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APPROVED BY OMB
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EXPIRES 11/30/2000

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>



**To The
Surface Transportation Board
For the Year Ending December 31, 1997**

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, 1997

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

(Name) John P. Rathbone (Title) Vice President and Controller

(Telephone number) (757) 629-2770
(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, and the Office of Information and Regulatory Affairs, Office of Management and Budget.

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 report Norfolk Southern Combined Railroad Subsidiaries* (NS Rail) is comprised principally of Norfolk Southern Railway Consolidated and its major subsidiary Norfolk and Western Railway Consolidated.
- 2 Date of incorporation Norfolk Southern Railway Company was incorporated June 18, 1894, under the name Southern Railway Company; Norfolk and Western Railway Company - January 15, 1896.
- 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. Norfolk and Western Railway Company-Organized September 24, 1896 under act of General Assembly of Virginia, approved January 15, 1896.
- 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

* 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 SEC Annual Reports Form 10-K for year ended December 31, 1997, for the following companies: 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 not, 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 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* and TCS Leasing, Inc. 500 votes as of December 31, 1997. (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 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 which 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, which 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	Second	First	
1	Norfolk Southern Railway:						1
2	Norfolk Southern Corp	Norfolk, VA	16,668,997	16,668,997		*	2
3							3
4	TCS Leasing, Inc.						4
5	Norfolk Southern Corp	Norfolk VA	500	500			5
6							6
7							7
8							8
9							9
10							10
11							11
12							12
13							13
14							14
15	* At December 31, 1997, 1,197,027 shares of \$2 60 cumulative preferred stock, Series A were issued, of these,						15
16	1,096,907 shares were held other than by subsidiaries and are entitled to one vote per share						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-16,668,997 & TCS Leasing, Inc. 500.
- 11 Give the date of such meeting NSR - May 27, 1997 and TCS Leasing, Inc. - October 27, 1997
- 12 Give the place of such meeting Norfolk, Virginia for both NSR 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). NSR's major subsidiary is Norfolk and Western Railway Company and consolidated subsidiaries (see page 2, "Identity of Respondent"). 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 Carner 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:

<u>Class I</u>	<u>Lessors and Other</u>
Norfolk and Western Railway Company	Airforce Pipeline, Inc.
Norfolk Southern Railway Company	Citico Realty Company
	High Point, Randleman, Asheboro and
	Southern Railroad Company
	Memphis and Charleston Railway Company
	Mobile and Birmingham Railroad Company
	North Carolina Midland Railroad Company, The
	NS Crown Services, Inc.
	Rail Investment Company
	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
	Southern Region Motor Transport, Inc.
	TCS Leasing, Inc.
	Virginia and Southwestern Railway Company
	Yadkin Railroad Company
<u>Class II</u>	
Alabama Great Southern Railroad Company, The	
Central of Georgia Railroad Company	
Cincinnati, New Orleans and Texas Pacific Railway Company, The	
Georgia Southern and Florida Railway Company	
<u>Class III</u>	
Atlantic and East Carolina Railway Company	
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	

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 begin- ning of year (c)	Line No.
Current Assets						
1		701	Cash and Cash Equivalents	6,875	172,051	1
2		702	Temporary Cash Investments	119,702	143,377	2
3		703	Special Deposits			3
Accounts Receivable						
4		704	- Loan and Notes	512	1,531	4
5		705	- Interline and Other Balances	33,994	30,390	5
6		706	- Customers	306,687	289,878	6
7		707	- Other	28,912	25,823	7
8		709, 708	- Accrued Accounts Receivables	172,070	215,294	8
9		708.5	- Receivables from Affiliated Companies	323,213		9
10		709.5	- Less: Allowance for Uncollectible Accounts	(3,269)	(3,579)	10
11		710, 711, 714	Working Funds Prepayments Deferred Income Tax Debits	164,972	156,511	11
12		712	Materials and Supplies	57,730	61,204	12
13		713	Other Current Assets	52,568	44,358	13
14			TOTAL CURRENT ASSETS	1,263,966	1,136,838	14
Other Assets						
15		715, 716, 717	Special Funds	28,326	9,543	15
16		721, 721.5	Investments and Advances Affiliated Companies (Schedule 310 and 310A)	709,999	700,259	16
17		722, 723	Other Investments and Advances	250,293	214,656	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) \$11,442 and \$10,700 respectively	64,948	67,869	19
20		739, 741	Other Assets	28,648	11,445	20
21		743	Other Deferred Debits	11,654	11,348	21
22		744	Accumulated Deferred Income Tax Debits			22
23			TOTAL OTHER ASSETS	1,093,868	1,015,120	23
Road and Equipment						
24		731, 732	Road (Schedule 330, L-30 Col. h & b)	8,541,577	8,274,480	24
25		731, 732	Equipment (Schedule 330, L-39 Col. h & b)	4,822,100	4,666,412	25
26		731, 732	Unallocated Items	370,262	214,181	26
27		733, 735	Accumulated Depreciation and Amortization (Schedules 335, 342, 351)	(4,308,712)	(4,159,473)	27
28			Net Road and Equipment	9,425,227	8,995,600	28
29	*		TOTAL ASSETS	11,783,061	11,147,558	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 begin- ning of year (c)	Line No.
Current Liabilities						
30		751	Loans and Notes Payable	27,200	27,200	30
31		752	Accounts Payable: Interline and Other Balances	3,092	1,853	31
32		753	Audited Accounts and Wages	35,410	34,653	32
33		754	Other Accounts Payable	(1,055)	101	33
34		755, 756	Interest and Dividends Payable	35,295	14,779	34
35		757	Payables to Affiliated Companies		216,610	35
36		759	Accrued Accounts Payable	548,764	513,210	36
37		760, 761, 761.5, 762	Taxes Accrued	142,215	153,629	37
38		763	Other Current Liabilities	62,645	94,364	38
39		764	Equipment Obligations and Other Long-Term Debt due Within One Year	60,564	56,001	39
40			TOTAL CURRENT LIABILITIES	914,130	1,112,400	40
Non-Current Liabilities						
41		765, 767	Funded Debt Unmatured	7,653	7,851	41
42		766	Equipment Obligations	315,840	357,713	42
43		766.5	Capitalized Lease Obligations	226,641	182,895	43
44		768	Debt in Default			44
45		769	Accounts Payable; Affiliated Companies	32,307	22,115	45
46		770.1, 770 2	Unamortized Debt Premium	(2,794)	(3,247)	46
47		781	Interest in Default			47
48		783	Deferred Revenues-Transfers from Government Authorities			48
49		786	Accumulated Deferred Income Tax Credits	2,697,936	2,612,504	49
50		771, 772, 774, 775, 782, 784	Other Long-Term Liabilities and Deferred Credits	1,309,610	1,194,328	50
51			TOTAL NONCURRENT LIABILITIES	4,587,193	4,374,159	51
Shareholders' Equity						
52		791, 792	Total Capital Stock. (Schedule 230, L-53 & 54)			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)	524,272	524,272	56
57		797	Retained Earnings.			57
58		798	Appropriated			58
59		798.1	Unappropriated (Schedule 220)	5,176,167	4,572,269	59
60		798.5	Net Unrealized Gain (Loss) on Marketable Securities	414,609	397,768	60
61			Net of Tax			61
62			Less Treasury Stock			62
61			Net Stockholders' Equity	6,281,738	5,660,999	61
62			TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,783,061	11,147,558	62

NOTES AND REMARKS

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION—EXPLANATORY NOTES

The notes listed below are provided to disclose supplementary information on matters which 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) _____ CORESTATES BANK, N.A. (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) (i) Is any part of the pension plan fund invested in stock or other securities of the respondent or any of its affiliates? Specify Yes X No _____

If yes, give number of the shares for each class of stock or other security _____ SEE END OF NOTE 3, PAGE 10

(ii) 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 \$ 9.0 million

(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

Continued on following page.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION—EXPLANATORY NOTES

- 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 10.

(a) Changes in Valuation Accounts

8 Marketable Equity Securities. See Note 8 on page 12.

		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

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

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

(c) A net unrealized gain (loss) of \$ _____ on the sale of marketable equity securities was included in net income or _____ (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—Concluded

NOTES TO FINANCIAL STATEMENTS

3 Pension Plans

NS Rail's defined benefit pension plans, which principally cover salaried employees, are part of Norfolk Southern Corporation's (NS) retirement plans. Pension benefits are based primarily on years of creditable service with NS and its participating subsidiary companies and compensation rates near retirement. Contributions to the plans are made on the basis of not less than the minimum funding standards set forth in the Employee Retirement Income Security Act of 1974, as amended. Assets in the plans consist mainly of common stocks. The following data relate to the combined NS plans.

Pension Cost (Benefit) Components

	<u>1997</u>	<u>1996</u>
	(\$ in millions)	
Service cost-benefits earned during the year	\$ 11	\$ 12
Interest cost on projected benefit obligation	66	67
Actual return on assets in plan	(273)	(170)
Net amortization and deferral	<u>171</u>	<u>83</u>
Net pension benefit	<u>\$ (25)</u>	<u>\$ (8)</u>

Pension cost is determined based on an actuarial valuation that reflects appropriate assumptions as of 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>1997</u>	<u>1996</u>
Discount rate for determining funded status	7.25%	7.75%
Future salary increases	5.25%	5.25%
Return on assets in plans	9%	9%

The funded status of the plans and the amounts reflected in the accompanying balance sheets were as follows:

	<u>December 31,</u>			
	<u>1997</u>		<u>1996</u>	
	<u>Funded Plans</u>	<u>Unfunded Plans</u>	<u>Funded Plans</u>	<u>Unfunded Plans</u>
	(\$ in millions)			
Actuarial present value of benefit obligations:				
Vested benefits	\$ 810	\$ 62	\$ 759	\$ 59
Non-vested benefits	<u>2</u>	<u>—</u>	<u>1</u>	<u>—</u>
Accumulated benefit obligation	812	62	760	59
Effect of expected future salary increases	<u>78</u>	<u>4</u>	<u>68</u>	<u>5</u>
Projected benefit obligation	890	66	828	64
Fair value of assets in plans	<u>1,360</u>	<u>—</u>	<u>1,158</u>	<u>—</u>
Funded status	470	(66)	330	(64)
Unrecognized initial net asset	(23)	—	(30)	—
Unrecognized (gain) loss	(466)	24	(344)	21
Unrecognized prior service cost (benefit)	<u>9</u>	<u>(5)</u>	<u>2</u>	<u>3</u>
Net pension liability included in the balance sheets	<u>\$ (10)</u>	<u>\$ (47)</u>	<u>\$ (42)</u>	<u>\$ (40)</u>

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION—EXPLANATORY NOTES—Concluded**NOTES TO FINANCIAL STATEMENTS****3 Pension Plans (continued)**

(e)(i) Par value of pension plan investments in securities of the respondent or affiliates:

	<u>December 31,</u>	
	<u>1997</u>	<u>1996</u>
	(In thousands of dollars)	
Trailer Train Company, 6-1/2% Note, 04/17/97	<u>\$ —</u>	<u>308</u>

7. Commitments and Contingencies**Joint Acquisition of Conrail by NS**

On May 23, 1997, NS and CSX Corporation (CSX), through a jointly owned entity, completed the acquisition of Conrail Inc. (Conrail) stock that was tendered in response to the NS/CSX tender offer. On June 2, 1997, a merger subsidiary jointly controlled by NS and CSX was merged into Conrail. Pursuant to the merger, all previously outstanding Conrail stock either was canceled or was converted into the right to receive \$115 per share in cash. NS' share of the cost of the acquisition, plus NS' fees, totaled \$5.8 billion. NS has a 58% economic and 50% voting interest in the entity that owns Conrail. All Conrail stock owned by NS and CSX remains in a voting trust pending approval of the transaction by the Surface Transportation Board (STB). STB approval, while anticipated, cannot be assured, and a final decision is not expected to be effective prior to Aug. 22, 1998 (the "Control Date"). Should the STB not approve the transaction, NS could incur a significant loss on the disposition of its investment in Conrail. After approval, the financial statements of NS Rail will change significantly due to the inclusion of Conrail's revenues and operating expenses.

On June 10, 1997, NS and NS Rail (collectively, NSC), CSX, and Conrail entered into an agreement (the Transaction Agreement) covering division of Conrail's operations and use of Conrail's assets (collectively, the Transaction). The Transaction Agreement provides, among other things, for NSC and CSX after the Control Date: (1) separately to operate, pursuant to lease agreements, portions of the routes and assets now owned and operated by Conrail, and (2) jointly to operate other Conrail properties. In addition, Conrail will continue certain operations as agent for NSC and CSX. The Transaction Agreement and various other agreements between and among NSC, CSX, and Conrail also provide for the allocation between NSC and CSX of responsibility for certain known and contingent Conrail liabilities. The Transaction will be consummated as soon as practicable after STB approval. Closing is contingent upon, among other things, attainment of necessary labor implementing agreements, and a determination that implementation can be accomplished safely and without service disruptions, either of which might delay closing and realization of the expected transaction benefits. The STB has the authority to modify contract terms and impose conditions, including divestitures, grants of trackage rights, and limitations upon proposed operations.

Until the Control Date, Conrail will continue to be managed by its current Board of Directors and Management, and, due to regulatory constraints, NSC will not have complete access to Conrail's related books, records, and physical assets. Further, until the STB renders its final decision, NSC will not know with certainty which Conrail properties it will have responsibility for or control over pursuant to its agreements with CSX and Conrail, or the effects of any other conditions that may be imposed by the STB.

The Results of Operations (Schedule 210) for the year ended December 31, 1997, includes in Miscellaneous Income Charges a \$77 million charge incurred in conjunction with certain now-terminated commitments that provided financing for the proposed acquisition of all Conrail stock. This charge reduced net income by \$50 million.

Investment in Delaware Otsego Corporation by NS

On August 17, 1997, an agreement was reached with the Board of Directors of Delaware Otsego Corporation (DOC) providing for the acquisition of the stock of DOC by an entity organized jointly by Walter Rich (the CEO of DOC), NS and CSX. Through a series of transactions, all the stock of DOC was acquired by DOCP Acquisition LLC, the voting equity interests of which are owned 80% by Mr. Rich and 10% each by NS and CSX. Neither NS nor CSX controls DOC or its day-to-day operations.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION—EXPLANATORY NOTES—Concluded**NOTES TO FINANCIAL STATEMENTS****7 Commitments and Contingencies (continued)****Lawsuits**

Norfolk Southern Railway Company and certain subsidiaries are defendants in numerous lawsuits relating principally to railroad operations.

On Sept. 8, 1997, a state court jury in New Orleans returned a verdict awarding \$175 million in punitive damages against The Alabama Great Southern Railroad Company (AGS), a subsidiary of NS Rail. The verdict was returned in a class action suit involving some 8,000 individuals who claim to have been damaged as the result of an explosion and fire that occurred in New Orleans on Sept. 9, 1987, when a chemical called butadiene leaked from a tankcar.

The jury verdict awarded a total of nearly \$3.2 billion in punitive damages against four other defendants in the same case: two rail carriers, the owner of the car, and the shipper. Previously, the jury had awarded nearly \$2 million in compensatory damages to 20 individuals. Shortly after the trial, the Supreme Court of Louisiana ruled that under the Louisiana Class Action Statute, the trial court cannot enter a judgment for punitive damages until all compensatory damages have been determined. In view of the number of individual plaintiffs claiming compensatory damages, this process could take years.

Management will continue to monitor the progress of this litigation. If the jury verdict is not vacated or modified in an acceptable manner, appropriate appeals will be pursued. Management believes that the jury verdicts are both grossly excessive and without factual or legal justification.

While the final outcome of this matter and other lawsuits cannot be predicted with certainty, it is the opinion of Management, based on known facts and circumstances, that the amount of NS Rail's ultimate liability is unlikely to have a material adverse effect on NS Rail's financial position, results of operations, or liquidity.

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 can be reasonably estimated. Claims, if any, against third parties for recovery of clean-up 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.

As of December 31, 1997, NS Rail's balance sheet included a reserve for environmental exposures in the amount of \$56 million (of which \$12 million is accounted for as a current liability), which is NS Rail's estimate of the probable costs based on available information at 111 identified locations. On that date, 11 sites accounted for \$25 million of the reserve, 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 many of the 111 locations, Norfolk Southern Railway and/or certain of its 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 clean-up costs.

At one such site, the EPA alleged in 1995 that AGS, a subsidiary of NS Rail, is responsible — along with four other parties believed to be financially solvent and with two of which the EPA and state authorities have reached settlements — for past and future clean-up and monitoring costs at the Bayou Bonfouca NPL Superfund site located in Slidell, La. The EPA indicates that it has expended or expects to expend a total of approximately \$130 million at the site. NS Rail continues to contest liability on a variety of grounds, and trial now is scheduled to begin on February 22, 1999. The EPA bases its claim of NS Rail's liability on (a) the alleged activities in the 1880s of a company not at the time owned or controlled by an NS Rail subsidiary but acquired in 1916, and (b) certain servitudes possessed by that subsidiary only for a rail right-of-way.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION—EXPLANATORY NOTES—Concluded**NOTES TO FINANCIAL STATEMENTS****7 Commitments and Contingencies (continued)**

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 clean-up techniques, the likely development of new clean-up 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 — for acts and omissions, past, present and future — 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 in the past, land used as operating property, or which is leased or may have been 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 this time. Moreover, lawsuits and claims involving these and other now-unidentified environmental sites and matters are likely to arise from time to time. The resulting liabilities could have a significant effect on financial condition, results of operations, or liquidity in a particular year or quarter.

However, based on its assessments of the facts and circumstances now known, Management believes that it has recorded the probable costs for 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.

8. Marketable Equity Securities

	<u>December 31,</u>	
	<u>1997</u>	<u>1996</u>
	(In millions of dollars)	
Marketable equity securities, principally 21,757,902 shares of NS Common Stock at fair value (reflects three-for-one stock split to NS stockholders of record on Sept. 5, 1997)	\$ 664	\$ 639

Carrying value adjustments, which are non-cash transactions, are not included in the Combined Statement of Cash Flows. The gross unrealized holding gain was \$643 million at December 31, 1997, and \$618 million at December 31, 1996. The gains primarily reflect changes in the NS stock price.

9. Business Organization and Structure

On June 1, 1982, Southern Railway Company (SR) and Norfolk and Western Railway Company consummated a consolidation under the control of Norfolk Southern Corporation (NS). Following the consolidation, a number of general management functions were combined thereby increasing coordination of sales, marketing and other customer service functions. Effective December 31, 1990, SR's name was changed to "Norfolk Southern Railway Company," and NS contributed all the common stock of Norfolk and Western Railway Company to Norfolk Southern Railway Company. All the common stock of Norfolk Southern Railway Company is owned by NS.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION—EXPLANATORY NOTES—Concluded**NOTES TO FINANCIAL STATEMENTS****10. Related Parties***General*

NS is the parent holding company of NS Rail. The costs of functions performed by NS are charged to NS Rail. Rail operations are coordinated at the holding company level by the NS Executive Vice President-Operations.

Intercompany Accounts

	December 31.			
	1997		1996	
	(In millions of dollars)			
	<u>Balance</u>	<u>Average Interest Rate</u>	<u>Balance</u>	<u>Average Interest Rate</u>
Due from NS:				
Advances	\$ 752	5%	\$ 156	4%
Due to NS:				
Notes	<u>305</u>	7%	<u>221</u>	6%
Due (to) from NS - net	<u>\$ 447</u>		<u>\$ (65)</u>	

Interest is applied to certain advances at the average NS yield on short-term investments and to the notes at specified rates. Included in "Interest income" is \$15 million, \$14 million, and \$18 million in 1997, 1996, and 1995, respectively, related to amounts due from NS

Included in "Other interest expense" is \$17 million, \$14 million, and \$10 million in 1997, 1996, and 1995, respectively, related to amounts due to NS

Non-cash Dividends

In 1997, 1996, and 1995, NS Rail declared and issued to NS non-cash dividends of \$147 million, \$414 million, and \$300 million, respectively, which were settled by reduction of NS Rail's interest-bearing advances due from NS.

Non-cash dividends are excluded from the Consolidated Statements of Cash Flows.

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. On December 31, 1997 and December 31, 1996, NS Rail had long-term intercompany federal income tax payables (which are included in "Other long-term liabilities" on Schedule 200) of \$443 million and \$293 million, respectively.

Cash Required for NS Debt and NS Stock Purchase Program

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.

Since 1987, the NS Board of Directors has authorized the purchase and retirement of up to 285 million shares (post-split) of NS Common Stock. Since the first purchases in December 1987 and through Oct. 22, 1996, NS had purchased and retired 205.6 million shares (post-split) of its Common Stock under these programs at a cost of \$3.2 billion.

On Oct. 23, 1996, NS announced that the stock purchase program had been suspended. Future purchase decisions are dependent on the economy, cash needs, and alternative investment opportunities. Consistent with the earlier purchases, a significant portion of the funding for any future NS Common Stock purchases, either in the form of direct cash or cash used for debt service, is expected to be provided by NS Rail.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION—EXPLANATORY NOTES—Concluded**NOTES TO FINANCIAL STATEMENTS****11 Freight Rates and Regulated Traffic****Freight Rates**

In 1997, 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 economically regulated by the federal government. In general, market forces have been substituted for government regulation and now are the primary determinant of rail service prices.

In 1997, NS Rail was found by the STB to be "revenue adequate" based on results for the year 1996. A railroad is "revenue adequate" under the applicable law when its return on net investment exceeds the rail industry's composite cost of capital.

The revenue adequacy measure is one of several factors considered by the STB when it is called upon to rule on the reasonableness of regulated rates.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION—EXPLANATORY NOTES—Concluded

NOTES TO FINANCIAL STATEMENTS

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		Schedule 410	
Line 15, column (b)		= Line 62, column (b)	
Line 47 plus 48 plus 49, column (b)		= Line 63, column (b)	
Line 50, column (b)		= Line 64, column (b)	
Line 14, column (b)		= Line 620, column (h)	
Line 14, column (d)		= Line 620, column (f)	
Line 14, column (e)		= Line 620, column (g)	
Line 49, column (b)			

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	4,084,907	3,969,422	4,084,907		1
2		(102) Passenger					2
3		(103) Passenger-Related					3
4		(104) Switching	63,047	63,564	63,047		4
5		(105) Water Transfers					5
6		(106) Demurrage	32,322	29,519	32,322		6
7		(110) Incidental	42,373	38,533	42,373		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)	4,222,649	4,101,038	4,222,649		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)	4,222,649	4,101,038	4,222,649		13
14		(531) Railway operating expenses	3,009,865	2,936,193	3,009,865		14
15		Net revenue from railway operations	1,212,784	1,164,845	1,212,784		15
		OTHER INCOME					
16		(506) Revenue from property used in other than carrier operations	381	469			16
17		(510) Miscellaneous rent income	21,074	17,368			17
18		(512) Separately operated properties-Profit					18
19		(513) Dividend Income (cost method)	17,590	16,599			19
20		(514) Interest Income	30,501	29,609			20
21		(516) Income from sinking and other funds	280	330			21
22		(517) Release of premiums on funded debt	4	4			22
23		(518) Reimbursements received under contracts and agreements					23
24		(519) Miscellaneous income	81,160	98,792			24
		Income from affiliated companies: 519					
25		a. Dividends (equity method)					25
26		b. Equity in undistributed earnings (losses)	415	18			26
27		TOTAL OTHER INCOME (lines 16-26)	151,405	163,189			27
28		TOTAL INCOME (lines 15, 27)	1,364,189	1,328,034			28
		MISCELLANEOUS DEDUCTIONS FROM INCOME					
29		(534) Expenses of property used in other than carrier operations	8,842	10,446			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	90,609	11,044			34
35		(553) Uncollectible accounts					35
36		TOTAL MISCELLANEOUS DEDUCTIONS (lines 29-35)	99,451	21,490			36
37		Income available for fixed charges (lines 28, 36)	1,264,738	1,306,544			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	29,881	33,550	38
39		(b) Interest in default			39
40		(547) Interest on unfunded debt	102,149	104,292	40
41		(548) Amortization of discount on funded debt	469	489	41
42		TOTAL FIXED CHARGES (lines 38-41)	132,499	138,331	42
43		Income after fixed charges (lines 37, 42)	1,132,239	1,168,213	43
OTHER DEDUCTIONS					
		(546) Interest on funded debt:			
44		(c) Contingent interest	349	353	44
UNUSUAL OR INFREQUENT ITEMS					
45		(555) Unusual or infrequent items (debit) credit			45
46		Income (Loss) from continuing operations (before income taxes)	1,131,890	1,167,860	46
PROVISIONS FOR INCOME TAXES					
		(556) Income taxes on ordinary income:			
47	*	(a) Federal income taxes	277,696	276,978	47
48	*	(b) State income taxes	31,028	34,333	48
49	*	(c) Other income taxes			49
50	*	(557) Provision for deferred taxes	71,454	90,237	50
51		TOTAL PROVISIONS FOR INCOME TAXES (lines 47-50)	380,178	401,548	51
52		Income from continuing operations (lines 46+51)	751,712	766,312	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)	751,712	766,312	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 \$)			60
61	*	Net income (Loss) (lines 55+59+60)	751,712	766,312	61
Reconciliation of net railway operating income(NROI)					
62		Net revenues from railway operation	1,212,784	1,164,845	62
63	*	(556) Income taxes on ordinary income (-)	(308,724)	(311,311)	63
64	*	(557) Provision for deferred income taxes (-)	(71,454)	(90,237)	64
65		Income from lease of road and equipment (-)			65
66		Rent for leased roads and equipment (+)	25,870	24,428	66
67		Net railway operating income (loss)	858,476	787,725	67

NOTES AND REMARKS FOR SCHEDULES 210 AND 220

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 Line 3 (line 7 if debit balance), column (c), should agree with line 26, column (b), Schedule 210. 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	Equity in undistributed earnings (losses) of affiliated companies	Line No.
		(a)	(b)	(c)	
1		Balances at beginning of year	4,572,269		1
2		(601.5) Prior period adjustments to beginning retained earnings			2
		CREDITS			
3	*	(602) Credit balance transferred from income	751,712		3
4		(603) Appropriations released			4
5		(606) Other credits to retained earnings			5
6		TOTAL	751,712		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	147,814		11
12		Preferred stock (1)			12
13		TOTAL	147,814		13
14		Net increase (decrease) during year (line 6 minus line 13)	603,898		14
15	*	Balances at close of year (lines 1, 2 & 14)	5,176,167		15
16	*	Balances from line 15 (c)		N/A	16
17		Total unappropriated retained earnings and equity in undistributed earnings (losses) of affiliated companies at end of year	5,176,167	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 year \$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.

Line 11 Dividends*

Cash 460 Schedule 240, Line 34
Non-Cash 147,354 Note 10, Page 12
147,814

N/A - See Note on Schedule 310A, page 30

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 canceled 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									4
5									5
6									6
7	Preferred:								7
8	Southern cumulative preferred stock is considered								8
9	"minority interest" for purposes of this report.								9
10	TOTAL	N/A	50,000,500	16,669,497		16,669,497	\$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		Additional Capital (h)	Line No.
		Number of Shares (b)	Amount (c)	Number of Shares (d)	Amount (e)	Number of Shares (f)	Amount (g)		
11	Balance at beginning of year				\$166,690			\$524,272	11
12	Capital Stock Sold (1)								12
13	Capital Stock Reacquired								13
14	Capital Stock Canceled								14
15	Contribution to Capital, Note , page								15
16									16
17	Balance at close of year				\$166,690			\$524,272	17

(1) By footnote on page 17 state the purpose of the issue and authority.

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	751,712	766,312	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	(9,601)	(26,780)	11
12		Depreciation and amortization expenses	421,973	409,065	12
13		Increase (decrease) in provision for deferred income taxes	71,454	90,237	13
14		Net decrease (increase) in undistributed earnings (losses) of affiliates	(415)	(18)	14
15		Decrease (increase) in accounts receivable	(9,112)	(3,403)	15
16		Decrease (increase) in materials and supplies, and other current assets	(23,538)	(11,194)	16
17		Increase (decrease) in current liabilities other than debt	25,820	(54,337)	17
18		Increase (decrease) in other-net	118,422	29,400	18
19		Net cash provided from continuing operations (Lines 10-18)	1,346,715	1,199,302	19
20		Add (subtract) cash generated (paid) by reason of discontinued operations and extraordinary items	-	-	20
21		NET CASH PROVIDED FROM OPERATING ACTIVITIES (Lines 19 & 20)	1,346,715	1,199,302	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	53,384	94,671	22
23		Capital expenditures	(837,671)	(646,162)	23
24		Net change in temporary cash investments not qualifying as cash equivalents	23,675	37,332	24
25		Proceeds from sale/repayment of investment and advances	158,239	23,891	25
26		Purchase price of long-term investment and advances	(175,380)	(60,750)	26
27		Net decrease (increase) in sinking and other special funds	(878)	111	27
28		Advances to affiliated companies	(687,177)	(162,563)	28
29		NET CASH USED IN INVESTING ACTIVITIES (Lines 22-28)	(1,465,808)	(713,570)	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	12,658	9,624	30
31		Principal payments of long-term debt	(58,281)	(86,551)	31
32		Proceeds from issuance of capital stock	-	-	32
33		Purchase price of acquiring treasury stock	-	-	33
34		Cash dividends paid	(460)	(286,106)	34
35		Other-net	-	-	35
36		NET CASH FROM FINANCING ACTIVITIES (Lines 30-35)	(46,083)	(363,033)	36
37		NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (Lines 21, 29 & 36)	(165,176)	122,699	37
38		Cash and cash equivalents at beginning of the year	172,051	49,352	38
39		CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Lines 37 & 38)	6,875	172,051	39
		Footnotes to Schedule 240			
		Cash paid during the year for:			
40		Interest (net of amount capitalized)*	60,650	67,148	40
41		Income taxes (net)*	217,465	351,481	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	Source No.	Amount	Line No.
	(a)		(b)	
	CURRENT OPERATING ASSETS			
1	Interline and Other Balances (705)	Schedule 200, line 5, column b	33,994	1
2	Customers (706)	Schedule 200, line 6, column b	306,687	2
3	Other (707)	Note A	28,912	3
4	TOTAL CURRENT OPERATING ASSETS	Line 1 + 2 + 3	369,593	4
	OPERATING REVENUE			
5	Railway Operating Revenue	Schedule 210, line 13, column b	4,222,649	5
6	Rent Income	Note B	225,538	6
7	TOTAL OPERATING REVENUES	Lines 5 + 6	4,448,187	7
8	Average Daily Operating Revenues	Line 7 + 360 days	12,356	8
9	Current Operating Assets	Line 4 + line 8	30	9
10	Revenue Delay Days Plus Buffer	Lines 9 + 15 days	45	10
	CURRENT OPERATING LIABILITIES			
11	Interline and Other Balances (752)	Schedule 200, line 31, column b	3,092	11
12	Audited Accounts and Wages Payable (753)	Note A	35,410	12
13	Accounts Payable-Other (754)	Note A	(1,055)	13
14	Other Taxes Accrued (761.5)	Note A	93,151	14
15	TOTAL CURRENT OPERATING LIABILITIES	Sum of lines 11 to 14	130,598	15
	OPERATING EXPENSES			
16	Railway Operating Expenses	Schedule 210, line 14, column b	3,009,865	16
17	Depreciation	Schedule 410, lines 136, 137, 138, 213, 232, 317, column h	420,658	17
18	Cash Related Operating Expenses	Line 16 + line 6 - line 17	2,814,745	18
19	Average Daily Expenditures	Line 18 + 360 days	7,819	19
20	Operating Liabilities	Line 15 + line 19	17	20
21	Days of Working Capital Required	Line 10 - line 20 (Note C)	28	21
22	Cash Working Capital Required	Line 21 x line 19	218,932	22
23	Cash and Temporary Cash Balance	Schedule 200, line 1 + line 2, column b	126,577	23
24	Cash Working Capital Allowed	Lesser line 22 and line 23	126,577	24
	MATERIALS AND SUPPLIES			
25	Total Material and Supplies (712)	Note A	57,730	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	57,730	27
28	TOTAL WORKING CAPITAL	Line 24 + line 27	184,307	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 19__ to 19__." 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)	14.28	5
6				Traller-Train Co. (6)	6.80	6
7				Algiers 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
15						15
16						16
17				Total A-1		17
18						18
19						19
20		A-3	VI	Green Real Estate Co. (14)	33.33	20
21			X	Norfolk Southern Corp. (15)		21
22						22
23				Total A-3		23
24						24
25		D-1	VII	Trailer Train Co. - Notes 6 1/2%		25
26				Trailer Train Co. - Notes 7 1/2%		26
27				Total D-1		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 87.50%

(6) Controlled jointly-other RRs own 93.20%

(7) Zeigler Coal Co. 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	236			236		226		20
21	638,232	25,385		663,617			17,406	21
22								22
23	638,468	25,385		663,853		226	17,406	23
24								24
25	1,478		1,478				33	25
26	1,786			1,786			134	26
27	3,264		1,478	1,786			167	27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36			* Carrying value is zero					36
37								37
38								38

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

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

(15) Line 21, col. (g) see note 8, page 12

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				Total E-1		10
11						11
12						12
13		E-3	X	Pocahontas Land Corp.		13
14			X	Norfolk Southern Corporation		14
15			VI	Southern Region Industrial Realty, Inc.		15
16				Total E-3		16
17						17
18		**	VII	Triple Crown Services Co.	(a) 50.00	18
19				Total		19
20				Total 721		20
21						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

** Investment in and/or advances to partnerships

(a) NS Crown Services, Inc., 50% general partner, along with other general partner TCV, Inc., a subsidiary of Conrail.

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			19	5
6	5			5				6
7	5			5				7
8	10			10				8
9								9
10	4,551			4,551			19	10
11								11
12								12
13	16,300		16,300				962	13
14	24,002			24,002				14
15	383			383				15
16	40,685		16,300	24,385			962	16
17								17
18	3,875	2,099		5,974				18
19	3,875	2,099		5,974				19
20								20
21	692,757	27,484	17,778	702,463		246	18,554	21
22								22
23				(246)	721.5 Total			23
24				7,782	Sch. 310A Total			24
25				709,999				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

* Carrying value is zero

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	Winston-Salem Southbound Rwy.	6,948		135			7,083	2
3	Augusta and Summerville	56					56	3
4	Central Transfer and Storage Co	6	(1)	1			6	4
5	Algers Winslow and Western	736	(374)	273			635	5
6	Woodstock and Blocton	2	(6)	6			2	6
7	Total Carriers	7,748	(381)	415			7,782	7
8								8
9								9
10								10
11								11
12								12
Noncarrier: (List specifics for each company)								
13	NOTE:							13
14	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.							14
15								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								22
23								23
24								24
25								25
26								26

NOTES AND REMARKS

SCHEDULE 335

Column (D) Other Credits

137,890	Adjustments of Accumulated Reserves to Reflect Results of Latest Reserve Study.
7,483	Reclassification of Freight Cars to Work Equipment
<u>33,419</u>	Adjustment of Excess Reserves to Reflect Results of Latest Reserve Study
<u>178,792</u>	

Column (F) Other Debits

171,676	Adjustments of Accumulated Reserves to Reflect Results of Latest Reserve Study.
7,483	Reclassification of Freight Cars to Work Equipment.
<u>179,159</u>	

Reconciliation of Depreciation Expense to Schedule 410Road (Column (c))

220,880	Schedule 410
<u>2,295</u>	Shop Machinery
<u>223,175</u>	Total
212,097	Line 30 Schedule 335
179	Line 41 Schedule 339
<u>10,899</u>	Line 41 Schedule 342
<u>223,175</u>	Total

Equipment (Column (c))

199,778	Schedule 410
<u>(2,295)</u>	Shop Machinery
<u>197,483</u>	Total
197,483	Line 40 Schedule 335

Reconciliation of Accumulated Depreciation and Amortization to Schedule 200

4,190,454	Line 335, Line 41, Column (g)
<u>118,258</u>	Schedule 342, Line 41, Column (g)
<u>4,308,712</u>	
<u>4,308,712</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	149,496			1
2		(3) Grading	478,113			2
3		(4) Other, right-of-way expenditures	4,852			3
4		(5) Tunnels and subways	44,584			4
5		(6) Bridges, trestles, and culverts	630,805			5
6		(7) Elevated structures	37,106			6
7		(8) Ties	1,662,935			7
8		(9) Rail and other track material	2,581,051			8
9		(11) Ballast	717,017			9
10		(13) Fences, snow sheds, and signs	6,509			10
11		(16) Station and office buildings	285,239			11
12		(17) Roadway buildings	32,874			12
13		(18) Water stations	1,727			13
14		(19) Fuel stations	16,699			14
15		(20) Shops and enginehouses	161,402			15
16		(22) Storage warehouses	3,864			16
17		(23) Wharves and docks	4,243			17
18		(24) Coal and ore wharves	118,774			18
19		(25) TOFC/COFC terminals	136,378			19
20		(26) Communications systems	234,229			20
21		(27) Signals and interlocker	437,065			21
22		(29) Power plants	2,678			22
23		(31) Power-transmissions systems	19,278			23
24		(35) Miscellaneous structures	12,409			24
25		(37) Roadway machines	198,247			25
26		(39) Public improvements-Construction	188,129			26
27		(44) Shop machinery*	93,963			27
28		(45) Power-plant machinery	14,814			28
29		Other (specify and explain)	0			29
30		TOTAL EXPENDITURES FOR ROAD	8,274,480			30
31		(52) Locomotives	1,596,046			31
32		(53) Freight-train cars	2,567,624			32
33		(54) Passenger-train cars	0			33
34		(55) Highway revenue equipment	60,061			34
35		(56) Floating equipment	669			35
36		(57) Work equipment	134,568			36
37		(58) Miscellaneous equipment	157,857			37
38		(59) Computer systems and word processing equip	149,587			38
39		TOTAL EQUIPMENT	4,666,412			39
40		(76) Interest during construction	217			40
41		(80) Other elements of investment	0			41
42		(90) Construction in progress	213,964			42
43		GRAND TOTAL	13,155,073			43

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		3,551	549	3,002	152,498	1
2		1,613	9,140	(7,527)	470,586	2
3		113	0	113	4,965	3
4		0	11	(11)	44,573	4
5		24,327	3,636	20,691	651,496	5
6		637	(279)	916	38,022	6
7		103,102	35,497	67,605	1,730,540	7
8		105,210	56,264	48,946	2,629,997	8
9		40,623	14,352	26,271	743,288	9
10		28	19	9	6,518	10
11		30,792	17,910	12,882	298,121	11
12		307	48	259	33,133	12
13		0	1,727	(1,727)	0	13
14		907	126	781	17,480	14
15		2,264	1,055	1,209	162,611	15
16		341	62	279	4,143	16
17		4	1,414	(1,410)	2,833	17
18		3,656	(2,523)	6,179	124,953	18
19		2,708	(5,152)	7,860	144,238	19
20		35,366	(449)	35,815	270,044	20
21		19,053	1,947	17,106	454,171	21
22		0	0	0	2,678	22
23		339	210	129	19,407	23
24		331	(345)	676	13,085	24
25		30,072	6,408	23,664	221,911	25
26		22,123	4,067	18,056	206,185	26
27		4,135	18,804	(14,669)	79,294	27
28		0	7	(7)	14,807	28
29		0	0	0	0	29
30		431,602	164,505	267,097	8,541,577	30
31		143,411	27,706	115,705	1,711,751	31
32		112,034	95,646	16,388	2,584,012	32
33		0	0	0	0	33
34		5	3,460	(3,455)	56,606	34
35		0	0	0	669	35
36		5,531	(4,904)	10,435	145,003	36
37		10,456	11,627	(1,171)	156,686	37
38		23,865	6,079	17,786	167,373	38
39		295,302	139,614	155,688	4,822,100	39
40		0	217	(217)	0	40
41		0	0	0	0	41
42		156,861	563	156,298	370,262	42
43		883,765	304,899	578,866	13,733,939	43

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

- 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 therefor 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 Commission, 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.
- 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
- 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.
- 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
- Disclosures in the respective sections of this schedule may be omitted if either total road leased from other 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		Balance at close of year (g)	
		1/1 At beginning of year (b)	12/1 At close of year (c)		At beginning of year (e)	At close of year (f)		
	ROADWAY							
1	(3) Grading	428,026	423,037	1.00%				1
2	(4) Other, right-of-way expenditures	4,372	6,369	1.00%				2
3	(5) Tunnels and subways	44,582	44,571	0.74%				3
4	(6) Bridges, trestles, and culverts	605,699	619,226	1.08%				4
5	(7) Elevated structures	37,107	38,022	10.00%				5
6	(8) Ties	1,501,178	1,560,784	4.07%				6
7	(9) Rail and other track material	2,350,805	2,390,074	2.41%				7
8	(11) Ballast	650,772	674,752	2.44%				8
9	(13) Fences, snow sheds, and signs	6,169	6,169	1.05%				9
10	(16) Station and office buildings	273,519	296,081	2.74%	NOT APPLICABLE			10
11	(17) Roadway buildings	32,660	32,918	2.78%				11
12	(18) Water stations	0	0	0.00%	5% RULE			12
13	(19) Fuel stations	15,329	16,018	3.70%				13
14	(20) Shops and enginehouses	152,509	153,314	2.13%				14
15	(22) Storage warehouses	3,864	4,143	2.50%				15
16	(23) Wharves and docks	1,990	659	2.07%				16
17	(24) Coal and ore wharves	118,774	124,851	2.38%				17
18	(25) TOFC/COFC terminals	130,578	140,593	3.13%				18
19	(26) Communications systems	230,676	261,011	4.75%				19
20	(27) Signals and interlocker	409,696	425,003	1.96%				20
21	(29) Power plants	2,661	2,661	3.33%				21
22	(31) Power-transmissions systems	18,650	18,808	2.50%				22
23	(35) Miscellaneous structures	10,723	11,384	3.33%				23
24	(37) Roadway machines	197,828	220,250	5.70%				24
25	(39) Public improvements-Construction	175,678	189,832	1.67%				25
26	(44) Shop machinery	92,465	78,876	2.82%				26
27	(45) Power-plant machinery	14,759	14,759	2.86%				27
28	All other road accounts							28
29	Amortization (Adjustments)							29
30	TOTAL ROAD	7,511,069	7,754,165	2.61%				30
	EQUIPMENT							
31	(52) Locomotives	1,594,704	1,710,248	3.86%				31
32	(53) Freight-train cars	2,567,576	2,573,592	3.02%				32
33	(54) Passenger-train cars	0	0	0.00%				33
34	(55) Highway revenue equipment	60,060	56,784	6.00%				34
35	(56) Floating equipment	669	669	3.33%				35
36	(57) Work equipment	134,179	143,205	2.47%				36
37	(58) Miscellaneous equipment	157,624	156,454	8.81%				37
38	(59) Computer systems and word processing equipment	149,387	167,884	20.00%				38
39	TOTAL EQUIPMENT	4,664,199	4,808,836	3.96%				39
40	GRAND TOTAL	12,175,268	12,563,001	3.10%				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	186,158	4,272		4,565	630	185,235	1
2		(4) Other, right-of-way expenditures	1,003	48		0	10	1,041	2
3		(5) Tunnels and subways	16,877	330		11	131	17,065	3
4		(6) Bridges, trestles, and culverts	144,171	6,636		3,512	17,419	129,876	4
5		(7) Elevated structures	16,520	3,762		2	13	20,267	5
6		(8) Ties	510,820	62,559	47,341	45,099		575,621	6
7		(9) Rail and other track material	560,948	59,596	36,234	43,871		612,907	7
8		(11) Ballast	132,476	16,254	17,163	13,746		152,147	8
9		(13) Fences, snow sheds, and signs	2,251	65	888	19		3,185	9
10		(16) Station and office buildings	80,632	8,075	16,273	12,701		92,279	10
11		(17) Roadway buildings	14,216	911	165	47		15,245	11
12		(18) Water stations	543	0	1,252	1,795		0	12
13		(19) Fuel stations	5,732	587		137	403	5,779	13
14		(20) Shops and enginehouses	61,264	3,271		1,041	4,952	58,542	14
15		(22) Storage warehouses	332	98	84	32		482	15
16		(23) Wharves and docks	635	20	2,855	421		3,089	16
17		(24) Coal and ore wharves	36,269	2,916	2,145	24		41,306	17
18		(25) TOFC/COFC terminals	24,064	4,376	841	261		29,020	18
19		(26) Communications systems	108,688	11,462		2,168	24,745	93,237	19
20		(27) Signals and interlocker	94,779	8,254		1,910	2,948	98,175	20
21		(29) Power plants	1,099	88	298	0		1,485	21
22		(31) Power-transmissions systems	8,389	469		97	331	8,430	22
23		(35) Miscellaneous structures	2,910	373	474	1		3,756	23
24		(37) Roadway machines	75,555	11,873		5,624	1,281	80,523	24
25		(39) Public improvements-Construction	23,810	3,085	4,502	3,748		27,649	25
26		(44) Shop machinery*	28,986	2,295	6,492	18,177		19,596	26
27		(45) Power-plant machinery	6,207	422		7	1,103	5,519	27
28		All other road accounts	0					0	28
29		Amortization (Adjustments)	0					0	29
30		TOTAL ROAD	2,145,334	212,097	137,007	159,016	53,966	2,281,456	30
31	*	(52) Locomotives	640,971	65,022		21,900	37,682	646,411	31
32	*	(53) Freight-train cars	1,020,684	79,705		59,903	53,360	987,126	32
33	*	(54) Passenger-train cars	498	0		498	0	0	33
34	*	(55) Highway revenue equipment	34,612	3,524		2,871	4,132	31,133	34
35	*	(56) Floating equipment	324	22	323	0		669	35
36	*	(57) Work equipment	50,101	3,425	7,483	3,977	8,588	48,444	36
37	*	(58) Miscellaneous equipment	56,061	13,072	560	10,380		59,313	37
38		(59) Computer systems and word processing equipment	72,840	32,713		6,111	21,431	78,011	38
39	*	Amortization Adjustments	24,472	0	33,419	0	0	57,891	39
40		TOTAL EQUIPMENT	1,900,563	197,483	41,785	105,640	125,193	1,908,998	40
41		GRAND TOTAL	4,045,897	409,580	178,792	264,656	179,159	4,190,454	41

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

See Notes on Page 31

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	3,039	179				3,218	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 Commission, 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 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)	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	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	402,993	411,797	2.73%	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 35. 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 35.
- 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.	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		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	113,576	10,899	0	6,217	0	118,258	41

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

NOTES AND REMARKS FOR SCHEDULE 342

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 earned 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 includible 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 Commission's Bureau of Accounts, 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 accounts 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 If total road leased to others is less than 5% to total road owned, omit. If total equipment leased to others is less than 5% of total equipment owned omit. However, Line 39, Grand Total, should be completed

Line No.	Account (a)	Depreciation base		Annual composite rate (percent) (d)	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 "Other credits" and "Other debits," state the facts occasioning such entries. A debit balance in columns (b) or (g) for any primary account should be shown in parenthesis or designated "Dr."
4. Details 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 therefor 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	13,056	13,733,939	4,308,712	1
2						2
3	L	C & C Railroad Company	2	0		3
4	L	Cincinnati Southern Railway	335	53,089		4
5	L	North Carolina Railroad	313	7,939	2,351	5
6	L	Pittsburgh & West Virginia Railroad	121	49,837	20,518	6
7	L	P & WV Subleased to Wheeling & Lake Erie	(121)	(49,837)	(20,518)	7
8		SUB-TOTAL	650	61,028	2,351	8
9						9
10	O	Baltimore & Ohio Railroad		53		10
11	O	Carolina Aluminum company	11	674		11
12	O	Central Transfer & Storage		12		12
13	O	Chicago & Illinois Midland Railway Company	10	13		13
14	O	Georgia Railroad & Banking Company		2		14
15	O	United States Government	6	0		15
16		SUB-TOTAL	27	754	0	16
17						17
18		Less Lines Leased to or Operated by Others				18
19	R	Aberdeen Carolina Western	104	14,907		19
20	R	Adrianne Blissfield Railroad	2	246		20
21	R	BN Railroad	27	2,864		21
22	R	C & NC Railroad	22	2,477		22
23	R	C S X, Corp	20	2,893		23
24	R	Carolina Coastal Railway	17	2,457		24
25	R	Central Railroad Company of Indianapolis	70	8,101		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	Chattanooga Chickamauga Railway	68	7,545		26
27	R	Chesapeake & Albemarle Railway	73	9,701		27
28	R	Commonwealth Railway Company	13	1,345		28
29	R	Eastern Shore Railroad	5	558		29
30	R	Georgia & Florida Railway Company	58	7,559		30
31	R	Georgia Southwestern Railway	50	5,497		31
32	R	Great Walton Railroad Company	27	3,453		32
33	R	Hoosier Southern Railroad	16	2,251		33
34	R	Indiana & Ohio Railway Company	2	184		34
35	R	Iowa Interstate	14	1,496		35
36	R	Metra	33	3,540		36
37	R	Ogeechee Railway	57	7,778		37
38	R	Pickens Railroad Company	8	1,501		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	Yadkin Valley Railroad	102	9,251		42
43		SUB-TOTAL	955	118,412	0	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						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	12,778	13,677,309	4,311,063	75

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	151,973	6,024		1	1
2		(3) Grading	450,082	23,628		12	2
3		(4) Other, right-of-way expenditures	4,965	137			3
4		(5) Tunnels and subways	44,573	5,574			4
5		(6) Bridges, trestles, and culverts	647,859	12,167		71	5
6		(7) Elevated structures	38,022	0			6
7		(8) Ties	1,689,127	1,757		225	7
8		(9) Rail and other track material	2,594,643	9,549		337	8
9		(11) Ballast	727,647	3,103		97	9
10		(13) Fences, snow sheds, and signs	6,449	194			10
11		(16) Station and office buildings	297,447	2,182			11
12		(17) Roadway buildings	33,116	79			12
13		(18) Water stations	0	30			13
14		(19) Fuel stations	17,480	84			14
15		(20) Shops and enginehouses	162,569	119			15
16		(22) Storage warehouses	4,143	40			16
17		(23) Wharves and docks	2,768	37			17
18		(24) Coal and ore wharves	124,953	0			18
19		(25) TOFC/COFC terminals	144,238	0			19
20		(26) Communications systems	269,935	275		5	20
21		(27) Signals and interlocker	453,953	945		3	21
22		(29) Power plants	2,678	0			22
23		(31) Power-transmissions systems	19,407	38			23
24		(35) Miscellaneous structures	13,079	14			24
25		(37) Roadway machines	221,911	0			25
26		(39) Public improvements-Construction	206,047	1,996		3	26
27		(44) Shop machinery*	79,294	52			27
28		(45) Power-plant machinery	14,807	9			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	8,423,165	72,032	0	754	31
32		(52) Locomotives	1,711,751				32
33		(53) Freight-train cars	2,584,012				33
34		(54) Passenger-train cars	0				34
35		(55) Highway revenue equipment	56,606				35
36		(56) Floating equipment	669				36
37		(57) Work equipment	145,003				37
38		(58) Miscellaneous equipment	156,686				38
39		(59) Computer systems and word processing equip	167,373				39
40		TOTAL EQUIPMENT	4,822,100	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	370,262	17			43
44		GRAND TOTAL	13,615,527	61,028	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 139, 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)		
	Schedule 414		Schedule 415
Line 231, column (f)	Line 19, columns (b) through (d)	Lines 207, 208, 211, 212, column (f)	Lines 5, 38, column (f)
Line 230, column (f)	Line 19, columns (e) through (g)	Lines 226, 227, column (f)	Lines 24, 39, column (f)
		Lines 311, 312, 315, 316, column (f)	Lines 32, 35, 36, 37, 40, 41, column (f)
	Schedule 417		And
Line 507, column (f)	Line 1, column (f)		Schedule 414
Line 508, column (f)	Line 2, column (f)		Minus line 24, columns (b) through (d) plus line 24, columns (e) through (g)
Line 509, column (f)	Line 3, column (f)		
Line 510, column (f)	Line 4, column (f)		Schedule 415
Line 511, column (f)	Line 5, column (f)		Lines 5, 38, columns (c) and (d)
Line 512, column (f)	Line 6, column (f)		Lines 24, 39, columns (c) and (d)
Line 513, column (f)	Line 7, column (f)		Lines 32, 35, 36, 37, 40, 41, columns (c) and (d)
Line 514, column (f)	Line 8, column (f)		
Line 515, column (f)	Line 9, column (f)		Lines 5, 38, column (b)
Line 516, column (f)	Line 10, column (f)		
Line 517, column (f)	Line 11, column (f)		
	Schedule 210		
Line 4, column (b)	Line 47, column (b)	Line 202, 203, 216, column (f), equal to or greater than, but variance cannot exceed line 216, column (f)	Lines 24, 39, 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 Comissior'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- ADMINISTRATION.								
1		Track	18,888	514	934	2,937	23,273		23,273	1
2		Bridge and Building	7,392	125	318	587	8,422		8,422	2
3		Signal	6,948	(137)	420	381	7,612		7,612	3
4		Communication	3,397	55	2,655	274	6,381		6,381	4
5		Other	12,646		1	(344)	12,303		12,303	5
		TOTAL ADMINISTRATION	49,271	557	4,328	3,835	57,991		57,991	
		REPAIR AND MAINTENANCE-								
6		Roadway - Running	11,351	833	9,981	9	22,174		22,174	6
7		Roadway - Switching	1,063	33	450		1,546		1,546	7
8		Tunnels and Subways - Running	9		15	2	26		26	8
9		Tunnels and Subways - Switching								9
10		Bridges and Culverts - Running	12,534	1,075	6,261	2,020	21,890		21,890	10
11		Bridges and Culverts - Switching	791	98	463	162	1,514		1,514	11
12		Ties - Running	4,143	1,451	15		5,609		5,609	12
13		Ties - Switching	304	346			650		650	13
14		Rail and Other Track Material - Running	25,954	4,221	7,162	5,298	42,635		42,635	14
15		Rail and Other Track Material - Switching	2,377	576	582	402	3,937		3,937	15
16		Ballast - Running	4,879	1,047	974		6,900		6,900	16
17		Ballast - Switching	460	131	94		685		685	17
18		Road Property Damaged - Running	1,858	2,157	367	23	4,405		4,405	18
19		Road Property Damaged - Switching								19
20		Road Property Damaged - Other	15	104	462	2	583		583	20
21		Signals and Interlockers - Running	11,421	4,347	(651)	966	16,083		16,083	21
22		Signals and Interlockers - Switching	584	55		10	649		649	22
23		Communications Systems	3,271	2,185	9,595	30	15,081		15,081	23
24		Power Systems	109	118			227		227	24
25		Highway Grade Crossings- Running	2,693	1,087	1,634	386	5,800		5,800	25
26		Highway Grade Crossings- Switching		14	46		60		60	26
27		Station and Office Buildings	2,544	564	5,357	122	8,587		8,587	27
28		Shop Buildings - Locomotives	1,865	1,411	1,721		4,997		4,997	28
29		Shop Buildings - Freight Cars	1,138	1,484	1,041		3,663	N/A	3,663	29
30		Shop Buildings - Other Equipment	(2)		3		1		1	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)			
101		REPAIR AND MAINTENANCE - Continued:								
		Locomotive Servicing Facilities	1		29		30		30	101
102		Miscellaneous Buildings and Structures	784	161	880		1,825		1,825	102
103		Coal Terminals	2,081	1,921	2,127		6,129	N/A	6,129	103
104		Orb Terminals						N/A	N/A	104
105		Other Marine Terminals						N/A	N/A	105
106		TOFC/COFC Terminals	10	1,935	1,849		3,794	N/A	3,794	106
107		Motor Vehicle Loading and Distribution Facilities						N/A		107
108		Facilities for Other Specialized Service Operations	123	868	749	56	1,796	N/A	1,796	108
109		Roadway Machines	5,823	7,588	1,546	301	15,258		15,258	109
110		Small Tools and Supplies	3	13,995	749		14,747		14,747	110
111		Snow Removal	829	224	624	1	1,678		1,678	111
112		Fringe Benefits - Running	N/A	N/A	N/A	23,903	23,903		23,903	112
113		Fringe Benefits - Switching	N/A	N/A	N/A	1,737	1,737		1,737	113
114		Fringe Benefits - Other	N/A	N/A	N/A	20,986	20,986		20,986	114
115		Casualties and Insurance - Running	N/A	N/A	N/A	24,203	24,203		24,203	115
116		Casualties and Insurance - Switching	N/A	N/A	N/A	600	600		600	116
117		Casualties and Insurance - Other	N/A	N/A	N/A	7,209	7,209		7,209	117
118	*	Lease Rentals - Debit - Running	N/A	N/A	25,870	N/A	25,870		25,870	118
119	*	Lease Rentals - Debit - Switching	N/A	N/A		N/A				119
120	*	Lease Rentals - Debit - Other	N/A	N/A		N/A				120
121	*	Lease Rentals - (Credit) - Running	N/A	N/A	12,922	N/A	12,922		12,922	121
122	*	Lease Rentals - (Credit) - Switching	N/A	N/A	(4,727)	N/A	(4,727)		(4,727)	122
123	*	Lease Rentals - (Credit) - Other	N/A	N/A		N/A				123
124		Joint Facility Rent - Debit - Running	N/A	N/A	13,339	N/A	13,339		13,339	124
125		Joint Facility Rent - Debit - Switching	N/A	N/A	483	N/A	483		483	125
126		Joint Facility Rent - Debit - Other	N/A	N/A	264	N/A	264		264	126
127	*	Joint Facility Rent - (Credit) - Running	N/A	N/A	(2,710)	N/A	(2,710)		(2,710)	127
128	*	Joint Facility Rent - (Credit) - Switching	N/A	N/A	(615)	N/A	(615)		(615)	128
129	*	Joint Facility Rent - (Credit) - Other	N/A	N/A	(66)	N/A	(66)		(66)	129
130	*	Other Rents - Debit - Running	N/A	N/A	284	N/A	284		284	130
131	*	Other Rents - Debit - Switching	N/A	N/A		N/A				131
132	*	Other Rents - Debit - Other	N/A	N/A	481	N/A	481		481	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		N/A				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)			
136	*	REPAIR AND MAINTENANCE - Continued:								
		Depreciation - Running	N/A	N/A	N/A	137,062	137,062		137,062	136
137	*	Depreciation - Switching	N/A	N/A	N/A	10,667	10,667		10,667	137
138	*	Depreciation - Other	N/A	N/A	N/A	73,151	73,151		73,151	138
139		Joint Facility - Debit - Running	N/A	N/A	16,896	N/A	16,896		16,896	139
140		Joint Facility - Debit - Switching	N/A	N/A	2,902	N/A	2,902		2,902	140
141		Joint Facility - Debit - Other	N/A	N/A	312	N/A	312		312	141
142		Joint Facility - (Credit) - Running	N/A	N/A	(5,855)	N/A	(5,855)		(5,855)	142
143		Joint Facility - (Credit) - Switching	N/A	N/A	(410)	N/A	(410)		(410)	143
144		Joint Facility - (Credit) - Other	N/A	N/A	(432)	N/A	(432)		(432)	144
145		Dismantling Retired Road Property - Running	3				3		3	145
146		Dismantling Retired Road Property - Switching								146
147		Dismantling Retired Road Property - Other								147
148		Other - Running	2,061	(165)	605	453	2,954		2,954	148
149		Other - Switching		3	40		43		43	149
150		Other - Other	(109)	(596)	-	(321)	(1,026)		(1,026)	150
		TOTAL REPAIR AND MAINTENANCE	100,970	49,271	113,708	309,440	573,389		573,389	
151		TOTAL WAY AND STRUCTURES	150,241	49,828	118,036	313,275	631,380		631,380	151
		EQUIPMENT:								
		LOCOMOTIVES:								
201		Administration	11,995	238	217	385	12,835		12,835	201
202	*	Repair and Maintenance	29,827	51,124	2,734	(22)	83,663		83,663	202
203	*	Machinery Repair	1,170	1,889	635		3,694		3,694	203
204		Equipment Damaged	298	383			681		681	204
205		Fringe Benefits	N/A	N/A	N/A	14,051	14,051		14,051	205
206		Other Casualties and Insurance	N/A	N/A	N/A	7,539	7,539		7,539	206
207	*	Lease Rentals - Debit	N/A	N/A	432	N/A	432		432	207
208	*	Lease Rentals - (Credit)	N/A	N/A	(12,056)	N/A	(12,056)		(12,056)	208
209		Joint Facility Rent - Debit	N/A	N/A	105	N/A	105		105	209
210	*	Joint Facility Rent - (Credit)	N/A	N/A		N/A				210
211	*	Other Rents - Debit	N/A	N/A	23	N/A	23		23	211
212	*	Other Rents - (Credit)	N/A	N/A	(23)	N/A	(23)		(23)	212
213	*	Depreciation	N/A	N/A	N/A	65,385	65,385		65,385	213
214		Joint Facility - Debit	N/A	N/A	132	N/A	132		132	214
215		Joint Facility - (Credit)	N/A	N/A	(26)	N/A	(26)		(26)	215
216	*	Repairs Billed to Others - (Credit)	N/A	N/A		N/A				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:	1,885	39			1,924		1,924	218
219		Other	45,175	53,673	(7,827)	87,338	178,359		178,359	219
220		TOTAL LOCOMOTIVES								
221		FREIGHT CARS:								
222		Administration	31,349	1,172	455	1,465	34,441		34,441	220
223	*	Repair and Maintenance	29,945	29,270	43,407	(737)	101,885		101,885	221
224	*	Machinery Repair	2,490	3,047	1,199		6,736		6,736	222
225		Equipment Damaged	420	(211)			209		209	223
226		Fringe Benefits	N/A	N/A	N/A	21,218	21,218		21,218	224
227		Other Casualties and Insurance	N/A	N/A	N/A	12,518	12,518		12,518	225
228	*	Lease Rentals - Debit	N/A	N/A	23,071	N/A	23,071		23,071	226
229	*	Lease Rentals - (Credit)	N/A	N/A	(12,225)	N/A	(12,225)		(12,225)	227
230		Joint Facility Rent - Debit	N/A	N/A	7	N/A	7		7	228
231	*	Joint Facility Rent - (Credit)	N/A	N/A		N/A				229
232	*	Other Rents - Debit	N/A	N/A	335,509	N/A	335,509		335,509	230
233	*	Other Rents - (Credit)	N/A	N/A	(176,577)	N/A	(176,577)		(176,577)	231
234		Depreciation	N/A	N/A	N/A	81,477	81,477		81,477	232
235		Joint Facility - Debit	N/A	N/A	46	N/A	46		46	233
236		Joint Facility - (Credit)	N/A	N/A	(80)	N/A	(80)		(80)	234
237	*	Repairs Billed to Others - (Credit)	N/A	N/A	(35,284)	N/A	(35,284)		(35,284)	235
238		Dismantling Retired Property								236
301		Other	3,716	22			3,750		3,750	237
302		TOTAL FREIGHT CARS	67,920	33,300	179,528	115,953	396,701		396,701	238
303		OTHER EQUIPMENT:								
304		Administration	443	178	148	872	1,641		1,641	301
305	*	Repair and Maintenance:								
306	*	Trucks, Trailers and Containers - Revenue Service		2,174	12,725		14,899		14,899	302
307	*	Floating Equipment - Revenue Service								303
308	*	Passenger and Other Revenue Equipment								304
309	*	Computer Systems and Word Processing Equipment		338	13,539		13,877		13,877	305
310	*	Machinery	303	659	467		1,429		1,429	306
311	*	Work and Other Non-Revenue Equipment	(2,858)	3,992	7,693	(2,446)	6,381		6,381	307
312		Machinery								308
313		Fringe Benefits	N/A	N/A	N/A	494	494		494	309
314		Other Casualties and Insurance	N/A	N/A	N/A	267	267		267	310
315	*	Lease Rentals - Debit	N/A	N/A	6,960	N/A	6,960		6,960	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:								
		Lease Rentals - (Credit)	N/A	N/A	(5,344)	N/A	(5,344)		(5,344)	312
313		Joint Facility Rent - Debit	N/A	N/A	6	N/A	6		6	313
314	*	Joint Facility Rent - (Credit)	N/A	N/A	(110)	N/A	(110)		(110)	314
315	*	Other Rents - Debit	N/A	N/A	27,438	N/A	27,438		27,438	315
316	*	Other Rents - (Credit)	N/A	N/A	(11,085)	N/A	(11,085)		(11,085)	316
317	*	Depreciation	N/A	N/A	N/A	52,916	52,916		52,916	317
318		Joint Facility - Debit	N/A	N/A	36	N/A	36		36	318
319		Joint Facility - (Credit)	N/A	N/A		N/A				319
320	*	Repairs Billed to Others - (Credit)	N/A	N/A	(2,752)	N/A	(2,752)		(2,752)	320
321		Dismantling Retired Property								321
322		Other				(32)	(32)		(32)	322
323		TOTAL OTHER EQUIPMENT	(2,112)	7,341	49,721	52,071	107,021		107,021	323
324		TOTAL EQUIPMENT	110,983	94,314	221,422	255,362	682,081		682,081	324
TRANSPORTATION:										
401		TRAIN OPERATIONS:								
		Administration	46,581	1,553	5,316	6,999	60,449		60,449	401
402		Engine Crews	145,034	48	4,349	4,993	154,424		154,424	402
403		Train Crews	144,056	838	9,066	6,347	160,307		160,307	403
404		Dispatching Trains	17,603	19	13	37	17,672		17,672	404
405		Operating Signals and Interlockers	14,001	267	28	112	14,408		14,408	405
406		Operating Drawbridges	1,599	3			1,602		1,602	406
407		Highway Crossing Protection	372	28	4,003	191	4,594		4,594	407
408		Train Inspection and Lubrication	41,869	333			42,202		42,202	408
409	*	Locomotive Fuel		207,076	34		207,110		207,110	409
410		Electric Power Purchased or Produced for Motive Power								410
411		Servicing Locomotives	11,714	8,924	1,486	3	22,127		22,127	411
412		Freight Lost or Damaged - Solely Related	N/A	N/A	N/A					412
413		Clearing Wrecks	268	(6)	4,042	5	4,309		4,309	413
414		Fringe Benefits	N/A	N/A	N/A	154,653	154,653		154,653	414
415		Other Casualties and Insurance	N/A	N/A	N/A	38,691	38,691		38,691	415
416		Joint Facility - Debit	N/A	N/A	2,276	N/A	2,276		2,276	416
417		Joint Facility - (Credit)	N/A	N/A	(1,775)	N/A	(1,775)		(1,775)	417
418		Other	6,291	3,901	303	(37)	10,458		10,458	418
419		TOTAL TRAIN OPERATIONS	429,388	222,984	29,141	211,994	893,507		893,507	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	15,328	165	696	484	16,673		16,673	420
422		Switch Crews	114,668	242	1,295	142	116,347		116,347	421
423		Controlling Operations	10,764		2		10,766		10,766	422
424		Yard and Terminal Clerical	25,850	2,415	8,392	303	36,960		36,960	423
425		Operating Switches, Signals, Retarders and Humps		253	46		299		299	424
426		Locomotive Fuel		20,168			20,168		20,168	425
427		Electric Power Purchased or Produced for Motive Power								426
428		Servicing Locomotives	648				648		648	427
429		Freight Lost or Damaged - Solely Related	N/A	N/A	N/A					428
430		Clearing Wrecks	50		9		59		59	429
431		Fringe Benefits	N/A	N/A	N/A	60,328	60,328		60,328	430
432		Other Casualties and Insurance	N/A	N/A	N/A	15,146	15,146		15,146	431
433		Joint Facility - Debit	N/A	N/A	6,646	N/A	6,646		6,646	432
434		Joint Facility - (Credit)	N/A	N/A	(1,601)	N/A	(1,601)		(1,601)	433
435		Other			40		40		40	434
		TOTAL YARD OPERATIONS	167,308	23,243	15,525	76,403	282,479		282,479	435
501		TRAIN AND YARD OPERATIONS COMMON:								
502		Cleaning Car Interiors	460		571	N/A	1,031		1,031	501
503		Adjusting and Transferring Loads	49	4	155	N/A	208	N/A	208	502
504		Car Loading Devices and Grain Doors				N/A		N/A		503
505		Freight Lost or Damaged - All Other	N/A	N/A	N/A	10,392	10,392		10,392	504
506		Fringe Benefits	N/A	N/A	N/A	186	186		186	505
		TOTAL TRAIN AND YARD OPERATIONS COMMON	509	4	726	10,578	11,817		11,817	506
507		SPECIALIZED SERVICES OPERATIONS:								
508		Administration	9,085	221	941	1,290	11,537	N/A	11,537	507
509		Pickup and Delivery and Marine Line Haul		34	12,935	205	13,174	N/A	13,174	508
510		Loading and Unloading and Local Marine	3,712	2,228	46,146	(1,479)	50,607	N/A	50,607	509
511		Protective Services	2	112	190		304	N/A	304	510
512		Freight Lost or Damaged - Solely Related	N/A	N/A	N/A			N/A		511
513		Fringe Benefits	N/A	N/A	N/A	4,636	4,636	N/A	4,636	512
514		Casualties and Insurance	N/A	N/A	N/A	1,615	1,615	N/A	1,615	513
515		Joint Facility - Debit	N/A	N/A	266	N/A	266	N/A	266	514
516		Joint Facility - (Credit)	N/A	N/A	(1)	N/A	(1)	N/A	(1)	515
517		Other						N/A		516
		TOTAL SPECIALIZED SERVICES OPERATIONS	12,799	2,595	60,477	6,267	82,138	N/A	82,138	517

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)			
518		ADMINISTRATIVE SUPPORT OPERATIONS:								
		Administration	14,086	150	295	1,349	15,860		15,860	518
519		Employees Performing Clerical and Accounting Functions	19,294	899	1,722	206	22,121		22,121	519
520		Communications Systems Operation	3,214			9	3,223		3,223	520
521		Loss and Damage Claims Processing								521
522		Fringe Benefits	N/A	N/A	N/A	13,187	13,187		13,187	522
523		Casualties and Insurance	N/A	N/A	N/A	3,329	3,329		3,329	523
524		Joint Facility - Debit	N/A	N/A	23	N/A	23		23	524
525		Joint Facility - (Credit)	N/A	N/A	(1)	N/A	(1)		(1)	525
526		Other			(78)		(78)		(78)	526
527		TOTAL ADMINISTRATIVE SUPPORT OPERATIONS	36,574	1,049	1,961	16,080	57,664		57,664	527
528		TOTAL TRANSPORTATION	646,578	249,875	107,830	323,322	1,327,605		1,327,605	528
601		GENERAL AND ADMINISTRATIVE:								
		Officers - General Administration	5,044	1,015	1,064	1,478	8,601		8,601	601
602		Accounting, Auditing and Finance	29,786	283	6,062	1,466	37,597		37,597	602
603		Management Services and Data Processing	16,597	655	14,517	2,644	34,413		34,413	603
604		Marketing	21,532	231	1,660	4,488	27,911		27,911	604
605		Sales	8,737	221	572	1,585	11,115		11,115	605
606		Industrial Development	2,763	75	520	614	3,972	N/A	3,972	606
607		Personnel and Labor Relations	9,406	359	4,131	4,566	18,462		18,462	607
608		Legal and Secretarial	11,130	368	30,390	6,447	48,335		48,335	608
609		Public Relations and Advertising	1,270	483	6,112	1,207	9,072		9,072	609
610		Research and Development								610
611		Fringe Benefits	N/A	N/A	N/A	36,436	36,436		36,436	611
612		Casualties and Insurance	N/A	N/A	N/A	1,243	1,243		1,243	612
613		Writedown of Uncollectible Accounts	N/A	N/A	N/A	2,700	2,700		2,700	613
614		Property Taxes	N/A	N/A	N/A	61,805	61,805		61,805	614
615		Other Taxes Except on Corporate Income or Payrolls	N/A	N/A	N/A	19,245	19,245		19,245	615
616		Joint Facility - Debit	N/A	N/A	1,146	N/A	1,146		1,146	616
617		Joint Facility - (Credit)	N/A	N/A	(232)	N/A	(232)		(232)	617
618		Other	39,579	400	1,164	5,835	46,978		46,978	618
619		TOTAL GENERAL AND ADMINISTRATIVE	145,844	4,090	67,106	151,759	368,799		368,799	619
620	*	TOTAL CARRIER OPERATING EXPENSES	1,053,646	398,107	514,394	1,043,718	3,009,865		3,009,865	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 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	4,432	701		2
3		4	Other, right-of-way expenditures	95	15		3
4		5	Tunnels and subways	330	52		4
5		6	Bridges, trestles, and culverts	6,807	1,073		5
6		7	Elevated structures	3,813	601		6
7		8	Ties	66,131	10,428		7
8		9	Rail and other track material	63,874	10,072		8
9		11	Ballast	17,498	2,759		9
10		13	Fences, snow sheds, and signs	70	11		10
11		16	Station and office buildings	8,355	1,317		11
12		17	Roadway buildings	940	148		12
13		18	Water stations	2	0		13
14		19	Fuel stations	598	94		14
15		20	Shops and enginehouses	3,374	532		15
16		22	Storage warehouses	101	16		16
17		23	Wharves and docks	65	10		17
18		24	Coal and ore wharves	2,916	460		18
19		25	TOFC/COFC terminals	4,558	719		19
20		26	Communications systems	11,604	1,830		20
21		27	Signals and interlocker	8,700	1,372		21
22		29	Power plants	102	16		22
23		31	Power-transmissions systems	485	76		23
24		35	Miscellaneous structures	430	68		24
25		37	Roadway machines	11,874	1,872		25
26		39	Public improvements-Construction	3,303	521		26
27		45	Power plant machines	423	67		27
28			Other lease/rentals	0	0		28
29	*		Total	220,880	34,830		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 Per diem basis			GROSS AMOUNTS PAYABLE Per diem basis			Line No.
			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		986	4,843	6,106	1,578	8,487	2
3		Box-Equipped		11,108	39,727	122	12,840	40,455	3
4		Gondola-Plain		1,256	1,906	211	574	1,267	4
5		Gondola-Equipped		3,786	16,342	18	1,769	6,093	5
6		Hopper-Covered		2,481	11,299	16,066	4,854	19,063	6
7		Hopper-Open Top-General Service		1,881	6,428	5	371	1,749	7
8		Hopper-Open Top-Special Service		104	700	3	205	881	8
9		Refrigerator-Mechanical				5	899	1,816	9
10		Refrigerator-Non-Mechanical		209	803	5	534	1,684	10
11		Flat-TOFC/COFC		2,256	2,362	41,721	3,186	12,703	11
12		Flat-Multi-Level		2,082	17,626	49,510	1,328	6,358	12
13		Flat-General Service		123	522	156	56	146	13
14		Flat-Other		470	2,166	7,302	1,921	7,615	14
15		Tank-Under 22,000 Gallons				32,024			15
16		Tank-22,000 Gallons and Over				16,551			16
17		All Other Freight Cars		67	511	1	112	473	17
18		Auto Racks			44,533			26,706	18
19		TOTAL FREIGHT TRAIN CARS		26,809	149,768	169,806	30,227	135,476	19
OTHER FREIGHT CARRYING EQUIPMENT									
20		Refrigerated Trailers							20
21		Other Trailers			8,698	20,687		4,029	21
22		Refrigerated Containers							22
23		Other Containers			2,303	2,240		436	23
24	*	TOTAL TRAILERS AND CONTAINERS			11,002	22,927		4,465	24
25		GRAND TOTAL (LINES 19 AND 24)		26,809	160,770	192,733	30,227	139,941	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 therefore 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)

Line No.	Cross Check	Types of equipment (a)	Repairs (net expense) (b)	Depreciation		Amortization	Line No
				Owned (c)	Capitalized lease (d)	Adjustment net during year (e)	
		LOCOMOTIVES					
1		Diesel Locomotive - Yard	7,520	2,323			1
2		Diesel Locomotive - Road	76,143	62,419			2
3		Other Locomotive - Yard					3
4		Other Locomotive - Road					4
5	*	TOTAL	83,663	64,742			5
		FREIGHT TRAIN CARS					
6		Box - Plain 40 Foot		0			6
7		Box - Plain 50 Foot and Longer	1,382	979			7
8		Box - Equipped	20,099	16,450			8
9		Gondola - Plain	10,502	13,763			9
10		Gondola - Equipped	7,102	6,108			10
11		Hopper - Covered	7,910	7,637	89		11
12		Hopper - Open Top - General Service	12,305	14,614			12
13		Hopper - Open Top - Special Service	2,577	3,164			13
14		Refrigerator - Mechanical	(61)	0			14
15		Refrigerator - Nonmechanical	339	365			15
16		Flat TOFC/COFC	1,691	462			16
17		Flat Multi - level	1,680	2,414			17
18		Flat - General Service	91	116			18
19		Flat - Other	1,681	1,410			19
20		All Other Freight Cars	(731)	1,341			20
21		Cabooses	317	193			21
22		Auto Racks	(283)	10,407			22
23		Miscellaneous Accessories (see note 4)		473			23
24	*	TOTAL FREIGHT TRAIN CARS	66,601	79,896	89		24
		OTHER EQUIPMENT - REVENUE					
		FREIGHT HIGHWAY EQUIPMENT					
25		Refrigerated Trailers					25
26		Other Trailers	15,106	3,374			26
27		Refrigerated Containers					27
28		Other Containers	(280)	87			28
29		Bogies					29
30		Chassis	73	63			30
31		Other Highway Equipment (Freight)					31
32	*	TOTAL HIGHWAY EQUIPMENT	14,899	3,524			32
		FLOATING EQUIPMENT - REVENUE SERVICE					
33		Marine Line - Haul		22			33
34		Local Marine					34
35	*	TOTAL FLOATING EQUIPMENT	0	22			35
		OTHER EQUIPMENT					
36	*	Passenger & Other Revenue Equipment (Freight Portion)	0				36
37	*	Computer systems & word processing equip	13,877	32,713			37
38	*	Machinery - Locomotives (see note 1)	3,694	643			38
39	*	Machinery - Freight Cars (see note 2)	6,736	1,492			39
40	*	Machinery - Other Equipment (see note 3)	1,429	160			40
41	*	Work & Other Non - revenue Equipment	6,381	16,497			41
42		TOTAL OTHER EQUIPMENT	32,117	51,505			42
43		TOTAL ALL EQUIPMENT (FREIGHT PORTION)	197,280	199,689	89		43

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

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

Note 3 The 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)

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			66,045		35,304		1
2		(11,624)	1,645,706		611,107		2
3							3
4							4
5		(11,624)	1,711,751	0	646,411	0	5
6					0		6
7		2,401	32,721		26,139		7
8			529,674		222,070		8
9		259	438,907		93,710		9
10			254,419		97,427		10
11		11,793	316,776	1,166	148,703	349	11
12		38	469,833		202,572		12
13		288	125,975		49,220		13
14							14
15		248	11,087		5,792		15
16		(5,052)	18,179		12,779		16
17			59,646		35,355		17
18		195	5,326		2,928		18
19		34	60,577		24,662		19
20		1	31,453		12,133		20
21			6,831		3,696		21
22		641	204,100		44,408		22
23			17,342		5,183		23
24		10,846	2,582,846	1,166	986,777	349	24
25							25
26		(1,717)	54,114		29,585		26
27							27
28		2,949	1,443		1,007		28
29							29
30			1,049		541		30
31							31
32		1,232	56,606		31,133		32
33			669		669		33
34							34
35		0	669		669		35
36							36
37		384	167,373		78,011		37
38			22,216		5,490		38
39			51,550		12,740		39
40			5,528		1,366		40
41		(37)	301,689		107,757		41
42		347	548,356		205,364		42
43		801	4,900,228	1,166	1,870,354	349	43

Note 1 The data to be reported on lines 38, 39 and 40 in columns (g) and (h) is the investment recorded in Property Account 44, allocated to Locomotives, Freight Cars, and Other Equipment

Note 2 The depreciation to be 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 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

416. SUPPORTING SCHEDULE - ROAD
(Dollars in Thousands)

Line No	Density category (Class) (a)	Account No. (b)	Owned and used		Improvements to leased property (Columns in thousands)		Capitalized leases			TOTAL				
			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)	Line No
1	I	3	200,842	70,361	1.00%							200,842	70,361	1
2		8	761,131	250,461	4.07%							761,131	250,461	2
3		9	1,172,604	287,876	2.73%							1,172,604	287,876	3
4		11	328,557	65,108	2.44%							328,557	65,108	4
5	SUB-TOTAL		2,463,134	673,806								2,463,134	673,806	5
6	II	3	176,539	61,847	1.00%							176,539	61,847	6
7		8	669,029	220,153	4.07%							669,029	220,153	7
8		9	1,030,711	253,042	1.51%							1,030,711	253,042	8
9		11	288,799	57,230	2.44%							288,799	57,230	9
10	SUB-TOTAL		2,165,078	592,272								2,165,078	592,272	10
11	III	3	28,316	N/A	N/A			N/A	N/A	N/A	N/A	28,316		11
12		8	54,476	N/A	N/A			N/A	N/A	N/A	N/A	54,476		12
13		9	47,839	N/A	N/A			N/A	N/A	N/A	N/A	47,839		13
14		11	19,782	N/A	N/A			N/A	N/A	N/A	N/A	19,782		14
15	SUB-TOTAL		150,413					N/A	N/A	N/A	N/A	150,413	0	15
16	IV	3	64,888	22,732	1.00%							64,888	22,732	16
17		8	245,905	80,918	4.07%							245,905	80,918	17
18		9	378,843	93,007	2.20%							378,843	93,007	18
19		11	106,150	21,035	2.44%							106,150	21,035	19
20	SUB-TOTAL		795,786	217,692								795,786	217,692	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		5,574,411	1,483,770	N/A			N/A				5,574,411	1,483,770	26

(1) Columns (c) + (f) + (i) = Column 12
 Columns (d) = (g) = (k) = Column 13
 (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 and Schedule 330A

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, such as administrative expenses to two or more services, they shall be apportioned on the most equitable basis available to the respondent and only of 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, not 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	9,162		2,372			3			11,537	1
2	*	Pick up and delivery, marine line haul	13,172					2	N/A		13,174	2
3	*	Loading and unloading and local marine	36,275		5,627			8,705	N/A		50,607	3
4	*	Protective services, total debit and credits							304		304	4
5	*	Freight lost or damaged—solely related										5
6	*	Fringe benefits	3,443		1,193						4,636	6
7	*	Casualty and insurance	1,615								1,615	7
8	*	Joint facility — Debit	266								266	8
9	*	Joint facility — Credit	(1)								(1)	9
10	*	Other										10
11	*	TOTAL	63,932		9,192			8,710	304		82,138	11

(Dollars in Thousands)

This schedule will show the investment in capitalized leases in road and equipment by primary account.

- (a) = primary account number and title for which capital lease amounts are included therein.
- (b) = the total investment in that primary account
- (c) = the investment in capital leases at the end of the year
- (d) = the current year amortization.
- (e) = the accumulated amortization relating to the leased properties

[illegible]

NOTES AND REMARKS

450. ANALYSIS OF TAXES

(Dollars in Thousands)

A Railway Taxes

Line No	Cross Check	Kind of tax (a)	Amount (b)	Line No.
1		Other than U.S. Government Taxes	114,464	1
		U S Government Taxes		
		Income Taxes		
2		Normal Tax and Surtax	277,696	2
3		Excess Profits		3
4	*	Total - Income Taxes L 2 + 3	277,696	4
5		Railroad Retirement	228,091	5
6		Hospital Insurance	16,069	6
7		Supplemental Annuities	13,991	7
8		Unemployment Insurance	1,636	8
9		All Other United States Taxes		9
10		Total - U. S. Government Taxes	537,483	10
11		Total - Railway Taxes	651,947	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	2,741,139	47,124		2,788,263	1
2	Accelerated Amortization of Facilities, Sec 168 I R C	6,380	(256)		6,124	2
3	Accelerated amortization of rolling stock, Sec 184 I R C	43,961	(1,560)		42,401	3
4	Amortization of rights of way, Sec 185 I R C	29,088	644		29,732	4
5	Other (Specify) -- Tax Benefit Transfer Leases	31,578	(2,632)		28,946	5
6	Reserves, including casualty & other claims	(148,637)	4,830		(143,807)	6
7	Employee Benefits	(147,685)	16,891		(130,794)	7
8	Retiree Health & Death Benefit Obligations	(137,222)	5,201		(132,021)	8
9	Taxes, including State and Property	(161,585)	4,379		(157,206)	9
10	Miscellaneous	40,179	(3,167)		37,012	10
11	Unrealized Holding Gains	219,970		9,340	229,310	11
12						12
13						13
14						14
15						15
16						16
17						17
18						18
19	TOTALS	2,517,166	71,454	9,340	2,597,960	19

Railroad Annual Report R-1 Adjustments in column (d) represent adjustments for FAS 115

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		56,167	2
3					3
4	519	Gains on the disposition of land		9,209	4
5					5
6	519	Life insurance proceeds from corporate-owned life insurance		8,598	6
7					7
8	551	Credit facility cost (See note 7 to Schedule 200)	77,222		8
9					9
10	551	Minority interest	3,139		10
11					11
12	551	Professional services and consultants	2,045		12
13					13
14					14
15					15
16					16
17					17
18					18
19					19
20					20
21					21
22					22
23					23
24					24
25					25
26					26
27					27
28					28
29					29
30					30

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	7,787 & int	Joint and	7
8	of St. Louis	"C" bonds due 7/1/2019 (FD14553-54)		Several	8
9					9
10					10
11	Triple Crown Services	Equipment Trust Certificates, Series 1993,	63,268 & int.	Joint and	11
12	Company	1994 and 1997		Several	12
13					13
14					14
15	Carlyle Towers, L.L.C.	1st Mortgage	5,759 & int.	Several	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 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.

NONE

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 #	Account No	Title	Source	Balance at Close of Year
1	751	Loans and Notes Payable	Sch. 200, L. 30	27,200
2	764	Equipment Obligations and Other Long Term Debt due Within One Year	Sch. 200, L. 39	60,564
3	765/767	Funded Debt Unmatured	Sch. 200, L. 41	7,653
4	766	Equipment Obligations	Sch. 200, L. 42	315,840
5	766.5	Capitalized Lease Obligations	Sch. 200, L. 43	226,641
6	768	Debt in Default	Sch. 200, L. 44	
7	769	Accounts Payable; Affiliated Companies	Sch. 200, L. 45	32,307
8	770.1/770.2	Unamortized Debt Premium	Sch. 200, L. 46	(2,794)
9		Total Debt	Sum L. 1-8	667,411
10		Debt Directly Related to Road Property	Note 1	35,138
11		Debt Directly Related to Equipment	Note 1.	610,263
12		Total Debt Directly Related to Road & Equipment	Sum L. 10 and 11	645,401
13		Percent Directly Related to Road	L. 10 div. by L. 12 Whole % + 2 decimals	5.44%
14		Percent Directly Related to Equipment	L. 11 div. by L. 12 Whole % + 2 decimals	94.56%
15		Debt Not Directly Related to Road or Equipment	L. 9 - L. 12	22,010
16		Road Property Debt (Note 2)	(L. 13 x L. 15) + L. 10	36,335
17		Equipment Debt (Note 2)	(L. 14 x L. 15) + L. 11	631,076

II. Interest Accrued During the Year:

Line #	Account No	Title	Source	Balance at Close of Year
18	546-548	Total Interest and Amortization (Fixed Charges)	Sch. 210, L. 42	132,499
19	546	Contingent Interest on Funded Debt	Sch. 210, L. 44	349
20	517	Release of Premiums on Funded Debt	Sch. 210, L. 22	(4)
21		Total Interest (Note 3)	(L. 18 + L. 19) - L. 20	132,844
22		Interest Directly Related to Road Property Debt	Note 4	1,835
23		Interest Directly Related to Equipment Debt	Note 4	42,661
24		Interest Not Directly Related to Road or Equipment Property Debt	L. 21 - (L. 22 + L. 23)	88,348 *
25		Interest Road Property Debt (Note 5)	L. 22 + (L. 24 x L. 13)	6,641
26		Interest Equipment Debt (Note 5)	L. 23 + (L. 24 x L. 14)	126,203
27		Embedded Rate of Debt Capital - Road Property	L. 25 div. by L. 16	18.28%
28		Embedded Rate of Debt Capital - Equipment	L. 26 div. by L. 17	20.00%

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 9 and 10, respectively.

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

*Net of capitalized interest \$(16,923) Amount on line 24 is "Other interest expense" and 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 (c), 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	Hunton & Williams		Other (See Note 5)	Services	265		1
2	Caterpillar, Inc		Other (See Notes 1 and 6)	Services, Material	140		2
3	Georgia-Pacific		Other (See Notes 1, 2 and 6)	Services	574		3
4	Brown Brothers Harriman & Co		Other (See Note 4)	Services	48		4
5	Owens-Corning Corporation		Other (See Note 1)	Services	200		5
6	Harris Corporation		Other (See Note 3)	Material	7		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

Note 1 - Respondent shares common directors with these companies Amounts in col (d) paid by Norfolk Southern Corporation (NS) on behalf of its operating subsidiaries

Note 2 - T. Marshall Hahn, Jr., an NS Director, is a Director of Georgia-Pacific Corporation

Note 3 - L. E. Coleman, an NS Director, is a Director of Harris Corporation.

Note 4 - NS maintains various banking relationships with Brown Brothers Harriman & Co. (Brown Brothers), in which Mr. Hilliard, an NS Director, is a partner, on bases that are consistent with normal financial and banking practices All transactions are entered into in the ordinary course of business on substantially the same terms as those prevailing at the time for comparable transactions with other banks. Also, in 1997, Brown Brothers was paid approximately \$123,000 in fees for managing a portion of the assets of NS' pension fund

Note 5 - G. L. Ballies, an NS Director, is a partner in Hunton & Williams

Note 6 - As of December 31, 1997, D. R. Goode, Chairman, President and Chief Executive Officer of NS, is a director of Aeroquip-Vickers, Inc. (formerly TRINOVA Corporation), Caterpillar, Inc., Georgia-Pacific Corp., and Texas Instruments, Inc. NS Rail does or may provide rail transportation services to these entities in the normal course of business on terms and conditions considered no less favorable to those entities than if entered into with any other party, such rail transportation services are rendered at applicable tariff or contract rates, both of which are subject to STB jurisdiction and review.

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.				Miles of way switching tracks (g)	Miles of yard switching tracks (h)	TOTAL (i)	Line No.
			Miles of road (c)	Miles of second main track (d)	Miles of all other main tracks (e)	Miles of passing tracks, cross-overs, and turnouts (f)				
1	1	100%	12,091	1,288	56	1,624	1,878	4,143	21,080	1
2	1	50%	7	5		4	15	14	45	2
3	1	33%	3	4		5		6	18	3
4	1J	75%						7	7	4
5	1J	67%						3	3	5
6	1J	50%				1	10	22	33	6
7	1J	33%					3	2	5	7
8										8
9		Total Class 1	12,101	1,297	56	1,634	1,906	4,197	21,191	9
10										10
11										11
12	3	100%	108			1	3	22	134	12
13	3A	100%						2	2	13
14	3B	100%	557	226	4	70	59	125	1,041	14
15	3BJ	50%				1		5	6	15
16										16
17		Total Class 3	665	226	4	72	62	154	1,183	17
18										18
19										19
20	4	100%	1					33	34	20
21	4B	100%	12				1		13	21
22	4BJ	50%	5				1		6	22
23										23
24		Total Class 4	18				2	33	53	24
25										25
26										26
27	5	100%	994	274	23	95	52	451	1,889	27
28	5	0%	637	65	21	27	48	139	937	28
29										29
30		Total Class 5	1,631	339	44	122	100	590	2,826	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	14,415	1,862	104	1,828	2,070	4,974	25,253	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	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	1,301				91	1,392	21		1			
2		Canada					299	299		2				
3		District of Columbia					3	3		3				
4		Florida	96				53	149		4				
5		Georgia	1,887				9	1,896	315	5				
6		Iowa	6			1	37	44	41	6				
7		Illinois	769				307	1,076	33	7				
8		Indiana	920		2		75	997	109	8				
9		Kansas					2	2		9				
10		Kentucky	172		212		63	447		10				
11		Louisiana	78				4	82		11				
12		Maryland	16					16		12				
13		Mississippi	211				2	213		13				
14		Michigan	79				45	124	2	14				
15		Missouri	345				65	410		15				
16		North Carolina	1,072		313	17	51	1,453	288	16				
17		New York	68				28	96		17				
18		Ohio	827		1		199	1,027	18	18				
19		Pennsylvania	44					44		19				
20		South Carolina	733				104	837	6	20				
21		Tennessee	873		137		46	1,056	3	21				
22		Virginia	2,045				108	2,153	89	22				
23		West Virginia	559				40	599	14	23				
24										24				
25										25				
26										26				
27										27				
28										28				
29										29				
30										30				
31										31				
32		TOTAL MILEAGE (single track)	12,101		665	18	1,631	14,415	939	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 (j) = Line 11, column (f)
 Line 6, column (j) = Line 12, column (f)
 Line 7, column (j) = Line 13, column (f)
 Line 8, column (j) = Line 14, column (f)
 Line 9, column (j) = Line 15, column (f)
 Line 10, column (j) = Line 16, column (f)

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

When data appear in columns (k) or (l), 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 in service of respondent at beginning of year (b)	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)
				New units purchased or built (c)	New units leased from others (d)	Rebuilt units acquired and rewritten into property accounts (e)	All other units including reclassification and second hand units purchased or leased from others (f)							
1		Locomotive Units	1,971	120			1	67	2,025		2,025	(HP) 6,469,600	1	
2		Diesel-freight units											2	
3		Diesel-passenger units											3	
4		Diesel-multiple purpose units	117					7	110		110	162,300	2 4	
5		Diesel-switching units	2,088	120			1	74	2,135		2,135	6,631,900	2 5	
6		TOTAL (lines 1 to 4)											6	
7		Electric-locomotives											7	
8		Other self-powered units											8	
9		TOTAL (lines 5, 6 and 7)	2,088	120			1	74	2,135		2,135	6,631,900	2 8	
		Auxiliary units	65					4	61		61	N/A	9	
10		TOTAL LOCOMOTIVE UNITS (lines 8 and 9)	2,153	120			1	78	2,196		2,196	6,631,900	2 10	

DISTRIBUTION OF LOCOMOTIVE UNITS IN SERVICE OF RESPONDENT AT CLOSE OF YEAR, ACCORDING TO YEAR BUILT, DISREGARDING YEAR OF REBUILDING														
Line No	Cross Check	Type or design of units (a)	Between						During Calendar Year				Line No	
			Before Jan 1, 1975 (b)	Jan 1, 1975 and Dec 31, 1979 (c)	Jan 1, 1980 and Dec 31, 1984 (d)	Jan 1, 1985 and Dec 31, 1989 (e)	Between Jan 1, 1990 and Dec 31, 1994 (f)	1995 (g)	1996 (h)	1997 (i)	1998 (j)	1999 (k)		TOTAL (l)
11		Diesel	551	399	289	325	206	125	120	120			2,135	11
12		Electric												12
13		Other self-powered units												13
14		TOTAL (lines 11 to 13)	551	399	289	325	206	125	120	120			2,135	14
15		Auxiliary units	3	11	18	25	4						61	15
16		TOTAL LOCOMOTIVE UNITS (Lines 14 and 15)	554	410	307	350	210	125	120	120			2,196	16

Road Initials: NS Rail Year 1997

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						
			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)		
		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)											N/A		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)													24
25		Electric combined cars (EC)													25
		Internal combustion rail motorcars													
26		(EDEG)													26
		Other self-propelled cars													
27		(Specify types)													27
28		TOTAL (lines 24 to 27)													28
29		TOTAL (lines 23 and 28)											N/A		29
		COMPANY SERVICE CARS													
30		Business cars (PV)	13							13		13	N/A		30
31		Board outfit cars (MWX)	154					21	133			133	N/A		31
		Derrick and snow removal cars													
32		(MWU, MWV, MWW, MWK)	584					52	533			533	N/A		32
		Dump and ballast cars													
33		(MWB, MWD)	671					102	570			570	N/A		33
		Other maintenance and service													
34		equipment cars	5,121					367	5,082		3	5,085	N/A		34
35		TOTAL (lines 30 to 34)	6,543					542	6,331		3	6,334	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 (j) 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 re-written 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_ _)	1,954					1	37
38		Equipped box cars (All Code A, Except A_5_)	18,215		269		199	815	38
39		Plain gondola cars (All Codes G & J_ _1, J_ _2, J_ _3, J_ _4)	14,592					2,013	39
40		Equipped gondola cars (All Code E)	9,683					64	40
41		Covered hopper cars (C_ _1, C_ _2, C_ _3, C_ _4)	14,710		50	67		132	41
42		Open top hopper cars - general service (All Code H)	21,633					192	42
43		Open top hopper cars - special service (J_ _O, and All Code K)	3,341			90		641	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_)	226					1	45
46		Flat cars - TOFC/COFC (All Code P, Q and S, Except Q8_ _)	1,776					58	46
47		Flat cars - multi-level (All Code V)	936					1	47
48		Flat cars - general service (F10_ , F20_ , F30_)	301					4	48
49		Flat cars - other (F_1_ , F_2_ , F_3_ , F_4_ , F_5_ , F_6_ , F_8_ , F40_)	1,884			7		301	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				4	51
52		All other freight cars (A_5_ , F_7_ , All Code L and Q8_ _)	1,741					63	52
53		TOTAL (lines 36 to 52)	90,992	4	319	164	199	4,290	53
54		Caboose (All Code M-930)	N/A	231					54
55		TOTAL (lines 53, 54)	90,992	235	319	164	199	4,290	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 carry customarily

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 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)	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 other (l)			
36									36
37		745	1,210		1,210		92,722		37
38		1,480	17,390	628	18,018		1,411,837	6	38
39		16	16,589		16,589		1,860,007		39
40		196	9,551		9,551		937,626		40
41		1,054	12,015	1,890	13,905		1,509,622	385	41
42		2,481	19,303	41	19,344		2,052,537		42
43		446	3,336	290	3,626		372,842		43
44									44
45		7	182	38	220		15,267	1	45
46		80	985	769	1,754		111,725		46
47		8	929		929		38,451		47
48		98	207		207		15,635		48
49		290	1,846	56	1,902		181,119		49
50									50
51		4	4			4	403		51
52		370	1,434		1,434		95,437		52
53		7,275	84,981	3,712	88,689	4	8,695,230	392	53
54		24	207		N/A	207	N/A		54
55		7,299	85,188	3,712	88,689	211	8,695,230	392	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 re-written 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	1					57
58		TOTAL (lines 56 and 57)		2					58
59		HIGHWAY REVENUE EQUIPMENT Chassis Z1_ , Z67_ , Z68_ , Z69_		1,312		600			59
60		Dry van U2_ , Z2_ , Z6_ , 1-6		5,311		600			60
61		Flat bed U3_ , Z3_		13					61
62		Open bed U4_ , Z4_		187					62
63		Mechanical refrigerator U5_ , Z5_							63
64		Bulk hopper U0_ , Z0_							64
65		Insulated U7_ , Z7_		1					65
66		Tank Z0_ , U6_ (See note)		2					66
67		Other trailer and container (Special equipped dry van U9_ , Z8_ , Z9_)		15					67
68		Tractor							68
69		Truck							69
70		TOTAL (lines 59 to 69)		6,841		1,200			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
			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)			
		Per diem (k)					All other (l)		
56			1		N/A	1	N/A		56
57			1		N/A	1	N/A		57
58			2			2			58
59			113	1,799		1,912			59
60		1,298	1,828	2,785		4,613	119,190	922	60
61			13			13	277		61
62			187			187	4,295		62
63									63
64									64
65		1							65
66			2			2	40		66
67		2	13			13	293		67
68									68
69									69
70		1,301	2,156	4,584		6,740	124,095	922	70

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 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), etc. 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 and in the lower section disclose rebuilt units acquired or rewritten into the respondent's accounts. 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 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)	
1	GE D9-40CW 6-Axis 4,000 HP	120	24,600	141,991	P	1
2						2
3	Steel 5151 CU FT Covered Hoppers (LO)	50	1,607	3,011	P	3
4	Steel 60 Foot 125-Ton Boxcars (XL)	157	6,684	13,001	P	4
5	Steel 60 Foot 125-Ton Boxcars (XP)	112	5,394	11,428	P	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	439	N/A	169,431	N/A	25
REBUILT UNITS						
26	Steel 86 Foot 100-Ton Boxcar (XL)	51	2,838	1,437	C	26
27	Steel 86 Foot 70-Ton Boxcar (XP)	1	39	42	C	27
28	Steel 86 Foot 100-Ton Boxcar (XP)	147	8,243	6,780	C	28
29						29
30						30
31						31
32						32
33						33
34						34
35						35
36						36
37						37
38	TOTAL	199	N/A	8,239	N/A	38
39	GRAND TOTAL	638	N/A	177,670	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
- A Freight density of 20 million or more gross ton-miles per track-mile per year (including 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 (including 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 (including passing tracks, turnouts, and crossovers)
 - D Freight density of less than 1 million gross ton-miles per track-mile per year (including passing tracks, turnouts, and crossovers)
 - E Way and yard switching tracks (passing tracks, turnouts, and crossovers shall be included in categories A, B, C, D, F, or 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

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 end of period (e)	Line No
1	A	6,893	34.80	48.3	2	1
2	B	4,708	12.40	44.1	0	2
3	C	2,179	2.70	31.9	11	3
4	D	2,291	.30	24.1	3	4
5	E	6,356	XXXXXXXXXX	XXXXXXXXXX		5
6	F	22,427	XXXXXXXXXX	XXXXXXXXXX	16	6
7	TOTAL					7
8	Potential abandonments	125	XXXXXXXXXX	XXXXXXXXXX		8

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

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 routing 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 No. 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

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722. TIES LAID IN ADDITIONAL TRACKS AND IN NEW LINES AND EXTENSIONS
(Dollars in Thousands)

Give particulars of ties laid during the year 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 crossties laid in new tracks 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	391,409	\$24.42	\$9,558	29,487	\$804.05	\$24	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	391,409	\$24.42	\$9,558	29,487	\$804.05	\$24			20
21	Number of miles of new running, passing tracks, cross-overs, etc., in which ties were laid				5.08					21
22	Number of miles of new yard, station, team, industry, and other switching tracks in which ties were laid					117.54				22

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 No. 10, 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	443.98	0.00	24.50	0.02	468.48	0.02	1.96%	1		
2	B	31.58	0.00	120.63	0.00	152.21	0.00	9.63%	2		
3	C	0.26	0.06	0.68	1.61	0.94	1.67	0.18%	3		
4	D	11.66	0.02	1.90	0.52	13.56	0.54	0.19%	4		
5	E			14.24	3.93	14.24	3.93	1.45%	5		
6	TOTAL	487.48	0.08	161.95	6.08	649.43	6.16	3.68%	6		
7	F								7		
8	Potential Abandonments								8		
9	Average cost of new and relay rail laid in replacement per gross ton			New	\$557.72	Relay	\$183.86		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 more 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 to 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, as well as train service in connection with the distribution of the rail, should not be included in this schedule.

Line No.	Class of rail (a)	Rail Applied in Running Tracks, Passing Tracks, Crossovers, Etc.				Rail Applied in Yard, Station, Team, Industry and Other Switching Tracks				Line No.	
		Weight of rail		Total cost of rail applied in running track, passing track, crossovers, etc., during year (d)	Average cost per ton (2000 lbs) (e)	Weight of rail		Total cost of rail applied in yard, station, team, industry, and other switching track during year (h)	Average cost per ton (2000 lbs) (i)		
		Pounds per yard of rail (b)	Number of tons (2000 lbs) (c)			Pounds per yard of rail (f)	Number of tons (2000 lbs) (g)				
1										1	
2	4	100				100	7	1	116.95	2	
3										3	
4	4	110				110	56	7	117.87	4	
5										5	
6	4	112				112	6,536	1,197	183.13	6	
7										7	
8	1	115				115	9	4	468.76	8	
9	4	115				115	644	117	181.27	9	
10										10	
11	4	130				130	11	1	115.91	11	
12										12	
13	4	131				131	2,304	772	335.07	13	
14										14	
15	1	132				132	1,750	886	506.57	15	
16	4	132	98	11	116.80	132	8,407	1,445	171.93	16	
17										17	
18	4	133	5	2	462.82	133	149	17	115.93	18	
19										19	
20	1	136				136	2,242	1,202	536.17	20	
21	4	136	1,110	564	508.38	136	4,056	1,248	307.57	21	
22										22	
23	4	140				140	27	3	117.64	23	
24										24	
25										25	
26										26	
27										27	
28										28	
29										29	
30										30	
31										31	
32										32	
33	TOTAL	N/A	1,213	577	476.63	N/A	26,198	6,900	263.40	33	
34	Number of miles of new running tracks, passing tracks, cross-overs, etc., in which rails were laid.									5.08	34
35	Number of miles of new yard, station, team, industry, and other switching tracks in which rails were laid.									117.54	35
36	Track-miles of welded rail installed on system this year				114	Total to date				15,323	36

725. WEIGHT OF RAIL

Give the particulars called for below concerning the road and track operated by 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 rail should be given. Road and track occupied under trackage rights 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 track) (c)	Remarks (d)	Line No.
1	140	3.93			
2	136	1,011.36			
3	133	61.89			
4	132	9,092.82			
5	131	458.05			
6	130	317.60			
7	115	1,175.69			
8	112	699.28			
9	110	71.70			
10	105	33.92			
11	100	733.91			
12	90	265.87			
13	85	256.73			
14	80	74.79			
15	75	81.87			
16	70	25.79			
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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		Percent replaced		Rail		Ballast	Track surfacing		Line No.
		Number of ties replaced	Cross ties (board feet)	Switch and bridge ties (board feet)	Crosstie (d)	Switch and bridge ties (board feet)	Miles of rail replaced (rail-miles) (f)	Percent replaced (g)	Cubic yards of ballast placed (h)	Miles surfaced (i)	Percent surfaced (j)
1	A	1,227,427	5,013,122	7.97	6.11	7.97	468.50	3.8	1,362,372	2,840.8	41.2
2	B	467,393	1,664,959	2.11	3.40	2.11	152.21	1.8	450,389	1,287.1	27.3
3	C	121,830	689,745	3.95	1.92	3.95	2.61	0.1	85,190	282.8	13.0
4	D	85,999	370,938	0.96	0.71	0.96	14.10	0.2	32,790	133.7	5.8
5	E	190,373	1,157,897	1.05	0.96	1.05	18.17	0.1	93,375	158.8	2.5
6	TOTAL	2,093,022	8,896,661	2.89	2.90	2.89	655.59	1.5	2,024,116	4,703.2	21.0
7	F										
8	Potential abandonments										

750. CONSUMPTION OF DIESEL FUEL
(Dollars in Thousands)

Line No.	Locomotives		Line No.
	Kind of locomotive service (a)	Diesel oil (gallons) (b)	
1	Freight	320,210,092	1
2	Passenger		2
3	Yard switching	31,181,484	3
4	TOTAL	351,391,576	4
5	COST OF FUEL \$(000)	\$ 227,278	5
6	Work Train	1,809,476	6

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) 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 the private-line categories, miles for private-line cars (whether or not under railroad control), and shipper-owned cars. A car-mile is a movement of a unit of car equipment a distance of one mile. Report miles made by flatcars carrying loaded highway trailers or empty highway trailers moving under revenue billings as loaded freight car-miles and miles made by flatcars carrying other empty highway trailers as empty freight car-miles. Exclude miles made by motorcars and report miles made by business cars of other than the reporting carrier as sleeping car-miles in Item 5-03. Report mail, express baggage cars, and combination cars, other than 5-02 combination cars, in Item 5-05.

(I) Exclude from Items 4-01, 4-11, 4-13, and 4-15, car-miles of work equipment, cars carrying company freight, and no-payment cars moving in transportation trains. Include such car-miles in Items 4-17, 4-18, and 4-19. No-payment car-miles are miles made by private-line cars (other than railroad controlled) and shipper-owned cars for which the railroad does not reimburse the owner on a loaded and/or empty mile basis. If the payment for the loaded miles includes the empty miles, the loaded and empty miles should not be considered no-payment 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.l. 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)	14,415		1
		2. TRAIN MILES - RUNNING (B)	XXXXXXXX	XXXXXX	
2		2-01 UNIT TRAINS	3,362,986	XXXXXX	2
3		2-02 WAY TRAINS	8,710,931	XXXXXX	3
4		2-03 THROUGH TRAINS	37,674,402		4
5		2-04 TOTAL TRAIN MILES (lines 2-4)	49,748,319		5
6		2-05 MOTORCARS (C)			6
7		2-06 TOTAL, ALL TRAINS (lines 5, 6)	49,748,319		7
		3. LOCOMOTIVE UNIT MILES (D)	XXXXXXXX	XXXXXX	
		ROAD SERVICE (E)	XXXXXXXX	XXXXXX	
8		3-01 UNIT TRAINS	9,569,975	XXXXXX	8
9		3-02 WAY TRAINS	15,457,492	XXXXXX	9
10		3-03 THROUGH TRAINS	95,612,201		10
11		3-04 TOTAL (lines 8-10)	120,639,668		11
12		3-11 TRAIN SWITCHING (F)	6,362,137	XXXXXX	12
13		3-21 YARD SWITCHING (G)	11,713,060		13
14		3-31 TOTAL ALL SERVICES (lines 11, 12, 13)	138,714,865		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	20,468	XXXXXX	16
17		4-012 BOX-EQUIPPED	192,447	XXXXXX	17
18		4-013 GONDOLA-PLAIN	242,028	XXXXXX	18
19		4-014 GONDOLA-EQUIPPED	47,812	XXXXXX	19
20		4-015 HOPPER-COVERED	115,691	XXXXXX	20
21		4-016 HOPPER-O/T-GENERAL SERVICE	155,843	XXXXXX	21
22		4-017 HOPPER-O/T-SPECIAL SERVICE	44,766	XXXXXX	22
23		4-018 REFRIGERATOR-MECHANICAL	3,514	XXXXXX	23
24		4-019 REFRIGERATOR-NON-MECHANICAL	4,643	XXXXXX	24
25		4-020 FLAT-TOFC/COFC	93,798	XXXXXX	25
26		4-021 FLAT-MULTI-LEVEL	16,079	XXXXXX	26
27		4-022 FLAT-GENERAL SERVICE	888	XXXXXX	27
28		4-023 FLAT-ALL OTHER	24,067	XXXXXX	28
29		4-024 ALL OTHER CAR TYPES	133,813	XXXXXX	29
30		4-025 TOTAL (lines 15-29)	1,095,857	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	13,967	XXXXXX	32
33		4-112 BOX-EQUIPPED	181,824	XXXXXX	33
34		4-113 GONDOLA-PLAIN	237,569	XXXXXX	34
35		4-114 GONDOLA-EQUIPPED	44,440	XXXXXX	35
36		4-115 HOPPER-COVERED	117,323	XXXXXX	36
37		4-116 HOPPER-O/T-GENERAL SERVICE	139,435	XXXXXX	37
38		4-117 HOPPER-O/T-SPECIAL SERVICE	42,631	XXXXXX	38
39		4-118 REFRIGERATOR-MECHANICAL	3,132	XXXXXX	39
40		4-119 REFRIGERATOR-NON-MECHANICAL	4,379	XXXXXX	40
41		4-120 FLAT-TOFC/COFC	9,789	XXXXXX	41
42		4-121 FLAT-MULTI-LEVEL	11,298	XXXXXX	42
43		4-122 FLAT-GENERAL SERVICE	1,492	XXXXXX	43
44		4-123 FLAT-ALL OTHER	23,737	XXXXXX	44
45		4-124 ALL OTHER CAR TYPES	3,462	XXXXXX	45
46		4-125 TOTAL (lines 31-45)	834,478	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	11,958	XXXXXX	48
49		4-132 BOX-EQUIPPED	1,728	XXXXXX	49
50		4-133 GONDOLA-PLAIN	3,296	XXXXXX	50
51		4-134 GONDOLA-EQUIPPED	556	XXXXXX	51
52		4-135 HOPPER-COVERED	137,717	XXXXXX	52
53		4-136 HOPPER-O/T-GENERAL SERVICE	1,571	XXXXXX	53
54		4-137 HOPPER-O/T-SPECIAL SERVICE	26,606	XXXXXX	54
55		4-138 REFRIGERATOR-MECHANICAL	97	XXXXXX	55
56		4-139 REFRIGERATOR-NON-MECHANICAL	171	XXXXXX	56
57		4-140 FLAT-TOFC/COFC	217,050	XXXXXX	57
58		4-141 FLAT-MULTI-LEVEL	115,864	XXXXXX	58
59		4-142 FLAT-GENERAL SERVICE	64	XXXXXX	59
60		4-143 FLAT-ALL OTHER	17,624	XXXXXX	60
61		4-144 TANK UNDER 22,000 GALLONS	106,052	XXXXXX	61
62		4-145 TANK - 22,000 GALLONS AND OVER	48,455	XXXXXX	62
63		4-146 ALL OTHER CAR TYPES	200	XXXXXX	63
64		4-147 TOTAL (lines 47-63)	689,009	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)	XXXXXXXX	XXXXXX	
65		4-150 BOX-PLAIN 40-FOOT		XXXXXX	65
66		4-151 BOX-PLAIN 50-FOOT AND LONGER	3,321	XXXXXX	66
67		4-152 BOX-EQUIPPED	1,289	XXXXXX	67
68		4-153 GONDOLA-PLAIN	3,938	XXXXXX	68
69		4-154 GONDOLA-EQUIPPED	545	XXXXXX	69
70		4-155 HOPPER-COVERED	134,063	XXXXXX	70
71		4-156 HOPPER-O/T-GENERAL SERVICE	1,613	XXXXXX	71
72		4-157 HOPPER-O/T-SPECIAL SERVICE	27,108	XXXXXX	72
73		4-158 REFRIGERATOR-MECHANICAL	95	XXXXXX	73
74		4-159 REFRIGERATOR-NON-MECHANICAL	179	XXXXXX	74
75		4-160 FLAT-TOFC/COFC	16,940	XXXXXX	75
76		4-161 FLAT-MULTI-LEVEL	80,415	XXXXXX	76
77		4-162 FLAT-GENERAL SERVICE	72	XXXXXX	77
78		4-163 FLAT-ALL OTHER	17,294	XXXXXX	78
79		4-164 TANK UNDER 22,000 GALLONS	104,132	XXXXXX	79
80		4-165 TANK - 22,000 GALLONS AND OVER	48,988	XXXXXX	80
81		4-166 ALL OTHER CAR TYPES	197	XXXXXX	81
82		4-167 TOTAL (lines 65-81)	440,189	XXXXXX	82
83		4-17 WORK EQUIPMENT CAR-MILES	15,118	XXXXXX	83
84		4-18 NO PAYMENT CAR-MILES (I) *	116,267	XXXXXX	84
		4-19 TOTAL CAR-MILES BY TRAIN TYPE	XXXXXXXX	XXXXXX	
85		4-190 UNIT TRAINS	353,260	XXXXXX	85
86		4-191 WAY TRAINS	194,612	XXXXXX	86
87		4-192 THROUGH TRAINS	2,643,046	XXXXXX	87
88		4-193 TOTAL (lines 85-87)	3,190,918	XXXXXX	88
89		4-20 CABOOSE MILES	696	XXXXXX	89

* Total number of loaded miles 124,655 and empty miles 0 by roadrailer reported above on lines 29 and 45 respectively, rather than line 84.

Note: Total car miles should include no payment and work equipment car miles lines 83 & 84.

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	20,817,619		98
		6-02 FREIGHT TRAINS, CRS., CNTS. & CABOOSE	XXXXXXXX	XXXXXX	
99		6-020 UNIT TRAINS	31,221,740	XXXXXX	99
100		6-021 WAY TRAINS	15,249,839	XXXXXX	100
101		6-022 THROUGH TRAINS	202,957,649	XXXXXX	101
102		6-03 PASSENGER-TRAINS, CRS. & CNTS.			102
103		6-04 NON-REVENUE	925,344	XXXXXX	103
104		6-05 TOTAL (lines 98-103)	271,172,191		104
		7. TONS OF FREIGHT (Thousands)	XXXXXXXX	XXXXXX	
105		7-01 REVENUE	299,191	XXXXXX	105
106		7-02 NON-REVENUE	1,124	XXXXXX	106
107		7-03 TOTAL (lines 105, 106)	300,315	XXXXXX	107
		8. TON-MILES OF FREIGHT (Thousands) (L)	XXXXXXXX	XXXXXX	
108		8-01 REVENUE-ROAD SERVICE	135,918,145	XXXXXX	108
109		8-02 REVENUE-LAKE TRANSFER SERVICE		XXXXXX	109
110		8-03 TOTAL (lines 108, 109)	135,918,145	XXXXXX	110
111		8-04 NON-REVENUE-ROAD SERVICE	397,215	XXXXXX	111
112		8-05 NON-REVENUE-LAKE TRANSFER SERV.		XXXXXX	112
113		8-06 TOTAL (lines 111, 112)	397,215	XXXXXX	113
114		8-07 TOTAL-REV AND NON-REV (lines 110, 113)	136,315,360	XXXXXX	114
		9. TRAIN HOURS (M)	XXXXXXXX	XXXXXX	
115		9-01 ROAD SERVICE	2,785,463	XXXXXX	115
116		9-02 TRAIN SWITCHING	601,407	XXXXXX	116
117		10. TOTAL YARD SWITCHING HOURS (N)	1,683,890	XXXXXX	117
		11. TRAIN-MILES WORK TRAINS (O)	XXXXXXXX	XXXXXX	
118		11-01 LOCOMOTIVES	884,114	XXXXXX	118
119		11-02 MOTORCARS		XXXXXX	119
		12. NUMBER OF LOADED FREIGHT CARS (P)	XXXXXXXX	XXXXXX	
120		12-01 UNIT TRAINS	724,154	XXXXXX	120
121		12-02 WAY TRAINS	3,366,878	XXXXXX	121
122		12-03 THROUGH TRAINS	6,482,307	XXXXXX	122
123		13. TOFC/COFC-NO. OF REV. TRLS. & CONT. LOADED & UNLOADED (Q)	2,139,458	XXXXXX	123
124		14. MULTI-LEVEL CARS-NO. OF MTR. VEH. LOADED AND UNLOADED (Q)	1,097,068	XXXXXX	124
125		15. TOFC/COFC-NO. OF REV TRLS. PICKED UP AND DELIVERED (R)	157,282	XXXXXX	125
		16. REVENUE TONS-MARINE TERMINAL (S)	XXXXXXXX	XXXXXX	
126		16-01 MARINE TERMINALS - COAL	35,195,000	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)	35,195,000	XXXXXX	129
		17. NUMBER OF FOREIGN PER DIEM CARS ON LINE (T)	XXXXXXXX	XXXXXX	
130		17-01 SERVICEABLE	25,474	XXXXXX	130
131		17-02 UNSERVICEABLE	297	XXXXXX	131
132		17-03 SURPLUS		XXXXXX	132
133		17-04 TOTAL (lines 130-132)	25,771	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

John P. Rathbone makes oath and says that he is **Vice President and Controller** of **Norfolk Southern Combined Railroad Subsidiaries** (see page 4 of ICC Annual Report R-1); that it is his duty to have supervision over the books of accounts of the respondent and to control the manner in which such books are kept; that he knows that such books have been kept in good faith during the period covered by this report; that he 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 this Commission; that he 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, 1997, to and including December 31, 1997.


(Signature of affiant)

Subscribed and sworn to before me a **Notary Public** in and for the State and City above named, this 31st day of March, 1998. My commission expires December 31, 1998.

Use an
LS
impression seal



(Signature of officer authorized to administer oaths)

SUPPLEMENTAL OATH

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

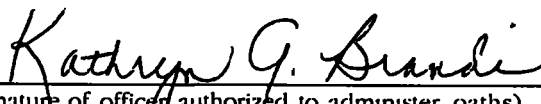
Commonwealth of Virginia
City of Norfolk

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 ICC 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, 1997, to and including December 31, 1997.


(Signature of affiant)

Subscribed and sworn to before me a **Notary Public** in and for the State and City above named, this 31st day of March, 1998. My commission expires December 31, 1998.

Use an
LS
impression seal


(Signature of officer authorized to administer oaths)

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