

# Class I Railroad Annual Report

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



**To The  
Surface Transportation Board**

**For the Year Ending December 31, 2005**

# 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.

9. NOTE - An additional line has been added to Schedule 755 (Line 134) effective with the 2004 R-1. Also note that the instructions for completion of Schedule 755 now have two additional items (Instructions U and V).

10. NOTE - The columns in Schedule 710-Distribution of Locomotive Units In Service of Respondent At Close Of Year, Disregarding Year Of Rebuilding have been revised to reflect new five year periods.

11. NOTE - The following supplemental information about STB information collections is provided in compliance with OMB requirements and pursuant to the Paperwork Reduction Act of 1995, 44 U.S.C. 3501 et seq.:

**Supplemental Information about the Annual Report (R-1)**

This information collection is mandatory pursuant to 49 U.S.C. 11145.

The estimated hour burden for filing this report is less than 800 hours.

Information in the Annual Reports is used to monitor and assess railroad industry growth, financial stability, traffic, and operations and to identify industry changes that may affect national transportation policy. In addition, the Board uses data from these reports to more effectively carry out regulatory responsibilities, such as acting on railroad requests for authority to engage in Board regulated financial transactions (for example, mergers, acquisitions of control, consolidations, and abandonments); conducting investigations and rulemakings; conducting rail revenue adequacy proceedings; developing rail cost adjustment factors; and developing the URCS, which is a cost measurement methodology. URCS was developed by the Board pursuant to 49 U.S.C. 11161 and is used as a tool in rail rate proceedings to calculate the variable costs associated with providing a particular service in accordance with 49 U.S.C. 10707(d). The Board also uses URCS to analyze the information that it obtains through the annual railroad industry waybill sample, see 49 CFR 1244, and in railroad abandonment proceedings to measure off-branch costs, pursuant to 49 U.S.C. 10904(a) and in accordance with 49 CFR 1152.32(n).

The information in this report is ordinarily maintained by the agency in hard copy for 10 years, after which it is transferred to the National Archives, where it is maintained as a permanent record. These reports are also maintained by the agency indefinitely on microfiche. In addition, some of this information is posted on the Board's website, [www.stb.dot.gov](http://www.stb.dot.gov), where it may remain indefinitely. All information collected through this report is available to the public.

The OMB control number for this collection is 2140-0009. The display of a currently valid OMB control number is required by law.

#### **Supplemental Information about the Quarterly Condensed Balance Sheet (CBS)**

This information collection is mandatory under 49 CFR 1243.2.

The estimated hour burden for filing this report is six hours per report.

The Board uses the information in this report to ensure competitive, efficient, and safe transportation through general oversight programs that monitor and forecast the financial and operating condition of railroads, and through specific regulation of railroad-rate and service issues and rail-restructuring proposals, including railroad mergers, consolidations, acquisitions of control, and abandonments. Information from the reports is used by the Board, other Federal agencies, and industry groups, including the Association of American Railroads, to assess industry growth and operations, detect changes in carrier financial stability, and identify trends that may affect the national transportation system.

Information from these reports is compiled by the Board and published on its website, [www.stb.dot.gov](http://www.stb.dot.gov), where it may be maintained indefinitely. The compilation report is entitled Class I Railroads, Selected Earnings Data. In addition, paper copies of individual reports are maintained by the Board for ten years, after which they are destroyed. All information collected through this report is available to the public.

The display of a currently valid OMB control number for this collection is required by law.

#### **Supplemental Information about the Quarterly Report of Revenues, Expenses, and Income (Form RE&I)**

This information collection is mandatory pursuant to 49 U.S.C. 11164 and 49 CFR 1243.1.

The estimated hour burden for filing this report is six hours per report.

The Board uses the information in this report to ensure competitive, efficient, and safe transportation through general oversight programs that monitor and forecast the financial and operating condition of railroads, and through regulation of railroad rate and service issues and rail restructuring proposals, including railroad mergers, consolidations, acquisitions of control and abandonments. Information from the reports is used by the Board, other Federal agencies and industry groups to monitor and assess industry growth and operations, detect changes in carrier financial stability, and identify trends that may affect the national transportation system. Individual and aggregate carrier information is needed in our decision making process.

Information from these reports is compiled by the Board and published on its website, [www.stb.dot.gov](http://www.stb.dot.gov), where it may be maintained indefinitely. The compilation report is entitled Class I Railroads, Selected Earnings Data. In addition, paper copies of individual reports are maintained by the Board for ten years, after which they are destroyed. All information collected through this report is available to the public.

The display of a currently valid OMB control number for this collection is required by law.

**Supplemental Information about the Report of Railroad Employees, Service, and Compensation (Wage Forms A & B)**

This information collection is mandatory pursuant to 49 U.S.C. 11145 and 49 CFR 1245.2.

The estimated hour burden for filing this report is 30 hours per quarterly report and 40 hours per annual report.

The Board uses information in this report to forecast labor costs and measure the efficiency of the reporting railroads. The information is also used by the Board to evaluate proposed regulated transactions that may impact rail employees. These transactions include mergers and consolidations, acquisitions of control, purchases, and abandonments. Other Federal agencies and industry groups, including the Railroad Retirement Board, the Bureau of Labor Statistics, and the Association of American Railroads, depend on the information contained in the reports to monitor railroad operations.

Certain information from the reports is compiled and published on the Board's website, [www.stb.dot.gov](http://www.stb.dot.gov), where it may be maintained indefinitely. In addition, paper copies of individual reports are maintained by the Board for ten years, after which they are destroyed. All information collected through this report is available to the public.

The OMB control number for this collection is 2140-0004. The display of a currently valid OMB control number is required by law.

**Supplemental Information about the Monthly Report of Number of Employees of Class I Railroads (Wage Form C)**

This information collection is mandatory pursuant to 49 U.S.C. 11145 and 49 CFR 1246.1.

The estimated hour burden for filing this report is 1.25 hours per monthly report.

The Board uses information in this report to forecast labor costs and measure the efficiency of the reporting railroads. The information is also used by the Board to evaluate proposed regulated transactions that may impact rail employees, including mergers and consolidations, acquisitions of control, purchases, and abandonments. Other Federal agencies and industry groups, including the Railroad Retirement Board, the Bureau of Labor Statistics, and the Association of American Railroads, depend on the information contained in the reports to monitor railroad operations.

The information in this report is compiled and published on the Board's website, [www.stb.dot.gov](http://www.stb.dot.gov), where it may be maintained indefinitely. In addition, paper copies of individual reports are maintained by the Board for ten years, after which they are destroyed. All information collected through this report is available to the public.

The OMB control number for this collection is 2140-0007. The display of a currently valid OMB control number is required by law.

#### **Supplemental Information about the Annual Report of Cars Loaded and Cars Terminated (Form STB-54)**

This information collection is mandatory pursuant to 49 U.S.C. 11162 and 49 CFR 1247.

The estimated hour burden for filing this report is four hours per report.

The Board uses information in this report to forecast labor costs and measure the efficiency of the reporting railroads. Information in this report is entered into the Board's URCS. In addition, many other Federal agencies and industry groups, including the Department of Transportation and the Association of American Railroads (AAR), depend on Form STB-54 for information regarding the number of cars loaded and terminated on the reporting carrier's line.

All information collected through this report is available to the public. Paper copies of individual reports are maintained by the Board for ten years, after which they are destroyed.

The OMB control number for this collection is 2140-0011. The display of a currently valid OMB control number is required by law.

#### **Supplemental Information about the Quarterly Report of Freight Commodity Statistics (Form QCS)**

This information collection is mandatory pursuant to 49 U.S.C. 11145 and 49 CFR 1248.

The estimated hour burden for filing this report is 217 hours per report.

Information in this report is entered into the Board's URCS.

All information collected through this report is available to the public. Paper copies of individual reports are maintained by the Board for ten years, after which they are destroyed.

The OMB control number for this collection is 2140-0001. The display of a currently valid OMB control number is required by law.

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, 2005**

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

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

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

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

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**SPECIAL NOTICE**

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

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 is a copy of Annual Report on Form 10-K for year ended December 31, 2005, filed with the Securities and Exchange Commission by Norfolk Southern Corporation

**C. VOTING POWERS AND ELECTIONS**

- 1 State the par value of each share of stock Common, \$ No Par per share, first preferred, \$ \_\_\_\_\_ 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 votes as of  
December 31, 2005  
(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							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							25
26							26
27							27
28							28
29							29
30							30

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

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

NSR - 16,668,997 votes.

11 Give the date of such meeting. NSR - May 24, 2005

12 Give the place of such meeting Norfolk, Virginia

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

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

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

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

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

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

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

Class I

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

Class II

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

Class III

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

Lessors and Other

Airforce Pipeline, Inc.  
Alabama Great Southern LLC  
Central of Georgia LLC  
Citico Realty Company  
High Point, Randleman, Asheboro and  
Southern Railroad Company  
Lamberts Point Barge Company, Inc.  
Mobile and Birmingham Railroad Company  
Norfolk Southern International, Inc.  
Norfolk Southern-Mexico, LLC  
NorfolkSouthernMexicana, S de RL de CV  
North Carolina Midland Railroad Company, The  
Rail Investment Company  
Shenandoah-Virginia Corporation  
South Western Rail Road Company, The  
Southern Rail Terminals, Inc.  
Southern Rail Terminals of North Carolina, Inc.  
Southern Region Coal Transport, Inc.  
Southern Region Materials Supply, Inc.  
T-Cubed of North America, LLC  
TCS Leasing, Inc.  
Thoroughbred Direct Intermodal Services, Inc.  
Thoroughbred Technology and Telecommunications, LLC  
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 (Note 9, page 14)	254,207	448,768	1
2		702	Temporary Cash Investments (Note 9, page 14)	967,388	202,040	2
3		703	Special Deposits			3
<b>Accounts Receivable</b>						
4		704	- Loan and Notes	482	12	4
5		705	- Interline and Other Balances	464	513	5
6		706	- Customers	49,097	43,745	6
7		707	- Other	36,378	55,582	7
8		709, 708	- Accrued Accounts Receivables	151,271	63,103	8
9		708.5	- Receivables from Affiliated Companies			9
10		709.5	- Less. Allowance for Uncollectible Accounts	(5,514)	(9,051)	10
11		710, 711, 714	Working Funds Prepayments Deferred Income Tax Debits	247,392	271,834	11
12		712	Materials and Supplies	132,186	104,173	12
13		713	Other Current Assets	56,722	128,441	13
14			<b>TOTAL CURRENT ASSETS</b>	<b>1,890,073</b>	<b>1,309,160</b>	<b>14</b>
<b>Other Assets</b>						
15		715, 716, 717	Special Funds	693,547	672,663	15
16		721, 721.5	Investments and Advances Affiliated Companies (Schedule 310 and 310A)	1,304,029	1,101,154	16
17		722, 723	Other Investments and Advances	291,034	266,723	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) \$30,253 and \$28,626 respectively	123,311	121,203	19
20		739, 741	Other Assets	185,403	44,521	20
21		743	Other Deferred Debits	18,054	14,456	21
22		744	Accumulated Deferred Income Tax Debits			22
23			<b>TOTAL OTHER ASSETS</b>	<b>2,615,378</b>	<b>2,220,720</b>	<b>23</b>
<b>Road and Equipment</b>						
24		731, 732	Road (Schedule 330, L-30 Col h & b)	19,688,482	19,243,903	24
25		731, 732	Equipment (Schedule 330, L-39 Col h & b)	6,697,286	6,595,139	25
26		731, 732	Unallocated Items	519,607	306,115	26
27		733, 735	Accumulated Depreciation and Amortization (Schedules 335, 342, 351)	(6,826,415)	(6,230,229)	27
28			<b>Net Road and Equipment</b>	<b>20,078,960</b>	<b>19,914,928</b>	<b>28</b>
29	*		<b>TOTAL ASSETS</b>	<b>24,584,411</b>	<b>23,444,808</b>	<b>29</b>

**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	917	2,565	31
32		753	Audited Accounts and Wages	29,872	50,077	32
33		754	Other Accounts Payable	21,168	72	33
34		755, 756	Interest and Dividends Payable	18,227	28,621	34
35		757	Payables to Affiliated Companies	1,649,129	1,390,146	35
36		759	Accrued Accounts Payable	1,004,247	923,093	36
37		760, 761, 761 5, 762	Taxes Accrued	125,149	169,369	37
38		763	Other Current Liabilities	103,833	113,076	38
39		764	Equipment Obligations and Other Long-Term Debt	113,494	262,506	39
40			<b>TOTAL CURRENT LIABILITIES</b>	<b>3,066,036</b>	<b>2,939,525</b>	<b>40</b>
<b>Non-Current Liabilities</b>						
41		765, 767	Funded Debt Unmatured	479,026	479,026	41
42		766	Equipment Obligations	392,626	362,053	42
43		766 5	Capitalized Lease Obligations	146,905	309,782	43
44		768	Debt in Default			44
45		769	Accounts Payable; Affiliated Companies	1,029,248	874,185	45
46		770.1, 770 2	Unamortized Debt Premium	136,122	140,587	46
47		781	Interest in Default			47
48		783	Deferred Revenues-Transfers from Government Authorities			48
49		786	Accumulated Deferred Income Tax Credits	7,891,306	7,708,952	49
50		771, 772, 774, 775, 782, 784	Other Long-Term Liabilities and Deferred Credits	1,209,567	1,084,414	50
51			<b>TOTAL NONCURRENT LIABILITIES</b>	<b>11,284,800</b>	<b>10,958,999</b>	<b>51</b>
<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)	6,499,325	6,309,306	56
57		797	Retained Earnings:			57
58		798	Appropriated			58
59		796	Unappropriated (Schedule 220)	2,983,786	2,563,273	59
60		798 5	Accumulated Other Comprehensive Income	583,774	507,015	60
61			Less Treasury Stock			61
62	*		Net Stockholders' Equity	10,233,575	9,546,284	62
			<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>24,584,411</b>	<b>23,444,808</b>	<b>62</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) THE NORTHERN TRUST COMPANY (CUSTODIAN)  
 Date of trust agreement or latest amendment FEBRUARY 1, 2005 (CUSTODIAL AGREEMENT)  
 If respondent is affiliated in any way with the trustee(s), explain affiliation
- (d) List affiliated companies which are included in the pension plan funding agreement and describe basis for allocating charges under the agreement SEE NOTE 3, PAGE 9
- (e) Is any part of the pension plan fund invested in stock or other securities of the respondent or any of its affiliates? Specify. Yes      No X  
 If yes, give number of the shares for each class of stock or other security:       
      
      
 Are voting rights attached to any securities held by the pension plan? Specify Yes X No       
 If yes, who determines how stock is voted? The Chairman of the Board of Managers is authorized to give instructions to the Board of Managers' nominee regarding the execution of general proxies.
4. State whether a segregated political fund has been established as provided by the Federal Election Campaign Act of 1971 (18 U.S.C. 610). Yes X No
- 5 (a) The amount of employers contribution to employee stock ownership plans for the current year was SEE NOTE 3, PAGE 9
- (b) The amount of investment tax credit used to reduce current income tax expense resulting from contributions to qualified employee stock ownership plans for the current year was NONE
- 6 In reference to Docket No. 37465 specify the total amount of business entertainment expenditures charged to the nonoperating expense account NONE

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

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

Disclose the nature and amount of contingency that is material

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

See Note 7 on page 12

(a) Changes in Valuation Accounts

8 Marketable Equity Securities. See Note 8 on page 14.

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

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

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

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

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

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



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

## 3. Pensions and Other Postretirement Benefits

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

Asset Management

Eleven investment firms manage NS' defined benefit pension plan's assets under investment guidelines approved by the Board of Directors. Investments are restricted to domestic fixed income securities, international fixed income securities, domestic and international equity investments and unleveraged exchange-traded options and financial futures. Limitations restrict investment concentration and use of certain derivative instruments. The target asset allocation for equity is 75% of the pension plan's assets. Fixed income investments must have an average rating of "AA" or better and all fixed income securities must be rated "A" or better except bond index funds. Equity investments must be in liquid securities listed on national exchanges. No investment is permitted in the securities of NS or its subsidiaries (except through commingled pension trust funds). Investment managers' returns are expected to exceed selected market indices by prescribed margins.

NS' pension plan weighted-average asset allocations at Dec 31, 2005 and 2004, by asset category, are as follows

Asset Category	Percentage of plan assets at Dec 31,			
	2005		2004	
Equity securities	76	%	76	%
Debt securities	24	%	24	%
Total	100	%	100	%
International equity securities included in equity securities above	11	%	10	%

The postretirement benefit plan assets consist primarily of trust-owned variable life insurance policies with an asset allocation at Dec. 31, 2005, of 66% in equity securities and 34% in debt securities compared with 67% in equity securities and 33% in debt securities at Dec 31, 2004. The target asset allocation for equity is between 50% and 75% of the plan's assets.

The plans' assumed future returns are based principally on the asset allocation and on the historic returns for the plans' asset classes determined from both actual plan returns and, over longer time periods, market returns for those asset classes.

Medicare Changes

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the Act) was signed into law in December 2003. The Act introduced a new prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. The actuary for NS' medical plan has determined that NS' medical plan's prescription drug benefit for 2006 is actuarially equivalent to the new prescription drug benefit under Medicare Part D. In accordance with Financial Accounting Standards Board Staff Position No. 106-1, NS elected to take into account these legislative changes in the measurement of its postretirement benefit obligations, which resulted in a reduction of \$15 million in the net benefit cost in 2005, \$9 million in 2004 and no effect on the net benefit cost in 2003.

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

Pension and Other Postretirement Benefit Obligations and Plan Assets

	<u>PENSION BENEFITS</u>		<u>Other Benefits</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	(\$ in millions)			
<i>Change in benefit obligations</i>				
Benefit obligation at beginning of year	\$ 1,574	\$ 1,488	\$ 701	\$ 608
Service cost	23	18	17	15
Interest cost	87	89	40	39
Settlement	--	--	(12)	--
Actuarial losses	72	96	60	83
Benefits paid	(114)	(117)	(52)	(44)
Benefit obligation at end of year	<u>1,642</u>	<u>1,574</u>	<u>754</u>	<u>701</u>
<i>Change in plan assets</i>				
Fair value of plan assets at beginning of year	1,806	1,720	105	130
Actual return on plan assets	126	197	3	10
Employer contribution	6	6	52	9
Benefits paid	(114)	(117)	(52)	(44)
Fair value of plan assets at end of year	<u>1,824</u>	<u>1,806</u>	<u>108</u>	<u>105</u>
Funded status	182	232	(646)	(596)
Unrecognized actuarial loss	336	253	264	232
Unrecognized prior service cost (benefit)	14	18	(27)	(35)
Net amount recognized	<u>\$ 532</u>	<u>\$ 503</u>	<u>\$ (409)</u>	<u>\$ (399)</u>
Amounts recognized in the Consolidated Balance Sheets consist of				
Prepaid benefit cost	\$ 612	\$ 577	\$ --	\$ --
Accrued benefit liability	(106)	(94)	(409)	(399)
Accumulated other comprehensive income	26	20	--	--
Net amount recognized	<u>\$ 532</u>	<u>\$ 503</u>	<u>\$ (409)</u>	<u>\$ (399)</u>

During 2005, NS distributed split dollar life insurance policies to eligible retired employees, which resulted in a \$12 million reduction of the postretirement benefits obligation.

Following is information for NS' unfunded pension plans which in all cases have no assets and therefore have an accumulated benefit obligation in excess of plan assets.

	<u>Dec. 31,</u>	<u>2004</u>
	<u>2005</u>	
	(\$ in millions)	
Projected benefit obligation	\$ 134	\$ 120
Accumulated benefit obligation	\$ 106	\$ 94

Pension and Other Postretirement Benefit Costs Components

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(\$ in millions)		
<i>Pension benefits</i>			
Service cost	\$ 23	\$ 18	\$ 20
Interest cost	87	89	89
Curtailment loss	--	--	17
Expected return on plan assets	(149)	(149)	(158)
Amortization of prior service cost	2	3	5
Recognized net actuarial losses	14	3	2
Net benefit	<u>\$ (23)</u>	<u>\$ (36)</u>	<u>\$ (25)</u>
<i>Other postretirement benefits</i>			
Service cost	\$ 17	\$ 15	\$ 18
Interest cost	40	39	40
Curtailment loss	--	--	10
Special termination benefits	--	--	17
Expected return on plan assets	(9)	(12)	(12)
Amortization of prior service cost (benefit)	(8)	(9)	(7)
Amortization of unrecognized losses	22	16	14
Net cost	<u>\$ 62</u>	<u>\$ 49</u>	<u>\$ 80</u>

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

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>2005</u>	<u>2004</u>	<u>2003</u>
<i>Funded status:</i>			
Discount rate	5.50%	5.75%	6.25%
Future salary increases	4.5%	4.5%	4.5%
<i>Pension cost:</i>			
Discount rate	5.75%	6.25%	6.75%
Return on assets in plans	9%	9%	9%
Future salary increases	4.5%	4.5%	4.5%

Health Care Cost Trend Assumptions

For measurement purposes at Dec. 31, 2005, increases in the per capita cost of covered health care benefits were assumed to be 9% for 2005 and 8% for 2006. It is assumed the rate will decrease gradually to an ultimate rate of 5% for 2009 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>
	<i>(\$ in millions)</i>	
Increase (decrease) in:		
Total service and interest cost components	\$ 7	\$ (6)
Postretirement benefit obligation	\$ 81	\$ (69)

Contributions and Estimated Future Benefit Payments

In 2006, NS expects to contribute approximately \$8 million to its unfunded pension plans for payments to pensioners and \$44 million to its other postretirement benefit plans for retiree health benefits.

Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows.

	<u>Pension</u> <u>Benefits</u> <i>(\$ in millions)</i>	<u>Other</u> <u>Benefits</u>
2006	\$ 116	\$ 44
2007	113	45
2008	111	46
2009	110	47
2010	111	49
Years 2011-2015	587	262

Beginning in 2006, the other benefit payments include an estimated annual \$4 million reduction due to the Medicare Part D Subsidy.

Other Postretirement Coverage

Under collective bargaining agreements, NS and certain subsidiaries participate in a multi-employer benefit plan, which provides certain postretirement health care and life insurance benefits to eligible union employees. Premiums under this plan are expensed as incurred and amounted to \$26 million in 2005, \$20 million in 2004 and \$18 million in 2003.

Section 401(k) Plans

NS and certain subsidiaries provide Section 401(k) savings plans for employees. Under the plans, NS matches a portion of employee contributions, subject to applicable limitations. NS' expenses under these plans were \$13 million in 2005 and \$12 million in each of 2004 and 2003.

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

## 7. Commitments and Contingencies

Lawsuits

NS Rail and certain subsidiaries are defendants in numerous lawsuits and other claims relating principally to railroad operations. When management concludes that it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, it is accrued through a charge to earnings. 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 and claims. 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 earnings in the periods in which such adjustments are known.

Casualty Claims

Casualty claims include employee personal injury and occupational claims as well as third-party claims, all exclusive of legal costs. NS Rail engages an independent consulting actuarial firm to aid in valuing its liability for these claims. Job-related accidental injury and occupational claims are subject to the Federal Employers' Liability Act (FELA), which is applicable only to railroads. FELA's fault-based system produces results that are unpredictable and inconsistent as compared with a no-fault workers' compensation system. The variability inherent in this system could result in actual costs being very different from the liability recorded. 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 and is supported by the most recent actuarial study. In all cases, NS Rail records a liability when the expected loss for the claim is both probable and estimable.

In 2005, NS Rail recorded a liability related to the Jan. 6, 2005 derailment in Graniteville, SC. The liability, which includes a current and long-term portion, represents NS Rail's best estimate based on current facts and circumstances. The estimate includes amounts related to business property damage and other economic losses, personal injury and individual property damage claims as well as third-party response costs. NS Rail's commercial insurance policies are expected to cover substantially all expenses related to this derailment above NS Rail's self-insured retention, including NS Rail's response costs and legal fees. Accordingly, the Consolidated Balance Sheet reflects a current and long-term receivable for estimated recoveries from NS Rail's insurance carriers. The \$41 million expense recorded in 2005 related to this incident represents NS Rail's retention under its insurance policies and other uninsured costs. While it is reasonable to expect that the liability for covered losses could differ from the amount recorded, such a change would be offset by a corresponding change in the insurance receivable. As a result, NS Rail does not believe that it is reasonably likely that its net loss (the difference between the liability and future recoveries) will be materially different than the loss recorded in 2005. NS Rail expects at this time that insurance coverage is adequate to cover potential claims and settlements above its self-insurance retention.

**Employee personal injury claims** – The largest component of casualties and other claims expense is employee personal injury costs. The actuarial firm engaged by NS Rail provides quarterly studies to aid in valuing its employee personal injury liability and estimating its employee personal injury expense. The actuarial firm studies NS Rail's historical patterns of reserving for claims and subsequent settlements, taking into account relevant outside influences. The actuary uses the results of these analyses to estimate the ultimate amount of the liability, which includes amounts for incurred but unasserted claims. NS Rail adjusts its liability to the actuarially determined amount on a quarterly basis. The estimate of loss liabilities is subject to inherent limitation given the difficulty of predicting future events such as jury decisions, court interpretations or legislative changes and as such the actual loss may vary from the actuarial estimate.

**Occupational claims** – Occupational claims (including asbestosis and other respiratory diseases, as well as repetitive motion) are often not caused by a specific accident or event but rather result from a claimed exposure over time. Many such claims are being asserted by former or retired employees, some of whom have not been actively employed in the rail industry for decades. The actuarial firm provides an estimate of the occupational claims liability based upon NS Rail's history of claim filings, severity, payments and other pertinent facts. The liability is dependent upon management's judgments made as to the specific case reserves as well as judgments of the consulting actuarial firm in the periodic studies. The actuarial firm's estimate of ultimate loss includes a provision for those claims that have been incurred but not reported. This provision is derived by analyzing industry data and projecting NS Rail's experience into the future as far as can be reasonably determined. NS Rail adjusts its liability to the actuarially determined amount on a quarterly basis. However, it is possible that the recorded liability may not be adequate to cover the future payment of claims. Adjustments to the recorded liability are reflected in operating expenses in the periods in which such adjustments become known.

**Third-party claims** – NS Rail records a liability for third-party claims including those for highway crossing accidents, trespasser and other injuries, automobile liability, property damage and lading damage. The actuarial firm assists with the calculation of potential liability for third-party claims, except lading damage, based upon NS Rail's experience including number and timing of incidents, amount of payments, settlement rates, number of open claims and legal defenses. The actuarial estimate includes a provision for claims that have been incurred but have not yet been reported. Each quarter NS Rail adjusts its liability to the actuarially determined amount. Given the inherent uncertainty in regard to the ultimate outcome of third-party claims, it is possible that future settlement costs may differ from the estimated liability recorded.

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 (when collection is probable) on the balance sheet and are not netted against the associated NS Rail liability. Environmental engineers regularly participate in ongoing evaluations of all known sites and in determining any necessary adjustments to liability estimates. NS Rail also has an Environmental Policy Council, composed of senior managers, to oversee and interpret its environmental policy.

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

NS Rail's Combined Balance Sheets included liabilities for environmental exposures in the amount of \$58 million at Dec. 31, 2005, and \$64 million at Dec. 31, 2004 (of which \$12 million was accounted for as a current liability at Dec. 31, 2005 and 2004). At Dec. 31, 2005, the liability represented NS Rail's estimate of the probable cleanup and remediation costs based on available information at 189 known locations. On that date, 16 sites accounted for \$30 million of the liability, and no individual site was considered to be material. NS Rail anticipates that much of this liability will be paid out over five years; however, some costs will be paid out over a longer period.

At some of the 189 locations, NS Rail and certain of its subsidiaries, usually in conjunction with a number of other parties, have been identified as potentially responsible parties by the Environmental Protection Agency (EPA) or similar state authorities under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, or comparable state statutes, which often impose joint and several liability for 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 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 environmental 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 potentially other unidentified environmental sites and matters are likely to arise from time to time. The resulting liabilities could have a significant effect on NS Rail's financial condition, results of operations or liquidity in a particular year or quarter.

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

#### Insurance

NS obtains on behalf of itself and its subsidiaries commercial insurance for potential losses for third-party liability and first-party property damages. Specified levels of risk are retained on a self-insurance basis (up to \$25 million per occurrence for bodily injury and property damage to third parties and \$12.5 million per occurrence for property owned by NS Rail or in NS Rail's care, custody or control).

#### Purchase Commitments

NS Rail had outstanding purchase commitments of approximately \$341 million in connection with its 2006 and 2007 capital programs, including 133 locomotives in 2006 and 63 locomotives in 2007.

#### Change-In-Control Arrangements

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

#### Guarantees

In a number of instances, NSR has agreed to indemnify lenders for additional costs they may bear as a result of certain changes in laws or regulations applicable to their loans. Such changes may include impositions or modifications with respect to taxes, duties, reserves, liquidity, capital adequacy, special deposits, and similar requirements relating to extensions of credit by, deposits with, or the assets or liabilities of such lenders. Similar provisions exist in NSR's accounts receivable sales program. The nature and timing of changes in laws or regulations applicable to 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.

NSR has outstanding warranty liabilities primarily related to work performed at its locomotive facilities. NSR has recorded a reserve of less than \$1 million as of Dec. 31, 2005 and 2004, for these warranties.

As of Dec. 31, 2005, NSR and subsidiaries are contingently liable as guarantors with respect to \$8 million of indebtedness of an entity in which they have 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.

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

## 8. Marketable Equity Securities

	Dec 31,	
	<u>2005</u>	<u>2004</u>
Marketable equity securities, principally 20,833,125 shares of NS Common Stock at fair value	(in millions of dollars) \$ 935	\$ 758

Carrying value adjustments, which are noncash transactions, are not included in the Combined Statement of Cash Flows. The gross unrealized holding gain was \$916 million on Dec 31, 2005, and \$738 million at Dec 31, 2004. Sales of "available-for-sale-securities" were immaterial for years ended Dec. 31, 2005 and 2004.

## 9 Required Accounting Changes

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

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

Reclassifications

Certain amounts have been reclassified to conform to current presentation. Specifically, \$112 million of auction rate securities held at Dec 31, 2004, previously classified as cash equivalents, have been reclassified as short-term investments. These securities were sold in the first quarter of 2005 at market value, which was equal to their carrying cost.

## 10. Related Parties

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. NS charges NS Rail a fee for management services it performs for NS Rail (which totaled \$673 million, including a \$42 million markup, in 2005, \$606 million, including a \$38 million markup, in 2004; and \$686 million, including a \$43 million markup, in 2003). In addition, NS charges NS Rail a revenue-based licensing fee (which totaled \$123 million in 2005, \$107 million in 2004 and \$93 million in 2003) for use of certain intangible assets owned by NS.

Noncash Dividends

NSR declared and issued to NS noncash dividends of \$667 million in 2005, \$450 million in 2004 and \$767 million in 2003, which were settled by reduction of NSR's interest-bearing advances due from NS. In 2004, NSR declared and issued to NS a noncash dividend of \$858 million of all the shares of Pennsylvania Investment Company, Inc., whose principal asset is an interest-bearing loan due from NSR. Noncash dividends are excluded from the Combined Statements of Cash Flows.

Sale of Accounts Receivable

NS Rail sells, without recourse, to a bankruptcy-remote special-purpose NS subsidiary, a pool of accounts receivable. NS Rail services and collects the sold receivables; however, no servicing asset or liability has been recognized because the benefits of servicing are estimated to be just adequate to compensate NS Rail for its responsibilities. Payments collected from sold receivables are remitted to the special-purpose NS subsidiary, which, in turn, reinvests the amounts by purchasing new receivables from NS Rail. NS Rail has no retained interest in the sold receivables. Under the terms of the sale agreement, the receivables are treated as sold and, accordingly, \$680 million at Dec. 31, 2005, and \$599 million at Dec. 31, 2004, of sold receivables are not included on the balance sheet of NS Rail. Fees associated with the sale, which are based on historical dilution and prevailing interest rates, are included in Account 551.

Intercompany Federal Income Tax Accounts

In accordance with the NS Tax Allocation Agreement, intercompany federal income tax accounts are recorded between companies in the NS consolidated group. NS Rail had long-term intercompany federal income tax payables (which are included in Account 786 in the Combined Balance Sheets) of \$1,188 million at Dec 31, 2005, and \$1,014 million at Dec 31, 2004.

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

Cash Required for NS Debt

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

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

## 11. Operations Over Conrail's Lines

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

On Aug. 27, 2004, NS, CSX and Conrail completed a reorganization of Conrail (Conrail Corporate Reorganization), which established direct ownership and control by NSR and CSXT of two former CRC subsidiaries, Pennsylvania Lines LLC (PRR) and New York Central Lines LLC (NYC), respectively. Prior to the Conrail Corporate Reorganization, NSR operated the routes and assets of PRR and CSXT operated the routes and assets of NYC, each in accordance with operating and lease agreements. Pursuant to the Conrail Corporate Reorganization, the operating and lease agreements were terminated and PRR and NYC were merged into NSR and CSXT, respectively. The reorganization did not involve the Shared Assets Areas and did not affect the competitive rail service provided in the Shared Assets Areas. Conrail continues to own, manage and operate the Shared Assets Areas as approved by the Surface Transportation Board (STB).

As a part of the Conrail Corporate Reorganization, Conrail restructured its existing unsecured and secured public indebtedness, with the consent of Conrail's debtholders. Prior to the restructuring, there were two series of unsecured public debentures with an outstanding principal amount of approximately \$800 million and 13 series of secured debt with an outstanding principal amount of approximately \$300 million. Guaranteed debt securities were offered in an approximate 58%/42% ratio in exchange for Conrail's unsecured debentures. Of the \$800 million unsecured public debentures, \$779 million were tendered and accepted for exchange, and NS Rail issued unsecured public debentures with a total principal of \$452 million and an issue-date fair value of \$595 million. Conrail's secured debt and lease obligations remain obligations of Conrail and are supported by leases and subleases which are the direct lease and sublease obligations of NSR or CSXT. Substantially all of these NS Rail obligations are capital leases and, accordingly, are a component of NS Rail's capital lease obligations.

On Aug. 27, 2004, NS made a contribution of capital of the assets and liabilities of PRR to NS Rail. The assets and liabilities of PRR are reflected in their respective line items in NS Rail's Combined Balance Sheet and amounts due to PRR were extinguished. The following summarizes the effect of the transaction on NS Rail's Combined Balance Sheet as of Dec. 31, 2004 (\$ in millions):

Properties	\$ 8,368
Note due to PRR	870
Other assets and liabilities, net	177
Deferred income taxes	(3,113)
Long-term debt, including current maturities	(734)
Net assets received	<u>\$ 5,568</u>

The amounts shown above for the net assets received are at NS' basis and reflect the fair value of such assets. Properties have been valued based on information received from an independent valuation consultant. Debt has been recorded at fair value based on interest rates at the time of the Conrail Corporate Reorganization.

## 12. Derivative Financial Instruments

On Jan. 1, 2001, NS Rail adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133), as amended by Statement of Financial Accounting Standards No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" (SFAS No. 138). The Statements establish accounting and reporting standards for derivative instruments and hedging activities, requiring that all derivatives be recognized in the financial statements as either assets or liabilities and that they be measured at fair value. Changes in fair value are recorded as adjustments to the assets or liabilities being hedged in Account 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. The settlement of the hedges will result in the reclassification into diesel fuel expense of the related gains or losses recorded as a component of Account 796.

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

NS Rail has hedged a portion of its diesel fuel consumption. The intent of the hedges 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

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

has entered 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:

	2005	2004
Number of swaps entered into during the year	—	120
Approximate number of gallons hedged (millions)	—	157
Approximate average price per gallon of Nymex No. 2 heating oil	n/a	\$0.86

NS Rail has 4% of estimated 2006 future diesel fuel consumption covered as of Dec. 31, 2005

Hedges are entered into periodically by competitive bid among selected counterparties, however, no hedges have been placed since May 2004. The goal of this hedging strategy is to reduce the variability of fuel costs over an extended period of time while minimizing the incremental cost of hedging. The program provides that NS Rail will not enter into any fuel hedges with a duration of more than 36 months, and that no more than 80% of NS Rail's average monthly fuel consumption will be hedged for each month within any 36-month period. After taking into account the effect of the hedging, diesel fuel costs represented 11% of NS Rail's operating expenses for the year ended Dec. 31, 2005, 8% for the year ended Dec. 31, 2004, and 7% for the year ended Dec. 31, 2003.

NS Rail's fuel hedging activity resulted in decreases in diesel fuel expenses of \$148 million, \$140 million and \$59 million for 2005, 2004 and 2003, respectively. Ineffectiveness, or the extent to which changes in the fair value of the heating oil contracts do not offset changes in the fair values of the expected diesel fuel transaction, was a \$5 million expense in 2005, a \$5 million benefit in 2004 and less than a \$1 million benefit in 2003.

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 \$116 million, or 12%, and \$151 million, or 14%, of its fixed rate debt portfolio hedged at Dec. 31, 2005, and Dec. 31, 2004, respectively, using interest rate swaps that qualify for and are designated as fair-value hedge transactions. NS Rail's interest rate hedging activity resulted in decreases in interest expense of \$2 million, \$6 million and \$10 million for 2005, 2004 and 2003, respectively. These swaps have been effective in hedging the changes in fair value of the related debt arising from changes in interest rates and 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, 2005 and 2004, were determined based upon current market values as quoted by an independent third party. Fair values of interest rate swaps were determined based upon the present value of expected future cash flows discounted at the appropriate implied spot rate from the spot rate yield curve. Fair value adjustments are noncash transactions and, accordingly, are excluded from the Combined Statement of Cash Flows. Account 796, a component of "Stockholder's equity," included unrealized gains of \$20 million (pretax) at Dec. 31, 2005, and \$75 million (pretax) at Dec. 31, 2004, related to the fair value of derivative fuel hedging transactions that will terminate within twelve months of the respective dates. Any future gain or loss actually realized will be based on the fair value of the derivative fuel hedges at the time of termination.

The asset and liability positions of NS Rail's outstanding derivative financial instruments were as follows:

	Dec 31, 2005 (\$ in millions)	2004
<i>Interest rate hedges:</i>		
Gross fair value asset position	\$ 3	\$ 9
Gross fair value (liability) position	—	—
<i>Fuel hedges:</i>		
Gross fair value asset position	20	81
Gross fair value (liability) position	—	—
Total net asset (liability) position	\$ <u>23</u>	\$ <u>90</u>

## 13 Freight Rates

In 2005, 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. In 2005, coal movements that had been moving under common carrier (tariff) rates to Duke Energy and Carolina Power and Light power plants began moving under contract rates as part of the settlement agreements resolving the rail transportation rate cases brought by each of the utilities. In 2004 there were significant coal movements moving under common carrier (tariff) rates that had previously moved under rates contained in transportation contracts.

In 2005, NS Rail was found by the STB to be "revenue adequate" based on results for the year 2004. 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.



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**210. RESULTS OF OPERATIONS**

(Dollars in Thousands)

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

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

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

4. All contra entries hereunder should be indicated in parenthesis

5. Cross-checks

Schedule 210

Line 15, column (b)

Line 47 plus 48 plus 49, column (b)

Line 50, column (b)

Line 14, column (b)

Line 14, column (d)

Line 14, column (e)

Schedule 210

= Line 62, column (b)

= Line 63, column (b)

= Line 64, column (b)

Schedule 410

= Line 620, column (h)

= Line 620, column (f)

= Line 620, column (g)

Line No.	Cross Check	Item	Amount for current year	Amount for preceding year	Freight-related revenue & expenses	Passenger-related revenue & expenses	Line No.
		(a)	(b)	(c)	(d)	(e)	
		<b>ORDINARY ITEMS</b>					
		<b>OPERATING INCOME</b>					
		<b>Railway Operating Income</b>					
1		(101) Freight	8,257,442	7,059,945	8,257,442		1
2		(102) Passenger					2
3		(103) Passenger-Related					3
4		(104) Switching	59,386	59,137	59,386		4
5		(105) Water Transfers					5
6		(106) Demurrage	117,942	100,041	117,942		6
7		(110) Incidental	92,057	92,746	92,057		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)	8,526,827	7,311,869	8,526,827		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>	8,526,827	7,311,869	8,526,827		13
14	*	(531) Railway operating expenses	6,605,305	5,814,294	6,605,305		14
15	*	<b>Net revenue from railway operations</b>	1,921,522	1,497,575	1,921,522		15
		<b>OTHER INCOME</b>					
16		(506) Revenue from property used in other than carrier operations	949	1,141			16
17		(510) Miscellaneous rent income	38,224	38,196			17
18		(512) Separately operated properties-Profit					18
19		(513) Dividend Income (cost method)	10,040	7,557			19
20		(514) Interest Income	51,539	16,044			20
21		(516) Income from sinking and other funds	11	7			21
22		(517) Release of premiums on funded debt					22
23		(518) Reimbursements received under contracts and agreements					23
24		(519) Miscellaneous income	104,556	135,846			24
25		Income from affiliated companies 519					
26		a Dividends (equity method)					25
27		b. Equity in undistributed earnings (losses)	(262)	103			26
28		<b>TOTAL OTHER INCOME (lines 16-26)</b>	205,057	198,894			27
29		<b>TOTAL INCOME (lines 15, 27)</b>	2,126,579	1,696,469			28
		<b>MISCELLANEOUS DEDUCTIONS FROM INCOME</b>					
29		(534) Expenses of property used in other than carrier operations	17,824	18,974			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	505,897	376,962			34
35		(553) Uncollectible accounts					35
36		<b>TOTAL MISCELLANEOUS DEDUCTIONS (lines 29-35)</b>	523,721	395,936			36
37		<b>Income available for fixed charges (lines 28, 36)</b>	1,602,858	1,300,533			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>					
38		(546) Interest on funded debt			38
39		(a) Fixed interest not in default	60,359	39,343	39
40		(b) Interest in default			40
41		(547) Interest on unfunded debt	129,273	112,965	41
42		(548) Amortization of discount on funded debt	468	605	42
43		TOTAL FIXED CHARGES (lines 38-41)	190,100	152,913	43
		Income after fixed charges (lines 37, 42)	1,412,758	1,147,620	
<b>OTHER DEDUCTIONS</b>					
44		(546) Interest on funded debt			44
		(c) Contingent interest			
<b>UNUSUAL OR INFREQUENT ITEMS</b>					
45		(555) Unusual or infrequent items (debit) credit			45
46		Income (Loss) from continuing operations (before income taxes)	1,412,758	1,147,620	46
<b>PROVISIONS FOR INCOME TAXES</b>					
47	*	(556) Income taxes on ordinary income			47
48	*	(a) Federal income taxes	320,984	147,137	48
49	*	(b) State income taxes	49,344	42,932	49
50	*	(c) Other income taxes			50
51	*	(557) Provision for deferred taxes	(44,843)	200,101	51
52		TOTAL PROVISIONS FOR INCOME TAXES (lines 47-50)	325,485	390,170	52
		Income from continuing operations (lines 46+51)	1,087,273	757,450	
<b>DISCONTINUED OPERATIONS</b>					
53		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$ )			53
54		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$ )			54
55		Income before extraordinary items (lines 52+53+54)	1,087,273	757,450	55
<b>EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES</b>					
56		(570) Extraordinary items (Net)			56
57		(590) Income taxes on extraordinary items			57
58		(591) Provision for deferred taxes-Extraordinary items			58
59		TOTAL EXTRAORDINARY ITEMS (lines 56-58)			59
60		(592) Cumulative effect of changes in accounting principles (less applicable tax of \$ )			60
61	*	Net income (Loss) (lines 55+59+60)	1,087,273	757,450	61
<b>Reconciliation of net railway operating income(NROI)</b>					
62		Net revenues from railway operation	1,921,522	1,497,575	62
63	*	(556) Income taxes on ordinary income ( - )	(370,328)	(190,069)	63
64	*	(557) Provision for deferred income taxes ( - )	44,843	(200,101)	64
65		Income from lease of road and equipment ( - )	(8,173)	(6,859)	65
66		Rent for leased roads and equipment ( + )	19,936	172,551	66
67		Net railway operating income (loss)	1,607,800	1,273,097	67

**Notes and Remarks For Schedules 210 and 220**

**220. RETAINED EARNINGS**

(Dollars in Thousands)

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

Line No.	Cross Check	Item	Retained earnings- Unappropriated	Equity in undistributed earnings (losses) of affiliated companies	Line No.
		(a)	(b)	(c)	
1		Balances at beginning of year	2,563,273		1
2	(601 5)	Prior period adjustments to beginning retained earnings			2
		<b>CREDITS</b>			
3	(602)	Credit balance transferred from income	1,087,273		3
4	(603)	Appropriations released			4
5	(606)	Other credits to retained earnings			5
6		<b>TOTAL</b>	<b>1,087,273</b>		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 (see note 10, page 14)	666,760		11
12		Preferred stock (1)			12
13		<b>TOTAL</b>	<b>666,760</b>		13
14		Net increase (decrease) during year (line 6 minus line 13)	<b>420,513</b>		14
15		Balances at close of year (lines 1, 2 & 14)	<b>2,983,786</b>		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	<b>2,983,786</b>	N/A	17
18	(797)	Total appropriated retained earnings			18
19		Credits during year			19
20		Debits during year			20
21		Balance at close of \$0			21
22		Amount of assigned Federal income tax consequences			22
23		Account 606 \$ None			23
		Account 616 \$ None			

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

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



**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	1,087,273	757,450	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	(11,391)	(34,805)	11
12		Depreciation and amortization expenses	828,302	636,859	12
13		Increase (decrease) in provision for deferred income taxes	(44,843)	200,101	13
14		Net decrease (increase) in undistributed earnings (losses) of affiliates	66,587	43,631	14
15		Decrease (increase) in accounts receivable	(8,274)	46	15
16		Decrease (increase) in materials and supplies, and other current assets	11,216	(19,405)	16
17		Increase (decrease) in current liabilities other than debt	(53,460)	103,472	17
18		Increase (decrease) in other-net	159,218	69,753	18
19		Net cash provided from continuing operations (Lines 10-18)	2,034,628	1,757,102	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)	2,034,628	1,757,102	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 and other transactions	218,351	24,151	22
23		Capital expenditures	(1,199,975)	(1,036,259)	23
24		Net change in temporary cash investments not qualifying as cash equivalents	(765,348)	(199,911)	24
25		Proceeds from sale/repayment of investment and advances	1,676,086	47,777	25
26		Purchase price of long-term investment and advances	(1,793,305)	(127,543)	26
27		Net decrease (increase) in sinking and other special funds	(34,855)	(44,844)	27
28		Other-net	-	-	28
29		NET CASH USED IN INVESTING ACTIVITIES (Lines 22-28)	(1,899,046)	(1,336,629)	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	101,230	202,005	30
31		Principal payments of long-term debt	(237,769)	(212,940)	31
32		Redemption of minority interest	-	-	32
33		Other paid-in capital	190,019	2,824	33
34		Advances from NS	24,154	36,600	34
35		Advances and repayments to NS	(407,777)	(265,772)	35
36		NET CASH FROM FINANCING ACTIVITIES (Lines 30-35)	(330,143)	(237,283)	36
37		NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS -25015 (Lines 21, 29 & 36)	(194,561)	183,190	37
38		Cash and cash equivalents at beginning of the year	448,768	265,578	38
39		CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Lines 37 & 38)	254,207	448,768	39
Footnotes to Schedule 240					
Cash paid during the year for					
40		Interest (net of amount capitalized)*	33,339	44,613	40
41		Income taxes (net)*	220,506	127,838	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	464	1
2	Customers (706)	Schedule 200, line 6, column b	49,097	2
3	Other (707)	Note A	36,378	3
4	<b>TOTAL CURRENT OPERATING ASSETS</b>	Line 1 + 2 + 3	85,939	4
<b>OPERATING REVENUE</b>				
5	Railway Operating Revenue	Schedule 210, line 13, column b	8,526,827	5
6	Rent Income	Note B	272,599	6
7	<b>TOTAL OPERATING REVENUES</b>	Lines 5 + 6	8,799,426	7
8	Average Daily Operating Revenues	Line 7 ÷ 360 days	24,443	8
9	Days of Operating Revenue in Current Operating Assets	Line 4 ÷ line 8	4	9
10	Revenue Delay Days Plus Buffer	Lines 9 + 15 days	19	10
<b>CURRENT OPERATING LIABILITIES</b>				
11	Interline and Other Balances (752)	Schedule 200, line 31, column b	917	11
12	Audited Accounts and Wages Payable (753)	Note A	29,872	12
13	Accounts Payable-Other (754)	Note A	21,168	13
14	Other Taxes Accrued (761 5)	Note A	185,628	14
15	<b>TOTAL CURRENT OPERATING LIABILITIES</b>	Sum of lines 11 to 14	237,585	15
<b>OPERATING EXPENSES</b>				
16	Railway Operating Expenses	Schedule 210, line 14, column b	6,605,305	16
17	Depreciation	Schedule 410, lines 136, 137, 138, 213, 232, 317, column h	826,990	17
18	Cash Related Operating Expenses	Line 16 + line 6 - line 17	6,050,914	18
19	Average Daily Expenditures	Line 18 ÷ 360 days	16,808	19
20	Days of Operating Expenses in Current Operating Liabilities	Line 15 - line 19	14	20
21	Days of Working Capital Required	Line 10 - line 20 (Note C)	5	21
22	Cash Working Capital Required	Line 21 x line 19	84,040	22
23	Cash and Temporary Cash Balance	Schedule 200, line 1 + line 2, column b	1,221,595	23
24	Cash Working Capital Allowed	Lesser line 22 and line 23	84,040	24
<b>MATERIALS AND SUPPLIES</b>				
25	Total Material and Supplies (712)	Note A	132,186	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	132,186	27
28	<b>TOTAL WORKING CAPITAL</b>	Line 24 + line 27	216,226	28

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

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

(C) If result is negative, use zero.

**NOTES AND REMARKS**

**GENERAL INSTRUCTIONS CONCERNING RETURNS IN SCHEDULES 310 AND 310A**

1. Schedule 310 should give particulars of stocks, and other secured obligations, unsecured notes, and investment advances of affiliated companies held by respondent at the close of the year. Also, disclose the investments made, disposed of, and written down during the year and the applicable dividends and interest credited to income as a result of those investments. They should exclude securities issued or assumed by respondent. For definition of affiliated companies, see the rules governing Account No. 721 "Investments and Advances, Affiliated Companies", in the Uniform System of Accounts for Railroad Companies.
2. List the investments in the following order and show a total for each group and each class of investment by accounts in numerical order:
  - (A) Stocks
    - (1) Carriers-active
    - (2) Carriers-inactive
    - (3) Noncarriers-active
    - (4) Noncarriers-inactive
  - (B) Bonds (including US government bonds)
  - (C) Other secured obligations
  - (D) Unsecured notes
  - (E) Investment advances
3. The subclassification of classes (B), (C), (D), (E) should be the same as those provided for class (A).
4. The kinds of industry represented by the respondent's investments in the securities of other companies should be shown by symbol opposite the names of the issuing corporations. The symbols and industrial classifications are as follows:
 

Symbol	Kind of Industry
I	Agriculture, forestry, and fisheries
II	Mining
III	Construction
IV	Manufacturing
V	Wholesale and retail trade
VI	Finance, insurance, and real estate
VII	Transportation, communications, and other public utilities
VIII	Services
IX	Government
X	All other
5. By carriers, as the term is used here, is meant by companies owning or operating railroads, facilities auxiliary thereto such as bridges, ferries, union depots, and other terminal facilities, sleeping cars, parlor cars, dining cars, freight cars, express services and facilities, electric railways, highway motor vehicles, steamboats and other marine transportation equipment, pipe lines (other than those for transportation of water), and other instrumentalities devoted to the transportation of persons or property for hire. Telegraph and telephone companies are not meant to be included.
6. Noncarrier companies should, for purposes of these schedules, include telephone companies, telegraph companies, mining companies, manufacturing companies, hotel companies, etc. Purely holding companies are to be classified as noncarrier companies, even though the securities held by such companies are largely or entirely issued or assumed by carriers.
7. By an active corporation is meant one which maintains an organization for operating or administering its financial affairs. An inactive corporation is one which has been practically absorbed in a controlling corporation and which neither operates property nor administers its financial affairs. If it maintains an organization it does so only for the purposes of complying with legal requirements and maintaining title to property or franchises.
8. Combine in one account investments in which the original cost or present equity in total assets is less than \$10,000.
9. Include investments in unincorporated entities such as lessee organizations. Exclude amounts normally settled on a current basis.
10. Do not include the value of securities issued or assumed by respondent.
11. For affiliates which do not report to the Surface Transportation Board are jointly owned, disclose in footnotes the name and extent of control of the other controlling entities.

**310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES**

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

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

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

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

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

Line No.	Account No	Class No.	Kind of industry	Name of issuing company and also lien reference, if any (include rate for preferred stocks and bonds)	Extent of Control	Line No
	(a)	(b)	(c)	(d)	(e)	
1	721	A-1	VII	Belt Railway Company of Chicago (1)	25 00	1
2				Kansas City Terminal Rwy. (2)	8 33	2
3				Peoria and Pekin Union Rwy (3)	40 64	3
4				Winston-Salem Southbound Rwy Co (4)	50.00	4
5				Terminal Railroad Association of St. Louis (5)	14.29	5
6				TTX Co. (formerly Trailer-Train Co ) (6)	19 59	6
7				Algers Winslow & Western Rwy Co (7)	50 00	7
8				Augusta & Summerville RR Co (8)	50.00	8
9				Central Transfer Rwy. and Storage Co. (9)	50 00	9
10				North Charleston Terminal Co. (10)	33.33	10
11				Woodstock & Blockton Ry (11)	50 00	11
12				Chatham Terminal Co. (12)	50 00	12
13				Beaver Street Tower Co (13)	25.00	13
14				Iowa Transfer Ry Co (14)	25.00	14
15						15
16						16
17				Total A-1		17
18						18
19						19
20						20
21		A-3	VI	Green Real Estate Co. (15)		21
22			X	Norfolk Southern Corp (16)		22
23				Total A-3		23
24						24
25						25
26						26
27						27
28						28
29						29
30						30
31						31
32						32
33						33
34						34
35						35
36						36
37						37
38						38

(1) Controlled jointly-other RRs own 75%

(6) Controlled jointly-other RRs own 80.41%

(2) Controlled jointly-other RRs own 91 67%

(7) Lexington Coal Co owns 50%

(3) Controlled jointly-other RRs own 59 36%

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

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

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

(5) Controlled jointly-other RRs own 85 71%

**310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES-Continued**

(Dollars in Thousands)

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

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

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

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

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

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

Line No	Investments and advances				Disposed of profit (loss)	Adjustments Account 721.5	Dividends or interest credited to income	Line No.
	Opening balance	Additions	Deductions (if other than sale, explain)	Closing balance				
	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
1	173			173		20		1
2	*			*				2
3	157			157				3
4	623			623				4
5	330			330				5
6	309			309				6
7	85			85				7
8	28			28				8
9	19			19				9
10	35			35				10
11	120			120				11
12	19			19				12
13	*			*				13
14	16			16				14
15								15
16								16
17	1,914			1,914		20		17
18								18
19								19
20								20
21	10		10	0				21
22	756,629	180,321	3,001	933,949				22
23	756,639	180,321	3,011	933,949			0	23
24								24
25								25
26								26
27								27
28								28
29								29
30			Line 21, column h, represents write off of the investment					30
31			Line 22, column g, represents the unrealized market gain (FAS115)					31
32			Line 22, column h, represents a stock donation					32
33								33
34								34
35								35
36			* Carrying value is zero					36
37								37
38								38

(10) CSX Transp., Inc. owns 66 67%

(15) Investment written off in 2005

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

(16) Line 23, col. (g) see note 8, page 14

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

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

(14) BN owns 25%, UP owns 25%, and Iowa Interstate owns 25%

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

Line No	Account No.	Class No	Kind of industry	Name of issuing company and also lien reference, if any (include rate for preferred stocks and bonds)	Extent of Control	Line No
	(a)	(b)	(c)	(d)	(e)	
1	721	E-1	VII	Akron Barberton Belt Rwy.		1
2				Kansas City Terminal Rwy.		2
3				Terminal Railroad Association of St. Louis		3
4				Central Transfer Ry. & Storage Co.		4
5				North Charleston Terminal Co		5
6				Chatham Terminal Co.		6
7				Beaver St. Tower Co.		7
8				Woodstock & Blocton Ry.		8
9						9
10						10
11						11
12				Total E-1		12
13						13
14		E-3	X	Norfolk Southern Corporation		14
15			X	Other (principally long-term investments in certificates of deposit)		15
16			VI	Southern Region Industrial Realty, Inc		16
17						17
18				Total E-3		18
19						19
20						20
21						21
22						22
23						23
24						24
25						25
26				Total 721		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	1,115	6,533	1,416	6,232				15
16	383			383				16
17								17
18	41,229	6,533	1,416	46,346				18
19								19
20								20
21								21
22	804,333	186,854	4,427	986,760		20	0	22
23								23
24				(20)	721 5 Total			24
25				317,289	Sch 310A Total			25
26				1,304,029				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	Adjustment for investments equity method	Equity in undistributed earnings (losses) during year	Amortization during year	Adjustment for investments disposed of or written down during year	Balance at close of year	Line No
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
1	Carriers: (List specifics for each company)							1
2	Algers Winslow and Western	502	(250)	43			295	2
3	Augusta and Summerville	56					56	3
4	Belt Railway Company of Chicago*	8,927		2,134			11,061	4
5	Central Transfer and Storage Co.	11		1			12	5
6	Peoria and Pekin Union Rwy *	1,349	(1,016)	109			442	6
7	TTX Co. (formerly Trailer-Train Co) *	265,274		22,192			287,466	7
8	Winston-Salem Southbound Rwy	5,790	(6)	(312)			5,478	8
9	Woodstock and Blocton	2					2	9
10	Total Carriers	281,911	(1,272)	24,173 *			304,812	10
11	Noncarriers:							11
12	Calthness Western Wind Acquisition, LLC	13,256	3,631	(5,526)			11,361	12
13	Pike Letcher Syntuel, LLC	1,674	85,701	(86,259)			1,116	13
14	Total Noncarriers	14,930	89,332	(91,785)			12,477	14
15	Total Equity	296,841	88,060	(67,612)			317,289	15

### NOTE:

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

Dividends received are accounted (in column (c)) as a reduction in the investment carrying value.

\* Equity in undistributed earnings during the year for lines 3, 5 and 6 credited to operating expenses due to nature of operations equals \$24,435, which leaves (\$262) applied to equity in undistributed earnings



## INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 330

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

## NOTES AND REMARKS

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

531,891	Schedule 410, Lines 136 - 138, Column (h)
4,427	Shop Machinery
5,736	Depreciation capitalized
<u>542,054</u>	Total
523,963	Schedule 335, Line 30, Column (c)
179	Schedule 339, Line 41, Column (c)
17,912	Schedule 342
<u>542,054</u>	Total

Equipment (Column (c))

295,099	Schedule 410, sum of lines 213, 232, 317, Column (h)
(4,427)	Shop Machinery
-	Other
<u>290,672</u>	Total
290,219	Schedule 335, Line 40, Column (c)
453	Schedule 342
<u>290,672</u>	

Schedule 342 (Column (c))

17,912	Road
453	Equipment
<u>18,365</u>	Schedule 342, Line 41, Column (c)

Reconciliation of Accumulated Depreciation and Amortization to Schedule 200

6,648,098	Schedule 335, Line 41, Column (g)
178,317	Schedule 342, Line 41, Column (g)
<u>6,826,415</u>	
<u>6,826,415</u>	Schedule 200, Line 27, Column (b)

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

Line No.	Cross Check	Account (a)	Balance at beginning of year (b)	Expenditures during the year for original road and equipment, and road extensions (c)	Expenditures during the year for purchase of existing lines, reorganizations, etc (d)*	Line No.
1		(2) Land for transportation purpose	1,972,050		0	1
2		(3) Grading	1,840,225		1,044,398	2
3		(4) Other, right-of-way expenditures	7,618		(2)	3
4		(5) Tunnels and subways	186,673		72,830	4
5		(6) Bridges, trestles, and culverts	1,591,801		485,871	5
6		(7) Elevated structures	39,274		1,301	6
7		(8) Ties	3,230,268		(355,392)	7
8		(9) Rail and other track material	5,033,739		(804,863)	8
9		(11) Ballast	1,718,051		(288,472)	9
10		(13) Fences, snow sheds, and signs	7,113		(235)	10
11		(16) Station and office buildings	495,256		1,164	11
12		(17) Roadway buildings	51,314		(2,392)	12
13		(18) Water stations	75		(31)	13
14		(19) Fuel stations	45,893		(10,556)	14
15		(20) Shops and enginehouses	251,309		(22,131)	15
16		(22) Storage warehouses	4,143		0	16
17		(23) Wharves and docks	361		(334)	17
18		(24) Coal and ore wharves	178,202		(16,059)	18
19		(25) TOFC/COFC terminals	407,866		(21,945)	19
20		(26) Communications systems	394,898		2,754	20
21		(27) Signals and interlocker	962,388		(69,881)	21
22		(29) Power plants	2,836		(47)	22
23		(31) Power-transmissions systems	25,175		1,568	23
24		(35) Miscellaneous structures	15,984		(1,179)	24
25		(37) Roadway machines	282,808		19,777	25
26		(39) Public improvements-Construction	388,986		(17,640)	26
27		(44) Shop machinery	91,823		(3,086)	27
28		(45) Power-plant machinery	17,774		(2,388)	28
29		Other (specify and explain)	0			29
30		<b>TOTAL EXPENDITURES FOR ROAD</b>	<b>19,243,903</b>		<b>13,030</b>	<b>30</b>
31		(52) Locomotives *	3,112,092		5,593	31
32		(53) Freight-train cars	2,738,313		(32,039)	32
33		(54) Passenger-train cars	0		0	33
34		(55) Highway revenue equipment	150,817		0	34
35		(56) Floating equipment	0		0	35
36		(57) Work equipment	131,938		(4,433)	36
37		(58) Miscellaneous equipment	167,992		5,543	37
38		(59) Computer systems and word processing equip	293,987		7,310	38
39		<b>TOTAL EQUIPMENT</b>	<b>6,595,139</b>		<b>(18,026)</b>	<b>39</b>
40		(76) Interest during construction	0			40
41		(80) Other elements of investment	0			41
42		(90) Construction in progress	306,115			42
43		<b>GRAND TOTAL</b>	<b>26,145,157</b>		<b>(4,996)</b>	<b>43</b>

\* Amounts disclosed in Column (d) reflect reclassification of PRR asset values by ICC based on supporting appraisals. See Schedule 200, Footnote 11 for further information related to the Conrail Corporate Reorganization

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		5,419	2,537	2,882	1,974,932	1
2		9,578	709	1,053,267	2,893,492	2
3		123	0	121	7,739	3
4		0	12	72,818	259,491	4
5		27,582	738	512,715	2,104,516	5
6		161	0	1,462	40,736	6
7		185,579	57,482	(227,295)	3,002,973	7
8		141,870	44,402	(707,395)	4,326,344	8
9		79,326	18,700	(227,846)	1,490,205	9
10		0	0	(235)	6,878	10
11		9,823	2,967	8,020	503,276	11
12		111	81	(2,362)	48,952	12
13		0	0	(31)	44	13
14		134	43	(10,465)	35,428	14
15		10,006	1,249	(13,374)	237,935	15
16		0	0	0	4,143	16
17		0	0	(334)	27	17
18		350	(23)	(15,686)	162,516	18
19		8,294	1,018	(14,669)	393,197	19
20		2,511	118	5,147	400,045	20
21		39,772	657	(30,766)	931,622	21
22		0	2	(49)	2,787	22
23		282	7	1,843	27,018	23
24		196	0	(983)	15,001	24
25		13,566	9,613	23,730	306,538	25
26		40,206	3,331	19,235	408,221	26
27		524	221	(2,783)	89,040	27
28		0	0	(2,388)	15,386	28
29						29
30		575,413	43,864	444,579	2,196,887	30
31		172,598	38,302	139,889	3,251,981	31
32		16,187	50,018	(65,870)	2,672,443	32
33		0	0	0	0	33
34		8,980	4,154	4,826	155,643	34
35		0	0	0	0	35
36		2,135	867	(3,165)	128,773	36
37		11,741	10,508	6,776	174,768	37
38		26,117	13,736	19,691	313,678	38
39		237,758	117,585	102,147	16,697,286	39
40		0	0	0	0	40
41		0	0	0	0	41
42		210,128	(3,364)	213,492	519,607	42
43		1,023,299	258,085	760,218	26,905,975	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 therefore are included in the rent for equipment and Account Nos 31-22-00, 31-23-00, 31-25-00, 31-21-00, 35-21-00, 35-23-00, 35-22-00, and 35-25-00. It should include the cost of equipment owned and leased to others when the rents therefrom are included in the rent for equipment Accounts Nos 32-21-00, 32-22-00, 32-23-00, 32-25-00, 36-21-00, 36-22-00, and 36-25-00, inclusive. The composite rates used should be those prescribed or otherwise authorized by the Commission, except that where the use of component rates has been authorized, the composite rates to be shown for the respective primary accounts should be recomputed from the December charges developed by the use of the authorized rates. If any changes in rates were effective during the year, give full particulars in a footnote.

2 All 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 therefrom 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 other or total equipment leased from others represents less than 5% of total road owned or total equipment owned, respectively.

Line No	Account  (a)	OWNED AND USED		Annual composite rate (percent) (d)	LEASED FROM OTHERS			Line No
		Depreciation base			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	2,833,659	2,842,228	1 05%				1
2	(4) Other, right-of-way expenditures	7,058	7,179	1 05%				2
3	(5) Tunnels and subways	259,500	259,491	0 83%				3
4	(6) Bndges, trestles, and culverts	2,044,066	2,069,392	1 03%				4
5	(7) Elevated structures*	40,577	40,736	6 71%				5
6	(8) Ties	2,723,203	2,835,769	3 13%				6
7	(9) Rail and other track material	3,971,079	4,047,330	2 32%				7
8	(11) Ballast	1,345,206	1,388,989	2 50%				8
9	(13) Fences, snow sheds, and signs	6,616	6,616	1.05%				9
10	(16) Stabon and office buildings	465,497	468,785	2 85%				10
11	(17) Roadway buildings	48,660	48,688	2 56%				11
12	(18) Water stations	45	44	2 33%				12
13	(19) Fuel stations	33,839	33,929	3 20%				13
14	(20) Shops and enginehouses	220,187	228,747	2 00%	NOT APPLICABLE - 5 % RULE			14
15	(22) Storage warehouses	4,143	4,143	2 49%				15
16	(23) Wharves and docks	26	27	2 86%				16
17	(24) Coal and ore wharves	162,142	162,516	2 55%				17
18	(25) TOFC/COFC terminals	364,121	369,425	3 07%				18
19	(26) Communications systems	393,135	395,474	3 84%				19
20	(27) Signals and interlocker	855,020	875,248	1 78%				20
21	(29) Power plants	2,770	2,769	3 13%				21
22	(31) Power-transmissions systems	25,954	26,230	2 50%				22
23	(35) Miscellaneous structures	13,037	13,234	2 78%				23
24	(37) Roadway machines	302,583	306,715	5 64%				24
25	(39) Public improvements-Construction	349,495	381,666	2.63%				25
26	(44) Shop machinery	88,642	88,926	3 40%				26
27	(45) Power-plant machinery	15,345	15,342	2 33%				27
28	All other road accounts	0	0	0 00%				28
29	Amortization (Adjustments)	0	0	0 00%				29
30	TOTAL ROAD	16,575,605	16,919,838	2 20%				30
	EQUIPMENT							
31	(52) Locomotives	3,115,365	3,156,924	3 58%				31
32	(53) Freight-train cars	2,704,020	2,672,416	3 18%				32
33	(54) Passenger-train cars	0	0	0 00%				33
34	(55) Highway revenue equipment	150,817	155,852	6 84%				34
35	(56) Floating equipment	0	0	5 00%				35
36	(57) Work equipment	127,168	128,629	2 27%				36
37	(58) Miscellaneous equipment	173,531	175,752	8 52%				37
38	(59) Computer systems and word processing equipment	301,296	308,393	16 67%				38
39	TOTAL EQUIPMENT	6,572,197	6,597,966	4 21%				39
40	GRAND TOTAL	23,147,802	23,517,804	2 76%				40

\* See Footnotes for Schedule 332 on Page 39.

**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	190,775	46,308	0	727	0	236,354	1
2		(4) Other, right-of-way expenditures	1,133	52	0	1	0	1,184	2
3		(5) Tunnels and subways	21,907	1,182	0	12	0	23,077	3
4		(6) Bridges, trestles, and culverts	164,952	22,905	0	141	0	187,716	4
5		(7) Elevated structures	38,193	227	0	0	0	38,420	5
6		(8) Ties	790,519	169,049	0	57,400	0	902,168	6
7		(9) Rail and other track material	989,349	133,493	0	48,887	0	1,073,955	7
8		(11) Ballast	221,759	50,489	0	17,991	0	254,257	8
9		(13) Fences, snow sheds, and signs	3,265	49	0	0	0	3,314	9
10		(16) Station and office buildings	132,957	14,986	0	3,018	0	144,925	10
11		(17) Roadway buildings	21,071	1,340	0	81	0	22,330	11
12		(18) Water stations	3	3	0	0	0	6	12
13		(19) Fuel stations	9,953	1,586	0	80	0	11,459	13
14		(20) Shops and enginehouses	79,928	4,517	0	1,421	0	83,024	14
15		(22) Storage warehouses	1,145	103	0	0	0	1,248	15
16		(23) Wharves and docks	0	18	0	0	0	18	16
17		(24) Coal and ore wharves	65,987	4,271	0	0	0	70,258	17
18		(25) TOFC/COFC terminals	83,276	13,237	0	522	0	95,991	18
19		(26) Communications systems	163,819	16,763	0	243	0	180,339	19
20		(27) Signals and interlocker	154,373	14,239	0	(9,411)	0	178,023	20
21		(29) Power plants	1,816	148	0	0	0	1,964	21
22		(31) Power-transmissions systems	10,520	708	0	11	0	11,217	22
23		(35) Miscellaneous structures	5,080	429	0	49	0	5,460	23
24		(37) Roadway machines	120,668	18,092	0	9,360	0	129,400	24
25		(39) Public improvements-Construction	51,950	10,473	0	3,089	0	59,334	25
26		(44) Shop machinery*	29,577	4,427	0	455	0	33,549	26
27		(45) Power-plant machinery	7,545	346	0	0	0	7,891	27
28		All other road accounts	0	0	0	0	0	0	28
29		Amortization (Adjustments)	82,551	(5,475)	0	(22)	0	77,098	29
30		TOTAL ROAD	3,444,071	523,963	0	134,055	0	3,833,979	30
31	*	(52) Locomotives	939,220	120,191	0	35,237	0	1,024,174	31
32	*	(53) Freight-train cars	1,079,974	96,360	0	35,087	0	1,141,247	32
33	*	(54) Passenger-train cars	0	0	0	0	0	0	33
34	*	(55) Highway revenue equipment	96,886	8,826	0	3,826	0	101,886	34
35	*	(56) Floating equipment	0	0	0	0	0	0	35
36	*	(57) Work equipment	36,322	3,862	0	37	0	40,147	36
37	*	(58) Miscellaneous equipment	74,406	15,933	0	9,726	0	80,613	37
38		(59) Computer systems and word processing equipment	185,605	52,937	0	13,154	0	225,388	38
39	*	Amortization Adjustments	208,574	(7,890)	0	20	0	200,664	39
40		TOTAL EQUIPMENT	2,620,987	290,219	0	97,087	0	2,814,119	40
41		GRAND TOTAL	6,065,058	814,182	0	231,142	0	6,648,098	41

\* 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>	4,487	179				4,666	41

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

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

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

Line No.	Account (a)	Depreciation base		Annual composite rate (percent) (d)	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	NOT APPLICABLE - 5 % RULE			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>	561,328	576,782	2.90%	41

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

**342. ACCUMULATED DEPRECIATION -- IMPROVEMENTS TO ROAD AND EQUIPMENT LEASED FROM OTHERS**  
(Dollars in Thousands)

1 Enter the required information concerning debits and credits to Account 733, "Accumulated Depreciation -- Improvements of Leased Property," during the year relating to improvements made to road and equipment property leased from others, the depreciation charges for which are included in operating expenses of the respondent

2 If any entries are made for column (d) "Other credits" or column (f) "Other debits," state the facts occasioning such entries on page 39. A debit balance in column (b) or (g) for any primary account should be shown in parenthesis or designated "Dr."

3 Any inconsistency between the credits to the reserve as shown in column (c) and the charges to operating expenses should be fully explained on page 39.

4 Show in column (e) the debits to the reserve arising from retirements. These debits should not exceed investment, etc.

5 Details in the respective sections of this schedule may be omitted if either total road leased from others or total equipment leased from others represents less than 5% of total road owned or total equipment owned, respectively. However, line 39, Grand Total should be completed.

Line No	Cross Check	Account (a)	Balance at beginning of year (b)	CREDITS TO RESERVE During the year		DEBITS TO RESERVE During the year		Balance at close of year (g)	Line No
				Charges to operating expenses (c)	Other credits (d)	Retirements (e)	Other debits (f)		
		<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		NOT APPLICABLE - 5 % RULE					13
14		(20) Shops and enginehouses							14
15		(22) Storage warehouses							15
16		(23) Wharves and docks							16
17		(24) Coal and ore wharves							17
18		(25) TOFC/COFC terminals							18
19		(26) Communications systems							19
20		(27) Signals and interlocker							20
21		(29) Power plants							21
22		(31) Power-transmissions systems							22
23		(35) Miscellaneous structures							23
24		(37) Roadway machines							24
25		(39) Public improvements-Construction							25
26		(44) Shop machinery*							26
27		(45) Power-plant machinery							27
28		All other road accounts							28
29		Amortization (Adjustments)							29
30		<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>	165,171	18,365	0	5,219	0	178,317	41

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



## NOTES AND REMARKS

**SCHEDULE 332**

Amounts in Columns (b) and (c) reflect reclassification of PRR asset values by ICC consistent with Column (d) per Schedule 330. NS whole life rates are disclosed per Column (d).

*During 2004, NS discontinued depreciation accruals on \$38,166,131 of investment in ICC 7 account because the facility at Kopperston, WV was fully depreciated.*

**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 WP 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 WP equip							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 therefor are recorded.

Line No	Class (See Ins. 2) (a)	Name of company (b)	Miles of road used (See Ins. 4) (whole number) (c)	Investments in property (See Ins. 5) (d)	Depreciation & amortization of defense projects (See Ins. 6) (e)	Line No
1	R	Norfolk Southern Combined Railroad Subsidiaries	17,428	26,905,375	6,826,415	1
2						2
3	L	C & E Railroad Company	2	0		3
4	L	Cincinnati Southern Railway	335	53,089		4
5	L	Pittsburgh & West Virginia Railroad	121	49,837	20,518	5
6	L	P & WV Subleased to Wheeling & Lake Erie	(121)	(49,837)	(20,518)	6
7		SUB-TOTAL	337	53,089	0	7
8						8
9	O	Baltimore & Ohio Railroad		53		9
10	O	Carolina Aluminum company	11	674		10
11	O	Central Transfer & Storage		12		11
12	O	Chicago & Illinois Midland Railway Company	10	13		12
13	O	Georgia Railroad & Banking Company		2		13
14		SUB-TOTAL	21	754	0	14
15						15
16		Less Lines Leased to or Operated by Others				16
17	R	Aberdeen Carolina Western	104	14,907		17
18	R	Adrienne Blissfield Railroad	2	246		18
19	R	Athens Lines LLC	38	6,223		19
20	R	BN Railroad	27	2,864		20
21	R	C & NC Railroad	22	2,477		21
22	R	C S X, Corp	20	2,893		22
23	R	Carolina Coastal Railway	17	2,457		23
24	R	Central New York Railroad	123	63,694		24
25	R	Central Railroad Company of Indianapolis	38	5,862		25

352A INVESTMENT IN RAILROAD PROPERTY USED IN TRANSPORTATION SERVICE (By Company) - Continued						
Line No	Class (See Ins 2) (a)	Name of company (b)	Miles of road used (See Ins 4) (whole number) (c)	Investments in property (See Ins 5) (d)	Depreciation & amortization of defense projects (See Ins 6) (e)	Line No
26	R	Chattanooga Chickamauga Railway	19	2,163		26
27	R	Chesapeake & Albemarle Railway	77	10,211		27
28	R	Commonwealth Railway Company	13	1,345		28
29	R	East Chattanooga Belt Railway	4	604		29
30	R	Eastern Shore Railroad	5	558		30
31	R	Georgia & Florida Railway Company	58	7,559		31
32	R	Georgia Southwestern Railway	50	5,497		32
33	R	Great Walton Railroad Company	27	3,453		33
34	R	Iowa Interstate	14	1,496		34
35	R	Metra	33	3,540		35
36	R	Ogeechee Railway	57	7,778		36
37	R	R J Corman Co - Western Ohio Line	16	1,754		37
38	R	Railtex	72	10,675		38
39	R	South Carolina Central Railroad	79	10,379		39
40	R	West Tennessee Railway Company	138	19,958		40
41	R	Western New York & Pennsylvania Railroad Company	45	20,774		41
42	R	Yadkin Valley Railroad	93	8,776		42
43		SUB-TOTAL	1,191	218,143	0	43
44						44
45						45
46						46
47						47
48						48
49						49
50						50
51						51
52						52
53						53
54						54
55						55
56						56
57						57
58						58
59						59
60						60
61						61
62						62
63						63
64						64
65						65
66						66
67						67
68						68
69						69
70						70
71						71
72						72
73						73
74						74
75		TOTAL	16,595	26,741,075	6,826,415	75

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## 352B INVESTMENT IN RAILWAY PROPERTY USED IN TRANSPORTATION SERVICE

(By Property Accounts)

(Dollars in Thousands)

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

Line No	Cross Check	Account (a)	Respondent (b)	Lessor railroads (c)	Inactive (propne- tary companies) (d)	Other leased properties (e)	Line No.
1		(2) Land for transportation purpose	1,947,057	5,493		1	1
2		(3) Grading	2,865,446	21,826		12	2
3		(4) Other, right-of-way expenditures	7,738	137		0	3
4		(5) Tunnels and subways	259,491	5,574		0	4
5		(6) Bridges, trestles, and culverts	2,096,926	10,687		71	5
6		(7) Elevated structures	40,736	0		0	6
7		(8) Ties	2,943,488	1,174		225	7
8		(9) Rail and other track material	4,262,297	5,884		337	8
9		(11) Ballast	1,461,534	2,156		97	9
10		(13) Fences, snow sheds, and signs	6,824	181		0	10
11		(16) Station and office buildings	502,565	1,288		0	11
12		(17) Roadway buildings	48,936	71		0	12
13		(18) Water stations	43	24		0	13
14		(19) Fuel stations	35,424	70		0	14
15		(20) Shops and enginehouses	237,885	47		0	15
16		(22) Storage warehouses	4,143	0		0	16
17		(23) Wharves and docks	27	0		0	17
18		(24) Coal and ore wharves	162,516	0		0	18
19		(25) TOFC/COFC terminals	392,884	0		0	19
20		(26) Communications systems	399,032	204		5	20
21		(27) Signals and interlocker	931,621	666		3	21
22		(29) Power plants	2,784	0		0	22
23		(31) Power-transmissions systems	27,018	0		0	23
24		(35) Miscellaneous structures	14,739	6		0	24
25		(37) Roadway machines	306,538	0		0	25
26		(39) Public improvements-Construction	408,221	1,445		3	26
27		(44) Shop machinery*	89,040	19		0	27
28		(45) Power-plant machinery	15,386	8		0	28
29		Leased property capitalized rentals (explain)	0	0		0	29
30		Other (specify and explain) Accts. 1 & 77	0	3,658		0	30
31		TOTAL EXPENDITURES FOR ROAD	19,470,339	60,618	0	754	31
32		(52) Locomotives	3,251,981	0		0	32
33		(53) Freight-train cars	2,672,443	0		0	33
34		(54) Passenger-train cars	0	0		0	34
35		(55) Highway revenue equipment	155,643	0		0	35
36		(56) Floating equipment	0	0		0	36
37		(57) Work equipment	128,773	0		0	37
38		(58) Miscellaneous equipment	174,768	0		0	38
39		(59) Computer systems and word processing equip	313,678	0		0	39
40		TOTAL EQUIPMENT	6,697,286	0	0	0	40
41		(76) Interest during construction	0	2,580		0	41
42		(80) Other elements of investment	0	(10,109)		0	42
43		(90) Construction in progress	519,607	0		0	43
44		GRAND TOTAL	26,687,232	53,089	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	= Line 29, column (c)
Line 620, column (g)	= Line 14, column (e)	through 135, column (f)	
			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, 38, column (f)
		Lines 311, 312, 315, 316, column (f)	= Lines 32, 35, 36, 37, 40, 41, column (f)
			And
			Schedule 414
Line 507, column (f)	= Line 1, column (j)		Minus line 24, columns (b) through (d)
Line 508, column (f)	= Line 2, column (j)		plus line 24, columns (e) through (g)
Line 509, column (f)	= Line 3, column (j)		
Line 510, column (f)	= Line 4, column (j)		Schedule 415
Line 511, column (f)	= Line 5, column (j)	Line 213, column (f)	= Lines 5, 38, columns (c) and (d)
Line 512, column (f)	= Line 6, column (j)	Line 232, column (f)	= Lines 24, 39, columns (c) and (d)
Line 513, column (f)	= Line 7, column (j)	Line 317, column (f)	= Lines 32, 35, 36, 37, 40, 41, columns (c) and (d)
Line 514, column (f)	= Line 8, column (j)		
Line 515, column (f)	= Line 9, column (j)		Lines 5, 38, column (b)
Line 516, column (f)	= Line 10, column (j)	Line 202, 203, 216, column (f), equal to or greater than, but variance cannot exceed line 216, column (f)	
Line 517, column (f)	= Line 11, column (j)	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 lubrcants (c)	Purchased services (d)	General (e)	Total freight expense (f)				
		WAY AND STRUCTURES: ADMINISTRATION	\$	\$	\$	\$	\$	\$		\$	
1		Track	1,289	1,070	1,183	2,326	5868			5868	1
2		Bridge and Building	88	252	806	505	1,651			1,651	2
3		Signal	69	331	554	596	1,550			1,550	3
4		Communication	1	66	3,263	483	3,813			3,813	4
5		Other	1,410		2		1,412			1,412	5
		TOTAL ADMINISTRATION	2,857	1,719	5,808	3,910	14,294			14,294	
		REPAIR AND MAINTENANCE									
6		Roadway - Running	19,728	503	21,082	3	41,316			41,316	6
7		Roadway - Switching	1,542	13	434		1,989			1,989	7
8		Tunnels and Subways - Running	1		1		2			2	8
9		Tunnels and Subways - Switching									9
10		Bridges and Culverts - Running	16,008	1,233	14,088	3,458	34,787			34,787	10
11		Bridges and Culverts - Switching	908	92	325	200	1,525			1,525	11
12		Ties - Running	5,297	2,171	3,941	11	11,420			11,420	12
13		Ties - Switching	329	278	5		612			612	13
14		Rail and Other Track Material - Running	47,389	10,156	17,822	12,618	87,985			87,985	14
15		Rail and Other Track Material - Switching	3,509	810	1,092	702	6,113			6,113	15
16		Ballast - Running	4,612	625	2,759		7,996			7,996	16
17		Ballast - Switching	340	51	156		547			547	17
18		Road Property Damaged - Running	3,575	7,387	4,156	202	15,320			15,320	18
19		Road Property Damaged - Switching									19
20		Road Property Damaged - Other	9	9			18			18	20
21		Signals and Interlockers - Running	20,723	11,935	2,925	1,291	36,874			36,874	21
22		Signals and Interlockers - Switching	1,177	172		27	1,376			1,376	22
23		Communications Systems	5,904	2,039	15,138	5	23,086			23,086	23
24		Power Systems	822	88	12		922			922	24
25		Highway Grade Crossings- Running	808	2,435	2,377	483	6,103			6,103	25
26		Highway Grade Crossings- Switching		45	98		143			143	26
27		Station and Office Buildings	1,588	1,322	8,344	2	11,256			11,256	27
28		Shop Buildings - Locomotives	3,062	3,086	3,883		10,031			10,031	28
29		Shop Buildings - Freight Cars	435	807	1,294		2,536		N/A	2,536	29
30		Shop Buildings - Other Equipment	5	24	33		62			62	30

410 RAILWAY OPERATING EXPENSES - Continued  
(Dollars in Thousands)

Road Initials NS Rail Year 2005

Line No	Cross Check	Name of railway operating expense account (a)	FREIGHT					Passenger (g)	Total (h)	Line No.
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)			
101		REPAIR AND MAINTENANCE - Continued:								
		Locomotive Servicing Facilities	4	4	23		31		31	101
102		Miscellaneous Buildings and Structures	1,008	1,481	534	2	3,025		3,025	102
103		Coal Terminals	1,458	1,210	860	1	3,529	N/A	3,529	103
104		Ore Terminals						N/A		104
105		Other Marine Terminals						N/A		105
106		TOFC/COFC Terminals	235	3,350	5,468		9,053	N/A	9,053	106
107		Motor Vehicle Loading and Distribution Facilities			1,534		1,534	N/A	1,534	107
108		Facilities for Other Specialized Service Operations	18	720	1,289	42	2,069	N/A	2,069	108
109		Roadway Machines	8,365	13,110	2,577	663	24,715		24,715	109
110		Small Tools and Supplies	40	22,651	1,320	4	24,015		24,015	110
111		Snow Removal	1,625	492	1,830	1	3,948		3,948	111
112		Fringe Benefits - Running	N/A	N/A	N/A	78,265	78,265		78,265	112
113		Fringe Benefits - Switching	N/A	N/A	N/A	2,902	2,902		2,902	113
114		Fringe Benefits - Other	N/A	N/A	N/A	5,843	5,843		5,843	114
115		Casualties and Insurance - Running	N/A	N/A	N/A	24,630	24,630		24,630	115
116		Casualties and Insurance - Switching	N/A	N/A	N/A	1,681	1,681		1,681	116
117		Casualties and Insurance - Other	N/A	N/A	N/A	5,594	5,594		5,594	117
118	*	Lease Rentals - Debit - Running	N/A	N/A	32,027	N/A	32,027		32,027	118
119	*	Lease Rentals - Debit - Switching	N/A	N/A	129,707	N/A	129,707		129,707	119
120	*	Lease Rentals - Debit - Other	N/A	N/A	20,760	N/A	20,760		20,760	120
121	*	Lease Rentals - (Credit) - Running	N/A	N/A	(8,173)	N/A	(8,173)		(8,173)	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	5,549	N/A	5,549		5,549	124
125		Joint Facility Rent - Debit - Switching	N/A	N/A	2,152	N/A	2,152		2,152	125
126		Joint Facility Rent - Debit - Other	N/A	N/A	123	N/A	123		123	126
127	*	Joint Facility Rent - (Credit) - Running	N/A	N/A	(6,115)	N/A	(6,115)		(6,115)	127
128	*	Joint Facility Rent - (Credit) - Switching	N/A	N/A	(961)	N/A	(961)		(961)	128
129	*	Joint Facility Rent - (Credit) - Other	N/A	N/A	(68)	N/A	(68)		(68)	129
130	*	Other Rents - Debit - Running	N/A	N/A	1,948	N/A	1,948		1,948	130
131	*	Other Rents - Debit - Switching	N/A	N/A	3	N/A	3		3	131
132	*	Other Rents - Debit - Other	N/A	N/A	2,247	N/A	2,247		2,247	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	(111)	N/A	(111)		(111)	135

410 RAILWAY OPERATING EXPENSES - Continued  
(Dollars in Thousands)

Line No.	Cross Check	Name of railway operating expense account (a)	FREIGHT					Passenger (g)	Total (h)	Line No
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)			
		REPAIR AND MAINTENANCE - Continued.								
136	*	Depreciation - Running	N/A	N/A	N/A	338,791	338,791		338,791	136
137	*	Depreciation - Switching	N/A	N/A	N/A	31,080	31,080		31,080	137
138	*	Depreciation - Other	N/A	N/A	N/A	162,020	162,020		162,020	138
139		Joint Facility - Debit - Running	N/A	N/A	48,332	N/A	48,332		48,332	139
140		Joint Facility - Debit - Switching	N/A	N/A	4,993	N/A	4,993		4,993	140
141		Joint Facility - Debit - Other	N/A	N/A	780	N/A	780		780	141
142		Joint Facility - (Credit) - Running	N/A	N/A	(24,916)	N/A	(24,916)		(24,916)	142
143		Joint Facility - (Credit) - Switching	N/A	N/A	(2,916)	N/A	(2,916)		(2,916)	143
144		Joint Facility - (Credit) - Other	N/A	N/A	(238)	N/A	(238)		(238)	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	2,865	5		2,441	5,311		5,311	148
149		Other - Switching		6	105		111		111	149
150		Other - Other								150
151		TOTAL REPAIR AND MAINTENANCE	153,389	88,310	320,628	672,962	1,235,289		1,235,289	
		TOTAL WAY AND STRUCTURES	156,246	90,029	326,436	676,872	1,249,583		1,249,583	151
		EQUIPMENT								
		LOCOMOTIVES.								
201		Administration	6,542	407	973	1,185	9,107		9,107	201
202	*	Repair and Maintenance	74,268	134,127	7,116	95	215,606		215,606	202
203	*	Machinery Repair	2,864	2,416	617		5,897		5,897	203
204		Equipment Damaged	379	197	26		602		602	204
205		Fringe Benefits	N/A	N/A	N/A	29,092	29,092		29,092	205
206		Other Casualties and Insurance	N/A	N/A	N/A	32,590	32,590		32,590	206
207	*	Lease Rentals - Debit	N/A	N/A	29,114	N/A	29,114		29,114	207
208	*	Lease Rentals - (Credit)	N/A	N/A	(5,051)	N/A	(5,051)		(5,051)	208
209		Joint Facility Rent - Debit	N/A	N/A	26	N/A	26		26	209
210	*	Joint Facility Rent - (Credit)	N/A	N/A		N/A				210
211	*	Other Rents - Debit	N/A	N/A	613	N/A	613		613	211
212	*	Other Rents - (Credit)	N/A	N/A	(42)	N/A	(42)		(42)	212
213	*	Depreciation	N/A	N/A		119,053	119,053		119,053	213
214		Joint Facility - Debit	N/A	N/A	177	N/A	177		177	214
215		Joint Facility - (Credit)	N/A	N/A	(12)	N/A	(12)		(12)	215
216	*	Repairs Billed to Others - (Credit)	N/A	N/A	(1,899)	N/A	(1,899)		(1,899)	216
217		Dismantling Retired Property								217

## 410 RAILWAY OPERATING EXPENSES - Continued

(Dollars in Thousands)

Road Initials NS Rail Year 2005

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)							
218		LOCOMOTIVES - Continued	5,215	14				2	5,231		5,231	218
219		Other	89,268	137,161	31,658			182,017	440,104		440,104	219
		TOTAL LOCOMOTIVES										
220		FREIGHT CARS.										
221	*	Administration	3,131	1,505	1,483		990		7,109	N/A	7,109	220
222	*	Repair and Maintenance	40,618	52,567	61,344		312		154,841	N/A	154,841	221
223		Machinery Repair	582	1,311	2,021				3,914	N/A	3,914	222
224		Equipment Damaged	1,827	6,602					8,429	N/A	8,429	223
225		Fringe Benefits	N/A	N/A	N/A		17,089		17,089	N/A	17,089	224
226	*	Other Casualties and Insurance	N/A	N/A	N/A		21,682		21,682	N/A	21,682	225
227	*	Lease Rentals - Debit	N/A	N/A	73,815		N/A		73,815	N/A	73,815	226
228		Lease Rentals - (Credit)	N/A	N/A	(7,495)		N/A		(7,495)	N/A	(7,495)	227
229	*	Joint Facility Rent - Debit	N/A	N/A	21		N/A		21	N/A	21	228
230	*	Joint Facility Rent - (Credit)	N/A	N/A			N/A			N/A		229
231	*	Other Rents - Debit	N/A	N/A	486,708		N/A		486,708	N/A	486,708	230
232	*	Other Rents - (Credit)	N/A	N/A	(222,037)		N/A		(222,037)	N/A	(222,037)	231
233		Depreciation	N/A	N/A	N/A		93,256		93,256	N/A	93,256	232
234		Joint Facility - Debit	N/A	N/A	176		N/A		176	N/A	176	233
235	*	Joint Facility - (Credit)	N/A	N/A	(3)		N/A		(3)	N/A	(3)	234
236		Repairs Billed to Others - (Credit)	N/A	N/A	(39,470)		N/A		(39,470)	N/A	(39,470)	235
237		Dismantling Retired Property								N/A		236
238		Other	6,710	14,339	1		79		21,129	N/A	21,129	237
		TOTAL FREIGHT CARS	52,868	76,324	356,564		133,408		619,164	N/A	619,164	238
301		OTHER EQUIPMENT										
302	*	Administration		443	273		1,605		2,321		2,321	301
303	*	Repair and Maintenance										
304	*	Trucks, Trailers and Containers - Revenue Service										
305	*	Floating Equipment - Revenue Service		1,855	55,314		59		57,228	N/A	57,228	302
306	*	Passenger and Other Revenue Equipment			1				1	N/A	1	303
307	*	Computer Systems and Word Processing Equipment										
308	*	Machinery	221	637	32,777				33,414		33,414	304
309	*	Work and Other Non-Revenue Equipment	1,060	152	8				381		381	305
310	*	Machinery		1,801	16,496		23		19,380		19,380	306
311	*	Fringe Benefits	N/A	N/A								
		Other Casualties and Insurance	N/A	N/A								
		Lease Rentals - Debit	N/A	N/A	36,119		N/A		36,119		36,119	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		N/A				312
313		Joint Facility Rent - Debit	N/A	N/A	32	N/A	32		32	313
314	*	Joint Facility Rent - (Credit)	N/A	N/A	(27)	N/A	(27)		(27)	314
315	*	Other Rents - Debit	N/A	N/A	37,337	N/A	37,337		37,337	315
316	*	Other Rents - (Credit)	N/A	N/A	(22,519)	N/A	(22,519)		(22,519)	316
317	*	Depreciation	N/A	N/A	N/A	82,790	82,790		82,790	317
318		Joint Facility - Debit	N/A	N/A	114	N/A	114		114	318
319		Joint Facility - (Credit)	N/A	N/A	(57)	N/A	(57)		(57)	319
320	*	Repairs Billed to Others - (Credit)	N/A	N/A	(4,806)	N/A	(4,806)		(4,806)	320
321		Dismantling Retired Property								321
322		Other								322
323		TOTAL OTHER EQUIPMENT	1,281	4,888	151,062	89,695	246,926		246,926	323
324		TOTAL EQUIPMENT	143,417	218,373	539,284	405,120	1,306,194		1,306,194	324
		TRANSPORTATION								
401		Administration	8,436	4,899	10,001	6,933	30,269		30,269	401
402		Engine Crews	330,968	74	17,425	13,531	361,998		361,998	402
403		Train Crews	265,871	1,980	15,473	14,432	297,756		297,756	403
404		Dispatching Trains	33,009	18		59	33,086		33,086	404
405		Operating Signals and Interlockers	22,675	286	51	339	23,351		23,351	405
406		Operating Drawbridges	4,281			10	4,291		4,291	406
407		Highway Crossing Protection	54	27	4,579		4,660		4,660	407
408		Train Inspection and Lubrication	56,728	206			56,934		56,934	408
409	*	Locomotive Fuel		674,712	5		674,717		674,717	409
410		Electric Power Purchased or Produced for Motive Power								410
411		Servicing Locomotives	18,387	8,794	3,538		30,719		30,719	411
412		Freight Lost or Damaged - Solely Related		N/A	N/A					412
413		Clearing Wrecks	88	1	15,244	7	15,340		15,340	413
414		Fringe Benefits		N/A	N/A	249,109	249,109		249,109	414
415		Other Casualties and Insurance	N/A	N/A	N/A	75,857	75,857		75,857	415
416		Joint Facility - Debit	N/A	N/A	1,812	N/A	1,812		1,812	416
417		Joint Facility - (Credit)	N/A	N/A	(622)	N/A	(622)		(622)	417
418		Other	1,771	4	72,098		73,873		73,873	418
419		TOTAL TRAIN OPERATIONS	742,268	691,001	139,604	360,277	1,933,150		1,933,150	419

**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
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)					
420		YARD OPERATIONS:									
421		Administration	669	353	1,451	800	3,273			3,273	420
422		Switch Crews	198,836	873	15,981	671	216,361			216,361	421
423		Controlling Operations	30,937		2	1	30,940			30,940	422
424		Yard and Terminal Clerical	21,544	5,549	4,410	982	32,485			32,485	423
425	*	Operating Switches, Signals, Retarders and Humps	1	710	35		746			746	424
426		Locomotive Fuel		52,494			52,494			52,494	425
427		Electric Power Purchased or Produced for Motive Power									426
428		Servicing Locomotives	669				669			669	427
429		Freight Lost or Damaged - Solely Related	N/A	N/A	N/A						428
430		Cleaning Wrecks	47	2			49			49	429
431		Fringe Benefits		N/A	N/A	83,441	83,441			83,441	430
432		Other Casualties and Insurance		N/A	N/A	25,202	25,202			25,202	431
433		Joint Facility - Debit	N/A	N/A	9,385	N/A	9,385			9,385	432
434		Joint Facility - (Credit)	N/A	N/A	(1,426)	N/A	(1,426)			(1,426)	433
435		Other			15	4	19			19	434
501		TOTAL YARD OPERATIONS	252,703	59,981	29,853	111,101	453,638			453,638	435
502		TRAIN AND YARD OPERATIONS COMMON:									
503		Cleaning Car Interiors	477	1	1,554	N/A	2,032			2,032	501
504		Adjusting and Transferring Loads	62	26	427	N/A	515		N/A	515	502
505		Car Loading Devices and Grain Doors	4			N/A	4		N/A	4	503
506		Freight Lost or Damaged - All Other		N/A	N/A	23,035	23,035			23,035	504
507	*	Fringe Benefits		N/A	N/A	182	182			182	505
508		TOTAL TRAIN AND YARD OPERATIONS COMMON	543	27	1,981	23,217	25,768			25,768	506
509		SPECIALIZED SERVICES OPERATIONS									
510		Administration	24,200	1,599	8,398	2,626	36,823		N/A	36,823	507
511	*	Pickup and Delivery and Marine Line Haul	5,981		156,898	175	163,054		N/A	163,054	508
512	*	Loading and Unloading and Local Marine	7,479	4,093	256,944	27	268,543		N/A	268,543	509
513	*	Protective Services		146	600		746		N/A	746	510
514	*	Freight Lost or Damaged - Solely Related	N/A	N/A	N/A				N/A		511
515	*	Fringe Benefits	N/A	N/A	N/A	5,402	5,402		N/A	5,402	512
516	*	Casualties and Insurance	N/A	N/A	N/A	3,805	3,805		N/A	3,805	513
517	*	Joint Facility - Debit	N/A	N/A	1,053	N/A	1,053		N/A	1,053	514
518	*	Joint Facility - (Credit)	N/A	N/A	(554)	N/A	(554)		N/A	(554)	515
519	*	Other							N/A		516
520	*	TOTAL SPECIALIZED SERVICES OPERATIONS	37,660	5,838	423,339	12,035	478,872		N/A	478,872	517

410 RAILWAY OPERATING EXPENSES - Continued  
(Dollars in Thousands)

Line No.	Cross Check	Name of railway operating expense account (a)	FREIGHT						Passenger (g)	Total (h)	Line No
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)				
ADMINISTRATIVE SUPPORT OPERATIONS:											
518		Administration		195	181	990	1,366			1,366	518
519		Employees Performing Clerical and Accounting Functions	25,768	772	1,432	160	28,132			28,132	519
520		Communications Systems Operation	3,446			24	3,470			3,470	520
521		Loss and Damage Claims Processing	94	71	2,098	61	2,324			2,324	521
522		Fringe Benefits	N/A	N/A	N/A	12,423	12,423			12,423	522
523		Casualties and Insurance	N/A	N/A	N/A	3,534	3,534			3,534	523
524		Joint Facility - Debit	N/A	N/A	37	N/A				37	524
525		Joint Facility - (Credit)	N/A	N/A		N/A					525
526		Other									526
527		TOTAL ADMINISTRATIVE SUPPORT OPERATIONS	29,308	1,038	3,748	17,192	51,286			51,286	527
528		TOTAL TRANSPORTATION	1,062,482	757,885	598,525	523,822	2,942,714			2,942,714	528
GENERAL AND ADMINISTRATIVE:											
601		Officers - General Administration		1,917	567	2,243	4,727			4,727	601
602		Accounting, Auditing and Finance	3,963	1,308	7,572	794	13,637			13,637	602
603		Management Services and Data Processing	961	445	25,723	1,318	28,447			28,447	603
604		Marketing	413	415	32,500	4,453	37,781			37,781	604
605		Sales		70	90	315	475			475	605
606		Industrial Development	123	127	118	306	674		N/A	674	606
607		Personnel and Labor Relations	1,042	509	11,203	6,565	19,319			19,319	607
608		Legal and Secretarial		428	34,644	6,606	41,678			41,678	608
609		Public Relations and Advertising		157	5,215	901	6,273			6,273	609
610		Research and Development									610
611		Fringe Benefits		N/A	N/A	5,338	5,338			5,338	611
612		Casualties and Insurance	N/A	N/A	N/A	5,183	5,183			5,183	612
613		Writedown of Uncollectible Accounts	N/A	N/A	N/A	2,669	2,669			2,669	613
614		Property Taxes	N/A	N/A	N/A	97,224	97,224			97,224	614
615		Other Taxes Except on Corporate Income or Payrolls	N/A	N/A	N/A	42,005	42,005			42,005	615
616		Joint Facility - Debit	N/A	N/A	999	N/A	999			999	616
617		Joint Facility - (Credit)	N/A	N/A	(88)	N/A	(88)			(88)	617
618		Other	18,325	559	653,114	128,475	800,473			800,473	618
619		TOTAL GENERAL AND ADMINISTRATIVE	24,827	5,935	771,657	304,395	1,106,814			1,106,814	619
620	*	TOTAL CARRIER OPERATING EXPENSES	1,386,972	1,072,222	2,235,902	1,910,209	6,605,305			6,605,305	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	46,163	15,484	(539)	2
3		4	Other, right-of-way expenditures	87	29	(18)	3
4		5	Tunnels and subways	1,228	413	46	4
5		6	Bridges, trestles, and culverts	22,783	7,642	(647)	5
6		7	Elevated structures	(118)	(39)	(396)	6
7		8	Ties	172,843	57,975	(1,413)	7
8		9	Rail and other track material	141,378	47,421	2,078	8
9		11	Ballast	53,093	17,808	168	9
10		13	Fences, snow sheds, and signs	47	16	(8)	10
11		16	Station and office buildings	14,363	4,818	(1,542)	11
12		17	Roadway buildings	1,236	415	(135)	12
13		18	Water stations	5	2	0	13
14		19	Fuel stations	1,535	515	(63)	14
15		20	Shops and enginehouses	4,517	1,515	(104)	15
16		22	Storage warehouses	104	35	(2)	16
17		23	Wharves and docks	18	6	0	17
18		24	Coal and ore wharves	4,268	1,432	(3)	18
19		25	TOFC/COFC terminals	13,679	4,589	(192)	19
20		26	Communications systems	16,092	5,397	(861)	20
21		27	Signals and interlocker	14,709	4,934	(367)	21
22		29	Power plants	141	47	(21)	22
23		31	Power-transmissions systems	674	225	(55)	23
24		35	Miscellaneous structures	422	141	(58)	24
25		37	Roadway machines	11,344	3,805	(1,013)	25
26		39	Public improvements-Construction	10,958	3,676	(304)	26
27		45	Power plant machines	322	107	(26)	27
28			Other lease/rentals				28
29	*		Total	531,891	178,408	(5,475)	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		323	1,147	13,645	2,884	13,509	2
3		Box-Equipped		9,361	43,472	139	17,108	63,736	3
4		Gondola-Plain		837	2,434	1,274	963	2,933	4
5		Gondola-Equipped		4,676	22,681	35	4,212	15,842	5
6		Hopper-Covered		1,200	9,292	11,339	6,304	23,672	6
7		Hopper-Open Top-General Service		890	4,490	4	421	1,753	7
8		Hopper-Open Top-Special Service		188	1,569	2	225	913	8
9		Refrigerator-Mechanical							9
10		Refrigerator-Non-Mechanical		162	505	10	1,573	4,386	10
11		Flat-TOFC/COFC		14	10,971	71,598	6,108	24,012	11
12		Flat-Multi-Level		2,854	47,372	58,997	3,178	29,008	12
13		Flat-General Service		98	373	215	100	180	13
14		Flat-Other		476	3,026	15,566	4,302	16,313	14
15		Tank-Under 22,000 Gallons				12,392			15
16		Tank-22,000 Gallons and Over				12,261			16
17		All Other Freight Cars		316	5,098	1	67	747	17
18		Auto Racks			48,212			39,807	18
19		TOTAL FREIGHT TRAIN CARS		21,395	200,642	197,486	48,655	240,567	19
OTHER FREIGHT CARRYING EQUIPMENT									
20		Refrigerated Trailers							20
21		Other Trailers			7,802	10,570		4,571	21
22		Refrigerated Containers							22
23		Other Containers			14,717	15,244		6,593	23
24	*	TOTAL TRAILERS AND CONTAINERS			22,519	25,814		11,164	24
25		GRAND TOTAL (LINES 19 AND 24)		21,395	223,161	223,300	48,655	251,731	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)		
		LOCOMOTIVES					
1		Diesel Locomotive - Yard	13,896	4,363	69	(28)	1
2		Diesel Locomotive - Road	199,811	91,931	21,176	(2,624)	2
3		Other Locomotive - Yard					3
4		Other Locomotive - Road					4
5	*	TOTAL	213,707	96,294	21,245	(2,652)	5
		FREIGHT TRAIN CARS					
6		Box - Plain 40 Foot					6
7		Box - Plain 50 Foot and Longer	421	37		(13)	7
8		Box - Equipped	31,173	11,863		(5,590)	8
9		Gondola - Plain	13,579	29,475		11,720	9
10		Gondola - Equipped	27,003	1,445		(7,462)	10
11		Hopper - Covered	16,555	2,973		(2,576)	11
12		Hopper - Open Top - General Service	11,789	14,397	27	118	12
13		Hopper - Open Top - Special Service	4,517	3,800		60	13
14		Refrigerator - Mechanical	(27)				14
15		Refrigerator - Nonmechanical	366	387		1	15
16		Flat TOFC/COFC	829	211		48	16
17		Flat Multi - level	907	(440)		(2,165)	17
18		Flat - General Service	103	95		(2)	18
19		Flat - Other	3,973	2,095		483	19
20		All Other Freight Cars	2,605	2,633		655	20
21		Cabooses	55	351		(2)	21
22		Auto Racks	1,523	19,118	126	(109)	22
23		Miscellaneous Accessones (see note 4)		2,933			23
24	*	TOTAL FREIGHT TRAIN CARS	115,371	91,373	153	(4,834)	24
		OTHER EQUIPMENT - REVENUE					
25		FREIGHT HIGHWAY EQUIPMENT					
		Refrigerated Trailers		14			25
26		Other Trailers	13,128	8,847		233	26
27		Refrigerated Containers					27
28		Other Containers	11,762	13	152		28
29		Bogies					29
30		Chassis		33			30
31		Other Highway Equipment (Freight)	27,532				31
32	*	TOTAL HIGHWAY EQUIPMENT	52,422	8,907	152	233	32
		FLOATING EQUIPMENT - REVENUE SERVICE					
33		Marne Line - Haul	1				33
34		Local Marne					34
35	*	TOTAL FLOATING EQUIPMENT	1				35
		OTHER EQUIPMENT					
36	*	Passenger & Other Revenue Equipment (Freight Portion)					36
37	*	Computer systems & word processing equip	33,414	52,686	251		37
38	*	Machinery - Locomotives (see note 1)	5,897	1,231			38
39	*	Machinery - Freight Cars (see note 2)	3,914	1,560			39
40	*	Machinery - Other Equipment (see note 3)	381	1,636			40
41	*	Work & Other Non - revenue Equipment	19,380	19,158		(637)	41
42		TOTAL OTHER EQUIPMENT	62,986	76,271	251	(637)	42
43		TOTAL ALL EQUIPMENT (FREIGHT PORTION)	444,487	272,845	21,801	(7,890)	43

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

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

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

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

## 415. SUPPORTING SCHEDULE -- EQUIPMENT

(Dollars in Thousands)

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

Line No	Cross Check	Lease and rentals (net) (f)	Investment base as of 12/31		Accumulated depreciation as of 12/31		Line No
			Owned (g)	Capitalized lease (h)	Owned (i)	Capitalized lease (j)	
1			78,330	2,107	51,075	86	1
2		20,810	2,578,546	592,082	804,478	168,535	2
3							3
4							4
5		20,810	2,656,876	594,189	855,553	168,621	5
6							6
7			1,811		26,180		7
8		10,863	554,282		263,181	7	8
9		8,272	484,152		198,840		9
10		21,845	363,592		135,326	28	10
11		11,696	253,652		138,699		11
12		3,540	375,757	952	155,599	30	12
13			122,186		36,887		13
14							14
15		302	5,636		2,053		15
16		(2,272)	6,061		4,003		16
17		9,217	46,882		32,945		17
18			3,794		2,198		18
19			67,729		23,824		19
20			59,947	-	11,788		20
21			6,620		3,196		21
22		2,352	295,045	2,360	91,401	167	22
23			20,655		14,895		23
24		65,815	2,667,801	3,312	1,141,015	232	24
25			252		19		25
26		35,503	154,149		101,419		26
27							27
28		602	763				28
29							29
30			479		448		30
31							31
32		36,105	155,643		101,886		32
33							33
34							34
35							35
36							36
37		13	312,172	1,506	224,602	786	37
38		571	24,759		9,329		38
39			31,376		11,822		39
40			32,905		12,398		40
41		360	303,541		120,760		41
42		944	704,753	1,506	378,911	786	42
43		123,674	6,185,073	599,007	2,477,365	169,639	43

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

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

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

Line No	Cross Check	Types of equipment (a)	Repairs (net expense) (b)	Depreciation		Amortization Adjustment net during year (e)	Line No.
				Owned** (c)	Capitalized lease (d)		
		<b>LOCOMOTIVES</b>					
1		Diesel Locomotive - Yard					1
2		Diesel Locomotive - Road		283			2
3		Other Locomotive - Yard					3
4		Other Locomotive - Road					4
5	*	TOTAL		283			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					9
10		Gondola - Equipped		90			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		80			22
23		Miscellaneous Accessories (see note 4)					23
24	*	TOTAL FREIGHT TRAIN CARS		170			24
		<b>OTHER EQUIPMENT - REVENUE</b>					
		<b>FREIGHT HIGHWAY EQUIPMENT</b>					
25		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
		<b>FLOATING EQUIPMENT - REVENUE SERVICE</b>					
33		Marine Line - Haul					33
34		Local Marine					34
35	*	TOTAL FLOATING EQUIPMENT					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					41
42		TOTAL OTHER EQUIPMENT					42
43		TOTAL ALL EQUIPMENT (FREIGHT PORTION)		453			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
2		3,253	916		613		2
3							3
4							4
5		3,253	916		613		5
6							6
7							7
8		8	2		1		8
9							9
10		87	472		438		10
11							11
12							12
13							13
14							14
15							15
16							16
17							17
18							18
19							19
20							20
21							21
22		410	856		796		22
23							23
24		505	1,330		1,235		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		3,758	2,246		1,848		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		Depr. rate % (e)	Improvements to leased property		Capitalized leases			TOTAL		Line No.	
			Inv Base (c)	Accum depr (d)		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	1,245,924	98,148	1.05%							1,245,924	98,148	1
2		8	1,161,515	352,260	3.13%							1,161,515	352,260	2
3		9	1,698,812	438,498	2.50%							1,698,812	438,498	3
4		11	588,374	104,100	2.50%							588,374	104,100	4
5	SUB-TOTAL		4,694,625	993,006								4,694,625	993,006	5
6	II	3	1,129,000	88,935	1.05%							1,129,000	88,935	6
7		8	1,303,068	395,236	3.13%							1,303,068	395,236	7
8		9	1,851,921	478,019	2.28%							1,851,921	478,019	8
9		11	634,677	112,279	2.50%							634,677	112,279	9
10	SUB-TOTAL		4,918,666	1,074,469								4,918,666	1,074,469	10
11	III	3	20,348	N/A	N/A		N/A		N/A	N/A		20,348		11
12		8	38,432	N/A	N/A		N/A		N/A	N/A		38,432		12
13		9	37,556	N/A	N/A		N/A		N/A	N/A		37,556		13
14		11	13,228	N/A	N/A		N/A		N/A	N/A		13,228		14
15	SUB-TOTAL		109,564				N/A		N/A	N/A		109,564		15
16	IV	3	498,220	39,273	1.05%							498,220	39,273	16
17		8	499,958	151,586	3.13%							499,958	151,586	17
18		9	738,055	190,522	1.91%							738,055	190,522	18
19		11	253,926	44,917	2.50%							253,926	44,917	19
20	SUB-TOTAL		1,990,159	426,298								1,990,159	426,298	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		11,713,014	2,493,773	N/A					N/A		11,713,014	2,493,773	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

(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	35,695		1,114			14			36,823	1
2		Pick up and delivery, marine line haul	161,724		1,279			51			163,054	2
3		Loading and unloading and local marine	187,140		10,845			70,558			268,543	3
4		Protective services, total debit and credits							746		746	4
5	*	Freight lost or damaged—solely related									0	5
6		Fringe benefits	4,425		977						5,402	6
7		Casualty and insurance	3,805								3,805	7
8		Joint facility — Debit	1,053								1,053	8
9		Joint facility — Credit	( 554)								( 554)	9
10	*	Other									0	10
11		TOTAL	393,288	0	14,215	0	0	70,623	746	0	478,872	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.

Primary Account No. and Title (a)	Total Investment At End of Year (b)	Capital Leases		
		Investment At End of Year (c)	Current Year Amortization (d)	Accumulated Amortization (e)
ACCT 06-Bridges, trestles, and culverts	2,104,516	2,213	23	28
ACCT 09-Rail and other track material	4,326,344	560	28	280
ACCT 52-Locomotives	3,251,981	594,189	21,245	168,621
ACCT 53-Freight Cars	2,672,443	3,312	153	232
ACCT 55-Highway Revenue	155,643	0	152	0
ACCT 59-Computers	313,678	1,506	251	786

**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>	194,605	1
		<b>U. S. Government Taxes</b>		
		Income Taxes		
2		Normal Tax and Surtax	320,984	2
3		Excess Profits		3
4	*	Total - Income Taxes L 2 + 3	320,984	4
5		Railroad Retirement	319,112	5
6		Hospital Insurance	29,026	6
7		Supplemental Annuities		7
8		Unemployment Insurance	8,872	8
9		All Other United States Taxes		9
10		<b>Total - U. S. Government Taxes</b>	677,994	10
11		<b>Total - Railway Taxes</b>	872,599	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	6,749,394	24,830	29,727	6,803,951	1
2	Accelerated Amortization of Facilities, Sec. 168 I.R.C.	(16,979)	(145)	(174)	(17,298)	2
3	Accelerated amortization of rolling stock, Sec. 184 I.R.C.	(88,852)	(823)	(985)	(90,660)	3
4	Amortization of rights of way, Sec. 185 I.R.C.	83,782	338	406	84,526	4
5	Other (Specify) -- Tax Benefit Transfer Leases	24,455	(228)		24,227	5
6	Reserves, including casualty & other claims	(180,749)	21,180		(159,569)	6
7	Employee Benefits	49,872	18,219		68,091	7
8	Retiree Health & Death Benefit Obligations	(178,631)	(7,795)		(186,426)	8
9	Taxes, including State and Property	(256,359)	(130,205)	1	(386,563)	9
10	Miscellaneous	74,516	29,786	(12,069)	92,233	10
11	Unrealized Holding Gains	264,887	0	60,641	325,528	11
12	Deferred Intercompany Federal Tax Payable, Net	1,013,971	0	173,799	1,187,770	12
13						13
14						14
15						15
16						16
17						17
18						18
19	<b>TOTALS</b>	<b>7,539,307</b>	<b>(44,843)</b>	<b>251,346</b>	<b>7,745,810</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		68,153	2
3					3
4	519	Proceeds from corporate owned life insurance		13,004	4
5					5
6	519	Gain on the disposition of property		11,391	6
7					7
8	551	Discount on sale of receivables	399,766		8
9					9
10	551	Equity in earnings of partnerships and LLC's	91,738		10
11					11
12	551	Charitable contributions	4,093		12
13					13
14					14
15					15
16					16
17					17
18					18
19					19
20					20
21					21
22					22
23					23
24					24
25					25
26					26
27					27
28					28
29					29
30					30

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

**501. GUARANTIES AND SURETYSHIPS**

(Dollars in Thousands)

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

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

Line No.	Names of all parties principally and primarily liable (a)	Description (b)	Amount of contingent liability (c)	Sole or joint contingent liability (d)	Line No
1					1
2					2
3					3
4					4
5					5
6					6
7	(a) Terminal R R Assoc	Refunding & Improvement Mortgage Series		Joint and	7
8	of St Louis	"C" bonds due 7/1/2019 (FD14553-54)	7,787 & int.	Several	8
9					9
10					10
11					11
12					12
13					13
14					14
15					15
16					16
17					17
18					18
19					19
20	(a) Jointly and Severally with BNSF, CSX Transp., CN and UP				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 \$15 million, with various banks, under which no borrowings were outstanding as of December 31, 2005

**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	113,494
3	765/767	Funded Debt Unmatured	Sch 200, L 41	479,026
4	766	Equipment Obligations	Sch 200, L 42	392,626
5	766 5	Capitalized Lease Obligations	Sch 200, L 43	146,905
6	768	Debt in Default	Sch 200, L 44	
7	769	Accounts Payable; Affiliated Companies	Sch 200, L 45	1,029,248
8	770 1/770 2	Unamortized Debt Premium	Sch 200, L 46	136,122
9		Total Debt	Sum L 1-8	2,297,421
10		Debt Directly Related to Road Property	Note 1.	30,699
11		Debt Directly Related to Equipment	Note 1	691,228
12		Total Debt Directly Related to Road & Equipment	Sum L 10 and 11	721,927
13		Percent Directly Related to Road	L 10 div by L 12 Whole % + 2 decimals	4 25%
14		Percent Directly Related to Equipment	L 11 div by L 12 Whole % + 2 decimals	95 75%
15		Debt Not Directly Related to Road or Equipment	L 9 - L 12	1,575,494
16		Road Property Debt (Note 2)	(L 13 x L 15) + L 10	97,657
17		Equipment Debt (Note 2)	(L 14 x L 15) + L 11	2,199,764

**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	190,100
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	190,100
22		Interest Directly Related to Road Property Debt	Note 4	785
23		Interest Directly Related to Equipment Debt	Note 4	32,726
24		Interest Not Directly Related to Road or Equipment Property Debt	L 21 - (L 22 + L 23)	156,589 *
25		Interest Road Property Debt (Note 5)	L 22 + (L 24 x L 13)	7 440
26		Interest Equipment Debt (Note 5)	L 23 + (L 24 x L 14)	182,660
27		Embedded Rate of Debt Capital - Road Property	L 25 div by L 16	7 62%
28		Embedded Rate of Debt Capital - Equipment	L 26 div by L 17	8 30%

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 \$(10,612) 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
- 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)

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

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)	
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, both of which are subject to STB jurisdiction and review.						2
3							3
4	Conrail Inc. and CRC		Other	(See note 1)			4
5	Norfolk Southern Corporation		Controlled	(See note 2)			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

Note 1 - See note 11 to Schedule 200 on page 15

Note 2 - See note 10 to Schedule 200 on page 14.

**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%	16,227	2,630	169	2,077	2,656	5,858	29,617	1
2	1	50%	7	5		5	15	13	45	2
3	1	33%	3	4		4		5	16	3
4	1J	75%						7	7	4
5	1J	67%						4	4	5
6	1J	50%				1	12	23	36	6
7	1J	33%					3	2	5	7
8										8
9		Total Class 1	16,237	2,639	169	2,087	2,686	5,912	29,730	9
10										10
11										11
12	3	100%	23	9			5		37	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	360	180	4	35	54	86	719	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%	4,570	1,204	590	382	130	664	7,540	27
28										28
29		Total Class 5	4,570	1,204	590	382	130	664	7,540	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	21,184	4,023	763	2,504	2,872	6,695	38,041	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 proprie- tary companies (c)	Line operated under lease (d)	Line operated under contract etc. (e)	Line operated under trackage rights (f)	Total mileage operated (g)	Line owned not operated by respondent (h)	New line constructed during year (i)		
1		Alabama	1,279					92	1,371	21		1
2		Canada						301	301			2
3		Delaware	160					43	203			3
4		District of Columbia						13	13			4
5		Florida	96					53	149			5
6		Georgia	1,791					9	1,800	305		6
7		Illinois	847					413	1,260	63		7
8		Indiana	1,276		2			265	1,543	60		8
9		Iowa	6			1		37	44	41		9
10		Kansas						2	2			10
11		Kentucky	156		212			63	431			11
12		Louisiana	77					4	81			12
13		Maryland	95					174	269			13
14		Michigan	414					230	644	2		14
15		Mississippi	209					2	211			15
16		Missouri	344					65	409			16
17		New Jersey	126					807	933			17
18		New York	568					294	862	81		18
19		North Carolina	1,056				11	364	1,431	288		19
20		Ohio	1,825		10			398	2,233	16		20
21		Pennsylvania	1,746				5	637	2,388	87		21
22		South Carolina	679					104	783	16		22
23		Tennessee	708		136			46	890	144		23
24		Virginia	1,993					107	2,100	93		24
25		West Virginia	786					47	833	14		25
26												26
27												27
28												28
29												29
30												30
31												31
32		TOTAL MILEAGE (single track)	16,237		360	17		4,570	21,184	1,231		32

**NOTES AND REMARKS**

## INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 710

Instructions for reporting locomotive and passenger-train car data

- 1 Give particulars of each of the various classes of equipment which respondent owned or leased during the year
- 2 In column (c), give the number of units purchased new or built in company shops In column (d) give the number of new units leased from others The term "new" means a unit placed in service for the first time on any railroad
- 3 Units leased to others for a period of one year or more are reportable in column (f) Units temporarily out of respondent's service and rented to others for less than one year are to be included in column (h) Units rented from others for a period less than one year should not be included in column (i)
- 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 (j), 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				Line No		
			Units installed						Owned and used (h)	Leased from others (i)	Total in service of respondent [col (h) & (i)] (j)	Aggregate capacity of units reported in col (j) (See Ins 7) (k)		Leased to others (l)*	
			Units in service of respondent at beginning of year (b)	New units purchased or built (c)	New units leased from others (d)	Rebuilt units acquired and rewritten into property accounts (e)	All other units including reclassification and second hand units purchased or leased from others (f)								
1		Locomotive Units													
1		Diesel-freight units	3,435	89				1	62	3,314	149	3,463	(HP) 11,964,600	46	1
2		Diesel-passenger units													2
3		Diesel-multiple purpose units													3
4		Diesel-switching units	193						1	192		192	284,100	15	4
5	*	TOTAL (lines 1 to 4)	3,628	89				1	63	3,506	149	3,655	12,248,700	61	5
6	*	Electric-locomotives													6
7	*	Other self-powered units													7
8	*	TOTAL (lines 5, 6 and 7)	3,628	89				1	63	3,506	149	3,655	12,248,700	61	8
9	*	Auxiliary units	74							74		74	N/A		9
10	*	TOTAL LOCOMOTIVE UNITS (lines 8 and 9)	3,702	89				1	63	3,580	149	3,729	12,248,700	61	10

\* Note Col (i) - Leased to Others includes 59 NS Owned and 1 NS Leased Locomotive 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)	During Calendar Year					2005 (g)	2006 (h)	2007 (i)	2008 (j)	2009 (k)	TOTAL (l)	Line No
			Before Jan 1, 1985 (b)	Between Jan 1, 1985 and Dec 31, 1989 (c)	Between Jan 1, 1990 and Dec 31, 1994 (d)	Between Jan 1, 1995 and Dec 31, 1999 (e)	Between Jan 1, 2000 and Dec 31, 2004 (f)							
11	*	Diesel	1,439	340	407	713	667	89					3,655	11
12	*	Electric												12
13	*	Other self-powered units												13
14	*	TOTAL (lines 11 to 13)	1,439	340	407	713	667	89					3,655	14
15	*	Auxiliary units	45	25	4								74	15
16	*	TOTAL LOCOMOTIVE UNITS (Lines 14 and 15)	1,484	365	411	713	667	89					3,729	16

# 710. INVENTORY OF EQUIPMENT (Continued) UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS

Line No	Cross Check	Type or design of units (a)	Changes During the Year					Units retired from service of respondent whether owned or leased, including reclassification (g)	Units at Close of Year					Line No
			Units installed				Owned and used (h)		Leased from others (i)	Total in service of respondent (col (h) & (i)) (j)	Aggregate capacity of units reported in col (j) (see ins 7) (k)	Leased to others (l)		
			Units in service of respondent at beginning of year (b)	New units purchased or built (c)	New units leased from others (d)	Rebuilt units acquired and rebuilt units rewritten into property accounts (e)							All other units including reclassification and second hand units purchased or leased from others (f)	
17		PASSENGER-TRAIN CARS Non-Self-Propelled Coaches (PA, PB, PBO)												17
18		Combined cars												18
19		(All class C, except CSB)												19
20		Parlor cars (PBC, PC, PL, PO)												20
21		Sleeping cars (PS, PT, PAS, PDS)												21
22		Dining, grill and tavern cars												22
23		(All class D, PD)												23
24		Non-passenger carrying cars												24
25		(All class B, CSB, M, PSA, 1A)												25
26		TOTAL (lines 17 to 22)												26
27		Self-Propelled												27
28		Electric passenger cars												28
29		(EP, ET)												29
30		Electric combined cars (EC)												30
31		Internal combustion rail motorcars												31
32		(ED,EG)												32
33		Other self-propelled cars												33
34		(Specify types)												34
35		TOTAL (lines 24 to 27)												35
36		TOTAL (lines 23 and 28)												36
37		COMPANY SERVICE CARS												37
38		Business cars (PV)	22					1	21		21	N/A		38
39		Board outfit cars (MWX)	337					16	321		321	N/A		39
40		Derrick and snow removal cars												40
41		(MWU, MWV, MWW, MWK)	355				6	26	335		335	N/A		41
42		Dump and ballast cars												42
43		(MWB, MWD)	557				4	39	522		522	N/A		43
44		Other maintenance and service equipment cars	3,933				5	123	3,812	3	3,815	N/A		44
45		TOTAL (lines 30 to 34)	5,204				15	205	5,011	3	5,014	N/A		45

## 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__)	294			225			37
38		Equipped box cars (All Code A, Except A_5_)	20,233			100		229	38
39		Plain gondola cars (All Codes G & J__1, J__2, J__3, J__4)	19,815						39
40		Equipped gondola cars (All Code E)	18,285			220		27	40
41		Covered hopper cars (C__1, C__2, C__3, C__4)	12,042					78	41
42		Open top hopper cars - general service (All Code H)	17,367					2	42
43		Open top hopper cars - special service (J__O, and All Code K)	3,366					1	43
44		Refrigerator cars - mechanical (R_5_, R_6_, R_7_, R_8_, R_9_)							44
45		Refrigerator cars - non-mechanical (R_0_, R_1_, R_2_)	355					9	45
46		Flat cars - TOFC/COFC (All Code P, Q and S, Except Q8__)	1,121						46
47		Flat cars - multi-level (All Code V)	1,160						47
48		Flat cars - general service (F10_, F20_, F30_)	165						48
49		Flat cars - other (F_1_, F_2_, F_3_, F_4_, F_5_, F_6_, F_8_, F40_)	1,824					6	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__)	3,697				71	244	52
53		TOTAL (lines 36 to 52)	99,724	4		545	71	596	53
54		Caboose (All Code M-930)	N/A	251					54
55		TOTAL (lines 53, 54)	99,724	255		545	71	596	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		Aggregate capacity of units reported in col (k) & (l) (see ins 4) (m)	Leased to others (n)	
					(col (i) & (j))				
					Time-mileage cars (k)	All Others (l)			
36									36
37		3	52	464	516		52,858		37
38		526	18,363	1,673	20,036		1,576,022	4	38
39		143	17,376	2,296	19,672		2,214,920	210	39
40		265	12,532	5,735	18,267		1,854,802		40
41		223	9,172	2,725	11,897		1,299,328	35	41
42		582	15,973	814	16,787		1,780,081		42
43		27	3,340		3,340		347,378		43
44									44
45		49	195	120	315		23,185	1	45
46		118	281	722	1,003		75,804		46
47		11	632	517	1,149		48,026		47
48		10	155		155		11,690		48
49		13	1,717	100	1,817		185,700		49
50									50
51			4			4	403		51
52		4	4,008		4,008		199,302		52
53		1,974	83,800	15,166	98,962	4	9,669,499	250	53
54		13	238		N/A	238	N/A		54
55		1,987	84,038	15,166	98,962	242	9,669,499	250	55

## 710. INVENTORY OF EQUIPMENT - Continued

UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS									
Line No	Cross Check	Class of equipment and car designations  (a)	Units in service of respondent at beginning of year		Changes During the Year				Line No
			Per diem  (b)	All Others  (c)	Units installed				
					New units purchased or built  (d)	New units leased from others  (e)	Rebuilt units acquired and rebuilt units rewritten into property accounts  (f)	All other units, including reclassification and second hand units purchased or leased from others  (g)	
56		FLOATING EQUIPMENT Self-propelled vessels (tugboats, car ferries, etc )	N/A						56
57		Non-self-propelled vessels (car floats, lighters, etc )	N/A						57
58		TOTAL (Lines 56 and 57)	N/A						58
59		HIGHWAY REVENUE EQUIPMENT Chassis (Z_1_, Z_67_, Z_68_, Z_69_)		16,331		4,087		7	59
60		Dry van (U_2_, Z_, Z_6_, 1-6)		17,337		1,573		653	60
61		Flat bed (U_3_, Z_3_)		13	51				61
62		Open bed (U_4_, Z_4_)		1					62
63		Mechanical refrigerator (U_5_, Z_5_)		8					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)		33,693	51	5,660		660	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					N/A		N/A		56
57					N/A		N/A		57
58					N/A		N/A		58
59		1,338	75	19,012		19,087	N/A		59
60		1,955	7,158	10,450		17,608	461,826		60
61			64			64	851		61
62			1			1	23		62
63			8			8	182		63
64									64
65									65
66									66
67			3			3	67		67
68									68
69									69
70		3,293	7,309	29,462		36,771	462,949		70

## NOTES AND REMARKS

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

(Dollars in Thousands)

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

**NEW UNITS**

Line No	Class of equipment (a)	Number of Units (b)	Total Weight (Tons) (c)	Total Cost (d)	Method of Acquisition (see instructions) (e)	Line No.
1	EMD SD70M-2 6-Axle 4,000 HP	51	10,455	77,726	P	1
2	GE ES40DC 6-Axle 4,000 HP	38	7,790	63,558	P	2
3	Chassis Shipping Units (U)	51	306	763	P	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>140</b>	<b>18,551</b>	<b>142,047</b>	<b>N/A</b>	<b>25</b>
<b>REBUILT UNITS</b>						
26	Roadrailer Rail Bogies	71	412	724	C	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>71</b>	<b>412</b>	<b>724</b>	<b>N/A</b>	<b>38</b>
39	<b>GRAND TOTAL</b>	<b>211</b>	<b>18,963</b>	<b>142,771</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	9,884	39.44	45.88	44	1
2	B	6,278	12.17	42.03	322	2
3	C	2,879	2.82	31.67	532	3
4	D	2,667	0.31	25.50	560	4
5	E	8,773	XXXXXXXXXX	XXXXXXXXXX	1,458	5
6	TOTAL	30,501				6
7	F		XXXXXXXXXX	XXXXXXXXXX		7
8	Potential abandonments	59				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		Line No.
		New ties			Second-hand ties								Total	Percent of spot maintenance	
		Wooden		Concrete	Other	Wooden		Other							
		Treated (b)	Untreated (c)			Treated (f)	Untreated (g)								
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)					
1	A	1,514,935				5,932			1,520,867	4,190,645	0.2	1			
2	B	628,873				49,759			678,632	1,545,100	3.8	2			
3	C	181,067				43,902			224,969	453,319	10.1	3			
4	D	51,978				24,436			76,414	356,959	15.7	4			
5	E	145,717				63,548			209,265	2,915,067	12.7	5			
6	TOTAL	2,522,570				187,577			2,710,147	9,461,090	3.5	6			
7	F											7			
8	Potential abandonments											8			
9	Average cost per crosstie	\$33.05	and switchtie (MBM)				\$785.62								

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

(Dollars in Thousands)

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

In column (a) classify the ties as follows:

U - Wooden ties untreated when applied.

T - Wooden ties treated before application.

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

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

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

Line No.	Class of ties (a)	CROSSTIES			SWITCH AND BRIDGE TIES			Remarks (h)	Line No.
		Total number of ties applied (b)	Average cost per tie (c)	Total cost of crossties laid in new tracks during year (d)	Number of feet (board measure) laid in tracks (e)	Average cost per M feet (board measure) (f)	Total cost of switch and bridge ties laid in new tracks during year (g)		
1	T	26,475	\$33.05	\$875	29,575	\$820.55	\$24	New Ties	1
2									2
3									- 3
4									4
5									5
6									6
7									7
8									8
9									9
10									10
11									11
12									12
13									13
14									14
15									15
16									16
17									17
18									18
19									19
20	TOTAL	26,475	\$33.05	\$875	29,575	\$820.55	\$24		20
21	Number of miles of new running, passing tracks, cross-overs, etc., in which ties were laid — 6.92								
22	Number of miles of new yard, station, team, industry, and other switching tracks in which ties were laid — 7.66								

## 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 (a)	Miles of rail laid in replacement (rail-miles)				Total		Percent of spot maintenance (h)	Line No.
		New rail		Relay rail		Welded rail (f)	Bolted rail (g)		
		Welded rail (b)	Bolted rail (c)	Welded rail (d)	Bolted rail (e)				
1	A	302.83	3.64	51.43	11.84	354.26	15.48	8.67	1
2	B	75.66	0.91	32.38	4.79	108.04	5.70	10.38	2
3	C	2.81	0.03	1.20	0.18	4.01	0.21	10.31	3
4	D	1.69	0.02	0.72	0.11	2.41	0.13	10.60	4
5	E	0.00	0.00	78.17	7.31	78.17	7.31	17.71	5
6	TOTAL	382.99	4.60	163.90	24.23	546.89	28.83	10.37	6
7	F								7
8	Potential Abandonments								8
9	Average cost of new and relay rail laid in replacement per gross ton.		New		\$598.53	Relay	\$118.86		9

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

(Dollars in Thousands)

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

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

- (1) New steel rails, Bessemer process
- (2) New steel rails, open-hearth process
- (3) New rails, special alloy (describe 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 (d)	Average cost per ton (2,000 lb) (e)	Weight of rail		Total cost of rail applied in yard, station, team, industry, and other switching tracks during year (h)	Average cost per ton (2,000 lb) (i)		
		Pounds per yard of rail (b)	Number of tons (2,000 lb) (c)			Pounds per yard of rail (f)	Number of tons (2,000 lb) (g)				
1	4	112				112	42	3	80 00	1	
2										2	
3	1	132	289	152	525 87	132	6	4	646 88	3	
4	4	132	70	6	80 00	132	1,584	182	114.62	4	
5										5	
6	1	136				136	14	8	592 09	6	
7	4	136	46	27	593 06	136	131	12	93 12	7	
8										8	
9	1	141	1286	772	600.71	141				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	1,691	\$957	\$566 10	N/A	1,777	\$209	\$118 00	33	
34	Number of miles of new running tracks, passing tracks, cross-overs, etc., in which rails were laid									6 92	34
35	Number of miles of new yard, station, team, industry, and other switching tracks in which rails were laid									7 66	35
36	Track-miles of welded rail installed on system this year 14 total to date 22,015										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	39 46			1
2	90	279 50			2
3	100	925.91			3
4	105	120 21			4
5	110	59 52			5
6	112	773 46			6
7	115	1,158.03			7
8	119	11 10			8
9	127	634.27			9
10	130	652 49			10
11	131	1,160 52			11
12	132	9,717 26			12
13	133	164 70			13
14	136	2,181 77			14
15	140	1,170 03			15
16	141	413 51			16
17	152	81 87			17
18	155	62 40			18
19					19
20					20
21					21
22					22
23					23
24					24
25					25
26					26
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41					41
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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 (j) give the percentage of replacements to units of property in each track category at year end

Line No	Track category	Ties					Rail		Ballast	Track surfacing		Line No.
		Number of ties replaced		Percent replaced		Miles of rail replaced (rail-miles)	Percent replaced	Cubic yards of ballast placed		Miles surfaced	Percent surfaced	
		Crossties	Switch and bridge ties (board feet)	Crosstie	Switch and bridge ties (board feet)							
1	A	1,520,867	4,190,645	4.7	6.7	369.74	1.9	1,415,149	3,375.9	34.2	1	
2	B	678,632	1,545,100	3.3	2.0	113.74	0.9	404,816	1,119.2	17.8	2	
3	C	224,969	453,319	2.4	2.6	4.22	0.1	94,644	115.4	4	3	
4	D	76,414	356,959	0.9	0.9	2.54	0.0	29,148	277.7	10.3	4	
5	E	209,265	2,915,067	0.8	2.7	85.48	0.5	85,302	374.6	4.3	5	
6	TOTAL	2,710,147	9,461,090	2.8	3.1	575.72	0.9	2,029,059	5,262.8	17.3	6	
7	F										7	
8	Potential abandonments										8	

750. CONSUMPTION OF DIESEL FUEL  
(Dollars in Thousands)

Locomotives				Line No.
Line No.	Kind of locomotive service (a)	Diesel oil (gallons) (b)		
1	Freight	476,339,572		1
2	Passenger			2
3	Yard switching	37,059,937		3
4	TOTAL	513,399,509		4
5	COST OF FUEL \$(000)*	\$ 727,211		5
6	Work Train			6

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

**INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 755**

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

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

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

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

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

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

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

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

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

(I) Exclude from Items 4-01, 4-11, 4-13, and 4-15, car-miles of work equipment, cars carrying company freight, and no-payment cars moving in transportation trains. Include such car-miles in Items 4-17, 4-18, and 4-19. If private line cars move in revenue service, the loaded and empty miles should not be considered no-payment or non-revenue car-miles.

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

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

(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 local 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.

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

(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.

(U) Flat-TOFC/COFC Car miles reported in lines 25 (4-020), 41 (4-120), 57 (4-140), and 75 (4-160) will be computed using cars rather than constructed container platforms. For example, an articulated car consisting of five platforms moved one mile will be counted as one car-mile, not five car-miles.

(V) The intermodal Load Factor reported on Line 134 will be calculated for the average number of intermodal (TOFC/COFC) units loaded on the average intermodal car. Units are to be calculated in the same manner as Line 123, (13 TOFC/COFC - No. of Revenue Trailers & Containers Loaded and Unloaded (Q)). Intermodal cars will be calculated in accordance with instruction U for reporting Flat-TOFC/COFC Car-miles. Both intermodal (TOFC/COFC) units and intermodal cars are to be calculated using actual units and not constructed intermodal (TOFC/COFC) units or cars.

## 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)	21,184		1
		2 TRAIN MILES - RUNNING (B)	XXXXXXXX	XXXXXX	
2		2-01 UNIT TRAINS	11,197,918	XXXXXX	2
3		2-02 WAY TRAINS	13,182,257	XXXXXX	3
4		2-03 THROUGH TRAINS	56,770,045		4
5		2-04 TOTAL TRAIN MILES (lines 2-4)	81,150,220		5
6		2-05 MOTORCARS (C)			6
7		2-06 TOTAL, ALL TRAINS (lines 5, 6)	81,150,220		7
		3. LOCOMOTIVE UNIT MILES (D)	XXXXXXXX	XXXXXX	
		ROAD SERVICE (E)	XXXXXXXX	XXXXXX	
8		3-01 UNIT TRAINS	25,035,778	XXXXXX	8
9		3-02 WAY TRAINS	22,604,283	XXXXXX	9
10		3-03 THROUGH TRAINS	131,697,022		10
11		3-04 TOTAL (lines 8-10)	179,337,083		11
12		3-11 TRAIN SWITCHING (F)	8,488,344	XXXXXX	12
13		3-21 YARD SWITCHING (G)	12,468,281		13
14		3-31 TOTAL ALL SERVICES (lines 11, 12, 13)	200,293,708		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	8,681	XXXXXX	16
17		4-012 BOX-EQUIPPED	240,658	XXXXXX	17
18		4-013 GONDOLA-PLAIN	223,304	XXXXXX	18
19		4-014 GONDOLA-EQUIPPED	142,236	XXXXXX	19
20		4-015 HOPPER-COVERED	136,039	XXXXXX	20
21		4-016 HOPPER-O/T-GENERAL SERVICE	125,024	XXXXXX	21
22		4-017 HOPPER-O/T-SPECIAL SERVICE	22,730	XXXXXX	22
23		4-018 REFRIGERATOR-MECHANICAL	5,228	XXXXXX	23
24		4-019 REFRIGERATOR-NON-MECHANICAL	13,975	XXXXXX	24
25		4-020 FLAT-TOFC/COFC (U)	131,542	XXXXXX	25
26		4-021 FLAT-MULTI-LEVEL	32,341	XXXXXX	26
27		4-022 FLAT-GENERAL SERVICE	445	XXXXXX	27
28		4-023 FLAT-ALL OTHER	45,871	XXXXXX	28
29		4-024 ALL OTHER CAR TYPES	246,330	XXXXXX	29
30		4-025 TOTAL (lines 15-29)	1,374,404	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	8,664	XXXXXX	32
33		4-112 BOX-EQUIPPED	240,430	XXXXXX	33
34		4-113 GONDOLA-PLAIN	196,426	XXXXXX	34
35		4-114 GONDOLA-EQUIPPED	123,421	XXXXXX	35
36		4-115 HOPPER-COVERED	142,583	XXXXXX	36
37		4-116 HOPPER-O/T-GENERAL SERVICE	119,058	XXXXXX	37
38		4-117 HOPPER-O/T-SPECIAL SERVICE	24,225	XXXXXX	38
39		4-118 REFRIGERATOR-MECHANICAL	4,777	XXXXXX	39
40		4-119 REFRIGERATOR-NON-MECHANICAL	11,248	XXXXXX	40
41		4-120 FLAT-TOFC/COFC	18,296	XXXXXX	41
42		4-121 FLAT-MULTI-LEVEL (U)	20,432	XXXXXX	42
43		4-122 FLAT-GENERAL SERVICE	808	XXXXXX	43
44		4-123 FLAT-ALL OTHER	46,903	XXXXXX	44
45		4-124 ALL OTHER CAR TYPES	937	XXXXXX	45
46		4-125 TOTAL (lines 31-45)	958,208	XXXXXX	46
		4-13 PRIVATE LINE CARS - LOADED (H)	XXXXXXXX	XXXXXX	
47		4-130 BOX-PLAIN 40-FOOT		XXXXXX	47
48		4-131 BOX-PLAIN 50-FOOT AND LONGER	20,622	XXXXXX	48
49		4-132 BOX-EQUIPPED	7,410	XXXXXX	49
50		4-133 GONDOLA-PLAIN	50,437	XXXXXX	50
51		4-134 GONDOLA-EQUIPPED	12,378	XXXXXX	51
52		4-135 HOPPER-COVERED	248,432	XXXXXX	52
53		4-136 HOPPER-O/T-GENERAL SERVICE	28,972	XXXXXX	53
54		4-137 HOPPER-O/T-SPECIAL SERVICE	162,521	XXXXXX	54
55		4-138 REFRIGERATOR-MECHANICAL	1,172	XXXXXX	55
56		4-139 REFRIGERATOR-NON-MECHANICAL	560	XXXXXX	56
57		4-140 FLAT-TOFC/COFC (U)	381,923	XXXXXX	57
58		4-141 FLAT-MULTI-LEVEL	235,058	XXXXXX	58
59		4-142 FLAT-GENERAL SERVICE	86	XXXXXX	59
60		4-143 FLAT-ALL OTHER	40,500	XXXXXX	60
61		4-144 TANK UNDER 22,000 GALLONS	127,784	XXXXXX	61
62		4-145 TANK - 22,000 GALLONS AND OVER	121,341	XXXXXX	62
63		4-146 ALL OTHER CAR TYPES	1,007	XXXXXX	63
64		4-147 TOTAL (lines 47-63)	1,440,203	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	12,447	XXXXXX	66
67		4-152 BOX-EQUIPPED	5,860	XXXXXX	67
68		4-153 GONDOLA-PLAIN	52,041	XXXXXX	68
69		4-154 GONDOLA-EQUIPPED	13,704	XXXXXX	69
70		4-155 HOPPER-COVERED	258,506	XXXXXX	70
71		4-156 HOPPER-O/T-GENERAL SERVICE	29,493	XXXXXX	71
72		4-157 HOPPER-O/T-SPECIAL SERVICE	162,368	XXXXXX	72
73		4-158 REFRIGERATOR-MECHANICAL	1,154	XXXXXX	73
74		4-159 REFRIGERATOR-NON-MECHANICAL	557	XXXXXX	74
75		4-160 FLAT-TOFC/COFC (U)	28,807	XXXXXX	75
76		4-161 FLAT-MULTI-LEVEL	138,260	XXXXXX	76
77		4-162 FLAT-GENERAL SERVICE	71	XXXXXX	77
78		4-163 FLAT-ALL OTHER	43,689	XXXXXX	78
79		4-164 TANK UNDER 22,000 GALLONS	129,426	XXXXXX	79
80		4-165 TANK - 22,000 GALLONS AND OVER	125,312	XXXXXX	80
81		4-166 ALL OTHER CAR TYPES	994	XXXXXX	81
82		4-167 TOTAL (lines 65-81)	1,002,689	XXXXXX	82
83		4-17 WORK EQUIPMENT CAR-MILES	14,398	XXXXXX	83
84		4-18 NO PAYMENT CAR-MILES (I) *		XXXXXX	84
		4-19 TOTAL CAR-MILES BY TRAIN TYPE	XXXXXXXX	XXXXXX	
85		4-191 UNIT TRAINS	1,091,222	XXXXXX	85
86		4-192 WAY TRAINS	364,083	XXXXXX	86
87		4-193 THROUGH TRAINS	3,334,597	XXXXXX	87
88		4-194 TOTAL (lines 85-87)	4,789,902	XXXXXX	88
89		4-20 CABOOSE MILES	105	XXXXXX	89

\* Total number of loaded miles 245,305 and empty miles 185 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	32,934,802		98
		6-02 FREIGHT TRAINS, CRS, CNTS & CABOOSE	XXXXXXXX	XXXXXX	
99		6-020 UNIT TRAINS	91,793,845	XXXXXX	99
100		6-021 WAY TRAINS	28,109,079	XXXXXX	100
101		6-022 THROUGH TRAINS	262,989,445	XXXXXX	101
102		6-03 PASSENGER-TRAINS, CRS & CNTS			102
103		6-04 NON-REVENUE	981,155	XXXXXX	103
104		6-05 TOTAL (lines 98-103)	416,808,326		104
		7. TONS OF FREIGHT (Thousands)	XXXXXXXX	XXXXXX	
105		7-01 REVENUE	444,332	XXXXXX	105
106		7-02 NON-REVENUE	1,339	XXXXXX	106
107		7-03 TOTAL (lines 105, 106)	445,671	XXXXXX	107
		8. TON-MILES OF FREIGHT (Thousands) (L)	XXXXXXXX	XXXXXX	
108		8-01 REVENUE-ROAD SERVICE	202,751,314	XXXXXX	108
109		8-02 REVENUE-LAKE TRANSFER SERVICE		XXXXXX	109
110		8-03 TOTAL (lines 108, 109)	202,751,314	XXXXXX	110
111		8-04 NON-REVENUE-ROAD SERVICE	310,535	XXXXXX	111
112		8-05 NON-REVENUE-LAKE TRANSFER SERV		XXXXXX	112
113		8-06 TOTAL (lines 111, 112)	310,535	XXXXXX	113
114		8-07 TOTAL-REV AND NON-REV (lines 110, 113)	203,061,849	XXXXXX	114
		9. TRAIN HOURS (M)	XXXXXXXX	XXXXXX	
115		9-01 ROAD SERVICE	4,264,453	XXXXXX	115
116		9-02 TRAIN SWITCHING	833,370	XXXXXX	116
117		10 TOTAL YARD SWITCHING HOURS (N)	2,341,569	XXXXXX	117
		11 TRAIN-MILES WORK TRAINS (O)	XXXXXXXX	XXXXXX	
118		11-01 LOCOMOTIVES	807,213	XXXXXX	118
119		11-02 MOTORCARS		XXXXXX	119
		12 NUMBER OF LOADED FREIGHT CARS (P)	XXXXXXXX	XXXXXX	
120		12-01 UNIT TRAINS	2,473,260	XXXXXX	120
121		12-02 WAY TRAINS	5,763,296	XXXXXX	121
122		12-03 THROUGH TRAINS	7,294,124	XXXXXX	122
123		13. TOFC/COFC-NO. OF REV. TRLS & CONT LOADED & UNLOADED (Q)	4,932,399	XXXXXX	123
124		14. MULTI-LEVEL CARS-NO. OF MTR. VEH LOADED AND UNLOADED (Q)	940,998	XXXXXX	124
125		15. TOFC/COFC-NO. OF REV TRLS PICKED UP AND DELIVERED (R)	276,692	XXXXXX	125
		16. REVENUE TONS-MARINE TERMINAL (S)	XXXXXXXX	XXXXXX	
126		16-01 MARINE TERMINALS - COAL	23,800,000	XXXXXX	126
127		16-02 MARINE TERMINALS - ORE		XXXXXX	127
128		16-03 MARINE TERMINALS - OTHER		XXXXXX	128
129		16-04 TOTAL (lines 126-128)	23,800,000	XXXXXX	129
		17. NUMBER OF FOREIGN PER DIEM CARS ON LINE (T)	XXXXXXXX	XXXXXX	
130		17-01 SERVICEABLE	39,489	XXXXXX	130
131		17-02 UNSERVICEABLE	1,025	XXXXXX	131
132		17-03 SURPLUS		XXXXXX	132
133		17-04 TOTAL (lines 130-132)	40,514	XXXXXX	133
134		TOFC/COFC - Average No. of Units Loaded Per Car	3.97	XXXXXX	134

**VERIFICATION**

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

**OATH**

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

Commonwealth of Virginia  
City of Norfolk

Marta R. Stewart makes oath and says that she is Vice President and Controller of Norfolk Southern Combined Railroad Subsidiaries (see page 4 of STB Annual Report R-1); that it is her duty to have supervision over the books of accounts of the respondent and to control the manner in which such books are kept; that she knows that such books have been kept in good faith during the period covered by this report; that she knows that the entries contained in this report relating to accounting matters have been prepared in accordance with the provisions of the Uniform System of Accounts for Railroads and other accounting and reporting directives of the Surface Transportation Board; that she believes that all other statements of fact contained in this report are true, and that this report is a correct and complete statement, accurately taken from the books and records, of the business and affairs of the above-named respondent during the period of time from and including January 1, 2005, to and including December 31, 2005.

Marta R. Stewart  
(Signature of affiant)

Subscribed and sworn to before me a Notary Public in and for the State and City above named, this 30<sup>th</sup> day of March, 2006. My commission expires March 31, 2007.

Use an  
L.S.  
impression seal

Rebecca P. Fagan  
(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

Charles W. Moorman 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, 2005, to and including December 31, 2005.

Charles W. Moorman  
(Signature of affiant)

Subscribed and sworn to before me a Notary Public in and for the State and City above named, this 30<sup>th</sup> day of March, 2006. My commission expires March 31, 2007.

Use an  
L.S.  
impression seal

Rebecca P. Fagan  
(Signature of officer authorized to administer oaths)



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## Railroad Annual Report R-1

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

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

## Track category 1

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

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

2. This schedule should include all class 1, 2, 3, or 4 track from schedule 700 that is maintained by the respondent (class 5 track is assumed to be maintained by others).  
 3. If, for two consecutive years, a line segment classified in one track category maintains a traffic density which would place it in another, it shall be reclassified into that category as of the beginning of the second year.

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

## 720. TRACK AND TRAFFIC CONDITIONS

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

Line No.	Track category (a)	Mileage of tracks at end of period (whole numbers) (b)	Average annual traffic density in millions of gross ton-miles per track-mile* (use two decimal places) (c)	Average running speed limit (use two decimal places) (d)	Track miles under slow orders at the end of period (e)	Line No.
1	A	9,894	39.44	45.88	44	1
2	B	6,278	12.17	42.03	322	2
3	C	2,879	2.82	31.67	532	3
4	D	2,687	0.31	25.50	560	4
5	E	8,773	XXXXXXXXXX	XXXXXXX		5
6	TOTAL	30,501	21.87	40.36	1,458	6
7	F		XXXXXXXXXX	XXXXXXX		7
8	Potential abandonments	59				8

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

## 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	Ties					Rail		Ballast	Track surfacing		Line No.
		Number of ties replaced		Percent replaced		Miles of rail replaced (rail-miles)	Percent replaced	Miles surfaced		Percent surfaced		
		Crossties (b)	Switch and bridge ties (board feet) (c)	Crosstie (d)	Switch and bridge ties (board feet) (e)							
1	A	1,520,867	4,190,645	4.7	6.7	369.74	1.9	1,415,149	3,375.9	34.2	1	
2	B	678,632	1,545,100	3.3	2.0	113.74	0.9	404,816	1,119.2	17.8	2	
3	C	224,969	453,319	2.4	2.6	4.22	0.1	94,644	115.4	4	3	
4	D	76,414	356,959	0.9	0.9	2.54	0.0	29,148	277.7	10.3	4	
5	E	209,265	2,915,067	0.8	2.7	85.48	0.5	85,302	374.6	4.3	5	
6	TOTAL	2,710,147	9,461,090	2.8	3.1	575.72	0.9	2,029,059	5,262.8	17.3	6	
7	F										7	
8	Potential abandonments										8	

## 750. CONSUMPTION OF DIESEL FUEL

(Dollars in Thousands)

REVISED

Locomotives			
Line No.	Kind of locomotive service (a)	Diesel oil (gallons) (b)	Line No.
1 Freight		476,339,572	1
2 Passenger			2
3 Yard switching		37,059,937	3
4 TOTAL		513,399,509	4
5 COST OF FUEL \$(000)*		\$ 727,211	5
6 Work Train		1,706,385	6

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

**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 31-27-00 31-73-00 31-75-00 31-71-00 35-21-00 35-23-00 35-22-00 and 35-75-00. 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 37-21-00 32-27-00 32-23-00 32-75-00 36-71-00 36-22-00 and 36-75-00 inclusive. The composite rates used should be those prescribed or otherwise authorized by the Commission except that where the use of component rates has been authorized the composite rates to be shown for the respective primary accounts should be recomputed from the December charges developed by the use of the authorized rates. If any changes in rates were effective during the year give full particulars in a footnote.

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 31-73-00 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) affected.

5 Disclosures in the respective sections of this schedule may be omitted if either total road leased from other or total equipment leased from others represents less than 5% of total road owned or total equipment owned respectively.

Line No	Account  (a)	OWNED AND USED		Annual composite rate (percent) (d)	LEASED FROM OTHERS			Line No
		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	2,833,659	2,842,228	1.05%				1
2	(4) Other, right-of-way expenditures	7,058	7,179	1.05%				2
3	(5) Tunnels and subways	259,500	259,491	0.83%				3
4	(6) Bridges, trestles and culverts	2,044,066	2,069,392	1.03%				4
5	(7) Elevated structures*	40,577	40,736	6.71%				5
6	(8) Ties	2,723,203	2,835,769	4.48%				6
7	(9) Rail and other track material	3,971,079	4,047,330	2.32%				7
8	(11) Ballast	1,345,206	1,388,989	2.50%				8
9	(13) Fences, snow sheds, and signs	6,616	6,616	1.05%				9
10	(16) Station and office buildings	465,497	468,785	2.85%				10
11	(17) Roadway buildings	48,660	48,688	2.56%				11
12	(18) Water stations	45	44	2.33%				12
13	(19) Fuel stations	33,839	33,929	3.20%				13
14	(20) Shops and enginehouses	220,187	228,747	2.00%	NOT APPLICABLE - 5 % RULE			14
15	(22) Storage warehouses	4,143	4,143	2.49%				15
16	(23) Wharves and docks	26	27	2.86%				16
17	(24) Coal and ore wharves	162,142	162,516	2.55%				17
18	(25) TOFC/COFC terminals	364,121	369,425	3.07%				18
19	(26) Communications systems	393,135	395,474	3.84%				19
20	(27) Signals and interlocker	855,020	875,248	1.78%				20
21	(29) Power plants	2,770	2,769	3.13%				21
22	(31) Power-transmissions systems	25,954	26,230	2.50%				22
23	(35) Miscellaneous structures	13,037	13,234	2.78%				23
24	(37) Roadway machines	302,583	306,715	5.64%				24
25	(39) Public improvements-Construction	349,495	381,866	2.63%				25
26	(44) Shop machinery	88,642	88,926	3.40%				26
27	(45) Power-plant machinery	15,345	15,342	2.33%				27
28	All other road accounts	0	0	0.00%				28
29	Amortization (Adjustments)	0	0	0.00%				29
30	TOTAL ROAD	16,575,605	16,919,838	2.20%				30
	EQUIPMENT							
31	(52) Locomotives	3,115,365	3,156,924	3.58%				31
32	(53) Freight train cars	2,704,020	2,672,416	3.18%				32
33	(54) Passenger-train cars	0	0	0.00%				33
34	(55) Highway revenue equipment	150,817	155,852	6.84%				34
35	(56) Floating equipment	0	0	5.00%				35
36	(57) Work equipment	127,168	128,629	2.27%				36
37	(58) Miscellaneous equipment	173,531	175,752	8.52%				37
38	(59) Computer systems and word processing equipment	301,296	308,393	16.67%				38
39	TOTAL EQUIPMENT	6,572,197	6,597,966	4.21%				39
40	GRAND TOTAL	23,147,802	23,517,804	2.76%				40

\* See Footnotes for Schedule 332 on Page 39

**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		1,607,800
2	Add: Interest Income from Working Capital Allowance- Cash Portion		2,627
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)		6,003
5	Adjusted Net Railway Operating Income (Lines 1, 2, 3 & 4)		1,616,430
	Adjusted Investment in Railroad Property for Reporting Entity		
6	Combined Investment in Railroad Property Used in Transportation Service	19,771,402	19,914,660
7	Less: Interest During Construction	2,580	2,580
8	Other Elements of Investment (if debit balance)	--	--
9	Add: Net Rail Assets of Rail-Related Affiliates	--	--
10	Working Capital Allowance	179,663	216,226
11	Net Investment Base Before Adjustment for Deferred Taxes (Lines 6 through 10)	19,948,485	20,128,306
12	Less: Accumulated Deferred Income Tax Credits (note)	7,708,952	7,891,306
13	Net Investment Base (Line 11-12)	12,239,533	12,237,000

**ATTACHMENT TO 2005 FORM R-1 SCHEDULE 250**  
**"CONSOLIDATED INFORMATION FOR REVENUE ADEQUACY DETERMINATION"**  
**Norfolk Southern Combined Railroad Subsidiaries**  
**Year 2005**

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	Nature of Business
<p>See Page 4 of R-1 (Schedule C). "Principles of Combined Reporting "</p> <p style="text-align: center;">(see attached)</p>	

Name of Affiliate	Nature of Business
<p><u>Companies added to the railroad entity in 2005</u></p> <p>Thoroughbred Technology and Telecommunications, LLC  T-Cubed of North America, LLC</p> <p><u>Companies subtracted from the railroad entity in 2005</u></p> <p>NS Transportation Brokerage Corporation  T-Cubed of North America, Inc  T-Cubed of South Carolina, Inc</p> <p>T-Cubed of Virginia, Inc</p> <p>NSRC/Master Trust  Thoroughbred Technology and Telecommunications Inc</p>	<p style="text-align: center;">See below  See below</p> <p style="text-align: center;">Removed in March 2005  Converted to LLC in March 2005  Merged into Thoroughbred Technology and Telecommunications,  Inc in March 2005  Merged into Thoroughbred Technology and Telecommunications,  Inc. in March 2005  Removed in June 2005  Converted to LLC in June 2005</p>



# NORFOLK SOUTHERN COMBINED RAILROAD SUBSIDIARIES

## SCHEDULE 250 – PART B Year 2005 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. ....	\$ 1,412,758
- Equity in undistributed earnings, which represents the total Schedule 210, Line 26 for all railroads in the reporting entity. ....	(262)
- 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. ...	7,322
= Adjusted income from continuing operations (before taxes). This represents "A" in item (3) below. ....	<u>\$ 1,405,698</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. ....	\$ 1,607,800
+ 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. ....	325,485
+ 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. ....	2,627
+ 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. ....	190,100
- Railroad-related income from affiliates (other than railroads) which was included in consolidated NROI (Schedule 250, Line 1) ....	--
= Combined/Consolidated Pretax Adjusted NROI for all railroads. This represents "B" in Item (3) below. ....	<u>\$ 1,745,812</u>

**NORFOLK SOUTHERN COMBINED RAILROAD SUBSIDIARIES**

**SCHEDULE 250 – PART B**

Year 2005

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). .... \$ --

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

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

NSR - 16,668,997 votes

11. Give the date of such meeting. NSR - May 24, 2005

12. Give the place of such meeting. Norfolk, Virginia

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

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

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

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

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

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

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

Class I

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

Class II

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

Class III

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

Lessors and Other

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