	70,650		44,710		1
2		36,005	2,446,369		831,536		2
3							3
4							4
5		36,799	2,517,019		876,246		5
6							6
7			1,722		26,075		7
8		13,775	532,922		246,949		8
9		11,014	464,258		162,792		9
10		27,526	304,056		117,318		10
11		6,849	261,605		137,645		11
12		14,564	342,470		141,907		12
13		1,027	117,487		32,902		13
14							14
15		637	4,510		1,858		15
16		(2,195)	9,997		6,750		16
17		10,930	47,848		31,542		17
18		157	3,831		2,212		18
19			69,100		22,260		19
20			51,615		8,211		20
21			5,420		3,305		21
22		10,132	253,764		83,468		22
23		229	18,364		9,449		23
24		94,645	2,488,969		1,034,643		24
25							25
26		23,583	129,619		88,859		26
27							27
28		233		1,366		607	28
29							29
30			549		448		30
31							31
32		23,816	130,168	1,366	89,307	607	32
33							33
34							34
35							35
36							36
37		11	277,541	1,857	152,926	284	37
38		509	25,977		7,757		38
39			31,546		9,420		39
40			23,368		6,978		40
41		6,813	289,195		107,611		41
42		7,333	647,627	1,857	284,692	284	42
43		162,593	5,783,783	3,223	2,284,888	891	43

Note 1 Data reported on lines 38, 39 and 40 in columns (g) and (h) are the investment recorded in property account 44, allocated to locomotives, freight cars and other equipment.

Note 2 Depreciation reported on lines 38, 39 and 40 in column (c) is calculated by multiplying the investment in each element by the effective composite rate for property account 44, and then adding or subtracting the adjustment reported in column (e). This calculation should equal the amount shown in column (c), Schedule 335.

415. SUPPORTING SCHEDULE -- IMPROVEMENTS TO EQUIPMENT LEASED FROM OTHERS
(Dollars in Thousands)

Line No.	Cross Check	Types of equipment (a)	Repairs (net expense) (b)	Depreciation		Amortization Adjustment net during year (e)	Line No.
				Owned** (c)	Capitalized lease (d)		
		LOCOMOTIVES					
1		Diesel Locomotive - Yard		65			1
2		Diesel Locomotive - Road		1,683			2
3		Other Locomotive - Yard					3
4		Other Locomotive - Road					4
5	*	TOTAL		1,748			5
		FREIGHT TRAIN CARS					
6		Box - Plain 40 Foot					6
7		Box - Plain 50 Foot and Longer					7
8		Box - Equipped		45			8
9		Gondola - Plain		237			9
10		Gondola - Equipped		863			10
11		Hopper - Covered					11
12		Hopper - Open Top - General Service					12
13		Hopper - Open Top - Special Service					13
14		Refrigerator - Mechanical					14
15		Refrigerator - Nonmechanical					15
16		Flat TOFC/COFC					16
17		Flat Multi - level					17
18		Flat - General Service					18
19		Flat - Other					19
20		All Other Freight Cars					20
21		Cabooses					21
22		Auto Racks		575			22
23		Miscellaneous Accessories (see note 4)					23
24	*	TOTAL FREIGHT TRAIN CARS		1,720			24
		OTHER EQUIPMENT - REVENUE					
25		FREIGHT HIGHWAY EQUIPMENT					
		Refrigerated Trailers					25
26		Other Trailers					26
27		Refrigerated Containers					27
28		Other Containers					28
29		Bogies					29
30		Chassis					30
31		Other Highway Equipment (Freight)					31
32	*	TOTAL HIGHWAY EQUIPMENT					32
		FLOATING EQUIPMENT - REVENUE SERVICE					
33		Marine Line - Haul					33
34		Local Marine					34
35	*	TOTAL FLOATING EQUIPMENT					35
		OTHER EQUIPMENT					
36	*	Passenger & Other Revenue Equipment (Freight Portion)					36
37	*	Computer systems & word processing equip.					37
38	*	Machinery - Locomotives (see note 1)					38
39	*	Machinery - Freight Cars (see note 2)					39
40	*	Machinery - Other Equipment (see note 3)					40
41	*	Work & Other Non - revenue Equipment		50			41
42		TOTAL OTHER EQUIPMENT		50			42
43		TOTAL ALL EQUIPMENT (FREIGHT PORTION)		3,518			43

Note 1 Data to be reported on line 38, column (b) is the amount reported in Schedule 410, column (f), line 203, reduced by the allocable portion of line 216.

Note 2 Data to be reported on line 39, column (b) is the amount reported in Schedule 410, column (f), line 222, reduced by the allocable portion of line 235.

Note 3 Data to be reported on line 40 in column (b) is the amount reported in Schedule 410, column (f), lines 302 through 306, reduced by the allocable portion of line 320.

Note 4 End of train devices and miscellaneous spare parts previously reported in lines 20 and 22, respectively.

** "Owned" refers only to ownership of the leasehold improvement.

415. SUPPORTING SCHEDULE -- IMPROVEMENTS TO EQUIPMENT LEASED FROM OTHERS
(Dollars in Thousands)

Line No.	Cross Check	Lease and rentals (net) (f)	Investment base as of 12/31		Accumulated depreciation as of 12/31		Line No.
			Owned** (g)	Capitalized lease (h)	Owned** (i)	Capitalized lease (j)	
1		1,814	195		88		1
2		28,715	8,176		2,013		2
3							3
4							4
5		30,529	8,371		2,101		5
6							6
7							7
8		12	93		64		8
9		243	4,346		434		9
10		416	3,397		1,925		10
11							11
12							12
13							13
14							14
15							15
16							16
17							17
18							18
19							19
20							20
21							21
22		994	1,505		826		22
23							23
24		1,665	9,341		3,249		24
25							25
26							26
27							27
28							28
29							29
30							30
31							31
32							32
33							33
34							34
35							35
36							36
37							37
38							38
39							39
40							40
41		51	151		105		41
42		51	151		105		42
43		32,245	17,863		5,455		43

Note 1 Data reported on lines 38, 39 and 40 in columns (g) and (h) are the investment recorded in property account 44, allocated to locomotives, freight cars and other equipment.

Note 2 Depreciation reported on lines 38, 39 and 40 in column (i) is calculated by multiplying the investment in each element by the effective composite rate for property account 44, and then adding or subtracting the adjustment reported in column (j). This calculation should equal the amount shown in column (i), Schedule 335.

** "Owned" refers only to ownership of the leasehold improvement.

416. SUPPORTING SCHEDULE -- ROAD
(Dollars in Thousands)

Line No.	Density category (Class) (a)	Account No. (b)	Owned and used			Improvements to leased property			Capitalized leases			TOTAL			Line No.
			Inv. Base (c)	Accum depr. (d)	Depr. rate % (e)	Inv. Base (f)	Accum. depr. (g)	Depr. rate % (h)	Inv. base (i)	Current year Amort. (j)	Accum. Amort. (k)	Inv. Base (l)	Accum Depr. & Amort. (m)		
1	I	3	224,230	74,572	1.00%							224,230	74,572	1	
2		8	1,003,243	341,545	4.38%							1,003,243	341,545	2	
3		9	1,361,414	386,658	2.80%							1,361,414	386,658	3	
4		11	421,081	88,399	2.50%							421,081	88,399	4	
5	SUB-TOTAL		3,009,968	891,174								3,009,968	891,174	5	
6	II	3	164,721	54,781	1.00%							164,721	54,781	6	
7		8	736,987	250,901	4.38%							736,987	250,901	7	
8		9	1,000,102	284,041	1.65%							1,000,102	284,041	8	
9		11	309,328	64,939	2.50%							309,328	64,939	9	
10	SUB-TOTAL		2,211,138	654,662								2,211,138	654,662	10	
11	III	3	20,598	N/A	N/A		N/A	N/A		N/A	N/A	20,598		11	
12		8	39,122	N/A	N/A		N/A	N/A		N/A	N/A	39,122		12	
13		9	37,677	N/A	N/A		N/A	N/A		N/A	N/A	37,677		13	
14		11	13,622	N/A	N/A		N/A	N/A		N/A	N/A	13,622		14	
15	SUB-TOTAL		111,019				N/A	N/A		N/A	N/A	111,019	0	15	
16	IV	3	119,003	39,577	1.00%							119,003	39,577	16	
17		8	532,439	181,264	4.38%							532,439	181,264	17	
18		9	722,526	205,207	2.31%							722,526	205,207	18	
19		11	223,475	46,915	2.50%							223,475	46,915	19	
20	SUB-TOTAL		1,597,443	472,963								1,597,443	472,963	20	
21	V	3												21	
22		8												22	
23		9												23	
24		11												24	
25	SUB-TOTAL		0	0								0	0	25	
26	GRAND TOTAL		6,929,568	2,018,799	N/A			N/A				6,929,568	2,018,799	26	

(1) Columns (c) + (f) + (i) = Column (l)

Columns (d) + (g) + (k) = Column (m)

(2) The base grand total for owned and used, improvements to leased property, and capitalized leases should equal the sum of Accounts 3, 8, 9, and 11 shown at year end on Schedule 330.

NOTES AND REMARKS

417. SPECIALIZED SERVICE SUBSCHEDULE — TRANSPORTATION
(Dollars in Thousands)

1. Report freight expenses only.
2. Report in Lines 1, 2, 3, 4, and 10 the total of those natural expenses (salaries and wages, material, tools, supplies, fuels and lubricants, purchased services, and general) incurred in the operation of each type of specialized service facility. This schedule does not include switching services performed by train and yard crews in connection with or within specialized service facilities.
3. When it is necessary to apportion expenses to two or more services, they shall be apportioned on the most equitable basis available to the respondent and only to the services they support. The total expenses in column (j) should balance with the respective line items in Schedule 410, Railway Operating Expenses.
4. Report in column (b), line 2, the expenses incurred in highway movements of trailers and containers performed at the expense of the reporting railroad within a terminal area for the purpose of pick-up, delivery or highway interchange service. Report in column (b), line 3, the expenses incurred in operating facilities for handling trailers and/or containers, including storage expenses. See Schedule 755, note R.
5. The operation of floating equipment in line-haul service (between distinct terminals) should be reported in column (c) on line 2. Floating operations conducted within a general terminal or harbor area should be reported in column (c), line 3.
6. Report in column (g), line 3, the expenses incurred by the railroad in loading and unloading automobiles, trucks, etc., to and from bi-level and tri-level auto rack cars. Report on line 2, column (g), the expense incurred by the railroad in moving automobiles, etc., between bi-level and tri-level loading and unloading facilities over the highway to shippers, receivers or connecting carriers. Report in column (f) operating expenses for land facilities in support of floating operations, including the operation of docks and wharves.
7. Report on line 4, column (b), the expenses related to heating and refrigeration of TOFC/COFC trailers and containers (total debits and credits). The expenses on line 4, column (h), relate to refrigerator cars only.
8. Report in column (i) total expenses incurred in performing rail substitute service, other highway revenue service, LCL terminal operations, warehouse operations, freight car transloading, grain elevator terminal operations and livestock feeding operations only.

Line No.	Cross Check	Items (a)	TOFC/COFC terminal (b)	Floating equipment (c)	Coal marine terminal (d)	Ore marine terminal (e)	Other marine terminal (f)	Motor vehicle load and distribution (g)	Protective services refrigerator car (h)	Other special services (i)	Total columns (b-i) (j)	Line No.
1	*	Administration	29,060		879			14			29,953	1
2	*	Pick up and delivery, marine line haul	126,691		1,020			51	N/A		127,762	2
3	*	Loading and unloading and local marine	126,416		9,168			62,271	N/A		197,855	3
4	*	Protective services, total debit and credits							699		699	4
5	*	Freight lost or damaged—solely related									0	5
6	*	Fringe benefits	4,262		1,010						5,272	6
7	*	Casualty and insurance	2,878								2,878	7
8	*	Joint facility — Debit	384								384	8
9	*	Joint facility — Credit	(118)								(118)	9
10	*	Other									0	10
11	*	TOTAL	289,573	0	12,077	0	0	62,336	699	0	364,685	11

NOTES AND REMARKS

450. ANALYSIS OF TAXES (Dollars in Thousands)				
A. Railway Taxes				
Line No.	Cross Check	Kind of tax	Amount	Line No.
1		Other than U.S. Government Taxes	120,507	1
		U. S. Government Taxes		
		Income Taxes		
2		Normal Tax and Surtax	53,483	2
3		Excess Profits		3
4	*	Total - Income Taxes L 2 + 3	53,483	4
5		Railroad Retirement	308,289	5
6		Hospital Insurance	24,729	6
7		Supplemental Annuities		7
8		Unemployment Insurance	22,024	8
9		All Other United States Taxes		9
10		Total - U. S. Government Taxes	408,525	10
11		Total - Railway Taxes	529,032	11

B. Adjustments to Federal Income Taxes

1. In column (a) are listed the particulars which most often cause a differential between taxable income and pretax accounting income. Other particulars which cause such a differential should be listed under the caption Other (Specify), including State and other taxes deferred if computed separately. Minor items, each less than \$100,000, may be combined in a single entry under Other (Specify).
2. Indicate in column (b) the beginning of the year total of Accounts 714, 744, 762 and 786 applicable to each particular item in column (a).
3. Indicate in column (c) the net change in Accounts 714, 744, 762 and 786 for the net tax effect of timing differences originating and reversing in the current accounting period.
4. Indicate in column (d) any adjustments, as appropriate, including adjustments to eliminate or reinstate deferred tax effects (credits or debits) due to applying or recognizing a loss carry-forward or a loss carry-back.
5. The total of line 19 in columns (c) and (d) should agree with the total of the contra charges (credits) to Account 557, Provision for Deferred Taxes, and Account 591, Provision for Deferred Taxes - Extraordinary Items, for the current year.
6. Indicate in column (e) the cumulative total of columns (b), (c), and (d). The total of column (e) must agree with the total of Accounts 714, 744, 762 and 786.

Line No.	Particulars (a)	Beginning of year balance (b)	Net credits (charges) for current year (c)	Adjustments (d)	End of year balance (e)	Line No.
1	Accelerated Depreciation, Sec. 167 I.R.C.: Guideline lives pursuant to Rev. Proc. 62-21.	3,206,898	137,542		3,344,440	1
2	Accelerated Amortization of Facilities, Sec. 168 I.R.C.	3,737	(804)		2,933	2
3	Accelerated amortization of rolling stock, Sec. 184 I.R.C.	28,541	(4,558)		23,983	3
4	Amortization of rights of way, Sec. 185 I. R. C.	35,444	1,877		37,321	4
5	Other (Specify) -- Tax Benefit Transfer Leases	24,773	(139)		24,634	5
6	Reserves, including casualty & other claims	(177,586)	(16,118)		(193,704)	6
7	Employee Benefits	(6,386)	35,107		28,721	7
8	Retiree Health & Death Benefit Obligations	(136,467)	(18,879)		(155,346)	8
9	Taxes, including State and Property	(216,519)	(13,217)		(229,736)	9
10	Miscellaneous	56,833	8,730	3,722	69,285	10
11	Unrealized Holding Gains	147,093		24,666	171,759	11
12	Deferred Intercompany Federal Tax Payable, Net	896,932		53,406	950,338	12
13						13
14						14
15						15
16						16
17						17
18						18
19	TOTALS	3,863,293	129,541	81,794	4,074,628	19
Adjustments in column (d) represent adjustments for FAS 87, FAS 115 and deferred intercompany payable.						

450. ANALYSIS OF TAXES - Continued
(Dollars in Thousands)

*Footnotes:

1. If flow-through method was elected, indicate net decrease (or increase) in tax accrual because of investment tax credit	-0-
If deferral method for investment tax credit was elected:	
(1) Indicate amount of credit utilized as a reduction of tax liability for current year	N/A
(2) Deduct amount of current year's credit applied to reduction of tax liability but deferred for accounting purposes	N/A
(3) Balance of current year's credit used to reduce current year's tax accrual	N/A
(4) Add amount of prior year's deferred credits being amortized to reduce current year's tax accrual	N/A
(5) Total decrease in current year's tax accrual resulting from use of investment tax credit	N/A
2. Estimated amount of future earnings which can be realized before paying Federal income taxes because of unused and available net operating loss carryover on January 1 of the year following that for which the report is made	None

460. ITEMS IN SELECTED INCOME AND RETAINED EARNINGS ACCOUNTS FOR THE YEAR

(Dollars in Thousands)

Give a brief description for all items, regardless of amount, included during the year in Accounts 555, Unusual or Infrequent Items; 560, Income or Loss From Operations of Discontinued Segments; 562, Gain or Loss on Disposal of Discontinued Segments; 570, Extraordinary Items; 590, Income Taxes on Extraordinary Items; 592, Cumulative Effect of Changes in Accounting Principles; 603, Appropriations Released; 606, Other Credits to Retained Earnings; 616, Other Debits to Retained Earnings; 620, Appropriations for Sinking and Other Funds; 621, Appropriations for Other Purposes. If appropriations released reflect appropriations provided during the year, each account should not be reported.

For Accounts 519, Miscellaneous Income, and 551, Miscellaneous Income Charges, if the total in either account exceeds 10% of net income before extraordinary items, describe the three largest items in the account and any other items in excess of 10% of net income.

Line No.	Account No. (a)	Item (b)	Debits (c)	Credits (d)	Line No.
1					1
2	519	Growth in cash surrender value of corporate owned life insurance		88,762	2
3					3
4	519	Gain on the disposition of property		33,657	4
5					5
6	519	Proceeds from corporate owned life insurance		18,242	6
7					7
8	551	Discount on sale of receivables		307,448	8
9					9
10	551	Impairment of telecommunications assets		84,089	10
11					11
12	551	Charitable contributions		3,990	12
13					13
14	592	Accounting change (See note 9, page 13)		3,808	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

MEMORANDA RELATING TO SELECTED INCOME AND RETAINED EARNINGS ACCOUNTS

501. GUARANTIES AND SURETYSHIPS

(Dollars in Thousands)

1. If the respondent was under obligation as guarantor or surety for the performance by any other corporation or other association of any agreement or obligation, show the particulars of each contract of guaranty or suretyship in effect at the close of the year or entered into and expired during the year.

This inquiry does not cover the case of ordinary commercial paper maturing on demand or not later than 2 year after the date of issue. Items of less than \$50,000 may be shown as one total.

Line No.	Names of all parties principally and primarily liable (a)	Description (b)	Amount of contingent liability (c)	Sole or joint contingent liability (d)	Line No.
1					1
2					2
3					3
4					4
5					5
6					6
7	(a) Terminal R.R. Assoc.	Refunding & Improvement Mortgage Series		Joint and	7
8	of St. Louis	"C" bonds due 7/1/2019 (FD14553-54)	7,787 & int.	Several	8
9					9
10					10
11					11
12					12
13					13
14					14
15					15
16					16
17					17
18					18
19					19
20	(a) Jointly and Severally with BN, CSX Transp., ICG, MKT,				20
21	MP and SSW				21
22					22
23					23
24					24
25					25
26					26
27					27
28					28
29					29
30					30
31					31
32					32
33					33
34					34

2. If any corporation or other association was under obligation as guarantor or surety for the performance by the respondent of any agreement or obligation, show the particulars called for hereunder for each such contract of guaranty or suretyship in effect at the close of the year or entered into and expired during the year.

This inquiry does not cover the case of ordinary commercial paper maturing on demand or not later than 2 years after date of issue, nor does it include ordinary surety bonds or undertakings on appeals in court proceedings.

Line No.	Finance Docket number, title, maturity date and concise description of agreement or obligation (a)	Names of all guarantors and sureties (b)	Amount contingent liability of guarantors (c)	Sole or joint contingent liability (d)	Line No.
1					1
2					2
3					3
4					4
5					5
6					6
7					7
8					8
9					9

502. COMPENSATING BALANCES AND SHORT-TERM BORROWING ARRANGEMENTS
(Dollars in Thousands)

Using the following notes as a guideline, show the requirements of compensating balances and short-term borrowing arrangements. Footnote disclosure is required even though the arrangement is not reduced to writing.

1. Disclose compensating balances not legally restricted, lines of credit used and unused, average interest rate of short-term borrowings outstanding at balance sheet date, maximum amount of outstanding borrowings during the period and the weighted average rate of those borrowings.
2. Time deposits and certificates of deposit constituting compensating balances not legally restricted should be disclosed.
3. Compensating balance arrangements need only be disclosed for the latest fiscal year.
4. Compensating balances included in Account 703, Special Deposits, and in Account 717, Other Funds, should also be separately disclosed below.
5. Compensating balance arrangements are sufficiently material to require disclosure in footnotes when the aggregate of written and oral agreement balances amount to 15 percent or more of liquid assets (current cash balances, restricted and unrestricted plus marketable securities).
6. When a carrier is not in compliance with a compensating balance requirement, that fact should be disclosed along with stated and possible sanctions whenever such possible sanctions may be immediate (not vague or unpredictable) and material.

The Company has outstanding letters of credit in the amount of \$15 million, with various banks, under which no borrowings were outstanding as of December 31, 2003.

NOTES AND REMARKS

SCHEDULE 510 SEPARATION OF DEBTHOLDINGS BETWEEN ROAD PROPERTY AND EQUIPMENT
(Dollars in Thousands)

The principal use of this schedule is to determine the average embedded rate of debt capital.

I. Debt Outstanding at End of Year:

Line No.	Account No.	Title	Source	Balance at Close of Year
1	751	Loans and Notes Payable	Sch. 200, L. 30	
2	764	Equipment Obligations and Other Long Term Debt due Within One Year	Sch. 200, L. 39	110,320
3	765/767	Funded Debt Unmatured	Sch. 200, L. 41	31,682
4	766	Equipment Obligations	Sch. 200, L. 42	562,935
5	766.5	Capitalized Lease Obligations	Sch. 200, L. 43	239,125
6	768	Debt in Default	Sch. 200, L. 44	
7	769	Accounts Payable; Affiliated Companies	Sch. 200, L. 45	741,892
8	770.1/770.2	Unamortized Debt Premium	Sch. 200, L. 46	(944)
9		Total Debt	Sum L. 1-8	1,685,010
10		Debt Directly Related to Road Property	Note 1.	34,719
11		Debt Directly Related to Equipment	Note 1.	912,394
12		Total Debt Directly Related to Road & Equipment	Sum L. 10 and 11	947,113
13		Percent Directly Related to Road	L. 10 div. by L. 12 Whole % + 2 decimals	3.67%
14		Percent Directly Related to Equipment	L. 11 div. by L. 12 Whole % + 2 decimals	96.33%
15		Debt Not Directly Related to Road or Equipment	L. 9 - L. 12	737,897
16		Road Property Debt (Note 2)	(L. 13 x L. 15) + L. 10	61,800
17		Equipment Debt (Note 2)	(L. 14 x L. 15) + L. 11	1,623,210

II. Interest Accrued During the Year:

Line No.	Account No.	Title	Source	Balance at Close of Year
18	546-548	Total Interest and Amortization (Fixed Charges)	Sch. 210, L. 42	130,636
19	546	Contingent Interest on Funded Debt	Sch. 210, L. 44	
20	517	Release of Premiums on Funded Debt	Sch. 210, L. 22	
21		Total Interest (Note 3)	(L. 18 + L. 19) - L. 20	130,636
22		Interest Directly Related to Road Property Debt	Note 4	478
23		Interest Directly Related to Equipment Debt	Note 4	29,556
24		Interest Not Directly Related to Road or Equipment Property Debt	L. 21 - (L. 22 + L. 23)	100,602 *
25		Interest Road Property Debt (Note 5)	L. 22 + (L. 24 x L. 13)	4,170
26		Interest Equipment Debt (Note 5)	L. 23 + (L. 24 x L. 14)	126,466
27		Embedded Rate of Debt Capital - Road Property	L. 25 div. by L. 16	6.75%
28		Embedded Rate of Debt Capital - Equipment	L. 26 div. by L. 17	7.79%

Note 1. Directly related means the purpose which the funds were used when the debt was issued.

Note 2. Line 16 plus Line 17 must equal Line 9.

Note 3. Line 21 includes interest on debt in Account 769-Account Payable; Affiliated Companies.

Note 4. This interest relates to debt reported in Lines 10 and 11, respectively.

Note 5. Line 25 plus Line 26 must equal Line 21.

*Net of capitalized interest \$(11,699). Amount on line 24 primarily represents "Other Interest expense" that does not relate to conventional debt as reported on line 9.

NOTES AND REMARKS

INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 512

1. Furnish the information called for below between the respondent and the affiliated companies or persons affiliated with the respondent, including officers, directors, stockholders, owners, partners, or their wives and other close relatives, or their agents. Examples of transactions are, but are not restricted to, management, legal, accounting, purchasing, or other types of service including the furnishing of materials, supplies, purchase of equipment, leasing of structures, land and equipment, and agreements relating to allocation of officers' salaries and other common costs between affiliated companies.

To be excluded are payments for the following types of services:

- (a) Lawful tariff charges for transportation services.
- (b) Payments to or from other carriers for interline services and interchange of equipment.
- (c) Payment to or from other carriers which may reasonably be regarded as ordinarily connected with routine operation or maintenance, but any special or unusual transactions should be reported.
- (d) Payments to public utility companies for rates or charges fixed in conformity with government authority.

2. In column (a) enter the name of the affiliated company, person, or agent with which respondent received or provided services aggregating \$50,000 or more during the year. If an affiliated company provides services to more than one affiliate, and the aggregate compensation amounts to \$50,000 or more for the year, list all the affiliates included in the agreement and describe the allocation of charges. If the respondent provides services to more than one affiliate, and the aggregate compensation amounts to \$50,000 or more for the year, reference to this fact should be made and the detail as to the allocation of charges should be stated. For those affiliates providing services to the respondent, also enter in column (a) the percent of affiliate's gross income derived from transactions with respondent.

The respondent may be required to furnish as an attachment to Schedule 512 a balance sheet and income statement for each affiliate with which respondent carrier had reportable transactions during the year, or alternatively, attach a "Pro Forma" balance sheet and income statement for that portion or entity of each affiliate which furnished the agreed to services, equipment, or other reportable transaction. The statements, if required, should be prepared on a calendar year basis in conformity with the prescribed schedules for the balance sheet and income statement in this Annual Report Form R-1, and should be noted (1) to indicate the method used for depreciating equipment or other property furnished to the carrier, and (2) whether the affiliate's Federal income tax return for the year was filed on a consolidated basis with the respondent carrier.

3. In column (b) indicate the nature of the relationship or control between the respondent and the company or person identified in column (a) as follows:

- (a) If respondent directly controls the affiliate, insert the word "direct."
- (b) If respondent controls through another company, insert the word "indirect."
- (c) If respondent is under common control with affiliate, insert the word "common."
- (d) If respondent is controlled directly or indirectly by the company listed in column (a), insert the word "controlled."

(e) If control is exercised by other means, such as a management contract or other arrangement of whatever kind, insert the word "other" and provide a footnote to describe such arrangements.

4. In column (c), fully describe the transactions involved such as management fees, lease of building, purchase of material, etc. When the affiliate listed in column (a) provides more than one type of service in column (e), list each type of service separately and show the total for the affiliate. When services are both provided and received between respondent and an affiliate they should be listed separately and the amounts shown separately in column (e).

5. In column (d), report the dollar amounts of transactions shown and the effect of any change in the method of establishing the terms from that used in the preceding period.

6. In column (e), report the dollar amounts due from or to related parties and, if not otherwise apparent, the terms and manner of settlement. Insert (P) for paid or (R) for received by the amount in column (e).

SCHEDULE 512. TRANSACTIONS BETWEEN RESPONDENT AND COMPANIES OR PERSONS AFFILIATED WITH RESPONDENT FOR SERVICES RECEIVED OR PROVIDED								
Line No.	Name of company or related party with percent of gross income (a)	%	Nature of relationship (b)	Description of transactions (c)	Dollar amounts of transactions (000's) * (d)	Amount due from or to related parties (e)	Line No.	
1							1	
2	If NS Rail provides rail transportation services to any of these entities, it does so in the normal course of business at applicable tariff or contract rates,							2
3	both of which are subject to STB jurisdiction and review.							3
4							4	
5							5	
6	Pennsylvania Lines LLC		Other (See Note 1)		798		6	
7	Conrail Inc. and CRC		Other (See Note 1)		29,168		7	
8	Norfolk Southern Corporation		Controlled (See Note 2)		4,583		8	
9							9	
10							10	
11							11	
12							12	
13							13	
14							14	
15							15	
16	* Paid by Norfolk Southern Corporation (NS) on behalf of its operating subsidiaries.							16
17							17	
18							18	

Note 1 - See note 11 to Schedule 200.

Note 2 - See note 10 to Schedule 200.

Note 1 - See note 11 to Schedule 200.

Note 2 - See note 10 to Schedule 200.

INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 700

State particulars of all tracks operated by the respondent at the close of the year, according to the following classifications:

- (1) Line owned by respondent.
- (2) Line owned by proprietary companies.
- (3) Line operated under lease for a specified sum, lessor being (A) an affiliated corporation, or (B) independent or not affiliated with the respondent.
- (4) Line operated under contract or agreement for contingent rent, owner being (A) an affiliated corporation, or (B) independent or not affiliated with the respondent.
- (5) Line operated under trackage rights.

Give subtotals for each of the several numbered classes, in the order listed above, as well as the total for all classes.

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

In Column (a) insert the figure (and letter, if any) indicating its class in accordance with the above list of classifications.

In Column (b) give the various proportions of each class owned or leased by respondent, listing each proportion once in any grouping. Canadian mileage should be segregated and identified on separate lines in the various groupings. For each listing, in Column (d) give its entire length (the distances between terminals of single or first main track), and in the following columns the lengths of second main track, all other main tracks, passing tracks, cross-overs and turn-outs, way switching tracks, and yard switching tracks. These classes of tracks are defined as follows:

RUNNING TRACKS - Running tracks, passing tracks, cross-overs, etc., including turn-outs from those tracks to clearance points.

WAY SWITCHING TRACKS - Station, team, industry, and other switching tracks for which no separate service is maintained.

YARD SWITCHING TRACKS - Yard where separate switching services are maintained, including classification, house, team, industry, and other tracks switched by yard locomotives.

The returns in Columns (h) and (i) should include tracks serving industries, such as mines, mills, smelters, factories, etc. Tracks belonging to an industry for which no rent is payable should not be included.

Tracks leading to and in gravel and sand pits and quarries, the cost of which is chargeable to a clearing account and which are used in getting out material for the respondent's use, should not be included.

Class (1) includes all lines operated by the respondent at the close of the year to which it has title in perpetuity.

Class (2) includes each line, full title to which is in an inactive proprietary corporation of the respondent (i.e., one all of whose outstanding stocks or obligations are held by or for the respondent, and which is operated by the respondent or an affiliated system corporation without any accounting to the said proprietary corporation). It may also include such line when the actual title to all of the outstanding stocks or obligations rests in a corporation controlled by or controlling the respondent. But in the case of any such inclusion, the facts of the relationship to the respondent of the corporation holding the securities should be fully set forth in a footnote. An inactive corporation is one which has been practically absorbed in a controlling corporation, and which neither operates property nor administers its financial affairs. If it maintains an organization, it does so only for the purpose of complying with legal requirements and maintaining title to property or franchises.

Class (3) includes all tracks operated under a lease or formal conveyance of less than the grantor's interest in the property, with a specific and unconditional rent reserved. The fact that the lessor does or does not maintain an independent organization for financial purposes is immaterial in this connection.

Class (4) is the same as Class (3), except that the rent reserved is conditional upon earnings or some other fact.

Class (5) includes all tracks operated and maintained by others, but over which the respondent has the right to operate some or all of its trains. In the road of this class, the respondent has no proprietary rights, but only the rights of a licensee. Include in this class, also, on main tracks, industrial tracks and sidings owned by noncarrier companies and individuals when the respondent operates over them but does not have exclusive possession of them.

Road held by respondent as a joint or common owner or a joint lessee or under any joint arrangement should be shown in its appropriate class and the entry of length should be the entire length of the portion jointly held. The class symbol should have the letter (J) attached.

Road operated by the respondent as an agent for another carrier should not be included in this schedule.

700. MILEAGE OPERATED AT CLOSE OF YEAR

Line No.	Class	Proportion owned or leased by Respondent	Running tracks, passing tracks, crossovers, etc.						TOTAL	Line No.
			Miles of road	Miles of second main track	Miles of all other main tracks	Miles of passing tracks, cross-overs, and turnouts	Miles of way switching tracks	Miles of yard switching tracks		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
1	1	100%	11,696	1,316	59	1,613	1,794	4,094	20,572	1
2	1	50%	7	5		5	15	13	45	2
3	1	33%	4	3		4		5	16	3
4	1J	75%						7	7	4
5	1J	67%						4	4	5
6	1J	50%				1	12	23	36	6
7	1J	33%					3	2	5	7
8										8
9		Total Class 1	11,707	1,324	59	1,623	1,824	4,148	20,685	9
10										10
11										11
12	3	100%	4,903	1,356	109	473	882	1,801	9,524	12
13	3A	100%						2	2	13
14	3B	100%	337	171	4	34	49	79	674	14
15	3BJ	50%				1		5	6	15
16										16
17		Total Class 3	5,240	1,527	113	508	931	1,887	10,206	17
18										18
19										19
20	4	100%	6				1	33	40	20
21	4B	100%	6						6	21
22	4BJ	50%	5				1		6	22
23										23
24		Total Class 4	17				2	33	52	24
25										25
26										26
27	5	100%	4,556	1,205	590	383	130	664	7,528	27
28										28
29		Total Class 5	4,556	1,205	590	383	130	664	7,528	29
30										30
31										31
32										32
33										33
34										34
35										35
36										36
37										37
38										38
39										39
40										40
41										41
42										42
43										43
44										44
45										45
46										46
47										47
48										48
49										49
50										50
51										51
52										52
53										53
54										54
55										55
56										56
57		TOTAL	21,520	4,056	762	2,514	2,887	6,732	38,471	57
58		Miles of electrified road or track included in preceding grand total	N/A							58

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 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	1,279					92	1,371	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	1,834					9	1,843	305	6
7		Illinois	739		140			413	1,292	33	7
8		Indiana	872		405			266	1,543	60	8
9		Iowa	6			1		37	44	41	9
10		Kansas						2	2		10
11		Kentucky	165		212			63	440		11
12		Louisiana	78					4	82		12
13		Maryland	15		80			174	269		13
14		Michigan	79		334			230	643	2	14
15		Mississippi	209					2	211		15
16		Missouri	344					65	409		16
17		New Jersey			126			807	933		17
18		New York	68		581			279	928		18
19		North Carolina	1,066			11		364	1,441	288	19
20		Ohio	828		1,007			398	2,233	16	20
21		Pennsylvania	44		1,822	5		637	2,508		21
22		South Carolina	691					104	795	36	22
23		Tennessee	708		137			46	891	138	23
24		Virginia	2,027					107	2,134	89	24
25		West Virginia	559		236			47	842	14	25
26											26
27											27
28											28
29											29
30											30
31											31
32		TOTAL MILEAGE (single track)	11,707		5,240	17		4,556	21,520	1,043	32

NOTES AND REMARKS

INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 710

Instructions for reporting locomotive and passenger-train car data.

1. Give particulars of each of the various classes of equipment which respondent owned or leased during the year.
2. In column (c), give the number of units purchased new or built in company shops. In column (d), give the number of new units leased from others. The term "new" means a unit placed in service for the first time on any railroad.
3. Units leased to others for a period of one year or more are reportable in column (f). Units temporarily out of respondent's service and rented to others for less than one year are to be included in column (h). Units rented from others for a period less than one year should not be included in column (f).
4. For reporting purposes, a "locomotive unit" is a self-propelled vehicle generating or converting energy into motion, and designed solely for moving other equipment. An "A" unit is the least number of wheel bases with superstructure designed for use singly or as a lead locomotive unit in combination with other locomotive units. A "B" unit is similar to an "A" unit but it is not equipped for use singly or as a lead locomotive unit. A "B" unit may be equipped with hostler controls for independent operation at terminals.
5. A "self-propelled" car is a rail motor car propelled by electric motors receiving power from a third rail or overhead, or internal combustion engines located on the car itself. Trailers equipped for use only in trains of cars that are self-propelled are to be included as self-propelled equipment.
6. A "diesel" unit includes all units propelled by diesel internal combustion engines regardless of final drive or whether power may at times be supplied from an external conductor. Units other than diesel-electric, e.g., diesel-hydraulic, should be identified in a footnote, giving the number and a brief description. An "electric" unit includes all units which receive electric power from a third rail or overhead contact wire, and use the power to drive one or more electric motors that propel the vehicle. An "other self-powered unit" includes all units other than diesel or electric, e.g., gas turbine, steam. Show the type of unit, service, and number, as appropriate, in a brief description sufficient for positive identification. An "Auxiliary unit" includes all units used in conjunction with locomotives, but which draw their power from the "mother" unit, e.g., boosters, slugs, etc. For reporting purposes, indicate radio-controlled self-powered diesel units on lines 1 through 8, as appropriate. Radio-controlled units that are not self-propelled, i.e., those without a diesel, should be reported on line 13 under "auxiliary units."

7. Column (k) should show aggregate capacity for all units reported in column (f), as follows: For locomotive units, report the manufacturer's rated horsepower (the maximum continuous power output from the diesel engines or engines delivered to the main generator or generators for tractive purposes). Exclude capacity data for steam locomotives. For passenger-train cars, report the number of passenger seats available for revenue service, counting one passenger to each berth in sleeping cars.

8. Passenger-train car types and service equipment car types correspond to AAR Mechanical Division designations. Descriptions of car codes and designations are published in The Official Railway Equipment Register.

9. Cross-checks

Schedule 710 Schedule 710

Line 5, column (f)	=	Line 11, column (f)
Line 6, column (f)	=	Line 12, column (f)
Line 7, column (f)	=	Line 13, column (f)
Line 8, column (f)	=	Line 14, column (f)
Line 9, column (f)	=	Line 15, column (f)
Line 10, column (f)	=	Line 16, column (f)

When data appear in column (f), lines 1 through 8, column (k) should have data on the same lines.

When data appear in columns (k) or (f), lines 36 through 53, and 55, column (m) should have data on the same lines.

710. INVENTORY OF EQUIPMENT

UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS

Line No.	Cross Check	Type or design of units (a)	Changes During the Year					Units retired from service of respondent whether owned or leased, including reclassification (g)	Units at Close of Year					Line No.
			Units installed						Owned and used (h)	Leased from others (i)	Total in service of respondent [col (h) & (i)] (j)	Aggregate capacity of units reported in col. (j) (See Ins. 7) (k)	Leased to others (l)*	
			Units in service of respondent at beginning of year (b)	New units purchased or built (c)	New units leased from others (d)	Rebuilt units acquired and rebuilt units rewritten into property accounts (e)	All other units including reclassification and second hand units purchased or leased from others (f)							
		Locomotive Units												
1		Diesel-freight units	3,221	100				161	334	2,401	747	3,148	10,847,950	40
2		Diesel-passenger units												2
3		Diesel-multiple purpose units												3
4		Diesel-switching units	189						2	103	84	187	277,100	18
5	*	TOTAL (lines 1 to 4)	3,410	100				161	336	2,504	831	3,335	11,125,050	58
6	*	Electric-locomotives												6
7	*	Other self-powered units												7
8	*	TOTAL (lines 5, 6 and 7)	3,410	100				161	336	2,504	831	3,335	11,125,050	58
9	*	Auxiliary units	77						3	56	18	74	N/A	9
		TOTAL LOCOMOTIVE UNITS (lines 8 and 9)	3,487	100				161	339	2,560	849	3,409	11,125,050	58
10	*													10

* Note: Col (I) - Leased to Others includes 53 PRR Locomotives Leased to Conrail for use in Shared Assets Area

DISTRIBUTION OF LOCOMOTIVE UNITS IN SERVICE OF RESPONDENT AT CLOSE OF YEAR BUILT, DISREGARDING YEAR OF REBUILDING

Line No.	Cross Check	Type or design of units (a)	Before Jan 1, 1980 (b)	Between Jan 1, 1980 and Dec 31, 1984 (c)	Between Jan 1, 1985 and Dec 31, 1989 (d)	Between Jan 1, 1990 and Dec 31, 1994 (e)	Between Jan 1, 1995 and Dec 31, 1999 (f)	During Calendar Year					TOTAL (j)	Line No.
								2000 (g)	2001 (h)	2002 (i)	2003 (j)	2004 (k)		
11	*	Diesel	1,134	271	366	391	713	200	160		100		3,335	11
12	*	Electric												12
13	*	Other self-powered units												13
14	*	TOTAL (lines 11 to 13)	1,134	271	366	391	713	200	160		100		3,335	14
15	*	Auxiliary units	28	17	25	4							74	15
16	*	TOTAL LOCOMOTIVE UNITS (Lines 14 and 15)	1,162	288	391	395	713	200	160		100		3,409	16

710. INVENTORY OF EQUIPMENT (Continued)														
UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS														
Line No.	Cross Check	Type or design of units (a)	Changes During the Year					Units retired from service of respondent whether owned or leased including reclassification (g)	Units at Close of Year				Line No.	
			Units installed				Owned and used (h)		Leased from others (i)	Total in service of respondent (col. (h) & (i)) (j)	Aggregate capacity of units reported in col. (j) (see ins. 7) (k)			
			Units in service of respondent at beginning of year (b)	New units purchased or built (c)	New units leased from others (d)	Rebuilt units acquired and rebuilt units rewritten into property accounts (e)						All other units including reclassification and second hand units purchased or leased from others (f)		
		PASSENGER-TRAIN CARS												
		Non-Self-Propelled												
17		Coaches (PA, PB, PBO)										N/A		17
		Combined cars												
18		(All class C, except CSB)										N/A		18
19		Parlor cars (PBC, PC, PL, PO)												19
20		Sleeping cars (PS, PT, PAS, PDS)										N/A		20
		Dining, grill and tavern cars												
21		(All class D, PD)										N/A		21
		Non-passenger carrying cars												
22		(All class B, CSB, M, PSA, 1A)										N/A		22
23		TOTAL (lines 17 to 22)										N/A		23
		Self-Propelled												
		Electric passenger cars												
24		(EP, ET)										N/A		24
25		Electric combined cars (EC)										N/A		25
		Internal combustion rail motorcars												
26		(ED,EG)										N/A		26
		Other self-propelled cars												
27		(Specify types)										N/A		27
28		TOTAL (lines 24 to 27)										N/A		28
29		TOTAL (lines 23 and 28)										N/A		29
		COMPANY SERVICE CARS												
30		Business cars (PV)	21						16	5	21	N/A		30
31		Board outfit cars (MWX)	317					8	112	197	309	N/A		31
		Derrick and snow removal cars												
32		(MWU, MWV, MWW, MWK)	411					35	341	35	376	N/A		32
		Dump and ballast cars												
33		(MWB, MWD)	995					508	199	288	487	N/A		33
		Other maintenance and service equipment cars	4,048				10	162	3,399	497	3,896	N/A		34
35		TOTAL (lines 30 to 34)	5,792				10	713	4,067	1,022	5,089	N/A		35

710. INVENTORY OF EQUIPMENT - Continued

Instructions for reporting freight-train car data

1. Give particulars of each of the various classes of equipment which respondent owned or leased during the year.
2. In column (d) give the number of units purchased or built in company shops. In column (e) give the number of new units leased from others. The term "new" means a unit placed in service for the first time on any railroad.
3. Units leased to others for a period of one year or more are reportable in column (n). Units temporarily out of respondent's service and rented to others for less than one year are to be included in column (i). Units rented from others for a period less than one year should not be included in column (j).

UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS

Line No.	Cross Check	Class of equipment and car designations (a)	Units in service of respondent at beginning of year		Changes During the Year				Line No.
			Time-mileage cars (b)	All Others (c)	Units installed				
					New units purchased or built (d)	New or rebuilt units leased from others (e)	Rebuilt units acquired and rebuilt units rewritten into property accounts (f)	All other units, including reclassification and second hand units purchased or leased from others (g)	
36		FREIGHT TRAIN CARS Plain box cars - 40' (B1__, B2__)							36
37		Plain box cars - 50' and longer (B3_0-7, B4_0-7, B5__, B6__, B7__, B8__)	49			240		1	37
38		Equipped box cars (All Code A, Except A_5_)	21,230			325			38
39		Plain gondola cars (All Codes G & J__1, J__2, J__3, J__4)	20,527					4	39
40		Equipped gondola cars (All Code E)	17,959			300		1	40
41		Covered hopper cars (C__1, C__2, C__3, C__4)	13,017					8	41
42		Open top hopper cars - general service (All Code H)	20,054					1	42
43		Open top hopper cars - special service (J__0, and All Code K)	3,550					1	43
44		Refrigerator cars - mechanical (R_5_, R_6_, R_7_, R_8_, R_9_)							44
45		Refrigerator cars - non-mechanical (R_0_, R_1_, R_2_)	337						45
46		Flat cars - TOFC/COFC (All Code P, Q and S, Except Q8__)	1,436						46
47		Flat cars - multi-level (All Code V)	1,346						47
48		Flat cars - general service (F10_, F20_, F30_)	167						48
49		Flat cars - other (F_1_, F_2_, F_3_, F_4_, F_5_, F_6_, F_8_, F40_)	1,956					40	49
50		Tank cars - under 22,000 gallons (T__0, T__1, T__2, T__3, T__4, T__5)							50
51		Tank cars - 22,000 gallons and over (T__6, T__7, T__8, T__9)		4					51
52		All other freight cars (A_5_, F_7_, All Code L and Q8__)	3,371						52
53		TOTAL (lines 36 to 52)	104,999	4		865		56	53
54		Caboose (All Code M-930)	N/A	226					54
55		TOTAL (lines 53, 54)	104,999	230		865		56	55

710. INVENTORY OF EQUIPMENT - Continued

4. Column (m) should show aggregate capacity for all units reported in columns (k) and (l), as follows. For freight-train cars, report the nominal capacity (in tons of 2,000 lbs) as provided for in Rule 86 of the AAR Code of Rules Governing Cars in Interchange. Convert the capacity of tank cars to capacity in tons of the commodity which the car is intended to customarily carry.

5. Time-mileage cars refers to freight cars, other than cabooses, owned or held under lease arrangement, whose interline rental is settled on a per diem and line haul mileage basis under "Code of Car Hire Rules" or would be so settled if used by another railroad.

UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS

Line No.	Cross Check	Changes during year (concluded) Units retired from service of respondent whether owned or leased including reclassification (h)	Units at close of year						Line No.
			Owned and Used (i)	Leased from others (j)	Units installed				
					Total in service of respondent (col. (i) & (j))		Aggregate capacity of units reported in col. (k) & (l) (see ins. 4) (m)	Leased to others (n)	
					Time-mileage cars (k)	All Others (l)			
36									36
37			50	240	290		29,421		37
38		732	16,513	4,310	20,823		1,636,534	4	38
39		645	16,982	2,904	19,886		2,241,161	210	39
40		289	9,658	8,313	17,971		1,823,295		40
41		607	9,334	3,084	12,418		1,355,774	35	41
42		2,333	13,041	4,681	17,722		1,879,549		42
43		160	3,058	333	3,391		352,593		43
44									44
45		1	76	260	336		26,237	1	45
46		168	519	749	1,268		88,288		46
47		101	677	568	1,245		51,891		47
48		11	141	15	156		11,826		48
49		119	1,774	103	1,877		191,582		49
50									50
51			4			4	403		51
52		125	3,246		3,246		162,111		52
53		5,291	75,073	25,560	100,629	4	9,850,665	250	53
54		14	162	50	N/A	212	N/A		54
55		5,305	75,235	25,610	100,629	216	9,850,665	250	55

710. INVENTORY OF EQUIPMENT - Continued

UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS

Line No.	Cross Check	Class of equipment and car designations (a)	Units in service of respondent at beginning of year		Changes During the Year				Line No.
			Per diem (b)	All Others (c)	Units installed				
					New units purchased or built (d)	New units leased from others (e)	Rebuilt units acquired and rebuilt units rewritten into property accounts (f)	All other units, including reclassification and second hand units purchased or leased from others (g)	
56		FLOATING EQUIPMENT Self-propelled vessels (tugboats, car ferries, etc.)	N/A	1					56
57		Non-self-propelled vessels (car floats, lighters, etc.)	N/A						57
58		TOTAL (Lines 56 and 57)	N/A	1					58
59		HIGHWAY REVENUE EQUIPMENT Chassis (Z_1_, Z_67_, Z_68_, Z_69_)		10,259				3,406	59
60		Dry van (U_2_, Z_, Z_6_, 1-6)		13,831					60
61		Flat bed (U_3_, Z_3_)		13					61
62		Open bed (U_4_, Z_4_)		1					62
63		Mechanical refrigerator (U_5_, Z_5_)							63
64		Bulk hopper (U_0_, Z_0_)							64
65		Insulated (U_7_, Z_7_)							65
66		Tank (Z_0_, U_6_) (See note)							66
67		Other trailer and container (Special equipped dry van U_9_, Z_8_, Z_9_)		3					67
68		Tractor							68
69		Truck							69
70		TOTAL (Lines 59 to 69)		24,107				3,406	70

NOTES AND REMARKS

Note: Line 66 (Tank) must have fitting code "CN" to qualify as a tank, otherwise it is a bulk hopper.

710. INVENTORY OF EQUIPMENT - Concluded

UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS

Line No.	Cross Check	Changes during year (concluded)	Units at close of year						Line No.
		Units retired from service of respondent whether owned or leased including reclassification (h)	Owned and used (i)	Leased from others (j)	Total in service of respondent (col (i) & (j))		Aggregate capacity of units reported in col (k) & (l) (see ins. 4) (m)	Leased to Others (n)	
					Per diem (k)	All Others (l)			
56		1			N/A		N/A		56
57					N/A		N/A		57
58		1			N/A		N/A		58
59		210	86	13,369		13,455	N/A		59
60		77	6,409	7,345		13,754	363,929		60
61			13			13	277		61
62			1			1	23		62
63									63
64									64
65									65
66									66
67			3			3	67		67
68									68
69									69
70		287	6,512	20,714		27,226	364,296		70

NOTES AND REMARKS

710S. UNIT COST OF EQUIPMENT INSTALLED DURING THE YEAR

(Dollars in Thousands)

1. Give particulars, as requested, separately, for the various classes of new units and rebuilt units of equipment installed by respondent during the year. If information regarding the cost of any units installed is not complete at time of filing of this report, the units should be omitted, but reference to the number of units omitted should be given in a footnote, the details as to cost to be given in the report of the following year. The cost of units under construction at the close of the year should not be reflected in this schedule even though part of the cost appears in the property account for the year. Indicate in column (e) whether an installation represents equipment purchased (P), built or rebuilt by contract in outside railroad shops (C), or built or rebuilt in company or system shops (S) including units acquired through capitalized leases (L).
2. In column (a) list each class or type of locomotive unit, car or TOFC/COFC equipment on a separate line. By class is meant the standard classification used to distinguish types of locomotive units, freight cars or other equipment adopted by the Association of American Railroads, and should include physical characteristics requested by Schedule 710. Locomotive units should be identified as to power source, wheel arrangement, and horsepower per unit, such as multiple-purpose diesel locomotive A units (B-B), 2500 HP. Cars should be identified as to special construction or service characteristics, such as aluminum-covered hopper car (LO), steel boxcars-special service (XAP). For TOFC/COFC, show type of equipment as enumerated in Schedule 710.
3. In column (c) show the total weight in tons of 2,000 pounds. The weight of the equipment acquired should be the weight empty.
4. The cost should be the complete cost as entered on the ledger, including foreign line freight charges and handling charges.
5. Data for this schedule should be confined to the units reported in Schedule 710, columns (c) and (e) for locomotive units, passenger-train cars and company service cars and columns (d) and (f) for freight train cars, floating equipment and highway revenue equipment. Disclose new units in the upper section of this schedule. Disclose rebuilt units acquired or rewritten into the respondent's accounts in the lower section. The term "new" as used herein shall mean a unit or units placed in service for the first time on any railroad.
6. All unequipped boxcars acquired in whole or part with incentive per diem funds should be reported on separate lines and be appropriately identified by footnote or sub-heading.

NEW UNITS

Line No.	Class of equipment (a)	Number of Units (b)	Total Weight (Tons) (c)	Total Cost (d)	Method of Acquisition (see instructions) (e)	Line No.
1	EMD SD70M 6-Axle 4,000 HP	33	6,485	46,661	P	1
2	GE D9-40CW 6-Axle 4,000 HP	67	13,735	91,086	P	2
3						3
4						4
5						5
6						6
7						7
8						8
9						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	TOTAL	100	N/A	137,747	N/A	25
REBUILT UNITS						
26						26
27						27
28						28
29						29
30						30
31						31
32						32
33						33
34						34
35						35
36						36
37						37
38	TOTAL	0	N/A	0	N/A	38
39	GRAND TOTAL	100	N/A	137,747	N/A	39

GENERAL INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULES 720, 721, 723, AND 726

1. For purposes of these schedules, the track categories are defined as follows:

Track category ¹

- A - Freight density of 20 million or more gross ton-miles per track mile per year (include passing tracks, turnouts, and crossovers)
- B - Freight density of less than 20 million gross ton-miles per track mile per year, but at least 5 million (include passing tracks, turnouts, and crossovers)
- C - Freight density of less than 5 million gross ton-miles per track mile per year, but at least 1 million (include passing tracks, turnouts, and crossovers)
- D - Freight density of less than 1 million gross ton-miles per track mile per year (include passing tracks, turnouts, and crossovers)
- E - Way and yard switching tracks (passing tracks, crossovers and turnouts shall be included in categories A, B, C, D, F, and potential abandonments, as appropriate).
- F - Track over which any passenger service is provided (other than potential abandonments). Mileage should be included within track categories A through E unless it is dedicated entirely to passenger service category F.

Potential abandonments - Route segments identified by railroads as potentially subject to abandonment as required by Section 10903 of the ICC Termination Act of 1995.

- 2. This schedule should include all class 1, 2, 3, or 4 track from schedule 700 that is maintained by the respondent (class 5 track is assumed to be maintained by others).
- 3. If, for two consecutive years, a line segment classified in one track category maintains a traffic density which would place it in another, it shall be reclassified into that category as of the beginning of the second year.
- 4. Traffic density related to passenger service shall not be included in the determination of the track category of a line segment.

720. TRACK AND TRAFFIC CONDITIONS

1. Disclose the requested information pertaining to track and traffic conditions.

Line No.	Track category (a)	Mileage of tracks at end of period (whole numbers) (b)	Average annual traffic density in millions of gross ton-miles per track-mile* (use two decimal places) (c)	Average running speed limit (use two decimal places) (d)	Track miles under slow orders at the end of period (e)	Line No.
1	A	9,039	48.60	46.04	35	1
2	B	7,171	14.03	42.20	434	2
3	C	2,949	2.78	32.66	455	3
4	D	2,959	0.29	24.81	502	4
5	E	8,825	XXXXXXXXXX	XXXXXX		5
6	TOTAL	30,943	19.81	40.17	1,426	6
7	F		XXXXXXXXXX	XXXXXX		7
8	Potential abandonments	192				8

* To determine average density, total track miles (route miles times number of tracks) rather than route miles shall be used.

721. TIES LAID IN REPLACEMENT

- 1 Furnish the requested information concerning ties laid in replacement.
- 2 In column (j), report the total board feet of switch and bridge ties laid in replacement.
- 3 The term 'spot maintenance' in column (k) means repairs to track components during routine inspections, as opposed to programmed replacements aimed at upgrading the general condition of the tracks. 'Percent of spot maintenance' refers to the percentage of total ties or board feet laid in replacement considered to be spot maintenance.
- 4 In line 9, the average cost per tie should include transportation charges on foreign lines, tie trains, loading, inspection, and the cost of handling ties in general supply storage and seasoning yards, and in the case of treating ties, also the cost of handling at treating plants and the cost of treatment. The cost of unloading, hauling over carrier's own lines, and placing the ties in tracks and of train service other than that necessary in connection with loading or treatment should not be included in this schedule.

Line No.	Track category	Number of crossties laid in replacement								Total	Switch and bridge ties (board feet)	Crossties		Line No.
		New ties			Second-hand ties							Percent of spot maintenance (k)		
		Wooden		Concrete (d)	Other (e)	Wooden		Other (h)						
		Treated (b)	Untreated (c)			Treated (f)	Untreated (g)							
1	A	1,492,708				16,789			1,509,497	3,629,784	0.5	1		
2	B	785,757				22,226			807,983	2,932,771	1.2	2		
3	C	108,352				41,051			149,403	201,597	12.6	3		
4	D	67,508				38,342			105,850	397,685	15.7	4		
5	E	219,840				40,150			259,990	1,284,294	7.1	5		
6	TOTAL	2,674,165				158,558			2,832,723	8,446,131	2.5	6		
7	F											7		
8	Potential abandonments											8		
9	Average cost per crosstie	\$30.02	and switchtie (MBM)			\$727.98								

722. TIES LAID IN ADDITIONAL TRACKS AND IN NEW LINES AND EXTENSIONS

(Dollars in Thousands)

Give particulars of ties laid in new construction during the year.

In column (a) classify the ties as follows:

U - Wooden ties untreated when applied.

T - Wooden ties treated before application.

S - Ties other than wooden (steel, concrete, etc.). Indicate type in column (h).

Report new and second-hand (relay) ties separately, indicating in column (h) which ties are new.

In columns (d) and (g) show the total cost, including transportation charges on foreign lines, tie trains, loading, inspection, and the cost of handling ties in general supply, storage, and seasoning yard. In the case of treated ties, also show the cost of handling at treating plants and the cost of treatment. The cost of unloading, hauling over carrier's own lines and placing the ties in tracks, and of train service, other than that necessary in connection with loading or treatment, should not be included in this schedule.

Line No.	Class of ties (a)	CROSSTIES			SWITCH AND BRIDGE TIES			Remarks (h)	Line No.
		Total number of ties applied (b)	Average cost per tie (c)	Total cost of new cross-ties laid in during year (d)	Number of feet (board measure) laid in tracks (e)	Average cost per M feet (board measure) (f)	Total cost of switch and bridge ties laid in new tracks during year (g)		
1	T	76,350	\$30.03	\$2,292	206,693	\$736.22	\$152	New Ties	1
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
10									10
11									11
12									12
13									13
14									14
15									15
16									16
17									17
18									18
19									19
20	TOTAL	76,350	\$30.03	\$2,292	206,693	\$736.22	\$152		20
21	Number of miles of new running, passing tracks, cross-overs, etc., in which ties were laid — 7.11								
22	Number of miles of new yard, station, team, industry, and other switching tracks in which ties were laid — 15.16								

723. RAILS LAID IN REPLACEMENT

1. Furnish the requested information concerning rails laid in replacement.
2. The term 'spot maintenance' in column (h) means repairs to track components during routine inspections, as opposed to programmed replacements aimed at upgrading the general condition of the tracks. 'Percent of spot maintenance' refers to the percentage of total rails laid in replacement considered to be spot maintenance.
3. In line 9, the average cost of new and relay rail should include the cost of loading at the point of purchase ready for shipment, the freight charges paid foreign lines, and the cost of handling rails in general supply and storage yards. The cost of unloading, hauling over carrier's own lines and placing rails in tracks and of train service in connection with the distribution of rails should not be included in this schedule.

Line No.	Track category	Miles of rail laid in replacement (rail-miles)						Total		Percent of spot maintenance	Line No.
		New rail		Relay rail		Welded rail	Bolted rail				
		Welded rail	Bolted rail	Welded rail	Bolted rail						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)			
1	A	206.29	1.60	57.99	15.07	264.28	16.67	9.45	1		
2	B	52.01	0.40	18.81	6.52	70.82	6.92	3.92	2		
3	C	16.06	0.12	5.81	2.01	21.87	2.13	1.21	3		
4	D	7.97	0.06	2.88	1.00	10.85	1.06	0.60	4		
5	E	0.00	0.00	16.60	10.80	16.60	10.80	6.12	5		
6	TOTAL	282.33	2.18	102.09	35.40	384.42	37.58	21.30	6		
7	F								7		
8	Potential Abandonments								8		
9	Average cost of new and relay rail laid in replacement per gross ton:			New	\$465.19	Relay	\$121.01		9		

724. RAILS LAID IN ADDITIONAL TRACKS AND IN NEW LINES AND EXTENSIONS

(Dollars in Thousands)

1. Give particulars of all rails applied during the year in connection with the construction of new track.

In column (a) classify the kind of rail applied as follows:

- (1) New steel rails, Bessemer process
- (2) New steel rails, open-hearth process
- (3) New rails, special alloy (describe fully in a footnote)
- (4) Relay rails.

2. Returns in columns (c) and (g) should be reported in WHOLE numbers. Fractions of less than one-half should be disregarded, and fractions of one-half or more should be counted as one.

3. The returns in columns (d) and (h) should include the cost of loading at the point of purchase ready for shipment, the freight charges paid foreign lines, and the cost of handling rails in general supply and storage yards. The cost of unloading, hauling over carrier's own lines, and placing the rails in tracks and of train service in connection with the distribution of the rail should not be included in this schedule

RAIL APPLIED IN RUNNING TRACKS, PASSING TRACKS, CROSS-OVERS, ETC.						RAIL APPLIED IN YARD, STATION, TEAM, INDUSTRY AND OTHER SWITCHING TRACKS				Line No.	
Line No.	Class of rail	Weight of rail		Total cost of rail applied in running tracks, passing tracks cross-overs, etc., during year	Average cost per ton (2,000 lb)	Weight of rail		Total cost of rail applied in yard, station, team, industry, and other switching tracks during year	Average cost per ton (2,000 lb)		
		Pounds per yard of rail	Number of tons (2,000 lb)			Pounds per yard of rail	Number of tons (2,000 lb)				
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)		
1	1	132	700	306	436.14	132	539	233	431.99	1	
2	1	141	914	391	427.45	141				2	
3										3	
4	4	131				131	3	0	80.00	4	
5	4	132	95	13	133.84	132	2,155	289	134.08	5	
6	4	136				136	392	52	132.50	6	
7	4	140				140	470	62	131.00	7	
8	4	155				155	4	0	80.00	8	
9										9	
10										10	
11										11	
12										12	
13										13	
14										14	
15										15	
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17										17	
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26										26	
27										27	
28										28	
29										29	
30										30	
31										31	
32										32	
33	TOTAL	N/A	1,709	\$710	\$415.45	N/A	3,563	\$636	\$178.50	33	
34	Number of miles of new running tracks, passing tracks, cross-overs, etc., in which rails were laid									7.11	34
35	Number of miles of new yard, station, team, industry, and other switching tracks in which rails were laid									15.16	35
36	Track-miles of welded rail installed on system this year 22.0 : total to date 21,992										36

725. WEIGHT OF RAIL

Give the particulars called for below concerning the road and track operated by the respondent at the close of the year. Only the respondent's proportion of jointly owned mileage should be included. Under "Weight of rail", the various weights of rails should be given. Road and track occupied under trackage right or other form of license should not be included herein, but all road and track held under any form of lease (granting exclusive possession to the lessee) should be included.

Line No.	Weight of rails per yard (pounds) (a)	Line-haul companies (miles of main track) (b)	Switching and terminal companies (miles of all tracks) (c)	Remarks (d)	Line No.
1	85	151.26			1
2	90	285.58			2
3	100	939.49			3
4	105	120.31			4
5	110	60.66			5
6	112	786.82			6
7	115	1,170.71			7
8	119	11.42			8
9	127	648.40			9
10	130	674.23			10
11	131	1,282.61			11
12	132	9,954.19			12
13	133	164.11			13
14	136	2,258.46			14
15	140	1,201.80			15
16	141	128.96			16
17	152	84.67			17
18	155	63.32			18
19					19
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726. SUMMARY OF TRACK REPLACEMENTS

1. Furnish the requested information concerning the summary of track replacements.
 2. In columns (d), (e), (g), and (j) give the percentage of replacements to units of property in each track category at year end.

Line No.	Track category (a)	Ties						Rail		Ballast	Track surfacing		Line No.
		Number of ties replaced		Percent replaced		Miles of rail replaced (rail-miles)	Percent replaced	Cubic yards of ballast placed	Miles surfaced		Percent surfaced		
		Crossties (b)	Switch and bridge ties (board feet) (c)	Crosstie (d)	Switch and bridge ties (board feet) (e)								
1	A	1,509,497	3,629,784	5.1	5.8	280.95	1.6	1,399,779	3193.7	(i)	(j)	1	
2	B	807,983	2,932,771	3.5	3.7	77.74	0.5	450,554	1287.3			2	
3	C	149,403	201,597	1.6	1.2	24.00	0.4	77,227	210.4			3	
4	D	105,850	397,685	1.1	1.0	11.91	0.2	34,312	246.2			4	
5	E	259,990	1,284,294	0.9	1.2	27.40	0.2	51,870	167.1			5	
6	TOTAL	2,832,723	8,446,131	2.9	2.7	422.00	0.7	2,013,742	5104.7			6	
7	F											7	
8	Potential abandonments											8	

750. CONSUMPTION OF DIESEL FUEL
 (Dollars in Thousands)

Locomotives				
Line No.	Kind of locomotive service (a)	Diesel oil (gallons) (b)	Line No.	
1	Freight	433,369,797	1	
2	Passenger		2	
3	Yard switching	38,865,102	3	
4	TOTAL	472,234,899	4	
5	COST OF FUEL \$(000)*	\$ 380,132	5	
6	Work Train	1,805,189	6	

*Show cost of fuel charged to train and yard service (function 6-Loco. Fuels). The cost stated for diesel fuel should be the total charges in the accounts specified, including freight charges and handling expenses. Fuel consumed by mixed and special rains that are predominantly freight should be included in freight service, but where the service is mixed or special trains is predominantly passenger, the fuel should be included in passenger service.

INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 755

Unit Train, Way Train, and Through Train data under items 2, 3, 4, 6, and 12 shall be obtained from conductor's wheel reports (freight) or similar reports. Unit train service is a specialized scheduled shuttle type service in equipment (railroad or privately owned) dedicated to such service, moving between origin and destination. The applicable tariffs and/or contracts generally require that a specific minimum tonnage or quantity of carloads be tendered as a unit for shipment on one bill of lading or other shipping document in a solid train for movement between origin and destination. Such tariffs and/or contracts generally contain restricted detention provisions and are subject to time-volume requirements which reflect the approximate capacity of the unit trains for the stated period. Way trains are defined as trains operated primarily to gather and distribute cars in road service and move them between way stations or way points. Through trains are those trains operated between two or more major concentration or distribution points. Do not include unit train statistics in way or through train statistics. A work train is a train operated solely or preponderantly for the purpose of transporting company freight, work equipment, or company employees. Statistics for work trains should be reported under item 11, only. Statistics related to company equipment, company employees, and company freight moving in transportation trains are not to be reported in item 11, but are to be reported in items 4-17, 6-04, 7-02, 8-04, and 8-05, as instructed in notes I, K, and L.

(A) Report miles of road operated at close of year, excluding industrial tracks, yard tracks, and sidings.

(B) A train-mile is a movement of a train a distance of one mile. In computing train-miles, fractions representing less than one-half mile shall be disregarded and other fractions shall be considered as one mile. Train Miles-Running shall be based on the actual distance run between terminals and/or stations and shall be computed from the official time tables or distance tables. Train-Miles shall not be increased to cover the running of locomotives from shops to terminals, doubling hills, switching, or other work at way stations, or for the service of helper or pusher locomotives or of extra locomotives on double-head or triple-head trains. When the carrier's trains are detoured over foreign roads, the miles shall be computed on the basis of the miles actually run and in accordance with the service performed. Train-miles shall be kept separately for trains hauled by locomotives and trains moved by motorcars.

(C) A motorcar is a self-propelled unit of equipment designed to carry freight or passengers, and is not considered a locomotive.

(D) A locomotive is a self-propelled unit of equipment designed solely for moving other equipment. A locomotive unit-mile is a movement of a locomotive unit a distance of one mile under its own power. Include miles made by all locomotive units. Exclude miles made by motorcars. Miles of locomotives in helper service shall be computed on the basis of actual distance run in such service.

(E) All locomotive unit-miles in road service shall be based on the actual distance run between terminals and/or stations. Follow instruction (B) regarding fractions and official time tables for computing locomotive miles.

(F) Train switching locomotive-miles shall be computed at the rate of six miles per hour for the time actually engaged in such service. Include miles allowed for train locomotives for performing switching service at terminals and way stations.

(G) Yard switching locomotive-miles shall be computed at the rate of six miles per hour for the time actually engaged in yard switching service. Include miles allowed for yard locomotives for switching service in yards where regular switching service is maintained and in terminal switching and transfer service.

(H) A car-mile is a movement of a unit of car equipment a distance of one mile. Use car designations shown in Schedule 710. Under Railroad Owned and Leased Cars, items 4-01 and 4-11, report both foreign cars and respondent's own cars while on the line of the respondent railroad. In items 4-13 and 4-15, report private-line cars and shipper owned cars. Loaded and empty miles should be reported whether or not the railroad reimbursed the owner on a loaded and/or empty mile basis. Report miles made by flatcars carrying empty highway trailers that are not moving under revenue billings as empty freight car-miles. Do not report miles made by motorcars or business cars.

(I) Exclude from items 4-01, 4-11, 4-13, and 4-5, car-miles of work equipment, cars carrying company freight, and non-revenue private line cars moving in transportation trains. Include such car-miles in items 4-17, 4-18, and 4-19. If private line cars move in revenue service, the loaded and empty miles should not be considered no-payment or non-revenue car-miles.

(J) Report miles actually run by passenger-train cars in transportation service. Passenger-train car-miles include miles run by coaches and cars in which passengers are carried at regular tariff fares without extra charge for space occupied; miles run by combination passenger and baggage, passenger and mail, passenger and express; miles run by sleeping, parlor, and other cars for which an extra fare is charged; miles run by dining, cafe, and other cars devoted exclusively to the serving of meals and other refreshments and by club, lounge, and observation cars; and miles run by other passenger-train cars where services are combined, such as baggage, express, and mail.

(K) From conductor's or dispatcher's train reports or other appropriate sources, compute weight in tons (2,000 pounds). Item 6-01 includes weight of all locomotive units moved one mile in transportation trains. Ton-miles of motorcars should be excluded. Items 6-02 and 6-03 represent tons behind locomotive units (cars and contents, cabooses) moved one mile in transportation trains (excluding non-revenue gross ton-miles). Nonrevenue gross ton-miles in transportation trains include work equipment and cars carrying company freight and their contents. Use 150 pounds as the average weight per passenger and four tons as the average weight of contents of each head-end car.

INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 755 - (Concluded)

(L) From conductor's train reports or other appropriate sources, compute ton-miles of freight. Ton-miles represent the number of tons of revenue and nonrevenue freight moved one mile in a transportation train. Include net ton-miles in motorcar trains. Exclude l.c.i. shipment of freight handled in mixed baggage express cars. Total ton-miles of revenue freight should correspond to the ton-miles reported on Form CBS.

(M) Road service represents elapse time of transportation trains (both ordinary and light) between the time of leaving the initial terminals and the time at final terminals, including trains switching at way stations and delays on road as shown by conductor's or dispatcher's train reports. Include time of motorcar service performed by train locomotives at terminals and way stations. Report in Item 9-02, train switching hours included in Item 9-01. Train switching is the time spent by the train while performing switching service at terminals and way stations where no regular yard service is maintained. A train hour is independent of the number of locomotives in the train.

(N) Yard switching hours are hours expended in switching service performed by yard crews in yards where regular switching service is maintained, including switching and transfer service in connection with the transportation of revenue and incidentally of company freight. Hours in yard switching are independent of the number of locomotives used.

(O) Work-train miles include the miles run by trains engaged in company service such as official inspection; inspection trains for railway commissioners for which no revenue is received; trains running special with fire apparatus to save carrier's property from destruction; trains run for transporting the carrier's employees to and from work when no transportation charge is made; wrecking trains run solely for the purpose of transporting company material; trains run for distributing material and supplies for use in connection with operations; and all other trains used in work-train services. Exclude miles run by locomotives while engaged incidentally in switching company materials in company shops or material yards in connection with regular yard switching service or in switching equipment for repairs between yards and shops.

(P) The number of loaded freight cars shall be obtained from the conductors' wheel report and shall be the sum of all loaded cars handled by each train. For example, if a car moves loaded (1) in a way train from the origination points, (2) in two through trains, and (3) in a way-train to the destination point, the total count of loaded cars would be four: two counts for the movements in the way trains and two counts for the movements in through trains. Therefore, each car originated or received from a connecting carrier receives an initial count, plus one count for each subsequent physical transfer between trains on respondent's lines. No additional count is given because of crew change or changes in track identification number unless there is a physical transfer of the car between trains. Each car moving under revenue billing shall be considered as a loaded car.

(Q) Report vehicles (TOFC trailers/containers, automobiles and trucks) loaded and unloaded to and from TOFC and multiple level freight cars when the work is performed at the railroad's expense.

(R) Report the number of loaded revenue trailers/containers picked up, plus revenue trailers/containers delivered in TOFC/COFC and in highway interchange service, when the work is performed at the railroad's expense. (Performed at railroad's expense means that railroad employees perform the service or that the railroad hires a subsidiary or outside contractor to perform the service.) Do not include those trailers/containers which are picked up or delivered by a shipper or motor carrier, etc. when a tariff provision requires that the shipper or motor carrier, etc., and not the railroad, perform that service. Note: The count should reflect the trailers/containers for which expenses are reported in Schedule 417, line 2, column (b).

(S) Report under Marine Terminals, Item 16, the tons loaded onto and unloaded from marine vessels at the expense of the reporting railroad.

(T) Report the total number of foreign railroad cars on line at the end of the year (except surplus cars, see below). Foreign railroad cars refers to freight cars owned by other railroads whose interline rental is settled on time (by hour) and actual line-haul mileage charges under the Code of Car Hire Rules.

Carriers will be governed by local conditions in determining whether a car at an interchange point should be considered "on-line." Unserviceable cars include cars on repair tracks undergoing or awaiting repairs. They include cars on repair tracks repaired and awaiting switching, cars on repair tracks undergoing or awaiting repairs switching, cars awaiting movement to repair tracks held in train yards (excluding cars which are to be repaired in the train yard without loss of time), cars moving empty in trains en route to shop, and cars stored awaiting disposition.

Surplus cars are cars which are in serviceable condition for loading on the last day of the year, but have not been placed for loading within 48 hours. This count can be an annual average based on weekly count of cars that have not been placed for loading within 48 hours.

755. RAILROAD OPERATING STATISTICS

Line No.	Cross Check	Item description (a)	Freight train (b)	Pass. train (c)	Line No.
1		1. MILES OF ROAD OPERATED (A)	21,520		1
		2. TRAIN MILES - RUNNING (B)	XXXXXXXX	XXXXXX	
2		2-01 UNIT TRAINS	10,260,809	XXXXXX	2
3		2-02 WAY TRAINS	13,053,877	XXXXXX	3
4		2-03 THROUGH TRAINS	50,598,459		4
5		2-04 TOTAL TRAIN MILES (lines 2-4)	73,913,145		5
6		2-05 MOTORCARS (C)			6
7		2-06 TOTAL, ALL TRAINS (lines 5, 6)	73,913,145		7
		3. LOCOMOTIVE UNIT MILES (D)	XXXXXXXX	XXXXXX	
		ROAD SERVICE (E)	XXXXXXXX	XXXXXX	
8		3-01 UNIT TRAINS	23,692,489	XXXXXX	8
9		3-02 WAY TRAINS	21,665,216	XXXXXX	9
10		3-03 THROUGH TRAINS	120,105,853		10
11		3-04 TOTAL (lines 8-10)	165,463,558		11
12		3-11 TRAIN SWITCHING (F)	8,675,538	XXXXXX	12
13		3-21 YARD SWITCHING (G)	14,526,876		13
14		3-31 TOTAL ALL SERVICES (lines 11, 12, 13)	188,665,972		14
		4. FREIGHT CAR-MILES (thousands) (H)	XXXXXXXX	XXXXXX	
		4-01 RR OWNED AND LEASED - LOADED	XXXXXXXX	XXXXXX	
15		4-010 BOX-PLAIN 40-FOOT		XXXXXX	15
16		4-011 BOX-PLAIN 50-FOOT AND LONGER	6,519	XXXXXX	16
17		4-012 BOX-EQUIPPED	238,737	XXXXXX	17
18		4-013 GONDOLA-PLAIN	218,125	XXXXXX	18
19		4-014 GONDOLA-EQUIPPED	126,929	XXXXXX	19
20		4-015 HOPPER-COVERED	134,463	XXXXXX	20
21		4-016 HOPPER-O/T-GENERAL SERVICE	121,509	XXXXXX	21
22		4-017 HOPPER-O/T-SPECIAL SERVICE	18,766	XXXXXX	22
23		4-018 REFRIGERATOR-MECHANICAL	3,974	XXXXXX	23
24		4-019 REFRIGERATOR-NON-MECHANICAL	13,894	XXXXXX	24
25		4-020 FLAT-TOFC/COFC	122,605	XXXXXX	25
26		4-021 FLAT-MULTI-LEVEL	29,692	XXXXXX	26
27		4-022 FLAT-GENERAL SERVICE	868	XXXXXX	27
28		4-023 FLAT-ALL OTHER	40,068	XXXXXX	28
29		4-024 ALL OTHER CAR TYPES	240,220	XXXXXX	29
30		4-025 TOTAL (lines 15-29)	1,316,369	XXXXXX	30

755. RAILROAD OPERATING STATISTICS

Line No.	Cross Check	Item description (a)	Freight train (b)	Pass. train (c)	Line No.
		4-11 RR OWNED AND LEASED EMPTY	XXXXXXXX	XXXXXX	
31		4-110 BOX-PLAIN 40-FOOT		XXXXXX	31
32		4-111 BOX-PLAIN 50-FOOT AND LONGER	6,567	XXXXXX	32
33		4-112 BOX-EQUIPPED	245,750	XXXXXX	33
34		4-113 GONDOLA-PLAIN	201,642	XXXXXX	34
35		4-114 GONDOLA-EQUIPPED	110,725	XXXXXX	35
36		4-115 HOPPER-COVERED	143,750	XXXXXX	36
37		4-116 HOPPER-O/T-GENERAL SERVICE	120,122	XXXXXX	37
38		4-117 HOPPER-O/T-SPECIAL SERVICE	19,910	XXXXXX	38
39		4-118 REFRIGERATOR-MECHANICAL	3,507	XXXXXX	39
40		4-119 REFRIGERATOR-NON-MECHANICAL	11,812	XXXXXX	40
41		4-120 FLAT-TOFC/COFC	17,901	XXXXXX	41
42		4-121 FLAT-MULTI-LEVEL	18,933	XXXXXX	42
43		4-122 FLAT-GENERAL SERVICE	1,650	XXXXXX	43
44		4-123 FLAT-ALL OTHER	41,498	XXXXXX	44
45		4-124 ALL OTHER CAR TYPES	2,066	XXXXXX	45
46		4-125 TOTAL (lines 31-45)	945,833	XXXXXX	46
		4-13 PRIVATE LINE CARS - LOADED (H)	XXXXXXXX	XXXXXX	
47		4-130 BOX-PLAIN 40-FOOT		XXXXXX	47
48		4-131 BOX-PLAIN 50-FOOT AND LONGER	20,615	XXXXXX	48
49		4-132 BOX-EQUIPPED	2,001	XXXXXX	49
50		4-133 GONDOLA-PLAIN	9,078	XXXXXX	50
51		4-134 GONDOLA-EQUIPPED	5,647	XXXXXX	51
52		4-135 HOPPER-COVERED	185,268	XXXXXX	52
53		4-136 HOPPER-O/T-GENERAL SERVICE	9,794	XXXXXX	53
54		4-137 HOPPER-O/T-SPECIAL SERVICE	62,092	XXXXXX	54
55		4-138 REFRIGERATOR-MECHANICAL	788	XXXXXX	55
56		4-139 REFRIGERATOR-NON-MECHANICAL	1,173	XXXXXX	56
57		4-140 FLAT-TOFC/COFC	255,149	XXXXXX	57
58		4-141 FLAT-MULTI-LEVEL	223,778	XXXXXX	58
59		4-142 FLAT-GENERAL SERVICE	89	XXXXXX	59
60		4-143 FLAT-ALL OTHER	31,597	XXXXXX	60
61		4-144 TANK UNDER 22,000 GALLONS	144,367	XXXXXX	61
62		4-145 TANK - 22,000 GALLONS AND OVER	81,843	XXXXXX	62
63		4-146 ALL OTHER CAR TYPES		XXXXXX	63
64		4-147 TOTAL (lines 47-63)	1,033,279	XXXXXX	64

755. RAILROAD OPERATING STATISTICS

Line No.	Cross Check	Item description (a)	Freight train (b)	Pass. train (c)	Line No.
		4-15 PRIVATE LINE CARS-EMPTY (H)	XXXXXXXXX	XXXXXX	
65		4-150 BOX-PLAIN 40-FOOT		XXXXXX	65
66		4-151 BOX-PLAIN 50-FOOT AND LONGER	12,782	XXXXXX	66
67		4-152 BOX-EQUIPPED	1,780	XXXXXX	67
68		4-153 GONDOLA-PLAIN	9,477	XXXXXX	68
69		4-154 GONDOLA-EQUIPPED	5,122	XXXXXX	69
70		4-155 HOPPER-COVERED	192,036	XXXXXX	70
71		4-156 HOPPER-O/T-GENERAL SERVICE	9,702	XXXXXX	71
72		4-157 HOPPER-O/T-SPECIAL SERVICE	61,809	XXXXXX	72
73		4-158 REFRIGERATOR-MECHANICAL	744	XXXXXX	73
74		4-159 REFRIGERATOR-NON-MECHANICAL	979	XXXXXX	74
75		4-160 FLAT-TOFC/COFC	21,233	XXXXXX	75
76		4-161 FLAT-MULTI-LEVEL	129,778	XXXXXX	76
77		4-162 FLAT-GENERAL SERVICE	218	XXXXXX	77
78		4-163 FLAT-ALL OTHER	34,067	XXXXXX	78
79		4-164 TANK UNDER 22,000 GALLONS	113,056	XXXXXX	79
80		4-165 TANK - 22,000 GALLONS AND OVER	88,535	XXXXXX	80
81		4-166 ALL OTHER CAR TYPES		XXXXXX	81
82		4-167 TOTAL (lines 65-81)	681,318	XXXXXX	82
83		4-17 WORK EQUIPMENT CAR-MILES	12,785	XXXXXX	83
84		4-18 NO PAYMENT CAR-MILES (I) *	403,960	XXXXXX	84
		4-19 TOTAL CAR-MILES BY TRAIN TYPE	XXXXXXXXX	XXXXXX	
85		4-191 UNIT TRAINS	991,384	XXXXXX	85
86		4-192 WAY TRAINS	339,526	XXXXXX	86
87		4-193 THROUGH TRAINS	3,062,634	XXXXXX	87
88		4-194 TOTAL (lines 85-87)	4,393,544	XXXXXX	88
89		4-20 CABOOSE MILES	68	XXXXXX	89

* Total number of loaded miles 214,817 and empty miles 29 by roadrailer reported above on lines 29 and 45 respectively, rather than line 84.

Note: Line 88, total car miles, is equal to the sum of lines 30, 46, 64, 82, 83 and 84. Accordingly, the car miles reported on lines 83 and 84 are to be allocated to lines 85, 86 and 87, and included in the total shown on line 88.

755. RAILROAD OPERATING STATISTICS

Line No.	Cross Check	Item description (a)	Freight train (b)	Pass. train (c)	Line No.
		6. GROSS TON MILES (Thousands) (K)	XXXXXXXX	XXXXXX	
98		6-01 ROAD LOCOMOTIVES	30,236,142		98
		6-02 FREIGHT TRAINS, CRS., CNTS. & CABOOSE	XXXXXXXX	XXXXXX	
99		6-020 UNIT TRAINS	83,767,324	XXXXXX	99
100		6-021 WAY TRAINS	26,723,208	XXXXXX	100
101		6-022 THROUGH TRAINS	238,109,684	XXXXXX	101
102		6-03 PASSENGER-TRAINS, CRS. & CNTS.			102
103		6-04 NON-REVENUE	868,364	XXXXXX	103
104		6-05 TOTAL (lines 98-103)	379,704,722		104
		7. TONS OF FREIGHT (Thousands)	XXXXXXXX	XXXXXX	
105		7-01 REVENUE	405,897	XXXXXX	105
106		7-02 NON-REVENUE	1,466	XXXXXX	106
107		7-03 TOTAL (lines 105, 106)	407,363	XXXXXX	107
		8. TON-MILES OF FREIGHT (Thousands) (L)	XXXXXXXX	XXXXXX	
108		8-01 REVENUE-ROAD SERVICE	183,094,497	XXXXXX	108
109		8-02 REVENUE-LAKE TRANSFER SERVICE		XXXXXX	109
110		8-03 TOTAL (lines 108, 109)	183,094,497	XXXXXX	110
111		8-04 NON-REVENUE-ROAD SERVICE	302,575	XXXXXX	111
112		8-05 NON-REVENUE-LAKE TRANSFER SERV.		XXXXXX	112
113		8-06 TOTAL (lines 111, 112)	302,575	XXXXXX	113
114		8-07 TOTAL-REV AND NON-REV (lines 110, 113)	183,397,072	XXXXXX	114
		9. TRAIN HOURS (M)	XXXXXXXX	XXXXXX	
115		9-01 ROAD SERVICE	3,816,917	XXXXXX	115
116		9-02 TRAIN SWITCHING	880,697	XXXXXX	116
117		10. TOTAL YARD SWITCHING HOURS (N)	2,152,693	XXXXXX	117
		11. TRAIN-MILES WORK TRAINS (O)	XXXXXXXX	XXXXXX	
118		11-01 LOCOMOTIVES	937,342	XXXXXX	118
119		11-02 MOTORCARS		XXXXXX	119
		12. NUMBER OF LOADED FREIGHT CARS (P)	XXXXXXXX	XXXXXX	
120		12-01 UNIT TRAINS	2,442,893	XXXXXX	120
121		12-02 WAY TRAINS	5,364,996	XXXXXX	121
122		12-03 THROUGH TRAINS	6,716,861	XXXXXX	122
123		13. TOFC/COFC-NO. OF REV. TRLS. & CONT. LOADED & UNLOADED (Q)	4,001,253	XXXXXX	123
124		14. MULTI-LEVEL CARS-NO. OF MTR. VEH. LOADED AND UNLOADED (Q)	1,040,716	XXXXXX	124
125		15. TOFC/COFC-NO. OF REV TRLS. PICKED UP AND DELIVERED (R)	430,908	XXXXXX	125
		16. REVENUE TONS-MARINE TERMINAL (S)	XXXXXXXX	XXXXXX	
126		16-01 MARINE TERMINALS - COAL	23,778,000	XXXXXX	126
127		16-02 MARINE TERMINALS - ORE		XXXXXX	127
128		16-03 MARINE TERMINALS - OTHER		XXXXXX	128
129		16-04 TOTAL (lines 126-128)	23,778,000	XXXXXX	129
		17. NUMBER OF FOREIGN PER DIEM CARS ON LINE (T)	XXXXXXXX	XXXXXX	
130		17-01 SERVICEABLE	35,416	XXXXXX	130
131		17-02 UNSERVICEABLE	695	XXXXXX	131
132		17-03 SURPLUS		XXXXXX	132
133		17-04 TOTAL (lines 130-132)	36,111	XXXXXX	133

VERIFICATION

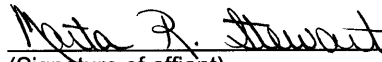
The foregoing report shall be verified by the oath of the officer having control of the accounting of the respondent. This report shall also be verified by the oath of the president or other chief officer of the respondent, unless the respondent states that such officer has no control over the respondent's accounting and reporting.

OATH

(To be made by the officer having control of the accounting of the respondent)

Commonwealth of Virginia
City of Norfolk

Marta R. Stewart makes oath and says that she is **Vice President and Controller** of **Norfolk Southern Combined Railroad Subsidiaries** (see page 4 of STB Annual Report R-1); that it is her duty to have supervision over the books of accounts of the respondent and to control the manner in which such books are kept; that she knows that such books have been kept in good faith during the period covered by this report; that she knows that the entries contained in this report relating to accounting matters have been prepared in accordance with the provisions of the Uniform System of Accounts for Railroads and other accounting and reporting directives of the Surface Transportation Board; that she believes that all other statements of fact contained in this report are true, and that this report is a correct and complete statement, accurately taken from the books and records, of the business and affairs of the above-named respondent during the period of time from and including **January 1, 2003**, to and including **December 31, 2003**.


(Signature of affiant)

Subscribed and sworn to before me a **Notary Public** in and for the State and City above named, this **25th** day of **March, 2004**. My commission expires **March 31, 2007**.

Use an
L.S.
impression seal


(Signature of officer authorized to administer oaths)

SUPPLEMENTAL OATH

(By the president or other chief officer of the respondent)

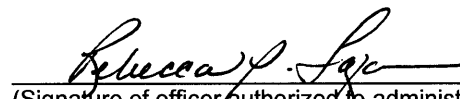
Commonwealth of Virginia
City of Norfolk

David R. Goode makes oath that says that he is **President and Chief Executive Officer** of **Norfolk Southern Combined Railroad Subsidiaries** (see page 4 of STB Annual Report R-1); that he has carefully examined the foregoing report; that he believes that all statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent and the operations of its property during the period of time from and including **January 1, 2003**, to and including **December 31, 2003**.


(Signature of affiant)

Subscribed and sworn to before me a **Notary Public** in and for the State and City above named, this **25th** day of **March, 2004**. My commission expires **March 31, 2007**.

Use an
L.S.
impression seal


(Signature of officer authorized to administer oaths)

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