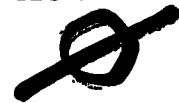


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ACAA - R1



# Class I Railroad Annual Report

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



OFFICE OF ECONOMICS  
DIRECTOR'S OFFICE

2003 APR - 1 A 12: 28

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

**To The  
Surface Transportation Board**

**For the Year Ending December 31, 2002**

## 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, 2002

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) Sr. 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.

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

**A. SCHEDULES OMITTED BY RESPONDENT**

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

Page	Schedule No.	Title
		NONE

**B. IDENTITY OF RESPONDENT**

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

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

- 1 Exact name of common carrier making this report Norfolk Southern Combined Railroad Subsidiaries\* (NS Rail) is comprised principally of Norfolk Southern Railway Consolidated.
- 2 Date of incorporation Norfolk Southern Railway Company was incorporated June 18, 1894, under the name Southern Railway Company.
- 3 Under laws of what Government, State, or Territory organized? If more than one, name all. If in bankruptcy, give court of jurisdiction and dates of beginning of receivership and of appointment of receivers or trustees  
Norfolk Southern Railway Company - Organized under and by virtue of an act of Assembly of the State of Virginia, approved February 20, 1894.
- 4 If the respondent was reorganized during the year, involved in a consolidation or merger, or conducted its business under a different name, give full particulars - On June 1, 1982, Southern Railway Company (SR) and Norfolk and Western Railway Company (NW) became subsidiaries of Norfolk Southern Corporation (NS), a transportation holding company incorporated in Virginia. Effective December 31, 1990, NS transferred all the common stock of NW to SR, and SR's name was changed to Norfolk Southern Railway Company (NSR). Effective September 1, 1998, NW was merged with and into NSR. In August 1998, the STB's decision approving the joint application of NS, NSR and other parties to control Conrail (which owns Consolidated Rail Corporation) became final. NSR and CSX Transportation began operating their respective portions of Conrail's routes and assets on June 1, 1999. See also note 10 to Schedule 200.

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

**STOCKHOLDERS REPORTS**

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

Check appropriate box:

☐ Two copies are attached to this report.

☐ Two copies will be submitted

☒ No annual report to stockholders is prepared. Not applicable for "Norfolk Southern Combined Railroad Subsidiaries."

Enclosed with this Report Form R-1 are copies of Annual Reports on Form 10-K for year ended December 31, 2002, filed with the Securities and Exchange Commission by Norfolk Southern Corporation and Norfolk Southern Railway Company.

**C. VOTING POWERS AND ELECTIONS**

- 1 State the par value of each share of stock: Common, \$ No Par per share; first preferred, \$ 50 stated value per share; second preferred \$        per share; debenture stock, \$        per share.
- 2 State whether or not each share of stock has the right to one vote; if not, give full particulars in a footnote. Yes
- 3 Are voting rights proportional to holdings? Yes If no, state in a footnote the relation between holdings and corresponding voting rights.
- 4 Are voting rights attached to any securities other than stock? No If so, name in a footnote each security, other than stock, to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent, and if contingent, showing the contingency.
- 5 Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? No If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.
- 6 Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing  
Stock Books Do Not Close
- 7 State the total voting power of all security holders of the respondent at the date of such closing, if within one year of the date of such filing; if not, state as of the close of the year. NSR 16,668,997\*, T-Cubed 2,000 and TCS Leasing, Inc. 500 votes as of December 31, 2002.  
(date)
- 8 State the total number of stockholders of record, as of the date shown in answer to inquiry No. 7. One stockholder.
- 9 Give the names of the thirty security holders of the respondent who, at the date of the latest closing of the stock book or compilation of the list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each, his address, the number of votes he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. In the case of voting trust agreement, give as supplemental information the names and addresses of the thirty largest holders of the voting trust certificates and the amount of their individual holdings. If the stock book was not closed or the list of stockholders compiled within such year, show such thirty security holders as of the close of the year.

Line No.	Name of Security Holder	Address of Security Holder	Number of votes to which security holder was entitled	NUMBER OF VOTES, CLASSIFIED WITH RESPECT TO SECURITIES ON WHICH BASED			Line No.
				Stock			
				Common	PREFERRED		
Second	First						
1	Norfolk Southern Railway:						1
2	Norfolk Southern Corp.	Norfolk, VA	16,668,997	16,668,997		*	2
3							3
4	Thoroughbred Technology and						4
5	Telecommunications, Inc.						5
6	(T-Cubed):						6
7	Norfolk Southern Corp.	Norfolk, VA	2,000	2,000			7
8							8
9	TCS Leasing, Inc.:						9
10	Norfolk Southern Corp.	Norfolk, VA	500	500			10
11							11
12							12
13							13
14							14
15							15
16	* At December 31, 2002, 1,197,027 shares of \$2.60 cumulative preferred stock, Series A were issued; of these,						16
17	1,096,907 shares were held other than by subsidiaries and are entitled to one vote per share. NS has 20.6% of						17
18	all shares entitled to vote.						18
19							19
20							20
21							21
22							22
23							23
24							24
25							25
26							26
27							27
28							28
29							29
30							30

**C. VOTING POWERS AND ELECTIONS - Continued**

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

NSR - 17,633,676 votes, T-Cubed - 2,000 votes and TCS Leasing, Inc. - 500 votes.

11. Give the date of such meeting. NSR - May 28, 2002 T-Cubed - April 15, 2002 and TCS Leasing, Inc. - October 16, 2002

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

**NOTES AND REMARKS****Principles of Combined Reporting**

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

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

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

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

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

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

Class I

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

Class II

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

Class III

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

Lessors and Other

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

**200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - ASSETS**

(Dollars in Thousands)

Line No.	Cross Check	Account	Title (a)	Balance at close of year (b)	Balance at begin- ning of year (c)	Line No.
<b>Current Assets</b>						
1		701	Cash and Cash Equivalents	145,036	179,117	1
2		702	Temporary Cash Investments	46	46	2
3		703	Special Deposits			3
			Accounts Receivable			
4		704	- Loan and Notes	2,847	4,730	4
5		705	- Interline and Other Balances	450	498	5
6		706	- Customers	30,521	25,693	6
7		707	- Other	42,526	64,528	7
8		709, 708	- Accrued Accounts Receivables	112,294	132,535	8
9		708.5	- Receivables from Affiliated Companies			9
10		709.5	- Less: Allowance for Uncollectible Accounts	(5,148)	(4,708)	10
11		710, 711, 714	Working Funds Prepayments Deferred Income Tax Debits	273,687	245,180	11
12		712	Materials and Supplies	97,165	89,901	12
13		713	Other Current Assets	— 37,112	10,526	13
14			<b>TOTAL CURRENT ASSETS</b>	<b>736,536</b>	<b>748,046</b>	14
<b>Other Assets</b>						
15		715, 716, 717	Special Funds	582,003	505,378	15
16		721, 721.5	Investments and Advances Affiliated Companies (Schedule 310 and 310A)	497,984	456,542	16
17		722, 723	Other Investments and Advances	244,745	218,520	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) \$24,406 and \$21,177 respectively	189,052	167,960	19
20		739, 741	Other Assets	71,286	64,514	20
21		743	Other Deferred Debits	13,191	16,641	21
22		744	Accumulated Deferred Income Tax Debits			22
23			<b>TOTAL OTHER ASSETS</b>	<b>1,598,261</b>	<b>1,429,555</b>	23
<b>Road and Equipment</b>						
24		731, 732	Road (Schedule 330, L-30 Col. h & b)	10,681,229	10,251,937	24
25		731, 732	Equipment (Schedule 330, L-39 Col. h & b)	5,541,067	5,472,763	25
26		731, 732	Unallocated Items	210,167	285,991	26
27		733, 735	Accumulated Depreciation and Amortization (Schedules 335, 342, 351)	(5,542,218)	(5,273,875)	27
28			Net Road and Equipment	10,890,245	10,736,816	28
29	*		<b>TOTAL ASSETS</b>	<b>13,225,042</b>	<b>12,914,417</b>	29

**NOTES AND REMARKS**

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

Line No.	Cross Check	Account	Title (a)	Balance at close of year (b)	Balance at beginning of year (c)	Line No.
<b>Current Liabilities</b>						
30		751	Loans and Notes Payable			30
31		752	Accounts Payable; Interline and Other Balances	2,488	5,007	31
32		753	Audited Accounts and Wages	44,620	45,596	32
33		754	Other Accounts Payable	1,155	945	33
34		755, 756	Interest and Dividends Payable	18,260	16,102	34
35		757	Payables to Affiliated Companies	790,842	1,182,903	35
36		759	Accrued Accounts Payable	838,686	783,611	36
37		760, 761, 761.5, 762	Taxes Accrued	177,882	225,945	37
38		763	Other Current Liabilities	104,560	119,266	38
39		764	Equipment Obligations and Other Long-Term Debt due Within One Year	108,089	104,918	39
40			<b>TOTAL CURRENT LIABILITIES</b>	<b>2,086,582</b>	<b>2,484,293</b>	40
<b>Non-Current Liabilities</b>						
41		765, 767	Funded Debt Unmatured	32,525	34,548	41
42		766	Equipment Obligations	485,915	506,166	42
43		766.5	Capitalized Lease Obligations	274,239	283,677	43
44		768	Debt in Default			44
45		769	Accounts Payable; Affiliated Companies	538,899	26,142	45
46		770.1, 770.2	Unamortized Debt Premium	(1,265)	(1,614)	46
47		781	Interest in Default			47
48		783	Deferred Revenues-Transfers from Government Authorities			48
49		786	Accumulated Deferred Income Tax Credits	4,037,447	3,734,477	49
50		771, 772, 774, 775, 782, 784	Other Long-Term Liabilities and Deferred Credits	1,026,101	1,083,121	50
51			<b>TOTAL NONCURRENT LIABILITIES</b>	<b>6,393,861</b>	<b>5,666,517</b>	51
<b>Shareholders' Equity</b>						
52		791, 792	Total Capital Stock: (Schedule 230, E-11 & 17)	166,690	166,690	52
53			Common Stock	166,690	166,690	53
54			Preferred Stock			54
55			Discount on Capital Stock			55
56		794, 795	Additional Capital (Schedule 230)	771,186	768,559	56
57		797	Retained Earnings:			57
58		798	Appropriated			58
59		796	Unappropriated (Schedule 220)	3,540,727	3,613,153	59
60		798.5	Accumulated Other Comprehensive Income	265,996	215,205	60
61			Less Treasury Stock			61
62	*		Net Stockholders' Equity	4,744,599	4,763,607	62
			<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>13,225,042</b>	<b>12,914,417</b>	

**NOTES AND REMARKS**

**200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES**

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

1. Amount (estimated, if necessary) of net income or retained income which has to be provided for capital expenditures, and for sinking and other funds pursuant to provisions of reorganization plans, mortgages, deeds of trust, or other contracts  
NONE
2. Estimated amount of future earnings which can be realized before paying Federal income taxes because of unused and available net operating loss carryover on January 1 of the year following that for which the report is made  
NONE
3. (a) Explain the procedure in accounting for pension funds and recording in the accounts the current and past service pension costs, indicating whether or not consistent with the prior year  
SEE NOTE 3, PAGE 9
- (b) State amount, if any, representing the excess of the actuarially computed value of vested benefits over the total of the pension fund NONE FOR FUNDED PLANS
- (c) Is any part of pension plan funded? Specify. Yes X No       
(i) If funding is by insurance, give name of insuring company NOT APPLICABLE  
If funding is by trust agreement, list trustee(s) FIRST UNION NATIONAL BANK (CUSTODIAN)  
Date of trust agreement or latest amendment AUGUST 1, 1988 (CUSTODIAL AGREEMENT)  
If respondent is affiliated in any way with the trustee(s), explain affiliation
- (d) List affiliated companies which are included in the pension plan funding agreement and describe basis for allocating charges under the agreement SEE NOTE 3, PAGE 9
- (e) Is any part of the pension plan fund invested in stock or other securities of the respondent or any of its affiliates? Specify. Yes      No X  
If yes, give number of the shares for each class of stock or other security:
- Are voting rights attached to any securities held by the pension plan? Specify. Yes X No       
If yes, who determines how stock is voted? The Chairman of the Board of Managers is authorized to give instructions to the Board of Managers' nominee regarding the execution of general proxies.
4. State whether a segregated political fund has been established as provided by the Federal Election Campaign Act of 1971 (18 U.S.C. 610). Yes X No
5. (a) The amount of employers contribution to employee stock ownership plans for the current year was SEE NOTE 3, PAGE 9.
- (b) The amount of investment tax credit used to reduce current income tax expense resulting from contributions to qualified employee stock ownership plans for the current year was NONE.
6. In reference to Docket No. 37465 specify the total amount of business entertainment expenditures charged to the nonoperating expense account. NONE

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

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

Disclose the nature and amount of contingency that is material.

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

See Note 7 on page 11.

## (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

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

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

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

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

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

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

## 3. PENSIONS AND OTHER POSTRETIREMENT BENEFITS

Norfolk Southern and certain subsidiaries (see Note 9) have both funded and unfunded defined benefit pension plans covering principally salaried employees. Norfolk Southern and certain subsidiaries also provide specified health care and death benefits to eligible retired employees and their dependents. Under the present plans, which may be amended or terminated at NS' option, a defined percentage of health care expenses is covered, reduced by any deductibles, copayments, Medicare payments and, in some cases, coverage provided under other group insurance policies.

Pension and Other Postretirement Benefit Obligations and Plan Assets

	Pension Benefits		Other Benefits	
	2002	2001	2002	2001
	(\$ in millions)			
<b>Change in benefit obligations</b>				
Benefit obligation at beginning of year	\$ 1,324	\$ 1,312	\$ 479	\$ 445
Service cost	17	15	13	14
Interest cost	91	94	33	33
Amendment	—	6	—	—
Legislative changes	—	(19)	—	—
Actuarial (gains) losses	54	36	98	21
Benefits paid	(116)	(120)	(31)	(34)
Benefit obligation at end of year	<u>1,370</u>	<u>1,324</u>	<u>592</u>	<u>479</u>
<b>Change in plan assets</b>				
Fair value of plan assets at beginning of year	1,798	1,999	118	126
Actual return on plan assets	(201)	(74)	(12)	(8)
Employer contribution	6	7	31	34
401(h) account transfer	(18)	(14)	—	—
Benefits paid	(116)	(120)	(31)	(34)
Fair value of plan assets at end of year	<u>1,469</u>	<u>1,798</u>	<u>106</u>	<u>118</u>
<b>Funded status</b>	<u>99</u>	<u>474</u>	<u>(486)</u>	<u>(361)</u>
Unrecognized (gain) loss	305	(142)	169	46
Unrecognized prior service cost	26	30	—	—
Net amount recognized	<u>\$ 430</u>	<u>\$ 362</u>	<u>\$ (317)</u>	<u>\$ (315)</u>
<b>Amounts recognized in the Consolidated Balance Sheets consist of:</b>				
Prepaid benefit cost	\$ 497	\$ 426	\$ —	\$ —
Accrued benefit liability	(82)	(79)	(317)	(315)
Accumulated other comprehensive income	15	15	—	—
Net amount recognized	<u>\$ 430</u>	<u>\$ 362</u>	<u>\$ (317)</u>	<u>\$ (315)</u>

Of the pension plans included above, the unfunded pension plans were the only plans with an accumulated benefit obligation in excess of plan assets. These plans' accumulated benefit obligations were \$82 million at Dec. 31, 2002, and \$79 million at Dec. 31, 2001. These plans' projected benefit obligations were \$94 million at Dec. 31, 2002 and \$89 million at Dec. 31, 2001. Because of the nature of such plans, there are no plan assets.

NS received Section 401(h) account transfers, from pension plan assets, of \$18 million in 2002 and \$14 million in 2001 as reimbursement for medical payments for retirees.

Legislative changes primarily resulting from the December 2001 amendment to the Railroad Retirement Act ("The Act") increased benefits payable to certain retirees covered by The Act. Since employees' pension benefits paid by NS are offset by a portion of benefits paid under The Act, the amendment served to reduce NS' obligation by approximately \$19 million at Dec. 31, 2001.

During 2001, NS amended its qualified and nonqualified pension plans to enhance benefits to certain NS employees. The amendments increased the pension benefit obligation by \$6 million at Dec. 31, 2001. During 2000, NS amended its qualified pension plan to allow for the payment of qualifying disability benefits.

**200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)****Pension and Other Postretirement Benefit Costs Components**

	<u>2002</u>	<u>2001</u> (\$ in millions)	<u>2000</u>
<b><i>Pension benefits</i></b>			
Service cost	\$ 17	\$ 15	\$ 18
Interest cost	91	94	79
Cost of early retirement programs	—	—	119
Expected return on plan assets	(179)	(202)	(192)
Amortization of prior service cost	4	4	4
Amortization of initial net asset	—	(3)	(7)
Recognized net actuarial gain	(13)	(24)	(38)
Net benefit	<u>\$ (80)</u>	<u>\$ (116)</u>	<u>\$ (17)</u>
<b><i>Other postretirement benefits</i></b>			
Service cost	\$ 13	\$ 14	\$ 15
Interest cost	33	33	27
Cost of early retirement programs	—	—	14
Expected return on plan assets	(13)	(13)	(14)
Amortization of prior service cost	—	—	(4)
Net cost	<u>\$ 33</u>	<u>\$ 34</u>	<u>\$ 38</u>

**Pension Assumptions**

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

	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b><i>Funded status:</i></b>			
Discount rate	6.75%	7.25%	7.50%
Future salary increases	4.5%	5%	5%
<b><i>Pension cost:</i></b>			
Discount rate	7.25%	7.50%	7.75%
Return on assets in plans	9%	10%	10%
Future salary increases	5%	5%	5%

**Health Care Cost Trend Assumptions**

For measurement purposes, increases in the per capita cost of covered health care benefits were assumed to be 10% for 2003 and 9% for 2004. It is assumed the rate will decrease gradually to an ultimate rate of 5.0% for 2008 and remain at that level thereafter.

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

	<u>One percentage point</u>	
	<u>Increase</u>	<u>Decrease</u>
	(\$ in millions)	
Increase (decrease) in:		
Total service and interest cost components	\$ 6	\$ (5)
Postretirement benefit obligation	\$ 69	\$ (57)

**Other Postretirement Coverage**

Under collective bargaining agreements, NS Rail participates in a multi-employer benefit plan, which provides certain postretirement health care and life insurance benefits to eligible union employees. Premiums under this plan are expensed as incurred and amounted to \$11 million in 2002, \$10 million in 2001 and \$7 million in 2000.

**401(k) Plans**

NS Rail provides 401(k) savings plans for employees. Under the plans, NS Rail matches a portion of employee contributions, subject to applicable limitations. Since 1999, NS has contributed newly issued shares of its Common Stock for NS Rail's matching contributions. NS Rail's expenses under these plans were \$12 million in 2002, \$11 million in 2001 and \$12 million in 2000.

**200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)****Early Retirement Programs in 2000**

During 2000, NS offered two voluntary early retirement programs to its salaried employees. The principal incentives offered in these programs were enhanced pension benefits, the cost for most of which will be paid from NS' overfunded pension plan. A February program was accepted by 919 of 1,180 eligible employees, and a December program was accepted by 370 of 846 eligible employees. The total cost of these programs, which is included in "General" expenses, was \$133 million. The resulting noncash reduction to NS' pension plan is included in "Other-net" in the Combined Statement of Cash Flows.

**7. COMMITMENTS AND CONTINGENCIES****Lawsuits**

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

Presently, there are cases involving labor issues where the aggregated range of loss could be from nothing to \$40 million. Management believes that NS Rail will prevail in these cases; however, an unfavorable outcome could result in accruals that could be significant to results of operations in a particular year or quarter.

**Casualty Claims**

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

**Environmental Matters**

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

NS Rail's balance sheets included liabilities for environmental exposures in the amount of \$29 million at Dec. 31, 2002, and \$33 million at Dec. 31, 2001 (of which \$8 million was accounted for as a current liability in each year). At Dec. 31, 2002, the liability represented NS Rail's estimate of the probable cleanup and remediation costs based on available information at 114 identified locations. On that date, 10 sites accounted for \$16 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 some of the 114 locations, certain NS Rail subsidiaries, usually in conjunction with a number of other parties, have been identified as potentially responsible parties by the Environmental Protection Agency (EPA) or similar state authorities under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, or comparable state statutes, which often impose joint and several liability for cleanup costs.

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

The risk of incurring environmental liability — 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, 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.

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

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

### Purchase Commitment

NS Rail had outstanding purchase commitments of approximately \$164 million in connection with its 2003 capital program.

### Change-in-Control Arrangements

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

### Guarantees

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

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

NS Rail has outstanding warranty liabilities primarily related to work performed at its locomotive facilities. NS Rail has recorded a reserve of less than \$2 million as of Dec. 31, 2002 and 2001 for these warranties.

As of Dec. 31, 2002, NSR and certain of its subsidiaries are contingently liable as guarantors with respect to \$8 million of indebtedness of an entity in which it has an ownership interest, the Terminal Railroad Association of St. Louis, due in 2019. Six other railroads are also jointly and severally liable as guarantors for this indebtedness. No liability has been recorded related to this guaranty.

NSR is liable for any shortfall in the then fair market value of certain leased locomotives and a specified residual value for the locomotives if the leases are not renewed. NS Rail does not expect to be required to make any payments under this provision. As of Dec. 31, 2002, the maximum liability under this provision, assuming NS Rail chose not to renew the lease in 2003 and the then fair value of the locomotives was zero, would be \$116 million.

## 8. MARKETABLE EQUITY SECURITIES

	<u>2002</u>	Dec. 31, (in millions of dollars)	<u>2001</u>
Marketable equity securities, principally 21,169,125 shares of NS Common Stock at fair value	\$ 425		\$ 389

Carrying value adjustments, which are noncash transactions, are not included in the Combined Statement of Cash Flows. The gross unrealized holding gain was \$404 million at Dec. 31, 2002, and \$369 million at Dec. 31, 2001. Sales of "available-for-sale-securities" were immaterial for years ended Dec. 31, 2002 and 2001.

## 9. RELATED PARTIES (OTHER THAN CONRAIL/PRR)

### General

Norfolk Southern Corporation (NS) is the parent holding company of NSR. Rail operations are coordinated at the holding company level by the NS Vice Chairman and Chief Operating Officer. Effective June 1, 2000, NS charges NS Rail a fee for management services it performs for NS Rail (which totaled \$522 million, including a \$32 million markup in 2002; \$521 million, and included a \$35 million markup in 2001; and \$347 million, including a \$17 million markup in 2000). Previously, the costs of functions performed by NS were charged to NS Rail. As a result, costs that were previously included in "Salaries and Wages" and "General" are reflected in "Purchased Services." In addition, NS charges NS Rail a revenue-based licensing fee (which totaled \$91 million in 2002, \$90 million in 2001 and \$91 million in 2000) for use of certain intangible assets owned by NS.

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

NSR declared and issued to NS noncash dividends of \$501 million in 2002, \$700 million in 2001 and \$382 million in 2000, which were settled by reduction of NSR's interest-bearing advances due from NS.

Noncash dividends are excluded from the Combined Statements of Cash Flows.

Sale of Accounts Receivable

From Dec. 1, 1999 through April 30, 2000, NS Rail sold certain of its rail accounts receivable, on a nonrecourse basis, to NS. Based on the terms of the sale agreement, these sales were accounted for as secured borrowings. The discount is included in Account 551 in the Combined Statement of Income.

Effective May 2000, NS and NS Rail sold, without recourse, to a bankruptcy-remote special-purpose NS subsidiary, a pool of accounts receivable totaling approximately \$700 million. The pool consisted of receivables NS earlier had purchased from NS Rail (as described above), and certain additional NS Rail receivables. NS Rail services and collects all of the sold receivables on behalf of the buyers; however, no servicing asset or liability has been recognized because the benefits of servicing are estimated to be just adequate to compensate NS Rail for its responsibilities. Payments collected from sold receivables are remitted to the special-purpose NS subsidiary, which, in turn, reinvests the amounts by purchasing new receivables from NS Rail. NS Rail has no retained interest in the sold receivables.

Under the terms of the new sale agreement, the receivables are treated as sold and, accordingly, \$513 million of sold receivables at Dec. 31, 2002, and \$534 million at Dec. 31, 2001, of sold receivables are not included on the balance sheet of NS Rail. The transition to the new program in May 2000 resulted in a \$495 million noncash reduction of receivables and Intercompany Accounts, which was excluded from the Combined Statement of Cash Flows. Fees associated with the sale, which are based on historical dilution and prevailing interest rates, are included in Account 551.

Intercompany Federal Income Tax Accounts

In accordance with the NS Tax Allocation Agreement, intercompany federal income tax accounts are recorded between companies in the NS consolidated group. NS Rail had long-term intercompany federal income tax payables (which are included in "Deferred income taxes" in the Combined Balance Sheets) of \$897 million at Dec. 31, 2002, and \$833 million at Dec. 31, 2001.

Capital Contributions

In each of 2002, 2001 and 2000, NS Rail recognized capital contributions for benefits it received related to tax credits generated by a nonrail subsidiary of NS.

Cash Required for NS Debt

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

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

**10. OPERATIONS OVER CONRAIL'S LINES**Overview

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

Operations of Conrail's Lines

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

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

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

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

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

	PRR Oper. <u>Agmt.</u>	PRR Lease <u>Agmt.</u> (\$ in millions)	SAA <u>Agmts.</u>
2003	\$ 217	\$ 116	\$ 30
2004	238	94	32
2005	246	74	33
2006	246	60	34
2007	246	48	34
2008 and subsequent years	4,285	129	585
Total	\$ <u>5,478</u>	\$ <u>521</u>	\$ <u>748</u>

Operating lease expense related to the agreements amounted to \$468 million in 2002, \$467 million in 2001 and \$502 million in 2000.

NS Rail's combined balance sheet at Dec. 31, 2002, includes \$58 million of liabilities related to the Conrail transaction, principally for contractual obligations to Conrail employees imposed by the STB when it approved the transaction. Through Dec. 31, 2002, NS Rail had paid \$125 million of these costs.

NS Rail provides certain general and administrative support functions to Conrail, the fees for which are billed in accordance with several service-provider arrangements and totaled \$7 million in 2002, \$6 million in 2001 and \$7 million in 2000.

A significant portion of payments made to PRR is borrowed back from a subsidiary of PRR. Previously, these loans were made under a demand note and included in Account 757; however, in the first quarter of 2002, the subsidiary of PRR exchanged this demand note for a new note due in 2032. Borrowings owed to the subsidiary of PRR are included in Account 769. The interest rate for these loans is variable and was 1.82% at Dec. 31, 2002.

## 11. DERIVATIVE FINANCIAL INSTRUMENTS

On Jan. 1, 2001, NS Rail adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), as amended by Statement of Financial Accounting Standards No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" (SFAS 138). The Statements establish accounting and reporting standards for derivative instruments and hedging activities, requiring that all derivatives be recognized in the financial statements as either assets or liabilities and that they be measured at fair value. Changes in fair value are recorded as adjustments to the assets or liabilities being hedged in Account 796 or in current earnings, depending on whether the derivative is designated and qualifies for hedge accounting, the type of hedge transaction represented and the effectiveness of the hedge.

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

Diesel Fuel Hedging

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

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

	<u>2002</u>	<u>2001</u>
Number of swaps entered into during the year	288	222
Approximate number of gallons hedged (millions)	393	370
Approximate average price per gallon of Nymex No. 2 heating oil	\$0.66	\$0.68
	<u>2003</u>	<u>2004</u>
Percent of estimated future diesel fuel consumption covered as of Dec. 31, 2002	62%	22%
		<u>2005</u>
		—

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

Hedges are placed each month by competitive bid among selected counterparties. The goal of this hedging strategy is to average fuel costs over an extended period of time while minimizing the incremental cost of hedging. The program provides that NS will not enter into any fuel hedges with a duration of more than 36 months, and that no more than 80% of NS Rail's average monthly fuel consumption will be hedged for each month within any 36-month period. Diesel fuel costs represented 6% of NS Rail's operating expenses for the year ended Dec.31, 2002 and 8% for 2001 and 2000.

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

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

**Interest Rate Hedging**

NS Rail manages its overall exposure to fluctuations in interest rates by issuing both fixed and floating-rate debt instruments, and by entering into interest rate hedging transactions. NS Rail had \$220 million, or 33.1%, and \$251 million, or 33.8%, of its fixed rate debt portfolio hedged at Dec. 31, 2002 and Dec. 31, 2001, respectively, using interest rate swaps that qualify for and are designated as fair-value hedge transactions. These swaps have been effective in hedging the changes in fair value of the related debt arising from changes in interest rates and, accordingly, there has been no impact on earnings resulting from ineffectiveness associated with these derivative transactions.

**Fair Values**

The fair values of NS Rail's diesel fuel derivative instruments at Dec. 31, 2002 and 2001, were determined based upon current fair market values as quoted by third party dealers. Fair values of interest rate swaps were determined based upon the present value of expected future cash flows discounted at the appropriate implied spot rate from the spot rate yield curve. Fair value adjustments are noncash transactions and, accordingly, are excluded from the Combined Statements of Cash Flows. Account 796 included \$29 million (pretax) at Dec. 31, 2002, relating to an increase, and \$15 million (pretax) at Dec. 31, 2001, relating to a decrease in the fair value of derivative fuel hedging transactions that will terminate within 12 months.

**12. FREIGHT RATES AND REGULATED TRAFFIC****Freight Rates**

In 2002, NS Rail continued its reliance on private contracts and exempt price quotes as the predominant pricing mechanism. Thus, a major portion of NS Rail's freight business is not currently economically regulated by the government. In general, market forces have been substituted for government regulation and now are the primary determinant of rail service prices. However, in 2002 there were significant coal movements moving under common carrier (tariff) rates which had previously moved under rates contained in transportation contracts. Beginning Jan. 1, 2002, coal moving to Duke Energy's (Duke) Belew's Creek, Allen, Buck and Dan River generating stations moved under common carrier rates and beginning April 1, 2002, coal moving to Carolina Power and Light's (CP&L) Hyco and Mayo plants moved under common carrier rates. Duke and CP&L have challenged the reasonableness of these common carrier rates in proceedings currently pending before the Surface Transportation Board.

In 2002, NS Rail was found by the STB not to be "revenue adequate" based on results for the year 2001. A railroad is "revenue adequate" under the applicable law when its return on net investment exceeds the rail industry's composite cost of capital. This determination is made pursuant to statutory requirement and does not adversely impact NS Rail's liquidity or capital resources.

**210. RESULTS OF OPERATIONS**

(Dollars in Thousands)

**Cross-checks**

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

2. Report total operating expenses from Schedule 410. Any differences between this schedule and Schedule 410 must be explained on page 18

3. List dividends from investments accounted for under the cost method on line 19, and list dividends accounted for under the equity method on line 25.

4. All contra entries should be shown in parenthesis.

**Schedule 210**

Line 15, column (b)

Line 47 plus 48 plus 49, column (b)

Line 50, column (b)

Line 14, column (b)

Line 14, column (d)

Line 14, column (e)

**Schedule 210**

= Line 62, column (b)

= Line 63, column (b)

= Line 64, column (b)

**Schedule 410**

= Line 620, column (h)

= Line 620, column (f)

= Line 620, column (g)

Line No.	Cross Check	Item	Amount for current year	Amount for preceding year	Freight-related revenue & expenses	Passenger-related revenue & expenses	Line No.
		(a)	(b)	(c)	(d)	(e)	
		<b>ORDINARY ITEMS</b>					
		<b>OPERATING INCOME</b>					
		<b>Railway Operating Income</b>					
1		(101) Freight	6,037,390	5,951,888	6,037,390		1
2		(102) Passenger					2
3		(103) Passenger-Related					3
4		(104) Switching	59,439	65,869	59,439		4
5		(105) Water Transfers					5
6		(106) Demurrage	80,629	68,090	80,629		6
7		(110) Incidental	92,363	83,976	92,363		7
8		(121) Joint Facility-Credit (Debit)					8
9		(122) Joint Facility-Debit (Credit)					9
10		(501) Railway operating revenues (Exclusive of transfers from Government Authorities-lines 1-9)	6,269,821	6,169,823	6,269,821		10
11		(502) Railway operating revenues-Transfers from Government Authorities for current operations					11
12		(503) Railway operating revenues-Amortization of deferred transfers from Government Authorities					12
13		<b>TOTAL RAILWAY OPERATING REVENUES (lines 10-12)</b>	<b>6,269,821</b>	<b>6,169,823</b>	<b>6,269,821</b>		13
14	*	(531) Railway operating expenses	5,292,680	5,332,886	5,292,680		14
15	*	<b>Net revenue from railway operations</b>	<b>977,141</b>	<b>836,937</b>	<b>977,141</b>		15
		<b>OTHER INCOME</b>					
16		(506) Revenue from property used in other than carrier operations	2,144	1,989			16
17		(510) Miscellaneous rent income	34,680	35,986			17
18		(512) Separately operated properties-Profit					18
19		(513) Dividend Income (cost method)	5,508	5,131			19
20		(514) Interest Income	16,796	28,864			20
21		(516) Income from sinking and other funds	74	392			21
22		(517) Release of premiums on funded debt	-	1			22
23		(518) Reimbursements received under contracts and agreements					23
24		(519) Miscellaneous income	118,917	116,501			24
25		Income from affiliated companies: 519					25
26		a Dividends (equity method)					26
27		b Equity in undistributed earnings (losses)	371	780			27
28		<b>TOTAL OTHER INCOME (lines 16-26)</b>	<b>178,490</b>	<b>189,644</b>			28
29		<b>TOTAL INCOME (lines 15, 27)</b>	<b>1,155,631</b>	<b>1,026,581</b>			29
		<b>MISCELLANEOUS DEDUCTIONS FROM INCOME</b>					
29		(534) Expenses of property used in other than carrier operations	20,865	18,392			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	272,207	335,274			34
35		(553) Uncollectible accounts					35
36		<b>TOTAL MISCELLANEOUS DEDUCTIONS (lines 29-35)</b>	<b>293,072</b>	<b>353,666</b>			36
37		<b>Income available for fixed charges (lines 28, 36)</b>	<b>862,559</b>	<b>672,915</b>			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
<b>FIXED CHARGES</b>					
		(546) Interest on funded debt:			
38		(a) Fixed interest not in default	32,723	41,499	38
39		(b) Interest in default			39
40		(547) Interest on unfunded debt	128,871	95,407	40
41		(548) Amortization of discount on funded debt	763	433	41
42		TOTAL FIXED CHARGES (lines 38-41)	162,357	137,339	42
43		Income after fixed charges (lines 37, 42)	700,202	535,576	43
<b>OTHER DEDUCTIONS</b>					
		(546) Interest on funded debt:			
44		(c) Contingent interest			44
<b>UNUSUAL OR INFREQUENT ITEMS</b>					
45		(555) Unusual or infrequent items (debit) credit			45
46		Income (Loss) from continuing operations (before income taxes)	700,202	535,576	46
<b>PROVISIONS FOR INCOME TAXES</b>					
		(556) Income taxes on ordinary income:			
47	*	(a) Federal income taxes	84,794	110,485	47
48	*	(b) State income taxes	5,508	18,420	48
49	*	(c) Other income taxes			49
50	*	(557) Provision for deferred taxes	182,257	68,776	50
51		TOTAL PROVISIONS FOR INCOME TAXES (lines 47-50)	272,559	197,681	51
52		Income from continuing operations (lines 46+51)	427,643	337,895	52
<b>DISCONTINUED OPERATIONS</b>					
53		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$ )			53
54		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$ )			54
55		Income before extraordinary items (lines 52+53+54)	427,643	337,895	55
<b>EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES</b>					
56		(570) Extraordinary items (Net)			56
57		(590) Income taxes on extraordinary items			57
58		(591) Provision for deferred taxes-Extraordinary items			58
59		TOTAL EXTRAORDINARY ITEMS (lines 56-58)			59
60		(592) Cumulative effect of changes in accounting principles (less applicable tax of \$ )			60
61	*	Net income (Loss) (lines 55+59+60)	427,643	337,895	61
<b>Reconciliation of net railway operating income(NROI)</b>					
62		Net revenues from railway operation	977,141	836,937	62
63	*	(556) Income taxes on ordinary income ( - )	(90,302)	(128,905)	63
64	*	(557) Provision for deferred income taxes ( - )	(182,257)	(68,776)	64
65		Income from lease of road and equipment ( - )	(7,292)	(6,606)	65
66		Rent for leased roads and equipment ( + )	214,761	207,696	66
67		Net railway operating income (loss)	912,051	840,346	67

## NOTES AND REMARKS

**220. RETAINED EARNINGS**

(Dollars in Thousands)

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

Line No.	Cross Check	Item	Retained earnings- Unappropriated	Equity in undistributed earnings (losses) of affiliated companies (c)	Line No.
		(a)	(b)	(c)	
1		Balances at beginning of year	3,613,153		1
2	(601.5)	Prior period adjustments to beginning retained earnings			2
		<b>CREDITS</b>			
3	(602)	Credit balance transferred from income	427,643		3
4	(603)	Appropriations released			4
5	(606)	Other credits to retained earnings			5
6		<b>TOTAL</b>	427,643		6
		<b>DEBITS</b>			
7	(612)	Debit balance transferred from income			7
8	(616)	Other debits to retained earnings			8
9	(620)	Appropriations for sinking and other funds			9
10	(621)	Appropriations for other purposes			10
11	(623)	Dividends: Common stock (Schedule 200, Note 9, page 12)	500,069		11
12		Preferred stock (1)			12
13		<b>TOTAL</b>	500,069		13
14		Net increase (decrease) during year (line 6 minus line 13)	(72,426)		14
15		Balances at close of year (lines 1, 2 & 14)	3,540,727		15
16		Balances from line 15 (c)		N/A *	16
17	(798)	Total unappropriated retained earnings and equity in undistributed earnings (losses) of affiliated companies at end of year	3,540,727	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.

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

## 230. CAPITAL STOCK

**PART I. CAPITAL STOCK**  
(Dollars in Thousands)

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

Line No.	Class of Stock	Par Value	Number of Shares				Book Value at End of Year		Line No.
			Authorized (c)	Issued (d)	In Treasury (e)	Outstanding (f)	Outstanding (g)	In Treasury (h)	
1	Common:								1
2	Norfolk Southern Railway Company	None	50,000,000	16,668,997		16,668,997	\$166,690		2
3	TCS Leasing, Inc.	None	500	500		500			3
4	Thoroughbred Technology and Telecommunications, Inc.	\$1	10,000	2,000		2,000			4
5									5
6									6
7	Preferred:								7
8	Southern cumulative preferred stock is considered								8
9	"minority interest" for purposes of this report.								9
10	TOTAL		50,010,500	16,671,497		16,671,497	\$166,690		10

**PART II. SUMMARY OF CAPITAL STOCK CHANGES DURING YEAR**  
(Dollars in Thousands)

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

Line No.	Items	Preferred Stock		Common Stock		Treasury Stock		Additional Capital (h)	Line No.
		Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
11	Balance at beginning of year				\$166,690			\$768,559	11
12	Capital Stock Sold								12
13	Capital Stock reacquired								13
14	Capital Stock Canceled								14
15	Contribution to Capital, Note 9, page 12							2,627	15
16									16
17	Balance at close of year				\$166,690			\$771,186	17

**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	427,643	337,895	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	(22,229)	(13,222)	11
12		Depreciation and amortization expenses	515,710	515,355	12
13		Increase (decrease) in provision for deferred income taxes	182,257	68,776	13
14		Net decrease (increase) in undistributed earnings (losses) of affiliates	(7,026)	(9,708)	14
15		Decrease (increase) in accounts receivable	39,786	(52,519)	15
16		Decrease (increase) in materials and supplies, and other current assets	(29,919)	47,942	16
17		Increase (decrease) in current liabilities other than debt	(12,748)	(82,131)	17
18		Increase (decrease) in other-net	62,149	(25,006)	18
19		Net cash provided from continuing operations (Lines 10-18)	1,155,623	787,382	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)	1,155,623	787,382	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	22,484	46,396	22
23		Capital expenditures	(695,251)	(774,078)	23
24		Net change in temporary cash investments not qualifying as cash equivalents	-	1,009	24
25		Proceeds from sale/repayment of investment and advances	53,525	57,486	25
26		Purchase price of long-term investment and advances	(73,459)	(89,328)	26
27		Net decrease (increase) in sinking and other special funds	(69,727)	(102,513)	27
28		Other-net	(378,520)	163,854	28
29		NET CASH USED IN INVESTING ACTIVITIES (Lines 22-28)	(1,140,948)	(697,174)	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	344,003	479,704	30
31		Principal payments of long-term debt	(392,759)	(390,200)	31
32		Proceeds from issuance of capital stock	-	-	32
33		Purchase price of acquiring treasury stock	-	-	33
34		Cash dividends paid	-	(595)	34
35		Other-net	-	-	35
36		NET CASH FROM FINANCING ACTIVITIES (Lines 30-35)	(48,756)	88,909	36
37		NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS -25015 (Lines 21, 29 & 36)	(34,081)	179,117	37
38		Cash and cash equivalents at beginning of the year	179,117	-	38
39		CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Lines 37 & 38)	145,036	179,117	39
Footnotes to Schedule 240					
Cash paid during the year for:					
40		Interest (net of amount capitalized)*	52,464	74,920	40
41		Income taxes (net)*	34,996	64,799	41

\*Only applies if indirect method is adopted.

**NOTES AND REMARKS**

**245. WORKING CAPITAL**

(Dollars in Thousands)

1. This schedule should include only data pertaining to railway transportation services.

2. Carry out calculation of lines 9, 10, 20 and 21, to the nearest whole number.

Line No.	Item (a)	Source No.	Amount (b)	Line No.
<b>CURRENT OPERATING ASSETS</b>				
1	Interline and Other Balances (705)	Schedule 200, line 5, column b	450	1
2	Customers (706)	Schedule 200, line 6, column b	30,521	2
3	Other (707)	Note A	42,526	3
4	<b>TOTAL CURRENT OPERATING ASSETS</b>	Line 1 + 2 + 3	<b>73,497</b>	4
<b>OPERATING REVENUE</b>				
5	Railway Operating Revenue	Schedule 210, line 13, column b	6,269,821	5
6	Rent Income	Note B	250,468	6
7	<b>TOTAL OPERATING REVENUES</b>	Lines 5 + 6	<b>6,520,289</b>	7
8	Average Daily Operating Revenues	Line 7 ÷ 360 days	18,112	8
9	Current Operating Assets	Line 4 + line 8	4	9
10	Revenue Delay Days Plus Buffer	Lines 9 + 15 days	19	10
<b>CURRENT OPERATING LIABILITIES</b>				
11	Interline and Other Balances (752)	Schedule 200, line 31, column b	2,488	11
12	Audited Accounts and Wages Payable (753)	Note A	44,620	12
13	Accounts Payable-Other (754)	Note A	1,155	13
14	Other Taxes Accrued (761.5)	Note A	134,058	14
15	<b>TOTAL CURRENT OPERATING LIABILITIES</b>	Sum of lines 11 to 14	<b>182,321</b>	15
<b>OPERATING EXPENSES</b>				
16	Railway Operating Expenses	Schedule 210, line 14, column b	5,292,680	16
17	Depreciation	Schedule 410, lines 136, 137, 138, 213, 232, 317, column h	514,867	17
18	Cash Related Operating Expenses	Line 16 + line 6 - line 17	5,028,281	18
19	Average Daily Expenditures	Line 18 ÷ 360 days	13,967	19
20	Operating Liabilities	Line 15 + line 19	13	20
21	Days of Working Capital Required	Line 10 - line 20 (Note C)	6	21
22	Cash Working Capital Required	Line 21 x line 19	83,802	22
23	Cash and Temporary Cash Balance	Schedule 200, line 1 + line 2, column b	145,082	23
24	Cash Working Capital Allowed	Lesser line 22 and line 23	83,802	24
<b>MATERIALS AND SUPPLIES</b>				
25	Total Material and Supplies (712)	Note A	94,652	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	94,652	27
28	<b>TOTAL WORKING CAPITAL</b>	Line 24 + line 27	<b>178,454</b>	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.

### 310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES

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

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

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

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

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

Line No.	Account No.	Class No.	Kind of industry	Name of issuing company and also lien reference, if any (include rate for preferred stocks and bonds)	Extent of Control	Line No.
	(a)	(b)	(c)	(d)	(e)	
1	721	A-1	VII	Belt Railway Company of Chicago (1)	8.33	1
2				Kansas City Terminal Rwy. (2)	8.33	2
3				Peoria and Pekin Union Rwy. (3)	15.00	3
4				Winston-Salem Southbound Rwy. Co. (4)	50.00	4
5				Terminal Railroad Association of St. Louis (5)	14.29	5
6				Trailer-Train Co. (6)	7.84	6
7				Algers Winslow & Western Rwy. Co. (7)	50.00	7
8				Augusta & Summerville RR Co. (8)	50.00	8
9				Central Transfer Rwy. and Storage Co. (9)	50.00	9
10				North Charleston Terminal Co. (10)	33.33	10
11				Woodstock & Blockton Ry (11)	50.00	11
12				Chatham Terminal Co. (12)	50.00	12
13				Beaver Street Tower Co. (13)	25.00	13
14				Iowa Transfer Ry Co. (14)	25.00	14
15						15
16						16
17				Total A-1		17
18						18
19						19
20		A-3	VI	Green Real Estate Co. (15)	33.33	20
21			X	Norfolk Southern Corp. (16)		21
22			VII	NS Transportation Brokerage Corp.	100.00	22
23				Total A-3		23
24						24
25						25
26						26
27						27
28						28
29						29
30						30
31						31
32						32
33						33
34						34
35						35
36						36
37						37
38						38

(1) Controlled jointly-other RRs own 91.67%  
 (2) Controlled jointly-other RRs own 91.67%  
 (3) Controlled jointly-other RRs own 85%  
 (4) CSX Transp., Inc. owns 50%

(5) Controlled jointly-other RRs own 85.71%  
 (6) Controlled jointly-other RRs own 92.16%  
 (7) Kindill Mining, Inc. owns 50%  
 (8) CSX Transp., Inc. owns 50%

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

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

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

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

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

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

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

Line No.	Investments and advances				Disposed of: profit (loss)	Adjustments Account 721.5	Dividends or interest credited to income	Line No.
	Opening balance	Additions	Deductions (if other than sale, explain)	Closing balance				
	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
1	173			173		20		1
2	*			*				2
3	157			157				3
4	623			623				4
5	330			330				5
6	309			309				6
7	85			85				7
8	28			28				8
9	19			19				9
10	35			35				10
11	120			120				11
12	19			19				12
13	*			*				13
14	16			16				14
15								15
16								16
17	1,914			1,914		20		17
18								18
19								19
20	236			236		226		20
21	388,030	35,141		423,171			5,508	21
22	1,218		1,218					22
23	389,484	35,141	1,218	423,407		226	5,508	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

Line 21, column g, represents the unrealized market gain (FAS115)  
Line 22, column h, represents adjustment of prior period balance

\* Carrying value is zero

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

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

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

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

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

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

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

(16) Line 23, col. (g) see note 8, page 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						10
11						11
12				Total E-1		12
13						13
14		E-3	X	Norfolk Southern Corporation		14
15			VI	Southern Region Industrial Realty, Inc.		15
16				Total E-3		16
17						17
18						18
19						19
20						20
21				Total 721		21
22						22
23						23
24						24
25						25
26						26
27						27
28						28
29						29
30						30
31						31
32						32
33						33
34						34
35						35
36						36
37						37
38						38
39						39
40						40

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

Line No.	Opening balance	Investments and advances			Disposed of: profit (loss)	Adjustments Account 721.5	Dividends or interest credited to income	Line No.
		Additions	Deductions (if other than sale, explain)	Closing balance				
	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
1	114			114				1
2	3,133			3,133				2
3	170			170				3
4	25			25				4
5	1,089			1,089				5
6	5			5				6
7	5			5				7
8	10			10				8
9								9
10								10
11								11
12	4,551			4,551				12
13								13
14	39,731			39,731				14
15	383			383				15
16	40,114			40,114				16
17								17
18								18
19								19
20								20
21	436,063	35,141	1,218	469,986		246	5,508	21
22								22
23				(246)	721.5 Total			23
24				28,244	Sch. 310A Total			24
25				497,984				25
26								26
27								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36
37								37
38								38
39								39
40								40

### 310A. INVESTMENTS IN COMMON STOCKS OF AFFILIATED COMPANIES

(Dollars in Thousands)

#### Undistributed Earnings From Certain Investments in Affiliated Companies

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

Line No.	Name of issuing company and description of security held	Balance at beginning of year (b)	Adjustment for investments equity method (c)	Equity in undistributed earnings (losses) during year (d)	Amortization during year (e)	Adjustment for investments disposed of or written down during year (f)	Balance at close of year (g)	Line No.
1	Carriers: (List specifics for each company)							1
2	Algers Winslow and Western	645		121			766	2
3	Augusta and Summerville	56					56	3
4	Belt Railway Company of Chicago*	2,244		140			2,384	4
5	Central Transfer and Storage Co.	7		2			9	5
6	Peoria and Pekin Union Rwy.*	337	(120)	209			426	6
7	Trailer-Train Co.*	11,392		6,925			18,317	7
8	Winston-Salem Southbound Rwy.	6,042	(6)	242			6,284	8
9	Woodstock and Blocton	2		6			2	9
10	Total Carriers	20,725	(126)	7,645 *			28,244	10
11								11
12								12
13								13

Noncarrier: (List specifics for each company)

14	NOTE:							14
15	Respondent maintains equity accounting for affiliates by recording transactions into the books of accounts. Therefore, a separate retained earnings memorandum account for the financial reporting of the equity portion is not maintained.							15
16								16
17								17
18	Dividends received are accounted (in column (c)) as a reduction in the investment carrying value.							18
19								19
20								20
21								21
22	*Equity in undistributed earnings during the year for lines 3, 5 and 6 credited to operating expenses due to nature of operations equals 7,274, which leaves 371 applied to equity in undistributed earnings.							22
23								23
24								24
25								25

Road Initials: NS Rail Year: 2002

## INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 330

1 Give particulars of balances at the beginning and close of the year and of all changes during the year in Account No. 731, "Road and Equipment Property", and Account No. 732, "Improvements on Leased Property", classified by primary accounts in accordance with the Uniform System of Accounts for Railroad Companies. The balances, by primary accounts, should insofar as known, be stated in column (b) and all changes made during the year should be analyzed in columns (c) to (f), inclusive. Column (h) is the aggregate of columns (b) to (f), inclusive. Grand totals of columns (b) and (h) should equal the sum of Accounts 731 and 732 for the respective periods, if not, full explanation should be made in a footnote.

2 In column (c) are to be shown disbursements made for the specific purpose of purchasing, constructing, and equipping new lines, and for the extension of old lines, as provided for in Instruction 2-1, "Items to be charged", of the Uniform System of Accounts for Railroad Companies for such items.

3 In column (d) is to be shown the cost of a railway or portion thereof, acquired as an operating entity or system by purchase, merger, consolidation, reorganization, receivership sale or transfer, or otherwise.

4 In columns (c) and (e) should be included all entries covering expenditures for additions and betterments, as defined, whether or not replacing other property.

5 In column (f) should be entered all credits representing property sold, abandoned, or otherwise retired.

6 Both the debit and credit involved in each transfer, adjustment, or clearance between road and equipment accounts, should be included in the column in which the item was initially included; also the transfer of prior years' debits or credits from investment in road and equipment to operating expenses or other accounts, or vice versa, should be included in the column applicable to current items of like nature. Each such transfer, adjustment, or clearance should be fully explained when in excess of \$100,000.

7 If during the year an individual charge of \$100,000 or more was made to Account No. 2, "Land for Transportation Purposes", state in a footnote the cost, location, area, and other details which will identify the property.

8 Report on line 29 amounts not included in the primary road accounts. The items reported should be briefly identified and explained under "Notes and Remarks" below. Amounts should be reported on this line only under special circumstances, usually after permission is obtained from the Board for exceptions to prescribed accounting. Reference to such authority should be made when explaining the amounts reported. Respondents must not make arbitrary changes to the printed stub or column headings without specific authority from the Board.

9 If during the year a segment of transportation property was acquired, state in a footnote the name of the vendor, the mileage acquired, and the date of acquisition, giving location and cost of the property to the respondent. Also furnish a statement of the amount included in each primary account representing such property acquired, referring to the column or columns in which the entries appear.

10 If an amount of less than \$2,000 is used as the minimum for additions and betterments to property investment accounts as provided for in Instruction 2-2 of the Uniform System of Accounts for Railroad Companies, state in a footnote the amount used.

## NOTES AND REMARKS

Reconciliation of Depreciation Expense to Schedule 410Road

284,762	Schedule 410, Lines 136 - 138, Column (h)
2,347	Shop Machinery
5,191	Depreciation capitalized
<u>292,300</u>	Total
 267,098	 Schedule 335, Line 30, Column (c)
179	Schedule 339, Line 41, Column (c)
<u>25,023</u>	<u>Schedule 342, Line 30, Column (c)</u>
<u>292,300</u>	<u>Total</u>

Equipment

230,105	Schedule 410, Lines 213, 232 and 317, Column (h)
(2,347)	Shop Machinery
-	Other
<u>227,758</u>	<u>Total</u>
 226,046	 Schedule 335, Line 40, Column (c)
<u>1,712</u>	<u>Schedule 342, Line 40, Column (c)</u>
<u>227,758</u>	<u>Total</u>

Reconciliation of Accumulated Depreciation and Amortization to Schedule 200

5,380,551	Schedule 335, Line 41, Column (g)
<u>161,667</u>	<u>Schedule 342, Line 41, Column (g)</u>
<u>5,542,218</u>	
<u>5,542,218</u>	<u>Schedule 200, Line 27, Column (b)</u>

**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	204,925			1
2		(3) Grading	521,938			2
3		(4) Other, right-of-way expenditures	5,382			3
4		(5) Tunnels and subways	43,091			4
5		(6) Bridges, trestles, and culverts	782,659			5
6		(7) Elevated structures	37,843			6
7		(8) Ties	2,038,736			7
8		(9) Rail and other track material	2,971,377			8
9		(11) Ballast	874,831			9
10		(13) Fences, snow sheds, and signs	6,412			10
11		(16) Station and office buildings	425,717			11
12		(17) Roadway buildings	44,778			12
13		(18) Water stations	0			13
14		(19) Fuel stations	21,303			14
15		(20) Shops and enginehouses	192,068			15
16		(22) Storage warehouses	4,143			16
17		(23) Wharves and docks	0			17
18		(24) Coal and ore wharves	151,714			18
19		(25) TOFC/COFC terminals	293,047			19
20		(26) Communications systems	360,312			20
21		(27) Signals and interlocker	600,609			21
22		(29) Power plants	2,676			22
23		(31) Power-transmissions systems	23,720			23
24		(35) Miscellaneous structures	13,801			24
25		(37) Roadway machines	263,396			25
26		(39) Public improvements-Construction	268,838			26
27		(44) Shop machinery*	83,815			27
28		(45) Power-plant machinery	14,806			28
29		Other (specify and explain)	0			29
30		<b>TOTAL EXPENDITURES FOR ROAD</b>	<b>10,251,937</b>			<b>30</b>
31		(52) Locomotives	2,153,445			31
32		(53) Freight-train cars	2,658,269			32
33		(54) Passenger-train cars	0			33
34		(55) Highway revenue equipment	125,393			34
35		(56) Floating equipment	0			35
36		(57) Work equipment	130,948			36
37		(58) Miscellaneous equipment	141,225			37
38		(59) Computer systems and word processing equip	263,483			38
39		<b>TOTAL EQUIPMENT</b>	<b>5,472,763</b>			<b>39</b>
40		(76) Interest during construction	0			40
41		(80) Other elements of investment	0			41
42		(90) Construction in progress	285,991			42
43		<b>GRAND TOTAL</b>	<b>16,010,691</b>			<b>43</b>

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		3,629	1,297	2,332	207,257	1
2		5,988	7,214	(1,226)	520,712	2
3		231	0	231	5,613	3
4		17	97	(80)	43,011	4
5		27,101	(2,575)	29,676	812,335	5
6		1,319	1,199	120	37,963	6
7		181,319	34,948	146,371	2,185,107	7
8		105,337	29,836	75,501	3,046,878	8
9		57,861	12,295	45,566	920,397	9
10		7	0	7	6,419	10
11		1,475	6,323	(4,848)	420,869	11
12		71	(3,216)	3,287	48,065	12
13		0	0	0	0	13
14		1,676	362	1,314	22,617	14
15		13,793	352	13,441	205,509	15
16		0	0	0	4,143	16
17		0	0	0	0	17
18		67	0	67	151,781	18
19		16,609	520	16,089	309,136	19
20		6,969	377	6,592	366,904	20
21		59,379	897	58,482	659,091	21
22		0	0	0	2,676	22
23		1,046	203	843	24,563	23
24		260	0	260	14,061	24
25		12,612	2,733	9,879	273,275	25
26		30,267	2,919	27,348	296,186	26
27		5,298	7,258	(1,960)	81,855	27
28		0	0	0	14,806	28
29		0	0	0	0	29
30		532,331	103,039	429,292	10,681,229	30
31		104,220	22,701	81,519	2,234,964	31
32		29,792	74,245	(44,453)	2,613,816	32
33		0	0	0	0	33
34		2,578	47	2,531	127,924	34
35		0	0	0	0	35
36		1,610	4,518	(2,908)	128,040	36
37		22,882	6,077	16,805	158,030	37
38		55,183	40,373	14,810	278,293	38
39		216,265	147,961	68,304	5,541,067	39
40		0	0	0	0	40
41		0	0	0	0	41
42		(78,360)	(2,536)	(75,824)	210,167	42
43		670,236	248,464	421,772	16,432,463	43

**332. DEPRECIATION BASE AND RATES - ROAD AND EQUIPMENT OWNED AND USED AND LEASED FROM OTHERS**

(Dollars in Thousands)

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

Line No	Account  (a)	OWNED AND USED			LEASED FROM OTHERS			Line No
		Depreciation base		Annual composite rate (percent) (d)	Depreciation base		Annual composite rate (percent) (g)	
		1/1 At beginning of year (b)	12/1 At close of year (c)		1/1 At beginning of year (e)	12/1 At close of year (f)		
	ROADWAY							
1	(3) Grading	458,924	460,357	1 00%	133,052	132,971		1
2	(4) Other, right-of-way expenditures	4,821	4,839	1 00%	1,849	1,849		2
3	(5) Tunnels and subways	41,501	41,421	0 74%	42,906	42,906		3
4	(6) Bridges, trestles, and culverts	741,580	758,142	1 02%	185,205	181,938		4
5	(7) Elevated structures	37,843	37,963	10 00%	1,310	1,310		5
6	(8) Ties	1,802,704	1,884,757	4 38%	655,364	643,725		6
7	(9) Rail and other track material	2,642,014	2,679,656	2 52%	1,400,558	1,392,006		7
8	(11) Ballast	767,495	789,606	2 50%	489,751	483,814		8
9	(13) Fences, snow sheds, and signs	6,148	6,155	1.11%	1,374	1,374		9
10	(16) Station and office buildings	398,190	389,682	2.64%	85,762	85,726		10
11	(17) Roadway buildings	44,486	47,728	2 78%	9,165	9,165		11
12	(18) Water stations	0	0	0 00%	42	42		12
13	(19) Fuel stations	19,247	19,387	3 55%	25,973	26,467		13
14	(20) Shops and enginehouses	180,996	189,783	2.00%	68,980	68,780		14
15	(22) Storage warehouses	4,143	4,143	2 50%	40	40		15
16	(23) Wharves and docks	0	0	0 00%	110	110		16
17	(24) Coal and ore wharves	151,392	151,652	2 45%	30,295	30,275		17
18	(25) TOFC/COFC terminals	280,274	292,617	3 13%	104,156	103,717		18
19	(26) Communications systems	355,632	360,627	3 80%	54,562	54,577		19
20	(27) Signals and interlocker	556,193	573,523	1 96%	323,587	323,447		20
21	(29) Power plants	2,659	2,659	3.23%	524	524		21
22	(31) Power-transmissions systems	22,302	23,097	2 50%	5,850	5,851		22
23	(35) Miscellaneous structures	12,051	12,051	3 13%	2,161	2,161		23
24	(37) Roadway machines	263,396	271,652	5 70%	43,719	43,590		24
25	(39) Public improvements-Construction	242,305	257,659	2 70%	27,023	27,077		25
26	(44) Shop machinery*	83,645	80,497	2 81%	41,789	41,779		26
27	(45) Power-plant machinery	14,760	14,760	2.50%	3,034	3,030		27
28	All other road accounts	0	0	0 00%	0	0		28
29	Amortization (Adjustments)	0	0	0 00%	0	0		29
30	TOTAL ROAD	9,134,701	9,354,413	2.71%	3,738,141	3,708,251		30
	EQUIPMENT							
31	(52) Locomotives	2,151,742	2,219,164	3 58%	547,181	546,066		31
32	(53) Freight-train cars	2,654,415	2,618,201	3 18%	307,888	295,376		32
33	(54) Passenger-train cars	0	0	0 00%	4,020	3,992		33
34	(55) Highway revenue equipment	125,393	126,463	3 84%	0	0		34
35	(56) Floating equipment	0	0	5 00%	0	0		35
36	(57) Work equipment	131,074	128,311	2 27%	13,288	13,288		36
37	(58) Miscellaneous equipment	141,226	158,234	8 52%	19,089	18,918		37
38	(59) Computer systems and word processing equipment	263,483	256,558	16 67%	8,778	8,778		38
39	TOTAL EQUIPMENT	5,467,333	5,506,931	4.16%	900,244	886,418		39
40	GRAND TOTAL	14,602,034	14,861,344	2 99%	4,638,385	4,594,669		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	185,887	4,583	0	3,424	0	187,048	1
2		(4) Other, right-of-way expenditures	1,225	48	0	0	0	1,273	2
3		(5) Tunnels and subways	12,911	307	0	98	0	13,120	3
4		(6) Bridges, trestles, and culverts	150,291	7,647	0	608	0	157,330	4
5		(7) Elevated structures	31,684	3,786	0	1,198	0	34,272	5
6		(8) Ties	713,648	80,790	0	54,257	0	740,181	6
7		(9) Rail and other track material	740,316	68,664	0	21,179	0	787,801	7
8		(11) Ballast	180,261	19,428	0	11,449	0	188,240	8
9		(13) Fences, snow sheds, and signs	3,347	68	0	0	0	3,415	9
10		(16) Station and office buildings	132,473	10,882	0	-2,347	1,234	144,468	10
11		(17) Roadway buildings	19,633	1,333	0	336	0	20,630	11
12		(18) Water stations	0	0	0	0	0	0	12
13		(19) Fuel stations	8,381	684	0	0	0	9,065	13
14		(20) Shops and enginehouses	70,114	3,720	0	313	0	73,521	14
15		(22) Storage warehouses	896	104	0	0	0	1,000	15
16		(23) Wharves and docks	0	0	0	0	0	0	16
17		(24) Coal and ore wharves	54,239	3,715	0	0	0	57,954	17
18		(25) TOFC/COFC terminals	53,658	11,041	1,234	1,231	0	64,702	18
19		(26) Communications systems	135,122	13,638	0	360	0	148,400	19
20		(27) Signals and interlocker	127,351	11,014	0	341	0	138,024	20
21		(29) Power plants	1,825	86	0	0	0	1,911	21
22		(31) Power-transmissions systems	9,941	569	0	0	0	10,510	22
23		(35) Miscellaneous structures	5,204	378	0	0	0	5,582	23
24		(37) Roadway machines	95,949	15,150	0	2,535	0	108,564	24
25		(39) Public improvements-Construction	39,979	6,747	0	2,707	0	44,019	25
26		(44) Shop machinery*	25,538	2,347	0	5,081	0	22,824	26
27		(45) Power-plant machinery	6,994	369	0	0	0	7,363	27
28		All other road accounts	0	0	0	0	0	0	28
29		Amortization (Adjustments)	0	0	0	0	0	0	29
30		<b>TOTAL ROAD</b>	<b>2,806,867</b>	<b>267,098</b>	<b>1,234</b>	<b>102,750</b>	<b>1,234</b>	<b>2,971,215</b>	<b>30</b>
31	*	(52) Locomotives	825,938	79,164	0	21,428	67,318	816,356	31
32	*	(53) Freight-train cars	1,107,945	84,790	0	64,886	57,213	1,070,636	32
33	*	(54) Passenger-train cars	0	0	0	0	0	0	33
34	*	(55) Highway revenue equipment	60,845	10,452	8,592	21	0	79,668	34
35	*	(56) Floating equipment	0	0	0	0	0	0	35
36	*	(57) Work equipment	48,149	2,922	0	3,881	13,760	33,430	36
37	*	(58) Miscellaneous equipment	64,125	12,704	0	5,508	5,466	65,855	37
38		(59) Computer systems and word processing equipment	152,844	43,873	0	38,568	39,489	118,660	38
39	*	Amortization Adjustments	57,936	-7,859	174,654	0	0	224,731	39
40		<b>TOTAL EQUIPMENT</b>	<b>2,317,582</b>	<b>226,046</b>	<b>183,246</b>	<b>134,292</b>	<b>183,246</b>	<b>2,409,336</b>	<b>40</b>
41		<b>GRAND TOTAL</b>	<b>5,124,449</b>	<b>493,144</b>	<b>184,480</b>	<b>237,042</b>	<b>184,480</b>	<b>5,380,551</b>	<b>41</b>

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

**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)		
	<b>ROADWAY</b>							
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		<b>NOT APPLICABLE - 5 % RULE</b>					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	<b>TOTAL ROAD</b>							30
	<b>EQUIPMENT</b>							
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	<b>TOTAL EQUIPMENT</b>							40
41	<b>GRAND TOTAL</b>	4,373	179				4,552	41

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

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

1. Show in column (b) for each primary account the depreciation base used in computing the depreciation charges for the month of January, and in column (c) show the depreciation base used in computing the depreciation charges for the month of December, in column (d) show the composite rates used in computing the depreciation charges for the month of December, and on lines 30 and 40 of these columns show the composite percentage of all road and equipment accounts, respectively, ascertained by applying the primary account composite rates to the depreciation base used in computing the charges for December and dividing the total so computed by the total depreciation base for the same month. This schedule should include only improvements to leased property charges to Account 732, "Improvements on Leased Property." The composite rates used should be those prescribed or otherwise authorized by the Board, except that where the use of component rates has been authorized, the composite rates to be shown for the respective primary accounts should be recomputed from the December charges developed by the use of the authorized rates. If any 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)	Line No.
		At beginning of year (b)	At close of year (c)		
	<b>ROADWAY</b>				
1	(3) Grading	41,516	38,054	1.00%	1
2	(4) Other, right-of-way expenditures	554	767	1.00%	2
3	(5) Tunnels and subways	1,590	1,590	0.74%	3
4	(6) Bridges, trestles, and culverts	34,245	43,338	1.02%	4
5	(7) Elevated structures	0	0	10.00%	5
6	(8) Ties	179,882	230,784	4.38%	6
7	(9) Rail and other track material	276,033	311,242	2.52%	7
8	(11) Ballast	95,330	115,073	2.50%	8
9	(13) Fences, snow sheds, and signs	171	171	1.11%	9
10	(16) Station and office buildings	18,700	18,833	2.64%	10
11	(17) Roadway buildings	282	327	2.78%	11
12	(18) Water stations	0	0	0.00%	12
13	(19) Fuel stations	916	2,091	3.55%	13
14	(20) Shops and enginehouses	6,442	9,686	2.00%	14
15	(22) Storage warehouses	0	0	2.50%	15
16	(23) Wharves and docks	0	0	0.00%	16
17	(24) Coal and ore wharves	129	129	2.45%	17
18	(25) TOFC/COFC terminals	8,319	19,349	3.13%	18
19	(26) Communications systems	4,129	4,519	3.80%	19
20	(27) Signals and interlocker	42,006	58,823	1.96%	20
21	(29) Power plants	17	17	3.23%	21
22	(31) Power-transmissions systems	1,408	1,421	2.50%	22
23	(35) Miscellaneous structures	1,738	1,998	3.13%	23
24	(37) Roadway machines	0	0	5.70%	24
25	(39) Public improvements-Construction	25,747	35,798	2.70%	25
26	(44) Shop machinery*	170	1,323	2.81%	26
27	(45) Power-plant machinery	43	43	2.50%	27
28	All other road accounts	0	0	0.00%	28
29	Amortization (Adjustments)	0	0	0.00%	29
30	<b>TOTAL ROAD</b>	<b>739,367</b>	<b>895,376</b>	<b>2.71%</b>	<b>30</b>
	<b>EQUIPMENT</b>				
31	(52) Locomotives	362	3,800	9.00%	31
32	(53) Freight-train cars	3,397	9,341	14.25%	32
33	(54) Passenger-train cars	0	0	0.00%	33
34	(55) Highway revenue equipment	0	0	0.00%	34
35	(56) Floating equipment	0	0	0.00%	35
36	(57) Work equipment	130	151	32.08%	36
37	(58) Miscellaneous equipment	0	0	0.00%	37
38	(59) Computer systems and word processing equipment	0	0	0.00%	38
39	Amortization Adjustments	0	0	0.00%	39
40	<b>TOTAL EQUIPMENT</b>	<b>3,889</b>	<b>13,292</b>	<b>12.98%</b>	<b>40</b>
41	<b>GRAND TOTAL</b>	<b>743,256</b>	<b>908,668</b>	<b>2.86%</b>	<b>41</b>

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

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

(Dollars in Thousands)

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

Line No.	Cross Check	Account  (a)	Balance at beginning of year (b)	CREDITS TO RESERVE During the year		DEBITS TO RESERVE During the year		Balance at close of year (g)	Line No.
				Charges to operating expenses (c)	Other credits (d)	Retirements (e)	Other debits (f)		
		ROADWAY							
1		(3) Grading	9,027	463	0	21	0	9,469	1
2		(4) Other, right-of-way expenditures	41	7	0	0	0	48	2
3		(5) Tunnels and subways	11	12	0	0	0	23	3
4		(6) Bridges, trestles, and culverts	5,381	637	0	6	0	6,012	4
5		(7) Elevated structures	0	0	0	0	0	0	5
6		(8) Ties	37,877	8,799	0	3,316	0	43,360	6
7		(9) Rail and other track material	57,736	8,394	0	2,333	7,381	56,416	7
8		(11) Ballast	16,526	3,032	0	1,163	0	18,395	8
9		(13) Fences, snow sheds, and signs	104	3	0	0	0	107	9
10		(16) Station and office buildings	3,973	589	0	2	0	4,560	10
11		(17) Roadway buildings	79	9	0	0	0	88	11
12		(18) Water stations	0	0	0	0	0	0	12
13		(19) Fuel stations	196	68	0	0	0	264	13
14		(20) Shops and enginehouses	2,113	167	0	0	0	2,280	14
15		(22) Storage warehouses	0	0	0	0	0	0	15
16		(23) Wharves and docks	0	0	0	0	0	0	16
17		(24) Coal and ore wharves	7	3	0	0	0	10	17
18		(25) TOFC/COFC terminals	1,447	537	0	0	0	1,984	18
19		(26) Communications systems	1,772	168	0	16	0	1,924	19
20		(27) Signals and interlocker	8,137	1,140	0	0	0	9,277	20
21		(29) Power plants	10	0	0	0	0	10	21
22		(31) Power-transmissions systems	381	36	0	0	0	417	22
23		(35) Miscellaneous structures	1,158	60	0	0	0	1,218	23
24		(37) Roadway machines	0	0	0	0	0	0	24
25		(39) Public improvements-Construction	3,191	898	0	256	0	3,833	25
26		(44) Shop machinery*	0	0	0	0	0	0	26
27		(45) Power-plant machinery	34	1	0	0	0	35	27
28		All other road accounts	0	0	0	0	0	0	28
29		Amortization (Adjustments)	0	0	0	0	0	0	29
30		TOTAL ROAD	149,201	25,023	0	7,113	7,381	159,730	30
		EQUIPMENT							
31		(52) Locomotives	20	333	0	0	0	353	31
32		(53) Freight-train cars	198	1,331	0	0	0	1,529	32
33		(54) Passenger-train cars	0	0	0	0	0	0	33
34		(55) Highway revenue equipment	0	0	0	0	0	0	34
35		(56) Floating equipment	0	0	0	0	0	0	35
36		(57) Work equipment	7	48	0	0	0	55	36
37		(58) Miscellaneous equipment	0	0	0	0	0	0	37
		(59) Computer systems and word processing equipment	0	0	0	0	0	0	38
39		Amortization Adjustments	0	0	0	0	0	0	39
40		TOTAL EQUIPMENT	225	1,712	0	0	0	1,937	40
41		GRAND TOTAL	149,426	26,735	0	7,113	7,381	161,667	41

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

## NOTES AND REMARKS

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

1,234	Reclassification from ICC 16 to ICC 25
8,592	Adjustments of Accumulated Reserve to Reflect Results of Latest Depreciation Study
<u>174,654</u>	Adjustment of Excess Reserves to Reflect Results of Latest Depreciation Study
<u>184,480</u>	

**Column (F) Other Debits**

1,234	Reclassification from ICC 16 to ICC 25
<u>183,246</u>	Adjustments of Accumulated Reserve to Reflect Results of Latest Depreciation Study
<u>184,480</u>	

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

<u>7,381</u>	Net of salvage and cost-to-remove associated with the track replacement program on PRR leased lines, line 7 (rail).
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**350. DEPRECIATION BASE AND RATES – ROAD AND EQUIPMENT LEASED TO OTHERS**

(Dollars in Thousands)

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

Line No.	Account (a)	Depreciation base		Annual composite rate (percent) (d)	Line No.
		At beginning of year (b)	At close of year (c)		
	<b>ROADWAY</b>				
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	<b>TOTAL ROAD</b>				29
	<b>EQUIPMENT</b>				
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	<b>TOTAL EQUIPMENT</b>				38
39	<b>GRAND TOTAL</b>				39

Included in Schedule 332

**351. ACCUMULATED DEPRECIATION -- ROAD AND EQUIPMENT LEASED TO OTHERS**

(Dollars in Thousands)

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

Line No.	Account (a)	Balance at beginning of year (b)	CREDITS TO RESERVE During the year		DEBITS TO RESERVE During the year		Balance at close of year (g)	Line No.
			Charges to operating expenses (c)	Other credits (d)	Retirements (e)	Other debits (f)		
	<b>ROADWAY</b>							
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	<b>TOTAL ROAD</b>							29
	<b>EQUIPMENT</b>							
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	<b>TOTAL EQUIPMENT</b>							38
39	<b>GRAND TOTAL</b>							39

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

Included in Schedule 335

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

1. Disclose the investment in railway property used in transportation service at the close of the year. This investment represents the aggregate of property owned or leased by respondent and used in respondent's transportation service. Such property includes (a) investment reported in Accounts 731, "Road and Equipment Property" and 732, "Improvements on Leased Property" of respondent, less any 731 or 732 property leased to others for their exclusive use of road, track, or bridges (including equipment or other railway property covered by the contract) Equipment leased to others under separate distinct contracts shall not be deducted from the respondent's 731 or 732 property, and (b) the investment of other companies' 731 or 732 property (including operating and lessor railroads) used by respondent when the lease is for exclusive use or control of roads, tracks or bridges (including equipment of other railway property covered by the contract). This excludes leased equipment from operating railroads under separate distinct contracts and the investment of other carriers in property jointly used by respondent.

2. In column (a), classify each company in this schedule as: "R" for respondent, "L" for lessor railroad, "P" for inactive or proprietary company or "O" for other leased properties

3. In column (a) to (e), inclusive, first show the data requested for respondent (R); next the data for companies whose entire properties are used in transportation service of the respondent, divided between lessor (L) and proprietary (P) companies, followed by data for carriers and others (O), portions of whose property are used in transportation service of respondent. Show a total for each class of company in column (d) and (e). Then show, as deductions, data for transportation property leased to carriers and others.

4. In column (c), line-haul carriers report the miles of road used in line-haul service. Report miles in whole numbers

5. In column (d), show the amount applicable in Accounts 731 and 732 on the books of the companies whose names appear in column (b). Values of property of other carriers segregated by estimate or otherwise should correspond in amount to the deductions made by the owners in their reports. If separate value is not available, an explanation should be provided. Differences between amounts shown in column (d) of this schedule and column (c), line 24, on the asset side of the general balance sheet of each individual railway should be explained in a footnote. Book values included in Accounts 731 and 732 of the owner should be reported in column (d) in reference to the investment of respondent in securities of the owner unless a good reason can be given for the contrary. Methods of estimating (by capitalizing rentals at 6 % or otherwise) value of property of private owners, or portions of property of other carriers should be explained

6. In column (e), show the amount of depreciation and amortization accrued as of the close of the year in Accounts 733, 734, 735, 736, and 772, that is applicable to the property of the carriers whose names are listed in column (b), regardless of where the reserves therefore are recorded.

Line No.	Class (See Ins. 2) (a)	Name of company (b)	Miles of road used (See Ins. 4) (whole number) (c)	Investments in property (See Ins. 5) (d)	Depreciation & amortization of defense projects (See Ins. 6) (e)	Line No.
1	R	Norfolk Southern Combined Railroad Subsidiaries	12,774	16,432,463	5,542,218	1
2						2
3	L	C & CI 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	Pennsylvania Lines, LLC	5,100	4,081,266	1,002,762	6
7	L	Pittsburgh & West Virginia Railroad	121	49,837	20,518	7
8	L	P & WV Subleased to Wheeling & Lake Erie	(121)	(49,837)	(20,518)	8
9		SUB-TOTAL	5,750	4,142,294	1,005,113	9
10						10
11	O	Baltimore & Ohio Railroad		53		11
12	O	Carolina Aluminum company	11	674		12
13	O	Central Transfer & Storage		12		13
14	O	Chicago & Illinois Midland Railway Company	10	13		14
15	O	Georgia Railroad & Banking Company		2		15
16	O	United States Government	6	0		16
17		SUB-TOTAL	27	754	0	17
18						18
19		Less Lines Leased to or Operated by Others				19
20	R	Aberdeen Carolina Western	104	14,907		20
21	R	Adrienne Blissfield Railroad	2	246		21
22	R	Athens Line LLC	29	5,480		22
23	R	BN Railroad	27	2,864		23
24	R	C & NC Railroad	22	2,477		24
25	R	C S X, Corp.	20	2,893		25

## 352A. INVESTMENT IN RAILROAD PROPERTY USED IN TRANSPORTATION SERVICE (By Company) - Continued

Line No.	Class (See Ins. 2) (a)	Name of company (b)	Miles of road used (See Ins. 4) (whole number) (c)	Investments in property (See Ins. 5) (d)	Depreciation & amortization of defense projects (See Ins. 6) (e)	Line No.
26	R	Carolina Coastal Railway	17	2,457		26
27	R	Central Railroad Company of Indianapolis	38	5,862		27
28	R	Chattanooga Chickamauga Railway	19	2,163		28
29	R	Chesapeake & Albemarle Railway	73	9,636		29
30	R	Commonwealth Railway Company	13	1,345		30
31	R	Eastern Shore Railroad	5	558		31
32	R	Georgia & Florida Railway Company	58	7,559		32
33	R	Georgia Southwestern Railway	50	5,497		33
34	R	Great Walton Railroad Company	27	3,453		34
35	R	Iowa Interstate	14	1,496		35
36	R	Lancaster and Chester Railway Company	30	4,152		36
37	R	Metra	33	3,540		37
38	R	Ogeechee Railway	57	7,778		38
39	R	R J Corman Co. - Western Ohio Line	16	1,754		39
40	R	Railtex	72	10,675		40
41	R	South Carolina Central Railroad	79	10,379		41
42	R	West Tennessee Railway Company	131	18,849		42
43	R	Yadkin Valley Railroad	93	8,776		43
44		SUB-TOTAL	1,029	134,796	0	44
45						45
46						46
47						47
48						48
49						49
50						50
51						51
52						52
53						53
54						54
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61						61
62						62
63						63
64						64
65						65
66						66
67						67
68						68
69						69
70						70
71						71
72						72
73						73
74						74
75		TOTAL	17,522	20,440,715	6,547,331	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	206,732	56,118		1	1
2		(3) Grading	498,300	161,257		12	2
3		(4) Other, right-of-way expenditures	5,613	1,882			3
4		(5) Tunnels and subways	43,011	42,969			4
5		(6) Bridges, trestles, and culverts	808,748	195,096		71	5
6		(7) Elevated structures	37,963	1,310			6
7		(8) Ties	2,137,183	745,945		225	7
8		(9) Rail and other track material	3,007,956	1,517,463		337	8
9		(11) Ballast	900,019	541,469		97	9
10		(13) Fences, snow sheds, and signs	6,367	1,559			10
11		(16) Station and office buildings	420,240	98,611			11
12		(17) Roadway buildings	48,049	9,586			12
13		(18) Water stations	0	152			13
14		(19) Fuel stations	22,617	26,912			14
15		(20) Shops and enginehouses	205,471	72,980			15
16		(22) Storage warehouses	4,143	40			16
17		(23) Wharves and docks	0	110			17
18		(24) Coal and ore wharves	151,781	30,278			18
19		(25) TOFC/COFC terminals	309,136	107,231			19
20		(26) Communications systems	366,841	59,366		5	20
21		(27) Signals and interlocker	658,980	346,084		3	21
22		(29) Power plants	2,676	547			22
23		(31) Power-transmissions systems	24,563	6,213			23
24		(35) Miscellaneous structures	14,058	2,427			24
25		(37) Roadway machines	273,275	48,750			25
26		(39) Public improvements-Construction	296,050	28,690		3	26
27		(44) Shop machinery*	81,855	43,219			27
28		(45) Power-plant machinery	14,806	3,035			28
29		Leased property capitalized rentals (explain)	0	0			29
30		Other (specify and explain) Accts. 1 & 77	0	3,999			30
31		TOTAL EXPENDITURES FOR ROAD	10,546,433	4,153,298	0	754	31
32		(52) Locomotives	2,234,964	0			32
33		(53) Freight-train cars	2,613,816	0			33
34		(54) Passenger-train cars	0	0			34
35		(55) Highway revenue equipment	127,924	0			35
36		(56) Floating equipment	0	0			36
37		(57) Work equipment	128,040	0			37
38		(58) Miscellaneous equipment	158,030	0			38
39		(59) Computer systems and word processing equip	278,293	0			39
40		TOTAL EQUIPMENT	5,541,067	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	210,167	17			43
44		GRAND TOTAL	16,297,667	4,142,294	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 136 through 138, column (f)	= Line 29, column (b)
Line 620, column (f)	= Line 14, column (d)	Lines 118 through 123, and 130 through 135, column (f)	= Line 29, column (c)
Line 620, column (g)	= Line 14, column (e)		
	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)
	Schedule 417	Lines 311, 312, 315, 316, column (f)	= Lines 32, 35, 36, 37, 40, 41, column (f)
			And
Line 507, column (f)	= Line 1, column (i)		Schedule 414
Line 508, column (f)	= Line 2, column (i)		Minus line 24, columns (b) through (d)
Line 509, column (f)	= Line 3, column (i)		plus line 24, columns (e) through (g)
Line 510, column (f)	= Line 4, column (i)		Schedule 415
Line 511, column (f)	= Line 5, column (i)		
Line 512, column (f)	= Line 6, column (i)		= Lines 5, 38, columns (c) and (d)
Line 513, column (f)	= Line 7, column (i)		= Lines 24, 39, columns (c) and (d)
Line 514, column (f)	= Line 8, column (i)		= Lines 32, 35, 36, 37, 40, 41, columns (c) and (d)
Line 515, column (f)	= Line 9, column (i)		
Line 516, column (f)	= Line 10, column (i)	Line 202, 203, 216, column (f), equal to or greater than, but variance cannot exceed line 216, column (f)	Lines 5, 38, column (b)
Line 517, column (f)	= Line 11, column (i)		
		Lines 221, 222, 235, column (f), equal to or greater than, but variance cannot exceed line 235, column (f)	Lines 24, 39, column (b)
		Lines 302 through 307 and 320, column (f) equal to or greater than, but variance cannot exceed line 320, column (f)	Lines 32, 35, 36, 37, 40, 41, column (b)

## 410. RAILWAY OPERATING EXPENSES

(Dollars in Thousands)

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

Line No.	Cross Check	Name of railway operating expense account (a)	FREIGHT						Passenger (g)	Total (h)	Line No.
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)				
		WAY AND STRUCTURES:	\$	\$	\$	\$	\$	\$			
		ADMINISTRATION:									
1		Track	1,025	870	1,121	1,812	4,828			4,828	1
2		Bridge and Building	112	153	656	449	1,370			1,370	2
3		Signal	188	237	594	362	1,381			1,381	3
4		Communication		64	11,673	306	12,043			12,043	4
5		Other	1,479		1	4	1,484			1,484	5
		TOTAL ADMINISTRATION	2,804	1,324	14,045	2,933	21,106			21,106	
		REPAIR AND MAINTENANCE:									
6		Roadway - Running	19,294	279	11,593	4	31,170			31,170	6
7		Roadway - Switching	1,710	16	374		2,100			2,100	7
8		Tunnels and Subways - Running	7	1	2		10			10	8
9		Tunnels and Subways - Switching	1				1			1	9
10		Bridges and Culverts - Running	15,496	1,180	5,554	2,692	24,922			24,922	10
11		Bridges and Culverts - Switching	941	77	226	175	1,419			1,419	11
12		Ties - Running	5,569	1,236	6		6,811			6,811	12
13		Ties - Switching	317	287			604			604	13
14		Rail and Other Track Material - Running	38,576	7,940	13,712	6,029	66,257			66,257	14
15		Rail and Other Track Material - Switching	3,241	728	908	612	5,489			5,489	15
16		Ballast - Running	4,934	328	1,777	1	7,040			7,040	16
17		Ballast - Switching	421	60	140		621			621	17
18		Road Property Damaged - Running	2,412	2,118	1,460	41	6,031			6,031	18
19		Road Property Damaged - Switching									19
20		Road Property Damaged - Other	26	3		1	30			30	20
21		Signals and Interlockers - Running	17,933	8,333	2,452	1,397	30,115			30,115	21
22		Signals and Interlockers - Switching	959	106	1	32	1,098			1,098	22
23		Communications Systems	6,055	1,269	17,018	76	24,418			24,418	23
24		Power Systems	599	123	39		761			761	24
25		Highway Grade Crossings- Running	290	1,802	2,439	692	5,223			5,223	25
26		Highway Grade Crossings- Switching		31	73		104			104	26
27		Station and Office Buildings	2,019	821	4,855	10	7,705			7,705	27
28		Shop Buildings - Locomotives	2,413	1,750	2,702		6,865			6,865	28
29		Shop Buildings - Freight Cars	484	799	1,331		2,614		N/A	2,614	29
30		Shop Buildings - Other Equipment	9	13	6		28			28	30

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

Line No.	Cross Check	Name of railway operating expense account (a)	FREIGHT					General (e)	Total freight expense (f)	Passenger (g)	Total (h)	Line No.
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)							
		REPAIR AND MAINTENANCE - Continued:										
101		Locomotive Servicing Facilities	2	2	20				24		24	101
102		Miscellaneous Buildings and Structures	647	614	400		1		1,662		1,662	102
103		Coal Terminals	1,300	705	584				2,589	N/A	2,589	103
104		Ore Terminals								N/A		104
105		Other Marine Terminals								N/A		105
106		TOFC/COFC Terminals	199	2,308	3,832				6,339	N/A	6,339	106
107		Motor Vehicle Loading and Distribution Facilities			1,091				1,091	N/A	1,091	107
108		Facilities for Other Specialized Service Operations	30	750	907		57		1,744	N/A	1,744	108
109		Roadway Machines	7,920	9,502	1,576		615		19,613		19,613	109
110		Small Tools and Supplies	1	16,906	1,143		1		18,051		18,051	110
111		Snow Removal	1,021	290	117		1		1,429		1,429	111
112		Fringe Benefits - Running	N/A	N/A	N/A		61,571		61,571		61,571	112
113		Fringe Benefits - Switching	N/A	N/A	N/A		2,549		2,549		2,549	113
114		Fringe Benefits - Other	N/A	N/A	N/A		4,938		4,938		4,938	114
115		Casualties and Insurance - Running	N/A	N/A	N/A		22,065		22,065		22,065	115
116		Casualties and Insurance - Switching	N/A	N/A	N/A		1,514		1,514		1,514	116
117		Casualties and Insurance - Other	N/A	N/A	N/A		5,267		5,267		5,267	117
118	*	Lease Rentals - Debit- Running	N/A	N/A	172,426		N/A		172,426		172,426	118
119	*	Lease Rentals - Debit - Switching	N/A	N/A	182,033		N/A		182,033		182,033	119
120	*	Lease Rentals - Debit - Other	N/A	N/A	31,381		N/A		31,381		31,381	120
121	*	Lease Rentals - (Credit) - Running	N/A	N/A	(7,292)		N/A		(7,292)		(7,292)	121
122	*	Lease Rentals - (Credit) - Switching	N/A	N/A			N/A					122
123	*	Lease Rentals - (Credit) - Other	N/A	N/A			N/A					123
124		Joint Facility Rent - Debit - Running	N/A	N/A	14,475		N/A		14,475		14,475	124
125		Joint Facility Rent - Debit - Switching	N/A	N/A	2,936		N/A		2,936		2,936	125
126		Joint Facility Rent - Debit - Other	N/A	N/A	541		N/A		541		541	126
127	*	Joint Facility Rent - (Credit) - Running	N/A	N/A	(7,339)		N/A		(7,339)		(7,339)	127
128	*	Joint Facility Rent - (Credit) - Switching	N/A	N/A	(1,196)		N/A		(1,196)		(1,196)	128
129	*	Joint Facility Rent - (Credit) - Other	N/A	N/A	(145)		N/A		(145)		(145)	129
130	*	Other Rents - Debit-Running	N/A	N/A	962		N/A		962		962	130
131	*	Other Rents - Debit -Switching	N/A	N/A	6		N/A		6		6	131
132	*	Other Rents - Debit -Other	N/A	N/A	796		N/A		796		796	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	177,048	177,048		177,048	136
137	*	Depreciation - Switching	N/A	N/A	N/A	13,646	13,646		13,646	137
138	*	Depreciation - Other	N/A	N/A	N/A	94,068	94,068		94,068	138
139		Joint Facility - Debit - Running	N/A	N/A	28,613	N/A	28,613		28,613	139
140		Joint Facility - Debit - Switching	N/A	N/A	2,999	N/A	2,999		2,999	140
141		Joint Facility - Debit - Other	N/A	N/A	100	N/A	100		100	141
142		Joint Facility - (Credit) - Running	N/A	N/A	(22,357)	N/A	(22,357)		(22,357)	142
143		Joint Facility - (Credit) - Switching	N/A	N/A	(2,014)	N/A	(2,014)		(2,014)	143
144		Joint Facility - (Credit) - Other	N/A	N/A	(163)	N/A	(163)		(163)	144
145		Dismantling Retired Road Property - Running								145
146		Dismantling Retired Road Property - Switching								146
147		Dismantling Retired Road Property - Other								147
148		Other - Running	3,350	14	1,519	4,385	9,268		9,268	148
149		Other - Switching		4	86		90		90	149
150		Other - Other	3			6	9		9	150
		TOTAL REPAIR AND MAINTENANCE	138,179	60,395	474,705	399,494	1,072,773		1,072,773	
151		TOTAL WAY AND STRUCTURES	140,983	61,719	488,750	402,427	1,093,879		1,093,879	151
		EQUIPMENT:								
		LOCOMOTIVES:								
201		Administration	5,402	264	912	1,013	7,591		7,591	201
202	*	Repair and Maintenance	62,171	97,562	5,184	67	164,984		164,984	202
203	*	Machinery Repair	2,646	1,799	585		5,030		5,030	203
204		Equipment Damaged	362	220	274		856		856	204
205		Fringe Benefits	N/A	N/A	N/A	27,613	27,613		27,613	205
206		Other Casualties and Insurance	N/A	N/A	N/A	17,985	17,985		17,985	206
207	*	Lease Rentals - Debit	N/A	N/A	-86,543	N/A	86,543		86,543	207
208	*	Lease Rentals - (Credit)	N/A	N/A	(5,518)	N/A	(5,518)		(5,518)	208
209		Joint Facility Rent - Debit	N/A	N/A	23	N/A	23		23	209
210	*	Joint Facility Rent - (Credit)	N/A	N/A		N/A				210
211	*	Other Rents - Debit	N/A	N/A	311	N/A	311		311	211
212	*	Other Rents - (Credit)	N/A	N/A	(40)	N/A	(40)		(40)	212
213	*	Depreciation	N/A	N/A		77,115	77,115		77,115	213
214		Joint Facility - Debit	N/A	N/A	63	N/A	63		63	214
215		Joint Facility - (Credit)	N/A	N/A	(10)	N/A	(10)		(10)	215
216	*	Repairs Billed to Others - (Credit)	N/A	N/A	(8,466)	N/A	(8,466)		(8,466)	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:								
219		Other	4,152	16			4,168		4,168	218
		TOTAL LOCOMOTIVES	74,733	99,861	79,861	123,793	378,248		378,248	219
220		FREIGHT CARS:								
		Administration	2,969	932	1,307	1,340	6,548	N/A	6,548	220
221	*	Repair and Maintenance	31,652	23,906	56,018	139	111,715	N/A	111,715	221
222	*	Machinery Repair	1,130	1,025	1,312		3,467	N/A	3,467	222
223		Equipment Damaged	2,128	2,318			4,446	N/A	4,446	223
224		Fringe Benefits	N/A	N/A	N/A	14,161	14,161	N/A	14,161	224
225		Other Casualties and Insurance	N/A	N/A	N/A	10,209	10,209	N/A	10,209	225
226	*	Lease Rentals - Debit	N/A	N/A	108,569	N/A	108,569	N/A	108,569	226
227	*	Lease Rentals - (Credit)	N/A	N/A	(8,000)	N/A	(8,000)	N/A	(8,000)	227
228		Joint Facility Rent - Debit	N/A	N/A	13	N/A	13	N/A	13	228
229	*	Joint Facility Rent - (Credit)	N/A	N/A		N/A		N/A		229
230	*	Other Rents - Debit	N/A	N/A	482,714	N/A	482,714	N/A	482,714	230
231	*	Other Rents - (Credit)	N/A	N/A	(208,055)	N/A	(208,055)	N/A	(208,055)	231
232	*	Depreciation	N/A	N/A	N/A	81,879	81,879	N/A	81,879	232
233		Joint Facility - Debit	N/A	N/A	84	N/A	84	N/A	84	233
234		Joint Facility - (Credit)	N/A	N/A	(18)	N/A	(18)	N/A	(18)	234
235	*	Repairs Billed to Others - (Credit)	N/A	N/A	(34,430)	N/A	(34,430)	N/A	(34,430)	235
236		Dismantling Retired Property						N/A		236
237		Other	5,217	9,404		110	14,731	N/A	14,731	237
238		TOTAL FREIGHT CARS	43,096	37,585	399,514	107,938	588,033	N/A	588,033	238
301		OTHER EQUIPMENT:								
		Administration		359	186	1,194	1,739		1,739	301
302	*	Repair and Maintenance:								
		Trucks, Trailers and Containers - Revenue Service								
303	*	Floating Equipment - Revenue Service		1,111	36,868	35	38,014	N/A	38,014	302
304	*	Passenger and Other Revenue Equipment			5		5	N/A	5	303
305	*	Computer Systems and Word Processing Equipment		378	32,238		32,616		32,616	305
306	*	Machinery	318	139	12		469		469	306
307	*	Work and Other Non-Revenue Equipment	1,031	4,186	10,617	28	15,862		15,862	307
308		Machinery								308
309		Fringe Benefits	N/A	N/A		3,331	3,331		3,331	309
310		Other Casualties and Insurance	N/A	N/A		1,397	1,397		1,397	310
311	*	Lease Rentals - Debit	N/A	N/A	34,303	N/A	34,303		34,303	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)			
		OTHER EQUIPMENT - Continued:								
312	*	Lease Rentals - (Credit)	N/A	N/A	(311)	N/A	(311)		(311)	312
313		Joint Facility Rent - Debit	N/A	N/A	13	N/A	13		13	313
314	*	Joint Facility Rent - (Credit)	N/A	N/A	(94)	N/A	(94)		(94)	314
315	*	Other Rents - Debit	N/A	N/A	33,712	N/A	33,712		33,712	315
316	*	Other Rents - (Credit)	N/A	N/A	(12,478)	N/A	(12,478)		(12,478)	316
317	*	Depreciation	N/A	N/A	N/A	71,111	71,111		71,111	317
318		Joint Facility - Debit	N/A	N/A	75	N/A	75		75	318
319		Joint Facility - (Credit)	N/A	N/A		N/A		:		319
320	*	Repairs Billed to Others - (Credit)	N/A	N/A	(4,140)	N/A	(4,140)		(4,140)	320
321		Dismantling Retired Property								321
322		Other			7		7		7	322
323		TOTAL OTHER EQUIPMENT	1,349	6,173	131,013	77,096	215,631		215,631	323
324		TOTAL EQUIPMENT	119,178	143,619	610,388	308,727	1,181,912		1,181,912	324
		TRANSPORTATION:								
		TRAIN OPERATIONS:								
401		Administration	7,477	2,323	10,634	4,407	24,841		24,841	401
402		Engine Crews	214,956	75	11,437	8,791	235,259		235,259	402
403		Train Crews	227,611	1,224	11,902	9,723	250,460		250,460	403
404		Dispatching Trains	31,606	19	1	44	31,670		31,670	404
405		Operating Signals and Interlockers	21,467	177	16	268	21,928		21,928	405
406		Operating Drawbridges	4,735			16	4,751		4,751	406
407		Highway Crossing Protection	17	69	4,342		4,428		4,428	407
408		Train Inspection and Lubrication	48,824	228			49,052		49,052	408
409	*	Locomotive Fuel		313,633	25		313,658		313,658	409
410		Electric Power Purchased or Produced for Motive Power							410	
411		Servicing Locomotives	15,013	7,523	4,456	1	26,993		26,993	411
412		Freight Lost or Damaged - Solely Related		N/A	N/A					412
413		Clearing Wrecks	258	65	12,412		12,735		12,735	413
414		Fringe Benefits		N/A	N/A	210,647	210,647		210,647	414
415		Other Casualties and Insurance	N/A	N/A	N/A	51,763	51,763		51,763	415
416		Joint Facility - Debit	N/A	N/A	1,510	N/A	1,510		1,510	416
417		Joint Facility - (Credit)	N/A	N/A	(1,539)	N/A	(1,539)		(1,539)	417
418		Other	11,014	49	60,769	12	71,844		71,844	418
419		TOTAL TRAIN OPERATIONS	582,978	325,385	115,965	285,672	1,310,000		1,310,000	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)			
		YARD OPERATIONS:								
420		Administration	691	331	1,264	791	3,077		3,077	420
421		Switch Crews	166,795	648	10,897	403	178,743		178,743	421
422		Controlling Operations	27,252	2	9		27,263		27,263	422
423		Yard and Terminal Clerical	14,426	3,780	5,084	408	23,698		23,698	423
424		Operating Switches, Signals, Retarders and Humps	1	714	34		749		749	424
425	*	Locomotive Fuel		28,070			28,070		28,070	425
426		Electric Power Purchased or Produced for Motive Power								426
427		Servicing Locomotives	626				626		626	427
428		Freight Lost or Damaged - Solely Related	N/A	N/A	N/A					428
429		Clearing Wrecks	39				39		39	429
430		Fringe Benefits		N/A	N/A	71,193	71,193		71,193	430
431		Other Casualties and Insurance		N/A	N/A	18,154	18,154		18,154	431
432		Joint Facility - Debit	N/A	N/A	7,634	N/A	7,634		7,634	432
433		Joint Facility - (Credit)	N/A	N/A	(2,328)	N/A	(2,328)		(2,328)	433
434		Other			338	1	339		339	434
435		TOTAL YARD OPERATIONS	209,830	33,545	22,932	90,950	357,257		357,257	435
		TRAIN AND YARD OPERATIONS COMMON:								
501		Cleaning Car Interiors	285	3	1,214	N/A	1,502		1,502	501
502		Adjusting and Transferring Loads	127	19	185	N/A	331	N/A	331	502
503		Car Loading Devices and Grain Doors	1			N/A	1	N/A	1	503
504		Freight Lost or Damaged - All Other		N/A	N/A	32,640	32,640		32,640	504
505		Fringe Benefits		N/A	N/A	147	147		147	505
506		TOTAL TRAIN AND YARD OPERATIONS COMMON	413	22	1,399	32,787	34,621		34,621	506
		SPECIALIZED SERVICES OPERATIONS:								
507	*	Administration	19,162	880	6,412	2,172	28,626	N/A	28,626	507
508	*	Pickup and Delivery and Marine Line Haul	4,854		131,501	162	136,517	N/A	136,517	508
509	*	Loading and Unloading and Local Marine	4,810	2,138	198,480	91	205,519	N/A	205,519	509
510	*	Protective Services	2	55	524		581	N/A	581	510
511	*	Freight Lost or Damaged - Solely Related	N/A	N/A	N/A			N/A		511
512	*	Fringe Benefits	N/A	N/A	N/A	4,845	4,845	N/A	4,845	512
513	*	Casualties and Insurance	N/A	N/A	N/A	2,486	2,486	N/A	2,486	513
514	*	Joint Facility - Debit	N/A	N/A	1,020	N/A	1,020	N/A	1,020	514
515	*	Joint Facility - (Credit)	N/A	N/A		N/A		N/A		515
516	*	Other						N/A		516
517	*	TOTAL SPECIALIZED SERVICES OPERATIONS	28,828	3,073	337,937	9,756	379,594	N/A	379,594	517

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

Line No.	Cross Check	Name of railway operating expense account (a)	FREIGHT					Total freight expense (f)	Passenger (g)	Total (h)	Line No.
			Salanes and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)					
		ADMINISTRATIVE SUPPORT OPERATIONS:									
518		Administration	51	102	217	854	1,224			1,224	518
519		Employees Performing Clerical and Accounting Functions	33,606	481	1,680	93	35,860			35,860	519
520		Communications Systems Operation	3,528			14	3,542			3,542	520
521		Loss and Damage Claims Processing	91	42	1,654	35	1,822			1,822	521
522		Fringe Benefits	N/A	N/A	N/A	13,227	13,227			13,227	522
523		Casualties and Insurance	N/A	N/A	N/A	3,396	3,396			3,396	523
524		Joint Facility - Debit	N/A	N/A	12	N/A	12			12	524
525		Joint Facility - (Credit)	N/A	N/A		N/A					525
526		Other									526
527		TOTAL ADMINISTRATIVE SUPPORT OPERATIONS	37,276	625	3,563	17,619	59,083			59,083	527
528		TOTAL TRANSPORTATION	859,325	362,650	481,796	436,784	2,140,555			2,140,555	528
		GENERAL AND ADMINISTRATIVE:									
601		Officers - General Administration		829	1,810	866	3,505			3,505	601
602		Accounting, Auditing and Finance	4,449	397	6,627	730	12,203			12,203	602
603		Management Services and Data Processing	882	584	33,276	1,097	35,839			35,839	603
604		Marketing	369	408	12,606	3,905	17,288			17,288	604
605		Sales		56	164	213	433			433	605
606		Industrial Development	109	95	894	215	1,313	N/A		1,313	606
607		Personnel and Labor Relations	4,459	314	6,183	3,547	14,503			14,503	607
608		Legal and Secretarial		389	45,430	7,091	52,910			52,910	608
609		Public Relations and Advertising		337	5,046	1,026	6,409			6,409	609
610		Research and Development									610
611		Fringe Benefits		N/A	N/A	6,267	6,267			6,267	611
612		Casualties and Insurance	N/A	N/A	N/A	6,124	6,124			6,124	612
613		Writedown of Uncollectible Accounts	N/A	N/A	N/A	4,118	4,118			4,118	613
614		Property Taxes	N/A	N/A	N/A	78,660	78,660			78,660	614
615		Other Taxes Except on Corporate Income or Payrolls	N/A	N/A	N/A	25,176	25,176			25,176	615
616		Joint Facility - Debit	N/A	N/A	704	N/A	704			704	616
617		Joint Facility - (Credit)	N/A	N/A	(122)	N/A	(122)			(122)	617
618		Other	5,465	416	507,791	97,332	611,004			611,004	618
619		TOTAL GENERAL AND ADMINISTRATIVE	15,733	3,825	620,409	236,367	876,334			876,334	619
620	*	TOTAL CARRIER OPERATING EXPENSES	1,135,219	571,813	2,201,343	1,384,305	5,292,680			5,292,680	620

**412. WAY AND STRUCTURES**

(Dollars in Thousands)

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

Line No.	Cross Check	Property Account	Category (a)	Depreciation (b)	Lease/Rentals (net) (c)	Amortization adjustment during year (d)	Line No.
1		2	Land for transportation purpose	N/A	N/A		1
2		3	Grading	5,046	6,739		2
3		4	Other, right-of-way expenditures	101	135		3
4		5	Tunnels and subways	319	426		4
5		6	Bridges, trestles, and culverts	8,284	11,064		5
6		7	Elevated structures	3,837	5,124		6
7		8	Ties	89,589	119,652		7
8		9	Rail and other track material	77,058	102,914		8
9		11	Ballast	22,476	30,017		9
10		13	Fences, snow sheds, and signs	74	99		10
11		16	Station and office buildings	11,471	15,320		11
12		17	Roadway buildings	1,367	1,826		12
13		18	Water stations	2	3		13
14		19	Fuel stations	752	1,004		14
15		20	Shops and enginehouses	3,891	5,197		15
16		22	Storage warehouses	107	143		16
17		23	Wharves and docks	0	0		17
18		24	Coal and ore wharves	3,718	4,966		18
19		25	TOFC/COFC terminals	11,578	15,463		19
20		26	Communications systems	13,806	18,438		20
21		27	Signals and interlocker	12,158	16,237		21
22		29	Power plants	99	132		22
23		31	Power-transmissions systems	606	809		23
24		35	Miscellaneous structures	439	586		24
25		37	Roadway machines	9,960	13,302		25
26		39	Public improvements-Construction	7,654	10,222		26
27		45	Power plant machines	370	494		27
28			Other lease/rentals	0	0		28
29	*		Total	284,762	380,312		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		14		9,328	196	3,046	2
3		Box-Equipped		10,809	40,697	189	16,930	59,717	3
4		Gondola-Plain		557	2,467	218	1,047	3,086	4
5		Gondola-Equipped		4,458	19,303	46	4,388	14,575	5
6		Hopper-Covered		1,509	8,651	13,644	5,902	23,670	6
7		Hopper-Open Top-General Service		808	5,145	9	776	2,746	7
8		Hopper-Open Top-Special Service		98	1,344	4	224	1,132	8
9		Refrigerator-Mechanical				8	990	2,591	9
10		Refrigerator-Non-Mechanical		244	784	15	1,459	4,670	10
11		Flat-TOFC/COFC		874	4,425	46,904	4,518	17,539	11
12		Flat-Multi-Level		3,085	42,296	60,797	2,312	46,717	12
13		Flat-General Service		98	420	411	418	49	13
14		Flat-Other		438	2,478	15,006	4,005	14,705	14
15		Tank-Under 22,000 Gallons				23,595			15
16		Tank-22,000 Gallons and Over				18,224			16
17		All Other Freight Cars		63	1,178	21	1,806	6,728	17
18		Auto Racks			55,812			48,353	18
19		TOTAL FREIGHT TRAIN CARS		23,055	185,000	188,419	44,971	249,324	19
OTHER FREIGHT CARRYING EQUIPMENT									
20		Refrigerated Trailers							20
21		Other Trailers			1,744	11,798		6,653	21
22		Refrigerated Containers							22
23		Other Containers			10,737	9,638		5,435	23
24	*	TOTAL TRAILERS AND CONTAINERS			12,481	21,436		12,088	24
25		GRAND TOTAL (LINES 19 AND 24)		23,055	197,481	209,855	44,971	261,412	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)

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

Line No.	Cross Check	Types of equipment (a)	Repairs (net expense) (b)	Depreciation		Amortization Adjustment net during year (e)	Line No.
				Owned (c)	Capitalized lease (d)		
		<b>LOCOMOTIVES</b>					
1		Diesel Locomotive - Yard	13,441	3,214		(32)	1
2		Diesel Locomotive - Road	151,543	72,911		(3,007)	2
3		Other Locomotive - Yard					3
4		Other Locomotive - Road					4
5	*	<b>TOTAL</b>	<b>164,984</b>	<b>76,125</b>		<b>(3,039)</b>	<b>5</b>
		<b>FREIGHT TRAIN CARS</b>					
6		Box - Plain 40 Foot					6
7		Box - Plain 50 Foot and Longer	(557)	34		(12)	7
8		Box - Equipped	25,375	10,237		(5,110)	8
9		Gondola - Plain	8,196	28,161		10,713	9
10		Gondola - Equipped	12,280	(605)		(6,820)	10
11		Hopper - Covered	10,431	3,652	1	(2,355)	11
12		Hopper - Open Top - General Service	6,427	13,934		108	12
13		Hopper - Open Top - Special Service	2,021	3,557		54	13
14		Refrigerator - Mechanical	(31)				14
15		Refrigerator - Nonmechanical	806	186		1	15
16		Flat TOFC/COFC	2,712	364		44	16
17		Flat Multi - level	4,993	(27)		(1,979)	17
18		Flat - General Service	176	96		(2)	18
19		Flat - Other	2,389	2,134		441	19
20		All Other Freight Cars	1,468	2,303		599	20
21		Cabooses	65	170		(2)	21
22		Auto Racks	534	14,065		(99)	22
23		Miscellaneous Accessories (see note 4)		2,109			23
24	*	<b>TOTAL FREIGHT TRAIN CARS</b>	<b>77,285</b>	<b>80,370</b>	<b>1</b>	<b>(4,419)</b>	<b>24</b>
		<b>OTHER EQUIPMENT - REVENUE</b>					
25		<b>FREIGHT HIGHWAY EQUIPMENT</b>					
		Refrigerated Trailers					25
26		Other Trailers	6,440	10,683		231	26
27		Refrigerated Containers					27
28		Other Containers	9,599				28
29		Bogies					29
30		Chassis	21,975				30
31		Other Highway Equipment (Freight)					31
32	*	<b>TOTAL HIGHWAY EQUIPMENT</b>	<b>38,014</b>	<b>10,683</b>		<b>231</b>	<b>32</b>
		<b>FLOATING EQUIPMENT - REVENUE SERVICE</b>					
33		Marine Line - Haul	5				33
34		Local Marine					34
35	*	<b>TOTAL FLOATING EQUIPMENT</b>	<b>5</b>				<b>35</b>
		<b>OTHER EQUIPMENT</b>					
36	*	Passenger & Other Revenue Equipment (Freight Portion)					36
37	*	Computer systems & word processing equip.	32,616	43,580	293		37
38	*	Machinery - Locomotives (see note 1)	5,030	657			38
39	*	Machinery - Freight Cars (see note 2)	3,467	177			39
40	*	Machinery - Other Equipment (see note 3)	469	1,513			40
41	*	Work & Other Non - revenue Equipment	15,862	14,994		(632)	41
42		<b>TOTAL OTHER EQUIPMENT</b>	<b>57,444</b>	<b>60,921</b>	<b>293</b>	<b>(632)</b>	<b>42</b>
43		<b>TOTAL ALL EQUIPMENT (FREIGHT PORTION)</b>	<b>337,732</b>	<b>228,099</b>	<b>294</b>	<b>(7,859)</b>	<b>43</b>

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

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

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

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

## 415. SUPPORTING SCHEDULE – EQUIPMENT

(Dollars in Thousands)

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

Line No.	Cross Check	Lease and rentals (net) (f)	Investment base as of 12/31		Accumulated depreciation as of 12/31		Line No.
			Owned (g)	Capitalized lease (h)	Owned (i)	Capitalized lease (j)	
1		2,105	68,926		41,269		1
2		58,985	2,166,038		775,087		2
3							3
4							4
5		61,090	2,234,964		816,356		5
6							6
7			1,670		26,034		7
8		15,336	544,408		241,622		8
9		10,874	483,266		156,242		9
10		27,786	309,820		113,244		10
11		7,566	275,256		145,566		11
12		14,419	388,810		173,401		12
13		1,031	123,773		36,323		13
14							14
15		631	4,581		1,759		15
16		(1,346)	12,679		8,942		16
17		10,665	53,859		33,266		17
18		183	4,117		2,277		18
19			70,644		22,482		19
20			51,487		8,866		20
21			5,642		3,351		21
22		11,050	265,750		89,287		22
23		639	18,054		7,974		23
24		98,834	2,613,816		1,070,636		24
25							25
26		22,669	126,009		79,220		26
27							27
28		790	1,366				28
29							29
30			549		448		30
31							31
32		23,458	127,924		79,668		32
33							33
34							34
35							35
36							36
37		1,451	278,293	0	118,660	0	37
38		271	22,914		6,389		38
39			6,173		1,721		39
40			52,768		14,714		40
41		9,222	286,070		99,285		41
42		10,944	646,218		240,769		42
43		194,327	5,622,922		2,207,429		43

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

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

## \*\* SUPPLEMENT \*\*

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

Line No.	Cross Check	Types of equipment (a)	Repairs (net expense) (b)	Depreciation		Amortization Adjustment net during year (e)	Line No.
				Owned** (c)	Capitalized lease (d)		
		<b>LOCOMOTIVES</b>					
1		Diesel Locomotive - Yard		21			1
2		Diesel Locomotive - Road		312			2
3		Other Locomotive - Yard					3
4		Other Locomotive - Road					4
5	*	<b>TOTAL</b>		<b>333</b>			5
		<b>FREIGHT TRAIN CARS</b>					
6		Box - Plain 40 Foot					6
7		Box - Plain 50 Foot and Longer					7
8		Box - Equipped					8
9		Gondola - Plain		19			9
10		Gondola - Equipped		197			10
11		Hopper - Covered		864			11
12		Hopper - Open Top - General Service					12
13		Hopper - Open Top - Special Service					13
14		Refrigerator - Mechanical					14
15		Refrigerator - Nonmechanical					15
16		Flat TOFC/COFC					16
17		Flat Multi - level					17
18		Flat - General Service					18
19		Flat - Other					19
20		All Other Freight Cars					20
21		Cabooses					21
22		Auto Racks		251			22
23		Miscellaneous Accessories (see note 4)					23
24	*	<b>TOTAL FREIGHT TRAIN CARS</b>		<b>1,331</b>			24
		<b>OTHER EQUIPMENT - REVENUE</b>					
25		<b>FREIGHT HIGHWAY EQUIPMENT</b>					
		Refrigerated Trailers					25
26		Other Trailers					26
27		Refrigerated Containers					27
28		Other Containers					28
29		Bogies					29
30		Chassis					30
31		Other Highway Equipment (Freight)					31
32	*	<b>TOTAL HIGHWAY EQUIPMENT</b>					32
		<b>FLOATING EQUIPMENT - REVENUE SERVICE</b>					
33		Marine Line - Haul					33
34		Local Marine					34
35	*	<b>TOTAL FLOATING EQUIPMENT</b>					35
		<b>OTHER EQUIPMENT</b>					
36	*	Passenger & Other Revenue Equipment (Freight Portion)					36
37	*	Computer systems & word processing equip.					37
38	*	Machinery - Locomotives (see note 1)					38
39	*	Machinery - Freight Cars (see note 2)					39
40	*	Machinery - Other Equipment (see note 3)					40
41	*	Work & Other Non - revenue Equipment		48			41
42		<b>TOTAL OTHER EQUIPMENT</b>		<b>48</b>			42
43		<b>TOTAL ALL EQUIPMENT (FREIGHT PORTION)</b>		<b>1,712</b>			43

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

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

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

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

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

## \*\* SUPPLEMENT \*\*

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

Line No.	Cross Check	Lease and rentals (net) (f)	Investment base as of 12/31		Accumulated depreciation as of 12/31		Line No.
			Owned** (g)	Capitalized lease (h)	Owned** (i)	Capitalized lease (j)	
1		1,256	79		24		1
2		18,679	5,497		329		2
3							3
4							4
5		19,935	5,576		353		5
6							6
7							7
8		15	92		19		8
9		255	4,346		197		9
10		411	3,397		1,062		10
11							11
12							12
13							13
14							14
15							15
16							16
17							17
18							18
19							19
20							20
21							21
22		1,054	1,505		251		22
23							23
24		1,735	9,340		1,529		24
25							25
26							26
27							27
28							28
29							29
30							30
31							31
32							32
33							33
34							34
35							35
36							36
37							37
38							38
39							39
40							40
41		51	151		55		41
42		51	151		55		42
43		21,721	15,067		1,937		43

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

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

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

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

Line No.	Density category (Class) (a)	Account No. (b)	Owned and used			Improvements to leased property			Capitalized leases			TOTAL		Line No.
			Inv. Base (c)	Accum depr. (d)	Depr. rate % (e)	Inv. Base (f)	Accum. depr. (g)	Depr. rate % (h)	Inv. base (i)	Current year Amort. (j)	Accum. Amort. (k)	Inv. Base (l)	Accum. Depr. & Amort. (m)	
1	I	3	222,725	73,783	1.00%							222,725	73,783	1
2		8	957,360	331,013	4.38%							957,360	331,013	2
3		9	1,342,662	366,018	2.80%							1,342,662	366,018	3
4		11	404,541	85,551	2.50%							404,541	85,551	4
5	SUB-TOTAL		2,927,288	856,365								2,927,288	856,365	5
6	II	3	163,615	54,201	1.00%							163,615	54,201	6
7		8	703,282	243,164	4.38%							703,282	243,164	7
8		9	986,327	268,879	1.65%							986,327	268,879	8
9		11	297,178	62,846	2.50%							297,178	62,846	9
10	SUB-TOTAL		2,150,402	629,090								2,150,402	629,090	10
11	III	3	21,742	N/A	N/A		N/A	N/A		N/A	N/A	21,742		11
12		8	40,338	N/A	N/A		N/A	N/A		N/A	N/A	40,338		12
13		9	38,919	N/A	N/A		N/A	N/A		N/A	N/A	38,919		13
14		11	14,106	N/A	N/A		N/A	N/A		N/A	N/A	14,106		14
15	SUB-TOTAL		115,105	N/A	N/A		N/A	N/A		N/A	N/A	115,105	0	15
16	IV	3	112,630	37,312	1.00%							112,630	37,312	16
17		8	484,127	167,389	4.38%							484,127	167,389	17
18		9	678,970	185,092	2.31%							678,970	185,092	18
19		11	204,572	43,263	2.50%							204,572	43,263	19
20	SUB-TOTAL		1,480,299	433,056								1,480,299	433,056	20
21	V	3												21
22		8												22
23		9												23
24		11												24
25	SUB-TOTAL		0	0								0	0	25
26	GRAND TOTAL		6,673,094	1,918,511	N/A			N/A				6,673,094	1,918,511	26

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

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

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

NOTES AND REMARKS

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

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

Line No.	Cross Check	Items (a)	TOFC/COFC terminal (b)	Floating equipment (c)	Coal marine terminal (d)	Ore marine terminal (e)	Other marine terminal (f)	Motor vehicle load and distribution (g)	Protective services refrigerator car (h)	Other special services (i)	Total columns (b-i) (j)	Line No.
1	*	Administration	27,636		966			24			28,626	1
2	*	Pick up and delivery, marine line haul	135,603		779			135	N/A		136,517	2
3	*	Loading and unloading and local marine	127,664		8,328			69,527	N/A		205,519	3
4	*	Protective services, total debit and credits							581		581	4
5	*	Freight lost or damaged—solely related									0	5
6	*	Fringe benefits	3,938		907						4,845	6
7	*	Casualty and insurance	2,486								2,486	7
8	*	Joint facility — Debit	1,020								1,020	8
9	*	Joint facility — Credit	0								0	9
10	*	Other									0	10
11	*	TOTAL	298,347	0	10,980	0	0	69,686	581	0	379,594	11

## 418. SUPPORTING SCHEDULE--CAPITAL LEASES

(Dollars in thousands)

**Instructions:**

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

**Column**

- (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	Amount	Line No.
1		<b>Other than U.S. Government Taxes</b>	112,508	1
		U. S. Government Taxes		
		Income Taxes		
2		Normal Tax and Surtax	84,794	2
3		Excess Profits	0	3
4	*	Total - Income Taxes L 2 + 3	84,794	4
5		Railroad Retirement	325,593	5
6		Hospital Insurance	23,710	6
7		Supplemental Annuities	(3,102)	7
8		Unemployment Insurance	15,024	8
9		All Other United States Taxes	0	9
10		<b>Total - U. S. Government Taxes</b>	446,019	10
11		<b>Total - Railway Taxes</b>	558,527	11

**B. Adjustments to Federal Income Taxes**

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

Line No.	Particulars (a)	Beginning of year balance (b)	Net credits (charges) for current year (c)	Adjustments (d)	End of year balance (e)	Line No.
1	Accelerated Depreciation, Sec. 167 I.R.C.: Guideline lives pursuant to Rev. Proc. 62-21.	3,022,989	183,728	181	3,206,898	1
2	Accelerated Amortization of Facilities, Sec. 168 I.R.C.	4,812	(1,075)		3,737	2
3	Accelerated amortization of rolling stock, Sec. 184 I.R.C.	34,635	(6,094)		28,541	3
4	Amortization of rights of way, Sec. 185 I. R. C.	32,935	2,509		35,444	4
5	Other (Specify) -- Tax Benefit Transfer Leases	24,881	(108)		24,773	5
6	Reserves, including casualty & other claims	(156,256)	(21,330)		(177,586)	6
7	Employee Benefits	(57,227)	50,841		(6,386)	7
8	Retiree Health & Death Benefit Obligations	(135,251)	(1,216)		(136,467)	8
9	Taxes, including State and Property	(202,157)	(14,373)	11	(216,519)	9
10	Miscellaneous	45,407	(10,625)	22,051	56,833	10
11	Unrealized Holding Gains	133,523		13,570	147,093	11
12	Deferred Intercompany Federal Tax Payable, Net	833,342		63,590	896,932	12
13						13
14						14
15						15
16						16
17						17
18						18
19	<b>TOTALS</b>	<b>3,581,633</b>	<b>182,257</b>	<b>99,403</b>	<b>3,863,293</b>	<b>19</b>

Adjustments in column (d) represent adjustments for FAS 87, FAS 115 and deferred intercompany payable.

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

**\*Footnotes:**

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

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

(Dollars in Thousands)

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

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

Line No.	Account No. (a)	Item (b)	Debits (c)	Credits (d)	Line No.
1					1
2	519	Growth in cash surrender value of corporate owned life insurance		72,490	2
3					3
4	519	Gain on the disposition of property		22,229	4
5					5
6	519	Proceeds from corporate owned life insurance		12,411	6
7					7
8	551 *	Discount on sale of receivables		258,053	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					25
26					26
27					27
28					28
29					29
30					30

**MEMORANDA RELATING TO SELECTED INCOME AND RETAINED EARNINGS ACCOUNTS**

\* No other single item for Account 551 exceeds either \$1 million or 1% of the total value for this account.

**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	(a) Terminal R.R. Assoc. of St. Louis	Refunding & Improvement Mortgage Series "C" bonds due 7/1/2019 (FD14553-54)	7,787 & int.	Joint and Several	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	(a) Jointly and Severally with BN, CSX Transp., ICG, MKT, MP and SSW				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

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

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

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

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

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

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

The Company has outstanding letters of credit in the amount of \$14 million, with various banks, under which no borrowings were outstanding as of December 31, 2002.

## NOTES AND REMARKS

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

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

**I. Debt Outstanding at End of Year:**

Line No.	Account No.	Title	Source	Balance at Close of Year
1	751	Loans and Notes Payable	Sch. 200, L. 30	
2	764	Equipment Obligations and Other Long Term Debt due Within One Year	Sch. 200, L. 39	108,089
3	765/767	Funded Debt Unmatured	Sch. 200, L. 41	32,525
4	766	Equipment Obligations	Sch. 200, L. 42	485,915
5	766.5	Capitalized Lease Obligations	Sch. 200, L. 43	274,239
6	768	Debt in Default	Sch. 200, L. 44	
7	769	Accounts Payable; Affiliated Companies	Sch. 200, L. 45	538,899
8	770.1/770.2	Unamortized Debt Premium	Sch. 200, L. 46	(1,265)
9		Total Debt	Sum L. 1-8	1,438,402
10		Debt Directly Related to Road Property	Note 1.	34,644
11		Debt Directly Related to Equipment	Note 1.	868,918
12		Total Debt Directly Related to Road & Equipment	Sum L. 10 and 11	903,562
13		Percent Directly Related to Road	L. 10 div. by L. 12 Whole % + 2 decimals	3.83%
14		Percent Directly Related to Equipment	L. 11 div. by L. 12 Whole % + 2 decimals	96.17%
15		Debt Not Directly Related to Road or Equipment	L. 9 - L. 12	534,840
16		Road Property Debt (Note 2)	(L. 13 x L. 15) + L. 10	55,128
17		Equipment Debt (Note 2)	(L. 14 x L. 15) + L. 11	1,383,274

**II. Interest Accrued During the Year:**

Line No.	Account No.	Title	Source	Balance at Close of Year
18	546-548	Total Interest and Amortization (Fixed Charges)	Sch. 210, L. 42	162,357
19	546	Contingent Interest on Funded Debt	Sch. 210, L. 44	
20	517	Release of Premiums on Funded Debt	Sch. 210, L. 22	-
21		Total Interest (Note 3)	(L. 18 + L. 19) - L. 20	162,357
22		Interest Directly Related to Road Property Debt	Note 4	1,299
23		Interest Directly Related to Equipment Debt	Note 4	32,711
24		Interest Not Directly Related to Road or Equipment Property Debt	L. 21 - (L. 22 + L. 23)	128,347 *
25		Interest Road Property Debt (Note 5)	L. 22 + (L. 24 x L. 13)	6,215
26		Interest Equipment Debt (Note 5)	L. 23 + (L. 24 x L. 14)	156,142
27		Embedded Rate of Debt Capital - Road Property	L. 25 div. by L. 16	11.27%
28		Embedded Rate of Debt Capital - Equipment	L. 26 div. by L. 17	11.29%

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

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

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

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

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

\*Net of capitalized interest \$(11,530). Amount on line 24 primarily represents "Other Interest expense" that does not relate to conventional debt as reported on line 9.

## NOTES AND REMARKS

## INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 512

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

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

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

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

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

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

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

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

4. In column (c), fully describe the transactions involved such as management fees, lease of building, purchase of material, etc. When the affiliate listed in column (a) provides more than one type of service in column (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.
Line No.	Name of company or related party with percent of gross income (a)	%	Nature of relationship (b)	Description of transactions (c)	Dollar amounts of transactions (000's) * (d)	Amount due from or to related parties (e)	Line No.
1							1
2	If NS Rail provides rail transportation services to any of these entities, it does so in the normal course of business at applicable tariff or contract rates.						2
3	both of which are subject to STB jurisdiction and review.						3
4							4
5	Pennsylvania Lines LLC		Other (See note 1)	(See note 1)	(See note 1)		5
6	Conrail Inc. and CRC		Other (See note 1)	(See note 1)	(See note 1)		6
7	Norfolk Southern Corporation		Controlled (See note 2)	(See note 2)	(See note 2)		7
8							8
9							9
10							10
11							11
12							12
13							13
14							14
15							15
16	* Paid by Norfolk Southern Corporation (NS) on behalf of its operating subsidiaries.						16
17							17
18							18

Note 1 - See note 10 to Schedule 200.

Note 2 - See note 9 to Schedule 200

**INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 700**

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

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

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

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

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

In Column (b) give the various proportions of each class owned or leased by respondent, listing each proportion once in any grouping.

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

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

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

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

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

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

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

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

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

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

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

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

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

700. MILEAGE OPERATED AT CLOSE OF YEAR										
Line No.	Class	Proportion owned or leased by Respondent	Running tracks, passing tracks, crossovers, etc.				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%	11,734	1,316	59	1,615	1,795	4,090	20,609	1
2	1	50%	7	5		5	15	13	45	2
3	1	33%	4	4		4		5	17	3
4	1J	75%						7	7	4
5	1J	67%						4	4	5
6	1J	50%				1	12	23	36	6
7	1J	33%					3	2	5	7
8										8
9		Total Class 1	11,745	1,325	59	1,625	1,825	4,144	20,723	9
10										10
11										11
12	3	100%	4,966	1,366	109	484	883	1,804	9,612	12
13	3A	100%						2	2	13
14	3B	100%	337	171	4	34	49	79	674	14
15	3BJ	50%				1		5	6	15
16										16
17		Total Class 3	5,303	1,537	113	519	932	1,890	10,294	17
18										18
19										19
20	4	100%	6				1	33	40	20
21	4B	100%	6						6	21
22	4BJ	50%	5				1		6	22
23										23
24		Total Class 4	17				2	33	52	24
25										25
26										26
27	5	100%	4,493	1,201	590	372	129	661	7,446	27
28										28
29		Total Class 5	4,493	1,201	590	372	129	661	7,446	29
30										30
31										31
32										32
33										33
34										34
35										35
36										36
37										37
38										38
39										39
40										40
41										41
42										42
43										43
44										44
45										45
46										46
47										47
48										48
49										49
50										50
51										51
52										52
53										53
54										54
55										55
56										56
57		TOTAL	21,558	4,063	762	2,516	2,888	6,728	38,515	57
58		Miles of electrified road or track included in preceding grand total	N/A							58

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

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

Line No.	Cross Check	State or territory (a)	MILES OF ROAD OPERATED BY RESPONDENT								Line No.
			Line owned (b)	Line of proprietary companies (c)	Line operated under lease (d)	Line operated under contract etc. (e)	Line operated under trackage rights (f)	Total mileage operated (g)	Line owned not operated by respondent (h)	New line constructed during year (i)	
1		Alabama	1,301				92	1,393	21		1
2		Canada					301	301			2
3		Delaware			160		43	203			3
4		District of Columbia					13	13			4
5		Florida	96				53	149			5
6		Georgia	1,830				9	1,839	296		6
7		Illinois	739		140		413	1,292	33		7
8		Indiana	872		405		266	1,543	60		8
9		Iowa	6			1	37	44	41		9
10		Kansas					2	2			10
11		Kentucky	170		212		63	445			11
12		Louisiana	78				4	82			12
13		Maryland	15		80		174	269			13
14		Michigan	79		334		230	643	2		14
15		Mississippi	209				2	211			15
16		Missouri	344				65	409			16
17		New Jersey			126		807	933			17
18		New York	68		644		216	928			18
19		North Carolina	1,066			11	364	1,441	288		19
20		Ohio	828		1,007		398	2,233	16		20
21		Pennsylvania	44		1,822	5	637	2,508			21
22		South Carolina	691				104	795	36		22
23		Tennessee	713		137		46	896	133		23
24		Virginia	2,037				107	2,144	89		24
25		West Virginia	559		236		47	842	14		25
26											26
27											27
28											28
29											29
30											30
31											31
32		TOTAL MILEAGE (single track)	11,745		5,303	17	4,493	21,558	1,029		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 (l). 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 (l).
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 (l), 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 (l)
Line 6, column (j)	= Line 12, column (l)
Line 7, column (j)	= Line 13, column (l)
Line 8, column (j)	= Line 14, column (l)
Line 9, column (j)	= Line 15, column (l)
Line 10, column (j)	= Line 16, column (l)

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						
			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)*	Line No.	
			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)								
1		Locomotive Units													
		Diesel-freight units	3,261	50				42	132	2,256	965	3,221	10,862,600 (HP)	38	1
2		Diesel-passenger units													2
3		Diesel-multiple purpose units													3
4		Diesel-switching units	194					7	12	104	85	189	279,200	18	4
5	*	TOTAL (lines 1 to 4) units	3,455	50				49	144	2,360	1,050	3,410	11,141,800	56	5
6	*	Electric-locomotives													6
7	*	Other self-powered units													7
8	*	TOTAL (lines 5, 6 and 7)	3,455	50				49	144	2,360	1,050	3,410	11,141,800	56	8
9	*	Auxiliary units	77							59	18	77	N/A		9
10	*	TOTAL LOCOMOTIVE UNITS (lines 8 and 9)	3,532	50				49	144	2,419	1,068	3,487	11,141,800	56	10

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

DISTRIBUTION OF LOCOMOTIVE UNITS IN SERVICE OF RESPONDENT AT CLOSE OF YEAR BUILT, DISREGARDING YEAR OF REBUILDING														
Line No.	Cross Check	Type or design of units (a)	Before Jan 1, 1980 (b)	Between Jan 1, 1980 and Dec 31, 1984 (c)	Between Jan 1, 1985 and Dec 31, 1989 (d)	Between Jan 1, 1990 and Dec 31, 1994 (e)	Between Jan 1, 1995 and Dec 31, 1999 (f)	During Calendar Year					TOTAL (l)	Line No.
								2000 (g)	2001 (h)	2002 (i)	2003 (j)	2004 (k)		
11	*	Diesel	1,274	306	366	391	713	200	160				3,410	11
12	*	Electric												12
13	*	Other self-powered units												13
14	*	TOTAL (lines 11 to 13)	1,274	306	366	391	713	200	160				3,410	14
15	*	Auxiliary units	30	18	25	4							77	15
16	*	TOTAL LOCOMOTIVE UNITS (Lines 14 and 15)	1,304	324	391	395	713	200	160				3,487	16

710. INVENTORY OF EQUIPMENT (Continued)														
UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS														
Line No.	Cross Check	Type or design of units (a)	Changes During the Year					Units retired from service of respondent whether owned or leased, including reclassification (g)	Units at Close of Year				Line No.	
			Units in service of respondent at beginning of year (b)	New units purchased or built (c)	New units leased from others (d)	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)
						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
18		Combined cars										N/A		18
19		(All class C, except CSB)												19
20		Parlor cars (PBC, PC, PL, PO)										N/A		20
21		Sleeping cars (PS, PT, PAS, PDS)										N/A		21
		Dining, grill and tavern cars												
		(All class D, PD)												
22		Non-passenger carrying cars										N/A		22
23		(All class B, CSB, M, PSA, 1A)										N/A		23
		TOTAL (lines 17 to 22)												
		Self-Propelled												
24		Electric passenger cars										N/A		24
		(EP, ET)												
25		Electric combined cars (EC)										N/A		25
		Internal combustion rail motorcars												
26		(ED, EG)										N/A		26
		Other self-propelled cars												
27		(Specify types)										N/A		27
28		TOTAL (lines 24 to 27)										N/A		28
29		TOTAL (lines 23 and 28)										N/A		29
		COMPANY SERVICE CARS												
30		Business cars (PV)	16				5		16	5	21	N/A		30
31		Board outfit cars (MWX)	322					5	117	200	317	N/A		31
		Derrick and snow removal cars												
32		(MWU, MWV, MWW, MWK)	440					29	370	41	411	N/A		32
		Dump and ballast cars												
33		(MWB, MWD)	1,072					77	233	762	995	N/A		33
		Other maintenance and service equipment cars	4,352	1			13	318	3,472	576	4,048	N/A		34
35		TOTAL (lines 30 to 34)	6,202	1			18	429	4,208	1,584	5,792	N/A		35

## 710. INVENTORY OF EQUIPMENT - Continued

Instructions for reporting freight-train car data

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

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

Line No	Cross Check	Class of equipment and car designations  (a)	Units in service of respondent at beginning of year		Changes During the Year				Line No.
			Time-mileage cars  (b)	All Others  (c)	Units installed				
					New units purchased or built  (d)	New or rebuilt units leased from others  (e)	Rebuilt units acquired and rebuilt units rewritten into property accounts  (f)	All other units, including reclassification and second hand units purchased or leased from others  (g)	
36		FREIGHT TRAIN CARS Plain box cars - 40' (B1__, B2__)							36
37		Plain box cars - 50' and longer (B3_0-7, B4_0-7, B5__, B6__, B7__, B8__)	52					1	37
38		Equipped box cars (All Code A, Except A_5_)	21,904					135	38
39		Plain gondola cars (All Codes G & J__1, J__2, J__3, J__4)	20,388					599	39
40		Equipped gondola cars (All Code E)	17,972					201	40
41		Covered hopper cars (C__1, C__2, C__3, C__4)	13,438					113	41
42		Open top hopper cars - general service (All Code H)	21,374						42
43		Open top hopper cars - special service (J__O, and All Code K)	3,481					243	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_)	333					14	45
46		Flat cars - TOFC/COFC (All Code P, Q and S, Except Q8__)	1,581						46
47		Flat cars - multi-level (All Code V)	1,422						47
48		Flat cars - general service (F10_, F20_, F30_)	189						48
49		Flat cars - other (F_1_, F_2_, F_3_, F_4_, F_5_, F_6_, F_8_, F40_)	2,014					1	49
50		Tank cars - under 22,000 gallons (T__0, T__1, T__2, T__3, T__4, T__5)							50
51		Tank cars - 22,000 gallons and over (T__6, T__7, T__8, T__9)		4					51
52		All other freight cars (A_5_, F_7_, All Code L and Q8__)	3,388						52
53		TOTAL (lines 36 to 52)	107,536	4				1,307	53
54		Caboose (All Code M-930)	N/A	251					54
55		TOTAL (lines 53, 54)	107,536	255				1,307	55

## 710. INVENTORY OF EQUIPMENT - Continued

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

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

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

Line No.	Cross Check	Changes during year (concluded)	Units 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 Others (l)			
36									36
37		4	49		49		4,011		37
38		809	17,052	4,178	21,230		1,656,690	5	38
39		460	17,621	2,906	20,527		2,311,628	210	39
40		214	9,788	8,171	17,959		1,815,983		40
41		534	9,920	3,097	13,017		1,419,687	36	41
42		1,320	15,351	4,703	20,054		2,117,463		42
43		174	3,217	333	3,550		369,038		43
44									44
45		10	77	260	337		26,303	1	45
46		145	678	758	1,436		96,313		46
47		76	777	569	1,346		56,114		47
48		22	152	15	167		12,562		48
49		59	1,813	143	1,956		198,577		49
50									50
51			4			4	403		51
52		17	3,371		3,371		171,843		52
53		3,844	79,870	25,133	104,999	4	10,256,615	252	53
54		25	169	57	N/A	226	N/A		54
55		3,869	80,039	25,190	104,999	230	10,256,615	252	55

## 710. INVENTORY OF EQUIPMENT - Continued

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

Line No.	Cross-Check	Class of equipment and car designations  (a)	Units in service of respondent at beginning of year		Changes During the Year				Line No
			Per diem  (b)	All Others  (c)	Units installed				
					New units purchased or built  (d)	New units leased from others  (e)	Rebuilt units acquired and rebuilt units rewritten into property accounts  (f)	All other units, including reclassification and second hand units purchased or leased from others  (g)	
56		FLOATING EQUIPMENT Self-propelled vessels (tugboats, car ferries, etc )	N/A	1					56
57		Non-self-propelled vessels (car floats, lighters, etc.)	N/A						57
58		TOTAL (Lines 56 and 57)	N/A	1					58
59		HIGHWAY REVENUE EQUIPMENT Chassis (Z_1_, Z_67_, Z_68_, Z_69_)		9,772				776	59
60		Dry van (U_2_, Z_, Z_6_, 1-6)		14,016				478	60
61		Flat bed (U_3_, Z_3_)		13					61
62		Open bed (U_4_, Z_4_)		1					62
63		Mechanical refrigerator (U_5_, Z_5_)							63
64		Bulk hopper (U_0_, Z_0_)							64
65		Insulated (U_7_, Z_7_)							65
66		Tank (Z_0_, U_6_) (See note)							66
67		Other trailer and container (Special equipped dry van U_9_, Z_8_, Z_9_)		3					67
68		Tractor							68
69		Truck							69
70		TOTAL (Lines 59 to 69)		23,805				1,254	70

## NOTES AND REMARKS

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

## 710. INVENTORY OF EQUIPMENT - Concluded

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

Line No.	Cross Check	Changes during year (concluded)	Units at close of year						Line No.
		Units retired from service of respondent whether owned or leased including reclassification (h)	Owned and used (i)	Leased from others (j)	Total in service of respondent (col (i) & (j))		Aggregate capacity of units reported in col (k) & (l) (see ins. 4) (m)	Leased to Others (n)	
					Per diem (k)	All Others (l)			
56			1		N/A	1	N/A		56
57					N/A		N/A		57
58			1		N/A	1	N/A		58
59		289	86	10,173		10,259			59
60		663	6,434	7,397		13,831	352,155		60
61			13			13	277		61
62			1			1	23		62
63									63
64									64
65									65
66									66
67			3			3	67		67
68									68
69									69
70		952	6,537	17,570		24,107	352,522		70

## NOTES AND REMARKS

**710S. UNIT COST OF EQUIPMENT INSTALLED DURING THE YEAR**  
(Dollars in Thousands)

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

**NEW UNITS**

Line No.	Class of equipment (a)	Number of Units (b)	Total Weight (Tons) (c)	Total Cost (d)	Method of Acquisition (see instructions) (e)	Line No.
1	GE D9-40CW 6-Axle 4,000 HP	50	10,250	65,512	P	1
2						2
3	High Performance Yard Cleaner (MW)	1	134	1	S	3
4						4
5						5
6						6
7						7
8						8
9						9
10						10
11						11
12						12
13						13
14						14
15						15
16						16
17						17
18						18
19						19
20						20
21						21
22						22
23						23
24						24
25	<b>TOTAL</b>	<b>51</b>	<b>N/A</b>	<b>65,513</b>	<b>N/A</b>	<b>25</b>
<b>REBUILT UNITS</b>						
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	<b>TOTAL</b>	<b>0</b>	<b>N/A</b>	<b>0</b>	<b>N/A</b>	<b>38</b>
39	<b>GRAND TOTAL</b>	<b>51</b>	<b>N/A</b>	<b>65,513</b>	<b>N/A</b>	<b>39</b>

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

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

Track category 1

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

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

2. This schedule should include all class 1, 2, 3, or 4 track from schedule 700 that is maintained by the respondent (class 5 track is assumed to be maintained by others).

3 If, for two consecutive years, a line segment classified in one track category maintains a traffic density which would place it in another, it shall be reclassified into that category as of the beginning of the second year.

4. Traffic density related to passenger service shall not be included in the determination of the track category of a line segment.

**720. TRACK AND TRAFFIC CONDITIONS**

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

Line No.	Track category (a)	Mileage of tracks at end of period (whole numbers) (b)	Average annual traffic density in millions of gross ton-miles per track-mile* (use two decimal places) (c)	Average running speed limit (use two decimal places) (d)	Track miles under slow orders at the end of period (e)	Line No.
1	A	8,593	37.74	46.08	2	1
2	B	7,735	12.34	42.39	134	2
3	C	3,041	2.63	32.97	193	3
4	D	2,874	0.35	23.78	143	4
5	E	8,826	XXXXXXXXXX	XXXXXXXXXX		5
6	TOTAL	31,069	19.28	40.12	472	6
7	F		XXXXXXXXXX	XXXXXXXXXX		7
8	Potential abandonments	480				8

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

## 721. TIES LAID IN REPLACEMENT

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

Line No.	Track category	Number of crossties laid in replacement								Switch and bridge ties (board feet)	Crossties switch and bridge ties		Line No.
		New ties			Second-hand ties						Percent of spot maintenance (k)		
		Wooden		Concrete (d)	Other (e)	Wooden			Total (i)				
		Treated (b)	Untreated (c)			Treated (f)	Untreated (g)	Other (h)					
1	A	1,660,823				5,070				1,665,893	5,212,878	0.2	1
2	B	592,072				21,301			613,373	1,665,583	2.1	2	
3	C	35,067				21,023			56,090	15,394	23.7	3	
4	D	13,509				53,311			66,820	0	50.9	4	
5	E	346,447				28,564			375,011	1,907,965	6.4	5	
6	TOTAL	2,647,918				129,269			2,777,187	8,801,820	3.1	6	
7	F											7	
8	Potential abandonments											8	
9	Average cost per crosstie	\$28.08	and switchtie (MBM)				\$703.94						

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

(Dollars in Thousands)

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

In column (a) classify the ties as follows:

U - Wooden ties untreated when applied.

T - Wooden ties treated before application.

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

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

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

Line No.	Class of ties (a)	CROSSTIES			SWITCH AND BRIDGE TIES			Remarks	Line No.
		Total number of ties applied (b)	Average cost per tie (c)	Total cost of cross-ties 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	127,953	\$28.08	\$3,593	382,493	\$729.27	\$279	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	127,953	\$28.08	\$3,593	382,493	\$729.27	\$279		20
21	Number of miles of new running, passing tracks, cross-overs, etc., in which ties were laid — 13.80								
22	Number of miles of new yard, station, team, industry, and other switching tracks in which ties were laid — 6.10								

## 723. RAILS LAID IN REPLACEMENT

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

Line No.	Track category	Miles of rail laid in replacement (rail-miles)				Total		Percent of spot maintenance	Line No.
		New rail		Relay rail		Welded rail	Bolted rail		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1	A	237.01	1.84	58.01	(0.61)	295.02	1.23	0.92	1
2	B	68.64	0.53	18.58	0.28	87.22	0.81	0.60	2
3	C	20.21	0.16	5.47	0.08	25.68	0.24	0.18	3
4	D	7.25	0.06	1.96	0.03	9.21	0.09	0.07	4
5	E	0.00	0.00	6.15	1.57	6.15	1.57	1.15	5
6	TOTAL	333.11	2.59	90.17	1.35	423.28	3.94	2.92	6
7	F								7
8	Potential Abandonments								8
9	Average cost of new and relay rail laid in replacement per gross ton:		New		\$480.52	Relay	\$197.05		9

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

(Dollars in Thousands)

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

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

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

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

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

RAIL APPLIED IN RUNNING TRACKS, PASSING TRACKS, CROSS-OVERS, ETC.						RAIL APPLIED IN YARD, STATION, TEAM, INDUSTRY AND OTHER SWITCHING TRACKS				Line No.	
Line No.	Class of rail	Weight of rail		Total cost of rail applied in running tracks, passing tracks cross-overs, etc., during year	Average cost per ton (2,000 lb)	Weight of rail		Total cost of rail applied in yard, station, team, industry, and other switching tracks during year	Average cost per ton (2,000 lb)		
		Pounds per yard of rail	Number of tons (2,000 lb)			Pounds per yard of rail	Number of tons (2,000 lb)				
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)		
1	1	132	139	68	485.63	132	523	221	423.24	1	
2	1	136	1	0	393.29	136	273	125	457.14	2	
3										3	
4	4	115				115	4	0	80.00	4	
5	4	132	734	121	165.3	132	625	102	162.77	5	
6	4	136	2,079	382	183.52	136				6	
7	4	140	198	24	119.31	140				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										25	
26										26	
27										27	
28										28	
29										29	
30										30	
31										31	
32										32	
33	TOTAL	N/A	3,151	\$595	\$188.83	N/A	1,425	\$448	\$314.39	33	
34	Number of miles of new running tracks, passing tracks, cross-overs, etc., in which rails were laid									13.80	34
35	Number of miles of new yard, station, team, industry, and other switching tracks in which rails were laid									6.10	35
36	Track-miles of welded rail installed on system this year 31.9 : total to date 21,970										36

## 725. WEIGHT OF RAIL

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

Line No.	Weight of rails per yard (pounds) (a)	Line-haul companies (miles of main track) (b)	Switching and terminal companies (miles of all tracks) (c)	Remarks (d)	Line No.
1	85	217.63			1
2	90	293.80			2
3	100	919.24			3
4	105	122.67			4
5	110	61.69			5
6	112	792.91			6
7	115	1,171.52			7
8	119	11.24			8
9	127	655.81			9
10	130	675.18			10
11	131	1,304.34			11
12	132	10,016.69			12
13	133	151.54			13
14	136	2,248.77			14
15	140	1,212.00			15
16	141	94.49			16
17	152	86.36			17
18	155	63.37			18
19					19
20					20
21					21
22					22
23					23
24					24
25					25
26					26
27					27
28					28
29					29
30					30
31					31
32					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

## 726. SUMMARY OF TRACK REPLACEMENTS

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

Line No.	Track category (a)	Ties			Rail		Ballast	Track surfacing		Line No.
		Number of ties replaced		Percent replaced		Miles of rail replaced (rail-miles)		Miles surfaced	Percent surfaced	
		Crossties (b)	Switch and bridge ties (board feet) (c)	Crosstie (d)	Switch and bridge ties (board feet) (e)	(f)	(g)	(i)	(j)	
1 A		1,665,893	5,212,878	6.0	8.3	296.25	1.7	541.3	6.3	1
2 B		613,373	1,665,583	2.4	2.1	88.03	0.6	181.5	2.3	2
3 C		56,090	15,394	0.6	0.1	25.92	0.4	57.3	1.9	3
4 D		66,820	0	0.7	0.0	9.30	0.2	78.6	2.7	4
5 E		375,011	1,907,965	1.4	1.7	7.72	0.0	4,409.5	50.0	5
6 TOTAL		2,777,187	8,801,820	2.8	2.9	427.22	0.7	5,268.2	17.0	6
7 F										7
8 Potential abandonments										8

750. CONSUMPTION OF DIESEL FUEL  
 (Dollars in Thousands)

Locomotives				
Line No.	Kind of locomotive service (a)	Diesel oil (gallons) (b)	Line No.	
1	Freight	433,678,710	1	
2	Passenger		2	
3	Yard switching	38,810,939	3	
4	TOTAL	472,489,649	4	
5	COST OF FUEL \$(000)	\$ 341,728	5	
6	Work Train	3,248,472	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 4-5, 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 i.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)	21,558		1
		2. TRAIN MILES - RUNNING (B)	XXXXXXXX	XXXXXX	
2		2-01 UNIT TRAINS	10,586,560	XXXXXX	2
3		2-02 WAY TRAINS	12,097,303	XXXXXX	3
4		2-03 THROUGH TRAINS	49,908,022		4
5		2-04 TOTAL TRAIN MILES (lines 2-4)	72,591,885		5
6		2-05 MOTORCARS (C)			6
7		2-06 TOTAL, ALL TRAINS (lines 5, 6)	72,591,885		7
		3. LOCOMOTIVE UNIT MILES (D)	XXXXXXXX	XXXXXX	
		ROAD SERVICE (E)	XXXXXXXX	XXXXXX	
8		3-01 UNIT TRAINS	25,055,548	XXXXXX	8
9		3-02 WAY TRAINS	20,819,792	XXXXXX	9
10		3-03 THROUGH TRAINS	121,320,119		10
11		3-04 TOTAL (lines 8-10)	167,195,459		11
12		3-11 TRAIN SWITCHING (F)	9,151,251	XXXXXX	12
13		3-21 YARD SWITCHING (G)	15,057,667		13
14		3-31 TOTAL ALL SERVICES (lines 11, 12, 13)	191,404,377		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	4,375	XXXXXX	16
17		4-012 BOX-EQUIPPED	245,778	XXXXXX	17
18		4-013 GONDOLA-PLAIN	216,948	XXXXXX	18
19		4-014 GONDOLA-EQUIPPED	132,989	XXXXXX	19
20		4-015 HOPPER-COVERED	125,258	XXXXXX	20
21		4-016 HOPPER-O/T-GENERAL SERVICE	125,758	XXXXXX	21
22		4-017 HOPPER-O/T-SPECIAL SERVICE	19,606	XXXXXX	22
23		4-018 REFRIGERATOR-MECHANICAL	3,978	XXXXXX	23
24		4-019 REFRIGERATOR-NON-MECHANICAL	12,113	XXXXXX	24
25		4-020 FLAT-TOFC/COFC	128,027	XXXXXX	25
26		4-021 FLAT-MULTI-LEVEL	28,930	XXXXXX	26
27		4-022 FLAT-GENERAL SERVICE	1,003	XXXXXX	27
28		4-023 FLAT-ALL OTHER	38,047	XXXXXX	28
29		4-024 ALL OTHER CAR TYPES	229,298	XXXXXX	29
30		4-025 TOTAL (lines 15-29)	1,312,108	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	4,147	XXXXXX	32
33		4-112 BOX-EQUIPPED	257,895	XXXXXX	33
34		4-113 GONDOLA-PLAIN	202,007	XXXXXX	34
35		4-114 GONDOLA-EQUIPPED	120,030	XXXXXX	35
36		4-115 HOPPER-COVERED	136,158	XXXXXX	36
37		4-116 HOPPER-O/T-GENERAL SERVICE	125,132	XXXXXX	37
38		4-117 HOPPER-O/T-SPECIAL SERVICE	21,687	XXXXXX	38
39		4-118 REFRIGERATOR-MECHANICAL	3,808	XXXXXX	39
40		4-119 REFRIGERATOR-NON-MECHANICAL	10,139	XXXXXX	40
41		4-120 FLAT-TOFC/COFC	20,032	XXXXXX	41
42		4-121 FLAT-MULTI-LEVEL	17,860	XXXXXX	42
43		4-122 FLAT-GENERAL SERVICE	1,929	XXXXXX	43
44		4-123 FLAT-ALL OTHER	39,572	XXXXXX	44
45		4-124 ALL OTHER CAR TYPES	2,463	XXXXXX	45
46		4-125 TOTAL (lines 31-45)	962,859	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	17,756	XXXXXX	48
49		4-132 BOX-EQUIPPED	2,089	XXXXXX	49
50		4-133 GONDOLA-PLAIN	10,540	XXXXXX	50
51		4-134 GONDOLA-EQUIPPED	6,120	XXXXXX	51
52		4-135 HOPPER-COVERED	168,982	XXXXXX	52
53		4-136 HOPPER-O/T-GENERAL SERVICE	8,938	XXXXXX	53
54		4-137 HOPPER-O/T-SPECIAL SERVICE	49,303	XXXXXX	54
55		4-138 REFRIGERATOR-MECHANICAL	489	XXXXXX	55
56		4-139 REFRIGERATOR-NON-MECHANICAL	1,005	XXXXXX	56
57		4-140 FLAT-TOFC/COFC	247,182	XXXXXX	57
58		4-141 FLAT-MULTI-LEVEL	230,225	XXXXXX	58
59		4-142 FLAT-GENERAL SERVICE	141	XXXXXX	59
60		4-143 FLAT-ALL OTHER	29,286	XXXXXX	60
61		4-144 TANK UNDER 22,000 GALLONS	136,134	XXXXXX	61
62		4-145 TANK - 22,000 GALLONS AND OVER	77,941	XXXXXX	62
63		4-146 ALL OTHER CAR TYPES		XXXXXX	63
64		4-147 TOTAL (lines 47-63)	986,131	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	12,719	XXXXXX	66
67		4-152 BOX-EQUIPPED	1,860	XXXXXX	67
68		4-153 GONDOLA-PLAIN	11,034	XXXXXX	68
69		4-154 GONDOLA-EQUIPPED	5,143	XXXXXX	69
70		4-155 HOPPER-COVERED	176,645	XXXXXX	70
71		4-156 HOPPER-O/T-GENERAL SERVICE	8,338	XXXXXX	71
72		4-157 HOPPER-O/T-SPECIAL SERVICE	50,221	XXXXXX	72
73		4-158 REFRIGERATOR-MECHANICAL	527	XXXXXX	73
74		4-159 REFRIGERATOR-NON-MECHANICAL	980	XXXXXX	74
75		4-160 FLAT-TOFC/COFC	19,861	XXXXXX	75
76		4-161 FLAT-MULTI-LEVEL	122,780	XXXXXX	76
77		4-162 FLAT-GENERAL SERVICE	237	XXXXXX	77
78		4-163 FLAT-ALL OTHER	30,889	XXXXXX	78
79		4-164 TANK UNDER 22,000 GALLONS	114,555	XXXXXX	79
80		4-165 TANK - 22,000 GALLONS AND OVER	85,135	XXXXXX	80
81		4-166 ALL OTHER CAR TYPES		XXXXXX	81
82		4-167 TOTAL (lines 65-81)	640,924	XXXXXX	82
83		4-17 WORK EQUIPMENT CAR-MILES	14,963	XXXXXX	83
84		4-18 NO PAYMENT CAR-MILES (I) *	414,072	XXXXXX	84
		4-19 TOTAL CAR-MILES BY TRAIN TYPE	XXXXXXXX	XXXXXX	
85		4-191 UNIT TRAINS	1,000,411	XXXXXX	85
86		4-192 WAY TRAINS	326,044	XXXXXX	86
87		4-193 THROUGH TRAINS	3,004,602	XXXXXX	87
88		4-194 TOTAL (lines 85-87)	4,331,057	XXXXXX	88
89		4-20 CABOOSE MILES	96	XXXXXX	89

\* Total number of loaded miles 202,841 and empty miles 37 by roadrailer reported above on lines 29 and 45 respectively, rather than line 84.

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

## 755. RAILROAD OPERATING STATISTICS

Line No.	Cross Check	Item description (a)	Freight train (b)	Pass. train (c)	Line No.
		6. GROSS TON MILES (Thousands) (K)	XXXXXXXX	XXXXXX	
98		6-01 ROAD LOCOMOTIVES	30,492,974		98
		6-02 FREIGHT TRAINS, CRS., CNTS. & CABOOSE	XXXXXXXX	XXXXXX	
99		6-020 UNIT TRAINS	84,358,125	XXXXXX	99
100		6-021 WAY TRAINS	25,413,823	XXXXXX	100
101		6-022 THROUGH TRAINS	231,995,495	XXXXXX	101
102		6-03 PASSENGER-TRAINS, CRS. & CNTS.			102
103		6-04 NON-REVENUE	1,020,786	XXXXXX	103
104		6-05 TOTAL (lines 98-103)	373,281,203		104
		7. TONS OF FREIGHT (Thousands)	XXXXXXXX	XXXXXX	
105		7-01 REVENUE	400,957	XXXXXX	105
106		7-02 NON-REVENUE	1,094	XXXXXX	106
107		7-03 TOTAL (lines 105, 106)	402,051	XXXXXX	107
		8. TON-MILES OF FREIGHT (Thousands) (L)	XXXXXXXX	XXXXXX	
108		8-01 REVENUE-ROAD SERVICE	179,012,532	XXXXXX	108
109		8-02 REVENUE-LAKE TRANSFER SERVICE		XXXXXX	109
110		8-03 TOTAL (lines 108, 109)	179,012,532	XXXXXX	110
111		8-04 NON-REVENUE-ROAD SERVICE	350,193	XXXXXX	111
112		8-05 NON-REVENUE-LAKE TRANSFER SERV.		XXXXXX	112
113		8-06 TOTAL (lines 111, 112)	350,193	XXXXXX	113
114		8-07 TOTAL-REV AND NON-REV (lines 110, 113)	179,362,725	XXXXXX	114
		9. TRAIN HOURS (M)	XXXXXXXX	XXXXXX	
115		9-01 ROAD SERVICE	3,648,260	XXXXXX	115
116		9-02 TRAIN SWITCHING	880,697	XXXXXX	116
117		10. TOTAL YARD SWITCHING HOURS (N)	2,217,869	XXXXXX	117
		11. TRAIN-MILES WORK TRAINS (O)	XXXXXXXX	XXXXXX	
118		11-01 LOCOMOTIVES	1,003,228	XXXXXX	118
119		11-02 MOTORCARS		XXXXXX	119
		12. NUMBER OF LOADED FREIGHT CARS (P)	XXXXXXXX	XXXXXX	
120		12-01 UNIT TRAINS	2,491,507	XXXXXX	120
121		12-02 WAY TRAINS	5,310,481	XXXXXX	121
122		12-03 THROUGH TRAINS	6,720,627	XXXXXX	122
123		13. TOFC/COFC-NO. OF REV. TRLS. & CONT. LOADED & UNLOADED (Q)	3,806,262	XXXXXX	123
124		14. MULTI-LEVEL CARS-NO. OF MTR. VEH. LOADED AND UNLOADED (R)	1,067,826	XXXXXX	124
125		15. TOFC/COFC-NO. OF REV TRLS. PICKED UP AND DELIVERED (R)	366,873	XXXXXX	125
		16. REVENUE TONS-MARINE TERMINAL (S)	XXXXXXXX	XXXXXX	
126		16-01 MARINE TERMINALS - COAL	20,888,000	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)	20,888,000	XXXXXX	129
		17. NUMBER OF FOREIGN PER DIEM CARS ON LINE (T)	XXXXXXXX	XXXXXX	
130		17-01 SERVICEABLE	34,640	XXXXXX	130
131		17-02 UNSERVICEABLE	601	XXXXXX	131
132		17-03 SURPLUS		XXXXXX	132
133		17-04 TOTAL (lines 130-132)	35,241	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 **Senior Vice President and Controller of Norfolk Southern Combined Railroad Subsidiaries** (see page 4 of STB 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 the Surface Transportation Board; 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, 2002**, to and including **December 31, 2002**.

  
(Signature of affiant)

Subscribed and sworn to before me a **Notary Public** in and for the State and City above named, this **28<sup>th</sup>** day of **March, 2003**. My commission expires **December 31, 2003**.

Use an  
L.S.  
impression seal

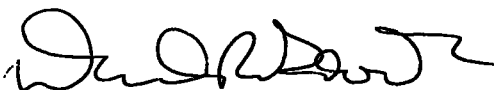
  
(Signature of officer authorized to administer oaths)

**SUPPLEMENTAL OATH**

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

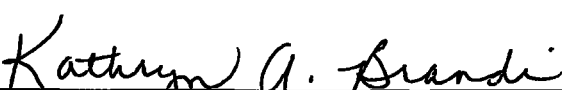
Commonwealth of Virginia  
City of Norfolk

**David R. Goode** makes oath that says that he is **President and Chief Executive Officer of Norfolk Southern Combined Railroad Subsidiaries** (see page 4 of STB Annual Report R-1); that he has carefully examined the foregoing report; that he believes that all statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent and the operations of its property during the period of time from and including **January 1, 2002**, to and including **December 31, 2002**.

  
(Signature of affiant)

Subscribed and sworn to before me a **Notary Public** in and for the State and City above named, this **28<sup>th</sup>** day of **March, 2003**. My commission expires **December 31, 2003**.

Use an  
L.S.  
impression seal

  
(Signature of officer authorized to administer oaths)

**MEMORANDA  
(FOR USE OF BOARD ONLY)  
CORRESPONDENCE**

[illegible]

## CORRECTIONS

[illegible]**EXPLANATORY REMARKS**

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**250 - CONSOLIDATED INFORMATION  
FOR REVENUE ADEQUACY DETERMINATION**  
(Dollars in Thousands)

Line No.	Item (a)	Beginning of year (b)	End of year (c)
	Adjusted Net Railway Operating Income for Reporting Entity		
1	Combined/Consolidated Net Railway Operating Income for Reporting Entity		912,051
2	Add: Interest Income from Working Capital Allowance- Cash Portion		2,058
3	Income Taxes Associated with Non-Rail Income and Deductions	N/A	--
4	Gain or (loss) from transfer/reclassification to non-rail status (net of income taxes)		10,296
5	Adjusted Net Railway Operating Income (Lines 1, 2, 3 & 4)		924,405
	Adjusted Investment in Railroad Property for Reporting Entity		
6	Combined Investment in Railroad Property Used in Transportation Service	13,856,224	13,893,384
7	Less: Interest During Construction	3,077	3,077
8	Other Elements of Investment (if debit balance)	--	--
9	Add: Net Rail Assets of Rail-Related Affiliates	--	--
10	Working Capital Allowance	157,596	178,454
11	Net Investment Base Before Adjustment for Deferred Taxes (Lines 6 through 10)	14,010,743	14,068,761
12	Less: Accumulated Deferred Income Tax Credits	3,734,477	4,073,447
13	Net Investment Base (Line 11-12)	10,276,266	9,995,314

In the space provided, please list all railroads and rail-related affiliated companies which are being reported in this consolidation, along with the nature of the business for each company.

Name of Affiliate
See Page 4 of R-1 (Schedule C), "Principles of Combined Reporting."
(see attached)

Nature of Business

**ATTACHMENT TO 2002 FORM R-1 SCHEDULE 250**  
**"CONSOLIDATED INFORMATION FOR REVENUE ADEQUACY DETERMINATION"**  
**Norfolk Southern Combined Railroad Subsidiaries**  
**Year 2002**

Name of Affiliate
<u>Companies added to the railroad entity in 2002:</u>
NS Transportation Brokerage Corporation
Norfolk Southern-Mexico, LLC
NORFOLKSOUTHERNMEXICANA, S de RL de CV
<u>Companies subtracted from the railroad entity in 2002:</u>
Memphis and Charleston Railway Company

Nature of Business
Freight brokerage
Freight brokerage
Freight brokerage
Merged in October 2002

# NORFOLK SOUTHERN COMBINED RAILROAD SUBSIDIARIES

## SCHEDULE 250 – PART B

Year 2002

### Determination of Nonrail Taxes

This table is designed to facilitate the calculation of taxes that are not rail-related, the amount to be reported on Schedule 250, Line 3.

#### PART I – DETERMINE TAXES ON NONRAILROAD INCOME FOR ALL COMBINED/CONSOLIDATED RAILROADS (EXCLUDES ALL RAIL-RELATED AFFILIATES)

(1)	Determine Combined/Consolidated Adjusted income from continuing operations (before taxes) for all affiliated railroads (all classes). Do <u>not</u> include rail-related affiliates that are not railroads in this part. This represents the total combined/consolidated amounts for all items listed below for all railroads in the reporting entity.	<u>\$000's</u>
	Income from continuing operations (before taxes) should be the equivalent of the numbers contained in the R-1 Schedule 210, Line 46 adjusted to include all railroads in the reporting entity. . . . .	\$ 700,202
	- Equity in undistributed earnings, which represents the total Schedule 210, Line 26 for all railroads in the reporting entity. . . . .	371
	- Dividends in affiliated companies. (If the affiliate is 80% or more controlled by the parent railroad, then deduct 100% of the affiliate's dividend. If the affiliate is less than 80% controlled by the parent railroad, then deduct 80% of the affiliate's dividend. . . .	5,508
	= Adjusted income from continuing operations (before taxes). This represents "A" in item (3) below. . . . .	<u>\$ 694,323</u>
(2)	Determine Combined/Consolidated Adjusted Pretax NROI for all railroads in the reporting entity	
	Combined/Consolidated Pretax NROI for the entire entity, which equals the amount shown on Schedule 250, Line 1. . . . .	\$ 912,051
	+ Current provision for taxes, which represents the consolidated amounts of Schedule 210, Line 51 for all railroads in the reporting entity. (This figure includes <u>both</u> Account 556, Income Taxes on Ordinary Income and Account 557, Provision for Deferred Taxes. . . . .	272,559
	+ Interest income on working capital allowance, which represents the total consolidated interest income relative to the working capital component of the net investment base and should equal the amount shown in Schedule 250, Line 2 for all railroads in the reporting entity. . . . .	2,058
	+ Release of premiums on funded debt, which represents the consolidated total of release of premiums on funded debt as shown on Schedule 210, Line 22 for all railroads in the reporting entity. . . . .	--
	- Total fixed charges, which represents the consolidated total of fixed charges as shown on schedule 210, Line 42 for all railroads in the reporting entity. . . . .	162,357
	- Railroad-related income from affiliates (other than railroads) which was included in consolidated NROI (Schedule 250, Line 1) . . . . .	<u>--</u>
	= Combined/Consolidated Pretax Adjusted NROI for all railroads. This represents "B" in Item (3) below. . . . .	<u>\$ 1,024,311</u>

**NORFOLK SOUTHERN COMBINED RAILROAD SUBSIDIARIES****SCHEDULE 250 – PART B**

Year 2002

Determination of Nonrail Taxes

Page 2

- (3) Calculate the railroad-related tax ratio: "B/A"..... 100.00%
- (4) Compute the nonrailroad-related complement: (1 – Railroad-related income ratio) which equals the nonrailroad-related tax ratio. .... --
- (5) Compute the nonrailroad portion of the total provisions for both taxes. This equals:
- The nonrailroad-related tax ratio (Item (4) above) times the total current income taxes accrued on ordinary income (Account 556) which represents the consolidated amounts of Schedule 210, Lines 47, 48 and 49 for all railroads in the reporting entity. .... \$ --

**PART II – DETERMINE NONRAILROAD-RELATED TAXES FOR ALL RAIL-RELATED AFFILIATES (EXCLUDES ALL AFFILIATED RAILROADS)**

- (6) This is calculated by dividing the nonrailroad-related income for combined rail-related affiliates by the total pretax net income for all combined rail-related affiliates and multiplying this result by the total taxes (current provision plus deferred). This equals the taxes on nonrailroad income for all affiliated companies. .... \$ --

**PART III – DETERMINE TOTAL NONRAILROAD-RELATED TAXES**

- (7) This is determined as follows:
- Total income taxes on nonrailroad-related income for all railroads in the reporting entity (Item 5 above). .... \$ --
- + Total nonrailroad-related taxes for rail-related affiliates (Item 6 above). .... --
- Equals total nonrailroad-related taxes. (This amount should be transferred to Schedule 250, Part A, Line 3). .... \$ --



Norfolk Southern Corporation  
Accounting Department  
Three Commercial Place  
Norfolk, Virginia 23510-2191

**Colin M. Barton**  
Director Accounting Research  
and Analysis  
(757) 629-2778

May 14, 2003

Mr. Scott Decker  
Surface Transportation Board  
1925 K Street, Room 534  
Washington, DC 20423-0001

Dear Mr. Decker:

After filing the Norfolk Southern Combined Railroad Subsidiaries Annual Report R1 for the year 2002, it came to our attention that several schedules had to be revised as follows:

- Schedule 415 – column g erroneously included values from column g of the schedule 415 supplement
- Schedule 415 (supplement) – lines 9 through 11 of column c were not aligned correctly and should be on lines 8 through 10
- Schedule 710S – column d of line 3 was rounded incorrectly; it should be 1,089

Attached are corrected versions of schedules 415, 415 supplement and 710S. Please file these schedules as replacements for the original versions filed in March 2003.

Sincerely,

Colin M. Barton

Enclosures

c: A. Clyde Crimmel, Jr.  
Joseph Hopkins  
Jason Zampi

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DIRECTOR'S OFFICE

## 415. SUPPORTING SCHEDULE -- EQUIPMENT

(Dollars in Thousands)

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

Line No.	Cross Check	Types of equipment (a)	Repairs (net expense) (b)	Depreciation		Amortization Adjustment net during year (e)	Line No.
				Owned (c)	Capitalized lease (d)		
		LOCOMOTIVES					
1		Diesel Locomotive - Yard	13,441	3,214		(32)	1
2		Diesel Locomotive - Road	151,543	72,911		(3,007)	2
3		Other Locomotive - Yard					3
4		Other Locomotive - Road					4
5	*	TOTAL	164,984	76,125		(3,039)	5
		FREIGHT TRAIN CARS					
6		Box - Plain 40 Foot					6
7		Box - Plain 50 Foot and Longer	(557)	34		(12)	7
8		Box - Equipped	25,375	10,237		(5,110)	8
9		Gondola - Plain	8,196	28,161		10,713	9
10		Gondola - Equipped	12,280	(605)		(6,820)	10
11		Hopper - Covered	10,431	3,652	1	(2,355)	11
12		Hopper - Open Top - General Service	6,427	13,934		108	12
13		Hopper - Open Top - Special Service	2,021	3,557		54	13
14		Refrigerator - Mechanical	(31)				14
15		Refrigerator - Nonmechanical	806	186		1	15
16		Flat TOFC/COFC	2,712	364		44	16
17		Flat Multi - level	4,993	(27)		(1,979)	17
18		Flat - General Service	176	96		(2)	18
19		Flat - Other	2,389	2,134		441	19
20		All Other Freight Cars	1,468	2,303		599	20
21		Cabooses	65	170		(2)	21
22		Auto Racks	534	14,065		(99)	22
23		Miscellaneous Accessories (see note 4)		2,109			23
24	*	TOTAL FREIGHT TRAIN CARS	77,285	80,370	1	(4,419)	24
		OTHER EQUIPMENT - REVENUE					
25		Refrigerated Trailers					25
26		Other Trailers	6,440	10,683		231	26
27		Refrigerated Containers					27
28		Other Containers	9,599				28
29		Bogies					29
30		Chassis	21,975				30
31		Other Highway Equipment (Freight)					31
32	*	TOTAL HIGHWAY EQUIPMENT	38,014	10,683		231	32
		FLOATING EQUIPMENT - REVENUE SERVICE					
33		Marine Line - Haul	5				33
34		Local Marine					34
35	*	TOTAL FLOATING EQUIPMENT	5				35
		OTHER EQUIPMENT					
36	*	Passenger & Other Revenue Equipment (Freight Portion)					36
37	*	Computer systems & word processing equip.	32,616	43,580	293		37
38	*	Machinery - Locomotives (see note 1)	5,030	657			38
39	*	Machinery - Freight Cars (see note 2)	3,467	177			39
40	*	Machinery - Other Equipment (see note 3)	469	1,513			40
41	*	Work & Other Non - revenue Equipment	15,862	14,994		(632)	41
42		TOTAL OTHER EQUIPMENT	57,444	60,921	293	(632)	42
43		TOTAL ALL EQUIPMENT (FREIGHT PORTION)	337,732	228,099	294	(7,859)	43

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

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

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

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

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

2. Once the problem is identified, the next step is to define the objectives and goals of the project. This helps to clarify what needs to be achieved and provides a clear direction for the team.

3. The third step is to develop a plan or strategy to address the problem. This involves breaking down the problem into smaller, manageable tasks and determining the resources needed to complete them.

4. The fourth step is to implement the plan. This involves putting the strategy into action and monitoring progress regularly to ensure that the project is on track.

5. Finally, the fifth step is to evaluate the results of the project. This involves assessing the outcomes against the objectives and goals to determine the effectiveness of the intervention.

1. The first step in the process of creating a new product is to identify a market need. This involves conducting market research to understand the preferences and behaviors of potential customers. Once a need is identified, the next step is to develop a concept that addresses this need. This concept should be innovative and differentiated from existing products in the market.

2. After developing a concept, the next step is to create a prototype. This allows the development team to test the feasibility of the concept and make necessary adjustments. Prototyping can be done using various methods, including 3D printing, computer-aided design (CAD), and physical models. The prototype should be tested in a controlled environment to gather feedback and identify any potential issues.

3. Once the prototype is refined, the next step is to conduct a pilot production run. This involves manufacturing a small batch of the product to test the production process and gather feedback from a limited group of customers. This step is crucial for identifying any manufacturing challenges and ensuring that the product can be produced at scale.

4. After a successful pilot run, the next step is to launch the product into the market. This involves developing a marketing strategy to promote the product and reach the target audience. The marketing strategy should include a mix of digital marketing, social media, and traditional advertising. The product should be launched in a way that creates a buzz and generates initial sales.

5. Finally, the product should be monitored and evaluated in the market. This involves tracking sales, customer feedback, and market trends. If the product is successful, it may lead to further innovations and the development of new products. If there are challenges, the development team should be prepared to make adjustments and improve the product based on market feedback.

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

1. *U.S. Department of Health and Human Services, "The Surgeon General's Call to Action to Promote Mental Health,"* <http://www.hhs.gov/surgeongeneral/mentalhealth/>, accessed 12/1/09.

## 415. SUPPORTING SCHEDULE – EQUIPMENT

(Dollars in Thousands)

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

Line No	Cross Check	Lease and rentals (net) (f)	Investment base as of 12/31		Accumulated depreciation as of 12/31		Line No.
			Owned (g)	Capitalized lease (h)	Owned (i)	Capitalized lease (j)	
1		2,105	68,847		41,269		1
2		58,985	2,160,541		775,087		2
3							3
4							4
5		61,090	2,229,388		816,356		5
6							6
7			1,670		26,034		7
8		15,336	544,316		241,622		8
9		10,874	478,920		156,242		9
10		27,786	306,423		113,244		10
11		7,566	275,256		145,566		11
12		14,419	388,810		173,401		12
13		1,031	123,773		36,323		13
14							14
15		631	4,581		1,759		15
16		(1,346)	12,679		8,942		16
17		10,665	53,859		33,266		17
18		183	4,117		2,277		18
19			70,644		22,482		19
20			51,487		8,866		20
21			5,642		3,351		21
22		11,050	264,245		89,287		22
23		639	18,054		7,974		23
24		98,834	2,604,476		1,070,636		24
25							25
26		22,669	126,009		79,220		26
27							27
28		790	1,366				28
29							29
30			549		448		30
31							31
32		23,459	127,924		79,668		32
33							33
34							34
35							35
36							36
37		1,451	278,293	0	118,660	0	37
38		271	22,914		6,389		38
39			6,173		1,721		39
40			52,768		14,714		40
41		9,222	285,919		99,285		41
42		10,944	646,067		240,769		42
43		194,327	5,607,855		2,207,429		43

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

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

The first part of the report deals with the general situation of the country. It is a very interesting and informative study of the country's development. The second part of the report deals with the specific details of the country's development. It is a very detailed and thorough study of the country's development.

The third part of the report deals with the specific details of the country's development. It is a very detailed and thorough study of the country's development. The fourth part of the report deals with the specific details of the country's development. It is a very detailed and thorough study of the country's development.

The fifth part of the report deals with the specific details of the country's development. It is a very detailed and thorough study of the country's development. The sixth part of the report deals with the specific details of the country's development. It is a very detailed and thorough study of the country's development.

The seventh part of the report deals with the specific details of the country's development. It is a very detailed and thorough study of the country's development. The eighth part of the report deals with the specific details of the country's development. It is a very detailed and thorough study of the country's development.

The ninth part of the report deals with the specific details of the country's development. It is a very detailed and thorough study of the country's development. The tenth part of the report deals with the specific details of the country's development. It is a very detailed and thorough study of the country's development.

The eleventh part of the report deals with the specific details of the country's development. It is a very detailed and thorough study of the country's development. The twelfth part of the report deals with the specific details of the country's development. It is a very detailed and thorough study of the country's development.

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

Line No.	Cross Check	Types of equipment (a)	Repairs (net expense) (b)	Depreciation		Amortization Adjustment net during year (e)	Line No.
				Owned** (c)	Capitalized lease (d)		
1		LOCOMOTIVES					
		Diesel Locomotive - Yard		21			1
2		Diesel Locomotive - Road		312			2
3		Other Locomotive - Yard					3
4		Other Locomotive - Road					4
5	*	TOTAL		333			5
		FREIGHT TRAIN CARS					
6		Box - Plain 40 Foot					6
7		Box - Plain 50 Foot and Longer					7
8		Box - Equipped		19			8
9		Gondola - Plain		197			9
10		Gondola - Equipped		864			10
11		Hopper - Covered					11
12		Hopper - Open Top - General Service					12
13		Hopper - Open Top - Special Service					13
14		Refrigerator - Mechanical					14
15		Refrigerator - Nonmechanical					15
16		Flat TOFC/COFC					16
17		Flat Multi - level					17
18		Flat - General Service					18
19		Flat - Other					19
20		All Other Freight Cars					20
21		Cabooses					21
22		Auto Racks		251			22
23		Miscellaneous Accessories (see note 4)					23
24	*	TOTAL FREIGHT TRAIN CARS		1,331			24
		OTHER EQUIPMENT - REVENUE					
25		FREIGHT HIGHWAY EQUIPMENT					
		Refrigerated Trailers					25
26		Other Trailers					26
27		Refrigerated Containers					27
28		Other Containers					28
29		Bogies					29
30		Chassis					30
31		Other Highway Equipment (Freight)					31
32	*	TOTAL HIGHWAY EQUIPMENT					32
		FLOATING EQUIPMENT - REVENUE SERVICE					
33		Marine Line - Haul					33
34		Local Marine					34
35	*	TOTAL FLOATING EQUIPMENT					35
		OTHER EQUIPMENT					
36	*	Passenger & Other Revenue Equipment (Freight Portion)					36
37	*	Computer systems & word processing equip.					37
38	*	Machinery - Locomotives (see note 1)					38
39	*	Machinery - Freight Cars (see note 2)					39
40	*	Machinery - Other Equipment (see note 3)					40
41	*	Work & Other Non - revenue Equipment		48			41
42		TOTAL OTHER EQUIPMENT		48			42
43		TOTAL ALL EQUIPMENT (FREIGHT PORTION)		1,712			43

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

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

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

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

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

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

[illegible][illegible]

## \*\* SUPPLEMENT \*\*

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

Line No.	Cross Check	Lease and rentals (net) (f)	Investment base as of 12/31		Accumulated depreciation as of 12/31		Line No.
			Owned** (g)	Capitalized lease (h)	Owned** (i)	Capitalized lease (j)	
1		1,256	79		24		1
2		18,679	5,497		329		2
3							3
4							4
5		19,935	5,576		353		5
6							6
7							7
8		15	92		19		8
9		255	4,346		197		9
10		411	3,397		1,062		10
11							11
12							12
13							13
14							14
15							15
16							16
17							17
18							18
19							19
20							20
21							21
22		1,054	1,505		251		22
23							23
24		1,735	9,340		1,529		24
25							25
26							26
27							27
28							28
29							29
30							30
31							31
32							32
33							33
34							34
35							35
36							36
37							37
38							38
39							39
40							40
41		51	151		55		41
42		51	151		55		42
43		21,721	15,067		1,937		43

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

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

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

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that proper record-keeping is essential for transparency and accountability, particularly in financial matters. The text suggests that organizations should implement robust systems to track and document every aspect of their operations.

2. The second part of the document addresses the challenges associated with data management and security. It highlights the need for organizations to protect their sensitive information from unauthorized access and breaches. The text recommends the use of secure storage solutions and the implementation of strict access controls to ensure the integrity and confidentiality of the data.

3. The third part of the document focuses on the importance of regular audits and reviews. It states that periodic assessments are necessary to identify potential weaknesses and areas for improvement. The text encourages organizations to conduct thorough audits of their records and processes to ensure compliance with relevant regulations and standards.

4. The fourth part of the document discusses the role of technology in enhancing record-keeping and data management. It mentions that modern software solutions can significantly streamline the process of collecting, storing, and analyzing data. The text suggests that organizations should invest in reliable technology to improve their operational efficiency and data accuracy.

5. The fifth part of the document emphasizes the importance of training and education for staff members. It states that ensuring that all employees are properly trained in record-keeping procedures is crucial for maintaining high standards of accuracy and security. The text recommends regular training sessions and the development of clear guidelines for staff to follow.

6. The sixth part of the document concludes by reiterating the overall importance of maintaining accurate and secure records. It states that proper record-keeping is not only a legal requirement but also a key factor in the success and sustainability of any organization. The text encourages organizations to adopt a proactive approach to record management to avoid potential issues and ensure long-term success.

7. The seventh part of the document provides a summary of the key points discussed throughout the document. It reiterates the importance of accurate record-keeping, data security, regular audits, the use of technology, staff training, and the overall commitment to transparency and accountability. The text serves as a final reminder of the critical role that proper record management plays in organizational success.

8. The eighth part of the document offers some final thoughts and recommendations. It suggests that organizations should continuously monitor and improve their record-keeping practices to stay up-to-date with the latest industry standards and regulations. The text encourages a culture of continuous improvement and the adoption of best practices to ensure the highest level of record management.

**710S. UNIT COST OF EQUIPMENT INSTALLED DURING THE YEAR**

(Dollars in Thousands)

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

**NEW UNITS**

Line No.	Class of equipment (a)	Number of Units (b)	Total Weight (Tons) (c)	Total Cost (d)	Method of Acquisition (see instructions) (e)	Line No.
1	GE D9-40CW 6-Axle 4,000 HP	50	10,250	65,512	P	1
2						2
3	High Performance Yard Cleaner (MW)	1	134	1,089	S	3
4						4
5						5
6						6
7						7
8						8
9						9
10						10
11						11
12						12
13						13
14						14
15						15
16						16
17						17
18						18
19						19
20						20
21						21
22						22
23						23
24						24
25	<b>TOTAL</b>	<b>51</b>	<b>N/A</b>	<b>66,601</b>	<b>N/A</b>	<b>25</b>
<b>REBUILT UNITS</b>						
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	<b>TOTAL</b>	<b>0</b>	<b>N/A</b>	<b>0</b>	<b>N/A</b>	<b>38</b>
39	<b>GRAND TOTAL</b>	<b>51</b>	<b>N/A</b>	<b>66,601</b>	<b>N/A</b>	<b>39</b>