



Norfolk Southern Corporation
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April 30, 2013

Mrs. Megan Conley
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Dear Mrs. Conley:

Enclosed is the 2012 Form R-1 Schedule 250 "Consolidated Information for Revenue Adequacy Determination" for Norfolk Southern Combined Railroad Subsidiaries.

Please contact me if you have any questions regarding this schedule.

Sincerely,



Enclosure

c w/ enclosure: C. H. Allison, Jr.
 C. M. Barton
 M.F. Cox
 KPMG LLP
 Clyde Crimmel, AAR

**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		1,866,382
2	Add: Interest Income from Working Capital Allowance- Cash Portion		533
3	Income Taxes Associated with Non-Rail Income and Deductions	N/A	33,978
4	Gain or (loss) from transfer/reclassification to non-rail status (net of income taxes)		2,941
5	Adjusted Net Railway Operating Income (Lines 1, 2, 3 & 4)		1,903,834
	Adjusted Investment in Railroad Property for Reporting Entity		
6	Combined Investment in Railroad Property Used in Transportation Service	23,346,518	24,572,800
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	479,292	830,664
11	Net Investment Base Before Adjustment for Deferred Taxes (Lines 6 through 10)	23,823,230	25,400,884
12	Less: Accumulated Deferred Income Tax Credits (note)	7,943,800	8,123,071
13	Net Investment Base (Line 11-12)	15,879,430	17,277,813

ATTACHMENT TO 2012 FORM R-1 SCHEDULE 250
"CONSOLIDATED INFORMATION FOR REVENUE ADEQUACY DETERMINATION"
Norfolk Southern Combined Railroad Subsidiaries
Year 2012

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

Name of Affiliate	Nature of Business
No changes in 2012	

NORFOLK SOUTHERN COMBINED RAILROAD SUBSIDIARIES

SCHEDULE 250 – PART B
Year 2012
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 not 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.	\$ 2,885,179
- Equity in undistributed earnings, which represents the total Schedule 210, Line 26 for all railroads in the reporting entity.	(3,574)
- 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.	<u>39,422</u>
= Adjusted income from continuing operations (before taxes). This represents "A" in item (3) below.	<u>\$ 2,849,331</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.	\$ 1,866,382
+ Current provision for taxes, which represents the consolidated amounts of Schedule 210, Line 51 for all railroads in the reporting entity. (This figure includes both Account 556, Income Taxes on Ordinary Income and Account 557, Provision for Deferred Taxes.	1,045,195
+ 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.	533
+ 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.	194,474
- Railroad-related income from affiliates (other than railroads) which was included in consolidated NROI (Schedule 250, Line 1)	<u>-</u>
= Combined/Consolidated Pretax Adjusted NROI for all railroads. This represents "B" in Item (3) below.	<u>\$ 2,717,636</u>

NORFOLK SOUTHERN COMBINED RAILROAD SUBSIDIARIES

SCHEDULE 250 – PART B

Year 2012

Determination of Nonrail Taxes

Page 2

(3)	Calculate the railroad-related tax ratio: “B/A”	<u>95.38%</u>
(4)	Compute the nonrailroad-related complement: (1 – Railroad-related income ratio) which equals the nonrailroad-related tax ratio.	<u>4.62%</u>
(5)	Compute the nonrailroad portion of the total provisions for both taxes. This equals: <div style="margin-left: 40px;">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.</div>	<u>\$ 33,978</u>

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.	<u>\$ -</u>
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PART III – DETERMINE TOTAL NONRAILROAD-RELATED TAXES

(7)	This is determined as follows: <div style="margin-left: 40px;">Total income taxes on nonrailroad-related income for all railroads in the reporting entity (Item 5 above).</div> <div style="margin-left: 40px;">+ Total nonrailroad-related taxes for rail-related affiliates (Item 6 above).</div> <div style="margin-left: 40px;">Equals total nonrailroad-related taxes. (This amount should be transferred to Schedule 250, Part A, Line 3).</div>	<div style="margin-left: 40px;"><u>\$ 33,978</u></div> <div style="margin-left: 40px;"><u>-</u></div> <div style="margin-left: 40px;"><u>\$ 33,978</u></div>
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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 22, 2012

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

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

Class II

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
BRF Investment, LLC
Central of Georgia, LLC
Chicago Land Management, LLC
Citico Realty Company
High Point, Randleman, Asheboro and
Southern Railroad Company
Lamberts Point Barge Company, Inc.
Mobile and Birmingham Railroad Company
Norfolk Southern International, Inc.
Norfolk Southern-Mexico, LLC
NorfolkSouthernMexicana, S de RL de CV
North Carolina Midland Railroad Company, The
NS Spectrum Corporation
PLS Investment, LLC
Rail Investment Company
Reading Company, LLC [Delaware]
Reading Company, LLC [Virginia]
S-VA Corporation
South Western Rail Road Company, The
Southern Rail Terminals, Inc.
Southern Rail Terminals of North Carolina, Inc.
Southern Region Materials Supply, Inc.
T-Cubed of North America, LLC
TCS Leasing, Inc.
TCV, Inc.
Thoroughbred Direct Intermodal Services, Inc.
Thoroughbred Emissions Research, LLC
Thoroughbred Funding, 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