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Public Record May 30, 2019

John T. Gray
Senior Vice President - Policy & Economics

The Honorable Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW.
Washington, DC 20423-0001

Re: Ex Parte No. 682 (Sub-No. 10), Annual Submission of State Tax Information for Use in
the Revenue Shortfall Allocation Method (2018)

Dear Ms. Brown:

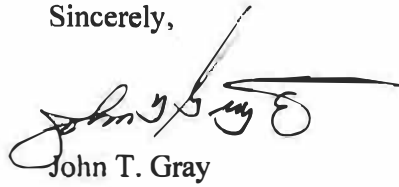
This submission by the Association of American Railroads (AAR) is the AAR's calculation of the 2018 weighted average state tax rate for each Class I railroad, filed pursuant to 49 C.F.R. § 1135.2, as adopted by the Board in Ex Parte No. 682, *Annual Submission of State Tax Information for Use in the Revenue Shortfall Allocation Method*, served February 26, 2010. The methodology used to calculate each weighted average state tax rate is the same as what was used in the AAR's prior year calculation.

Weighted Average State Tax Rates			Percentage
Railroad	2018	2017	Point Change
BNSF Railway Company	5.312%	5.289%	0.023%
CSX Transportation, Inc.	5.238%	5.628%	-0.390%
Grand Trunk Corporation	8.130%	7.961%	0.169%
The Kansas City Southern Rwy	5.422%	5.409%	0.013%
Norfolk Southern Combined	5.753%	6.194%	-0.441%
Soo Line Corporation	8.193%	8.134%	0.059%
Union Pacific Railroad Company	5.726%	5.666%	0.060%

Page 2

All calculations are included in the AAR's submission. Workpapers consist of copies of Schedules 702 and 210 from the railroads' Annual Report Form R-1. Railroads have reviewed the calculations. A copy of the workpapers underlying this submission are included in the AAR's filing. Questions should be directed to me or Clyde Crimmel (202 639-2309) of this office.

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Gray", with a long horizontal flourish extending to the right.

John T. Gray

Attachments

**Before the
Surface Transportation Board**

Ex Parte No. 682

**Annual Submission of Tax Information for Use
in the Revenue Shortfall Allocation Method**

**2018
Weighted Average State Tax Rates**

**Policy and Economics Department
Association of American Railroads**

May 30, 2019

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Introduction

On February 26, 2010, the Surface Transportation Board served a decision in STB Ex Parte No. 682, *Annual Submission of Tax Information for Use in the Revenue Shortfall Allocation Method*, that amends 49 CFR Part 1135 to add a rule that requires the Association of American Railroads (AAR) to annually update each Class I railroad's weighted average state tax rate for use in the Revenue Shortfall Allocation Method (RSAM). The calculation must be submitted by May 30 each year.

The methodology used by the AAR to calculate weighted average state tax rates is the same as was used since the calculation for 2008. Beginning with 2017, a new appendix was added for New Jersey, and the method for calculating its tax rate is similar to that for Texas. The AAR's 2008 weighted average state tax rate calculations were adopted by the Surface Transportation Board in its Ex Parte No. 646 (Sub-No. 2), *Simplified Standards for Rail Rate Cases – Taxes in Revenue Shortfall Allocation Method* (served January 22, 2010). The AAR's calculation submitted herein is for 2018.

Sources

There are two major sources for these calculations. The first major source is Annual Report Form R-1, which is submitted by each Class I railroad to the Board. The STB instructed the AAR to weigh state tax rates using miles operated in each state for each railroad. As the STB noted, mileage operated in each state can be found in column (g) of Schedule 702 (Miles of Road at Close of Year - By States and Territories) of each R-1. Additional information from the R-1's Schedule 210 (Results of Operations) has been used to calculate tax rates for Texas and New Jersey.

The second major source is a web site table with state corporate income tax information published by the Tax Foundation, a nonpartisan research and education group based in Washington, DC. The Class I railroads provided additional information regarding tax rates, either to confirm the Tax Foundation rates or to document exceptions that apply to railroads operating in specific states. The AAR also retrieves state tax forms to check against the Tax Foundation.

Notes

The following states have lower income tax rates in 2018: Idaho, Indiana, Kentucky, New Mexico, and Utah. The rate for the District of Columbia is also lower for 2018. Illinois has again increased its tax rate.

The average tax rates for five Class I railroads (BNSF, CNGT, KCS, CP's Soo Line Corporation, and UP) increased from 2017. CN's Grand Trunk Corporation (CNGT) had the largest percentage point increase. CNGT operates almost 22 percent of its U.S. mileage in Illinois, and that is the only state with a higher tax rate this year. CNGT and CP's Soo Line Corporation still have higher average tax rates than the other railroads because 38 to 57 percent of their U.S. mileage is in Minnesota, Iowa, and Illinois – states with income tax rates among the highest in the nation. The two railroads with decreases in their average tax rate were CSX and Norfolk Southern. These railroads have operations in New Jersey, and New Jersey had an extraordinarily high effective tax rate in 2017 because of one-time adjustments made necessary by the Tax Cuts and Jobs Act. For 2018, the effective tax rate calculation for New Jersey is more reasonable (6 to 7 percent), and this was the main reason that the average tax rate for those two railroads decreased. These railroads also operate significant mileage in Indiana and Kentucky – two states that reduced their tax rates.

State Miles Operated for 2018

State	BNSF	CNGT	CSX	KCS	NS	SOO	UP	Total	
Alabama	231	26	1,011	44	1,304	0	0	2,616	AL
Arizona	659	0	0	0	0	0	691	1,350	AZ
Arkansas	1,030	0	0	163	0	0	1,323	2,516	AR
California	2,169	0	0	0	0	0	3,303	5,472	CA
Colorado	1,339	0	0	0	0	0	1,505	2,844	CO
Connecticut	0	0	68	0	0	0	0	68	CT
Delaware	0	0	44	0	79	0	0	123	DE
Dist. of Columbia	0	0	19	0	13	0	0	32	DC
Florida	0	0	1,675	0	148	0	0	1,823	FL
Georgia	0	0	1,582	0	1,706	0	0	3,288	GA
Idaho	139	0	0	0	0	0	847	986	ID
Illinois	1,542	1,278	709	203	1,256	397	2,311	7,696	IL
Indiana	0	103	1,507	0	1,441	154	19	3,224	IN
Iowa	659	574	0	0	43	661	1,440	3,377	IA
Kansas	1,598	0	0	18	2	0	2,199	3,817	KS
Kentucky	98	98	1,670	0	429	0	12	2,307	KY
Louisiana	362	227	43	744	76	0	1,143	2,595	LA
Maine	0	0	0	0	0	0	0	0	ME
Maryland	0	0	546	0	233	0	0	779	MD
Massachusetts	0	0	400	0	0	0	0	400	MA
Michigan	0	875	558	0	487	80	0	2,000	MI
Minnesota	1,703	378	0	0	0	1,689	645	4,415	MN
Mississippi	179	575	94	724	211	0	0	1,783	MS
Missouri	1,605	0	0	416	409	144	1,541	4,115	MO
Montana	2,565	0	0	0	0	0	125	2,690	MT
Nebraska	1,524	0	0	0	0	0	1,066	2,590	NE
Nevada	798	0	0	0	0	0	1,193	1,991	NV
New Hampshire	0	0	0	0	0	0	0	0	NH
New Jersey	0	0	641	0	931	0	0	1,572	NJ
New Mexico	1,640	0	0	0	0	0	618	2,258	NM
New York	0	0	1,275	0	841	414	0	2,530	NY
North Carolina	0	0	1,127	0	1,186	0	0	2,313	NC
North Dakota	1,694	0	0	0	0	530	0	2,224	ND
Ohio	0	4	1,866	0	2,021	30	0	3,921	OH
Oklahoma	1,287	0	0	151	0	0	1,255	2,693	OK
Oregon	404	0	0	0	0	0	1,073	1,477	OR
Pennsylvania	0	156	1,056	0	2,403	0	0	3,615	PA
Rhode Island	0	0	0	0	0	0	0	0	RI
South Carolina	0	0	1,310	0	762	0	0	2,072	SC
South Dakota	899	0	0	0	0	112	0	1,011	SD
Tennessee	137	161	990	5	829	0	17	2,139	TN
Texas	4,963	0	0	929	0	0	6,298	12,190	TX
Utah	437	0	0	0	0	0	1,268	1,705	UT
Vermont	0	0	0	0	0	0	0	0	VT
Virginia	0	0	1,055	0	1,990	0	0	3,045	VA
Washington	1,455	0	0	0	0	0	542	1,997	WA
West Virginia	0	0	1,280	0	618	0	0	1,898	WV
Wisconsin	250	1,408	0	0	0	607	929	3,194	WI
Wyoming	965	0	0	0	0	0	873	1,838	WY
Total U.S.	32,331	5,863	20,526	3,397	19,418	4,818	32,236	118,589	
Canada	114	0	76	0	2	0	0	192	
Grand Total	32,445	5,863	20,602	3,397	19,420	4,818	32,236	118,781	

Note: There is no Class I railroad mileage in Alaska, Hawaii, Maine, New Hampshire, Rhode Island, or Vermont. Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

State Tax Rates Used for 2018

State	Inc. Tax Rate	Comments
Alabama	6.500%	
Arizona	4.900%	
Arkansas	6.500%	
California	8.840%	
Colorado	4.630%	
Connecticut	0.000%	Sole railroad reports in operating expense, so tax rate changed to 0.
Delaware	8.700%	
Dist. of Columbia	8.250%	***Lower for 2018
Florida	5.500%	
Georgia	6.000%	
Idaho	6.925%	***Lower for 2018
Illinois	9.500%	*** Higher rate = 7.0% + Replacement Tax of 2.5%
Indiana	5.875%	*** Lower for 2018. 6.00% for first half of year, 5.75% for second half.
Iowa	12.000%	
Kansas	7.000%	4% plus 3.0% surtax
Kentucky	5.000%	***Lower for 2018
Louisiana	8.000%	
Maine	*	No Class I mileage
Maryland	8.250%	
Massachusetts	8.000%	
Michigan	6.000%	
Minnesota	9.800%	
Mississippi	5.000%	
Missouri	6.250%	
Montana	6.750%	7.0% if Water's Edge election (no Class I railroads have elected this)
Nebraska	7.810%	
Nevada	0.000%	None.
New Hampshire	*	No Class I mileage
New Jersey	*	10% of NROI allocated, RR began reporting as income tax 2017
New Mexico	5.900%	***Lower for 2018
New York	0.000%	Reported in operating expense, rate changed to zero.
North Carolina	3.000%	
North Dakota	4.310%	Water's Edge Election add 3.5% pt. (1 RR uses Water's Edge)
Ohio	0.000%	Income tax fully phased out and replaced with a franchise fee.
Oklahoma	6.000%	
Oregon	7.600%	
Pennsylvania	9.990%	
Rhode Island	*	No Class I mileage
South Carolina	5.000%	
South Dakota	0.000%	None.
Tennessee	6.500%	
Texas	*	Calculated using 70% of Operating Revenue taxed at 0.75%
Utah	4.950%	***Lower for 2018
Vermont	*	No Class I mileage
Virginia	6.000%	
Washington	0.000%	None.
West Virginia	6.500%	
Wisconsin	7.900%	
Wyoming	0.000%	None.

Notes:

There is no Class I railroad mileage in Alaska, Hawaii, or states marked with an "***" (except TX & NJ).

Tax rates are from the web site of the Tax Foundation, Washington, DC, and have been verified with state tax forms.

Adjustments to the Tax Foundation's list of rates have been made by the AAR when necessary. See Appendix B.

***** in comments notes that tax rate is changed from prior year.

Results of Calculations for 2018

Average State Corporate Income Tax Rate

Railroad	2018	2017	Difference
BNSF	5.312 %	5.289 %	0.023 % Pts.
CSX	5.238	5.628	-0.390
CNGT	8.130	7.961	0.169
KCS	5.422	5.409	0.013
NS	5.753	6.194	-0.441
SOO	8.193	8.134	0.059
UP	5.726	5.666	0.060

State Tax Rates for 2018 from the Tax Foundation

List of Adjustments to Tax Foundation Rates

State corporate income tax rates used for the Class I Railroads differ from the Tax Foundation for the following states. Appendix D contains information provided by the states.

	State Tax Rate		Comment
	Tax Foundation	Railroad	
Connecticut	8.250%	none	Note 1 - Franchise Fee
Dist. of Columbia	9.000%	8.250%	Note 2 - Out of Date
Idaho	7.400%	6.925%	Note 2 - Out of Date
Indiana	6.250%	5.875%	Note 3 - Mid-year Change
Kentucky	6.000%	5.000%	Note 2 - Out of Date
New Jersey	9.000%	Varies	Note 6 - New Jersey
New York	6.500%	none	Note 1 - Franchise Fee
North Dakota	4.310%	7.810%	Note 4 - Water's Edge Surcharge
Texas	blank	Varies	Note 5 - Texas
Utah	5.000%	4.950%	Note 2 - Out of Date

Note 1 - Franchise Fees

Some state taxes, for example franchise taxes, are not reported as income taxes by the railroads per requirements of Generally Accepted Accounting Practices (GAAP). Instead, those taxes are treated as franchise fees or similar items, and are reported as operating expenses in Schedule 410, Line 615, of Annual Report Form R-1. In those cases, state income tax rates reported by the Tax Foundation have been changed to zero. The states where this occurs are Connecticut and New York. The same two states were changed to zero for 2008 through 2017.

Note 2 - Out of Date

The Tax Foundation was still reporting the previous year's rate, which is now changed, for DC, ID, IN, KY, and UT.

Note 3 - Mid-year Change

The Tax Foundation shows a 6.25 percent Indiana tax rate which is from one year ago. The rate was 6.0 for the first half of the year, and changed to 5.75 for the second half.

Note 4 - Water's Edge Surcharge

For North Dakota, some companies may be required to file their tax return using a worldwide unitary combined report method. Those companies may elect to use the "Water's Edge" method. If this is the case, a 3.5 percent surtax is applied. Soo Line Corporation uses this method, and its North Dakota tax rate has been adjusted to 7.810 percent (4.31 state tax rate + 3.5 surtax).

Note 5 - Texas (see also Appendix F)

For Texas, railroads were taxed using a 0.750 percent tax rate on 70 percent of gross receipts, and the taxes are reported as income taxes. A carrier-specific tax rate for each Class I railroad has been calculated in Appendix F using the same procedure used since 2008. A key assumption in the calculation is that the ratio of Operating Revenue to Net Income Before Taxes is the same in all states where a carrier operates, which eliminates the need to make any revenue or cost allocations because the resulting effective tax rate (using the constant ratio) is the same using all revenue or a portion.

Note 6 - New Jersey (see also Appendix G)

For New Jersey, railroads pay a franchise tax that is 10 percent of the NJ portion of Net Railway Operating Income. Beginning 2017, railroads began recording this in income taxes instead of operating expenses. A carrier-specific tax rate is calculated in Appendix G using the assumption that the ratio of NROI to NIBT is the same for all states (similar to the TX calculation).

List of Tax Rates that Differ from 2017

Listed herein are tax rates, as found on page 3 of this year's report, that differ from the prior year (2017). Refer to Appendix D for tax information from the appropriate state.

	State Tax Rate		Comment
	2018	2017	
District of Columbia	8.2500%	9.0000%	Lower rate for 2018
Idaho	6.9250%	7.4000%	Lower rate for 2018
Illinois	9.5000%	8.6322%	Higher: 7.0% + Replacement Tax of 2.5%
Indiana	5.875%	6.1250%	Rate lowered effective July 2018
Kentucky	5.000%	6.0000%	Lower rate for 2018
New Jersey	See note 6 in Appendix B		Varies each year by railroad
New Mexico	5.9000%	6.2000%	Lower rate for 2018
Texas	See note 5 in Appendix B		Varies each year by railroad
Utah	4.9500%	5.0000%	Lower rate for 2018

Additional Tax Rate Information from States

State	Item	Number of Pages
District of Columbia	D-20 Form, Page 2	1
Idaho	Idaho Corp. Income Tax Return Form 41 Page 2	1
Illinois	Illinois Form IL-1120, Page 3	1
Indiana	Indiana IT-20 Income Tax Booklet Page 10	1
Kentucky	Kentucky 720 Instructions Page 10	1
New Jersey	Applicable Statute	1
New Mexico	New Mexico Form CIT-1 Page 2 (13 of Instructions)	1
Texas	2019 Teas Franchise Tax Report Page 3	1
Utah	Utah Form TC-20 Schedule A	1

Taxpayer Name: _____

Taxpayer Identification Number: _____



DEDUCTIONS		ENTER DOLLAR AMOUNTS ONLY	
23	Pension, profit-sharing plans	23	\$ 00
24	Other deductions (attach statement)	24	\$ 00
25	Total deductions. Add Lines 11–24.	25	\$ 00
26	Net income Line 10 minus Line 25. Fill in if minus: ☐	26	\$ 00
27	Net operating loss deduction for years before 2000	27	\$ 00
28	Net income after net operating loss deduction Line 26 minus Line 27. Fill in if minus: ☐	28	\$ 00
29	(a) Non-business income/state adjustment (attach statement) Fill in if minus: ☐	29a	\$ 00
	(b) Expense related to non-business income (attach statement)	29b	\$ 00
	(c) 29(a) minus 29(b) Fill in if minus: ☐	29c	\$ 00
30	Net income subject to apportionment Line 28 minus Line 29(c) Fill in if minus: ☐	30	\$ 00
31	DC apportionment factor from Form D-20, Schedule F, Col. 3, Line 5. If Combined Report, from Combined Reporting Schedule 2A, Col. 1 Line 9.	31	
32	Net income from trade or business apportioned to DC Line 30 amount multiplied by Line 31 factor. Fill in if minus: ☐	32	\$ 00
33	Other income/deductions attributable to DC (attach statement - see instructions) Fill in if minus: ☐	33	\$ 00
34	Total taxable income before apportioned NOL deduction Line 32 plus or minus Line 33. Fill in if minus: ☐	34	\$ 00
35	Apportioned NOL deduction (Losses occurring in year 2000 and later)	35	\$ 00
36	Total DC taxable income. Line 34 minus Line 35. Fill in if minus: ☐	36	\$ 00
37	Tax 8.25% of Line 36	37	\$ 00
38	Minus nonrefundable credits from Schedule UB, Line 9	38	\$ 00
39	Total DC gross receipts from Line '4' MTLGR Worksheet \$ 00	39	\$ 00
40	Net tax. Line 37 minus Line 38. The minimum tax is \$250 if DC gross receipts are \$1M or less or \$1,000 if DC gross receipts are greater than \$1M.	40	\$ 00
41	Payments and refundable credits:		
	(a) Tax paid, if any, with request for an extension of time to file	41a	\$ 00
	(b) Tax paid, if any, with original return if this is an amended return	41b	\$ 00
	(c) 2018 estimated franchise tax payments	41c	\$ 00
	(d) Refundable credits from Schedule UB, Line 12	41d	\$ 00
42	If this is an amended 2018 return, enter refund requested with original return.	42	\$ 00
43	Total payments and credits. Add Lines 41(a) through 41(d). Do not include Line 42.	43	\$ 00
44	Estimated tax interest (Fill in oval if D-2220 attached) ☐	44	\$ 00
45	Total Amount Due. If Line 43 is smaller than the total of Lines 40 and 44, enter amount due. Will this payment come from an account outside of the U.S.? ☐ Yes ☐ No See instructions.	45	\$ 00
46	Overpayment. If Line 43 is larger than the total of Lines 40 and 44, enter amount overpaid.	46	\$ 00
47	Amount you want to apply to your 2019 estimated franchise tax.	47	\$ 00
48	Amount to be refunded. Line 46 minus Line 47.	48	\$ 00

Third party designee To authorize another person to discuss this return with OTR, fill in here ☐ and enter the name and phone number of that person. See instructions.

Designee's name _____ Phone number _____

PLEASE SIGN HERE	Under penalties of law, I declare that I have examined this return and, to the best of my knowledge, it is correct. Declaration of paid preparer is based on the information available to the preparer.			
	Officer's signature	Title	Date	Telephone number of person to contact
PAID PREPARER ONLY	Preparer's signature (if other than taxpayer)		Date	Firm name
	Preparer's PTIN			Firm address

If you want to allow the preparer to discuss this return with the Office of Tax and Revenue fill in the oval. ☐

EFO00025p2 05-22-2018

32. Net business income subject to apportionment. Enter the amount from line 31	32	
33. Corporations with all activity in Idaho enter 100%. Multistate/multinational corporations complete and include Form 42; enter the apportionment factor from Form 42, Part I, line 21	33	%
34. Net business income apportioned to Idaho. Multiply line 32 by the percent on line 33	34	
35. Income allocated to Idaho. See instructions	35	
36. Idaho net operating loss carryover • carryback • Enter total.....	36	

37. Idaho taxable income. Add lines 34 and 35, then subtract line 36	37	
38. Idaho income tax. Multiply line 37 by 6.925%. Minimum \$20 for each corporation (see instructions) ...	38	

CREDITS

39. Credit for contributions to Idaho educational entities	39	
40. Credit for contributions to Idaho youth and rehabilitation facilities	40	
41. Total business income tax credits from Form 44, Part I, line 9. Include Form 44	41	
42. Total credits. Add lines 39 through 41	42	
43. Subtract line 42 from line 38. If line 42 is greater than line 38, enter zero	43	

OTHER TAXES

44. Permanent building fund tax. Enter \$10. Combined reports include \$10 for each corporation operating or authorized to do business in Idaho	44	
45. Total tax from recapture of income tax credits from Form 44, Part II, line 6. Include Form 44	45	
46. Fuels tax due. Include Form 75	46	
47. Sales/use tax due on untaxed purchases (online, mail order, and other)	47	
48. Tax from recapture of qualified investment exemption (QIE). Include Form 49ER	48	
49. Total tax. Add lines 43 through 48	49	
50. Underpayment interest. Include Form 41ESR	50	
51. Donation to Opportunity Scholarship Program	51	
52. Add lines 49 through 51	52	

PAYMENTS AND OTHER CREDITS

53. Estimated tax payments. If made under other EIN(s), provide EIN(s), amount(s), and rollforward(s)	53	
54. Special fuels tax refund Gasoline tax refund Include Form 75 ..	54	
55. Tax Reimbursement Incentive credit. Include certificate	55	
56. Total payments and other credits. Add lines 53 through 55	56	

If line 52 is more than line 56, GO TO LINE 57. If line 52 is less than line 56, GO TO LINE 60.

REFUND OR PAYMENT DUE

57. Tax due. Subtract line 56 from line 52	57	
58. Penalty • Interest from due date • Enter total.....	58	

59. TOTAL DUE. Add lines 57 and 58		
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60. Overpayment. Subtract line 52 from line 56	60	
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61. REFUND. Amount of line 60 you want refunded to you		
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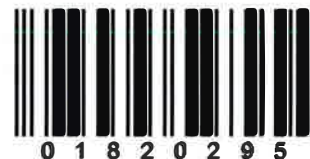
62. ESTIMATED TAX. Amount you want credited to your 2019 estimated tax. Subtract line 61 from line 60	62	
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AMENDED RETURN ONLY. Complete this section to determine your tax due or refund.

63. Total due (line 59) or overpayment (line 60) on this return	63	
64. Refund from original return plus additional refunds	64	
65. Tax paid with original return plus additional tax paid	65	
66. Amended tax due or refund. Add lines 63 and 64, then subtract line 65	66	

• ☐ Within 180 days of receiving this return, the Idaho State Tax Commission may discuss this return with the paid preparer identified below. Under penalties of perjury, I declare that to the best of my knowledge and belief this return is true, correct, and complete.

SIGN HERE	Signature of officer	Date
	Title	Phone number
Paid preparer's signature		Preparer's EIN, SSN, or PTIN
Address		Phone number



Step 5: Figure your net income

35	Base income or net loss from Step 3, Line 23, or Step 4, Line 34.	35	_____	.00
36	Discharge of indebtedness adjustment. Attach federal Form 982. See instructions.	36	_____	.00
37	Adjusted base income or net loss. Add Lines 35 and 36. See instructions.	37	_____	.00
38	Illinois net loss deduction. Attach Schedule NLD or UB/NLD. If Line 37 is zero or a negative amount, enter "0."	38	_____	.00
39	Net income. Subtract Line 38 from Line 37.	39	_____	.00

Step 6: Figure your replacement tax after credits

40	Replacement tax. Multiply Line 39 by 2.5% (.025).	40	_____	.00
41	Recapture of investment credits. Attach Schedule 4255.	41	_____	.00
42	Replacement tax before credits. Add Lines 40 and 41.	42	_____	.00
43	Investment credits. Attach Form IL-477.	43	_____	.00
44	Replacement tax after credits. Subtract Line 43 from Line 42. If the amount is negative, enter "0."	44	_____	.00

Step 7: Figure your income tax after credits

45	Income tax. Multiply Line 39 by 7.00% (.07)	45	_____	.00
46	Recapture of investment credits. Attach Schedule 4255.	46	_____	.00
47	Income tax before credits. Add Lines 45 and 46.	47	_____	.00
48	Income tax credits. Attach Schedule 1299-D.	48	_____	.00
49	Income tax after credits. Subtract Line 48 from Line 47. If the amount is negative, enter "0."	49	_____	.00

Step 8: Figure your refund or balance due

50	Replacement tax before reductions. Enter the amount from Line 44.	50	_____	.00
51	Foreign Insurer replacement tax reduction. Attach Schedule INS or UB/INS. See instructions.	51	_____	.00
52	Subtract Line 51 from Line 50. This is your net replacement tax.	52	_____	.00
53	Income tax before reductions. Enter the amount from Line 49.	53	_____	.00
54	Foreign Insurer income tax reduction. Attach Schedule INS or UB/INS. See instructions.	54	_____	.00
55	Subtract Line 54 from Line 53. This is your net income tax.	55	_____	.00
56	Compassionate Use of Medical Cannabis Pilot Program Act surcharge. See instructions.	56	_____	.00
57	Total net income and replacement taxes and surcharge. Add Lines 52, 55, and 56.	57	_____	.00
58	Underpayment of estimated tax penalty from Form IL-2220. See instructions.	58	_____	.00
59	Total tax, surcharge, and penalty. Add Lines 57 and 58.	59	_____	.00
60	Payments. See instructions.			
a	Credits and payments made before the original tax due date.	60a	_____	.00
b	Pass-through withholding reported to you on Schedule(s) K-1-P or K-1-T. Attach Schedule(s) K-1-P or K-1-T.	60b	_____	.00
c	Illinois gambling withholding. Attach Form(s) W-2G.	60c	_____	.00
61	Total payments. Add Lines 60a through 60c.	61	_____	.00
62	Overpayment. If Line 61 is greater than Line 59, subtract Line 59 from Line 61.	62	_____	.00
63	Amount to be credited forward. See instructions.	63	_____	.00
64	Refund. Subtract Line 63 from Line 62. This is the amount to be refunded.	64	_____	.00

65 Complete to direct deposit your refund.

Routing Number		☐ Checking or ☐ Savings
Account Number		

66 Tax due. If Line 59 is greater than Line 61, subtract Line 61 from Line 59. This is the amount you owe. **66** _____ **.00**

Step 9: Sign below - Under penalties of perjury, I state that I have examined this return and, to the best of my knowledge, it is true, correct, and complete.

Sign Here	Signature of authorized officer	Date (mm/dd/yyyy)	Title	Phone	☐ Check if the Department may discuss this return with the paid preparer shown in this step.
Paid Preparer Use Only	Print/Type paid preparer's name	Paid preparer's signature	Date (mm/dd/yyyy)	☐ Check if self-employed	Paid Preparer's PTIN
	Firm's name		Firm's FEIN		
	Firm's address		Firm's phone	()	

General Filing Rec Form IT-20

What to Enclose with a State Corporate Return

To complete a state income tax return, enclose copies of pages 1 through 5 of the completed U.S. Corporation Income Tax Return (Form 1120) or the comparable federal return being filed. The federal Schedule M-3 and any confirmation of an extension of time to file the return must also be included.

Adjusted Gross Income Tax

The Indiana AGIT is generally calculated using federal taxable income from federal Form 1120 or a comparable return and making Indiana modifications as required by IC 6-3-1-3.5(b). If there is income from sources both within and outside Indiana, use the apportionment and allocation formula on Form IT-20 Schedule E to determine the AGI that's attributed to Indiana.

The corporate AGI tax rate is as follows.

After June 30, 2017, and before July 1, 2018	6.0%
After June 30, 2018, and before July 1, 2019	5.75%
After June 30, 2019, and before July 1, 2020	5.5%
After June 30, 2020, and before July 1, 2021	5.25%
After June 30, 2021	4.9%

How to Determine the Tax Rate

For taxpayers whose taxable year begins when one rate is in effect and the taxable year ends when a different rate is in effect, compute the tax as provided below. This includes calendar-year taxpayers, fiscal-year taxpayers, short-period taxpayers, and 52-53 week tax year taxpayers. However, if your taxable year begins and ends during a period when the same rate is in effect (for instance, a fiscal year from July 1, 2017 to June 30, 2018), no proration is necessary.

How to Determine the Tax Rate for Calendar-Year, Fiscal-Year, Short-period, and 52-53 Week tax year Taxpayers

Pursuant to IC 6-3-2-1(c), the following steps must be used to determine the tax rate if a taxpayer is subject to different tax rates for a taxable period:

1. Multiply the tax rate in effect on June 30 of the taxable period by the number of days in the taxpayer's taxable period that occurred before July 1 of the taxable year.
2. Multiply the tax rate in effect on July 1 of the taxable period by the number of days in the taxpayer's taxable period that occurred after June 30 of the taxable year.
3. Add the amounts in Step 1 and Step 2, and then divide the sum by the total number of days in the taxpayer's taxable year.
4. Round the rate determined in Step 3 to the nearest 0.01%.

Note A: A limited liability company (LLC) may be classified for federal income tax purposes as a partnership, a corporation, or an entity disregarded as an entity separate from its owner by applying the rules in federal regulation section 26 CFR 301.7701-3. An LLC has members rather than shareholders. If an entity with more than one member was formed as an LLC, it generally is treated as a partnership for federal income tax purposes. It therefore files Federal Form 1065 and Indiana Form IT-65.

Single-member LLC reporting defaults to disregarding the LLC as an entity separate from its sole member. The income and expenses of the LLC are included in the return filed by the member.

Either a single-member LLC or a multi-member LLC may elect to report its income and deductions as a corporate entity instead. The LLC can file a Form 1120 or Form 1120-A only if it has filed federal Form 8832, Entity Classification Election, to be treated as a corporation. If this election is made for federal tax purposes, the LLC will file Form 1120 and Indiana's return, Form IT-20.

An LLC can be formed under state law by filing Articles of Organization with the Secretary of State. An LLC based outside of Indiana must file an Application for Certificate of Authority of a Foreign Limited Liability Company to do business in Indiana, similar to what foreign corporations file. If the LLC qualifies under IRS guidelines to be treated as an association taxable as a corporation, it must file Form IT-20.

Note B: A limited liability partnership (LLP) can be classified for federal income tax purposes as a partnership, a corporation, or an entity disregarded as an entity separate from its owner by applying the rules in federal regulation section 26 CFR 301.7701-3. The income of an LLP is taxed in the same way as a general partnership's income is taxed.

An LLP can be formed under state law by filing Articles of Registration of a Limited Liability Partnership with the Secretary of State. An LLP based outside of Indiana must file a Certificate of Authority or Notice of Foreign Limited Liability Partnership to do business in Indiana, similar to what foreign corporations file.

Note C: A limited partnership (LP) must have at least 1 general partner and 1 limited partner. The income is generally taxed in the same manner as a general partnership's income. An LP can be classified for federal income tax purposes as a partnership, a corporation, or an entity disregarded as an entity separate from its owner by applying the rules in federal regulation section 26 CFR 301.7701-3. The LP can be formed under state law by filing a Certificate of Limited Partnership with the Secretary of State. An LP based outside of Indiana must file a Certificate of Authority or Application of registration to do business in Indiana, similar to what foreign corporations file.

Line 3—Enter the total of Lines 1 and 2.

Line 4—Enter the nonrefundable LLET credit from Kentucky Schedule(s) K-1. **Copies of Kentucky Schedule(s) K-1 must be attached to the tax return in order to claim the credit.**

Line 5—Enter the total tax credits from Schedule TCS, Part III, Column E, Line 1 (**attach Schedule TCS**).

Line 6—Enter the greater of Line 3 less Lines 4 and 5, or \$175.

Line 7—Enter the amount of tax withheld on Form PTE-WH, Line 9. **Form PTE-WH must be attached to the tax return.**

Line 8—Enter the total LLET estimated tax payments made for the taxable year. Do not include the amount credited from the prior year.

Line 9—Enter the refundable Certified Rehabilitation Tax Credit (**attach the Kentucky Heritage Council certification(s)**).

Line 10—Enter the refundable Film Industry Tax Credit (**attach the Kentucky Film Office certification(s)**).

NOTE: For applications approved prior to April 27, 2018 this credit is refundable and should be entered here. For applications approved on or after April 27, 2018, this credit is nonrefundable and should be entered on Schedule TCS.

Line 11—Enter the amount of LLET paid with Form 720EXT, Extension of Time to File Kentucky Corporation/LLET Return.

Line 12—Enter the amount credited to the 2018 LLET from Form 720, Part I, Line 21 of the 2017 return.

Line 13—Enter the income tax overpayment from Part II, Line 17 credited to the 2018 LLET. **If filing an amended return, enter the amount from the original return.**

Line 14—Enter the LLET paid on the original return. **This line is used only when filing an amended return.**

Line 15—Enter the LLET overpayment on the original return. **This line is used only when filing an amended return.**

Line 16—If the total of Lines 6 and 15 is greater than the total of Lines 7 through 14, enter the LLET due on this line and on Line 1 of the LLET Payment Summary.

Line 17—If the total of Lines 6 and 15 is less than the total of Lines 7 through 14, enter the LLET overpayment on this line.

Line 18—Enter the portion of Line 17 to be credited to the 2018 income tax liability on Part II, Line 12. **If filing an amended return, do not enter an amount on this line.**

Line 19—Enter the portion of Line 17 to be credited to 2018 LLET interest.

Line 20—Enter the portion of Line 17 to be credited to 2018 LLET penalty.

Line 21—Enter the portion of Line 17 to be credited to 2019 LLET. **If filing an amended return, do not enter an amount on this line.**

Line 22—Enter the portion of Line 17 to be refunded (Line 17 less Lines 18 through 21).

PART II—INCOME TAX COMPUTATION

Line 1—To compute the income tax liability, apply the tax rate of five percent (5%) of taxable net income.

Short-Period Computation of Income Tax—A corporation filing an income tax return for a period of less than 12 months is required to annualize taxable net income. To annualize, multiply taxable net income computed for the short-period by 365 and divide by the number of days in the short-period. The income tax liability is the tax computed on the annualized income multiplied by the number of days in the short-period and divided by 365. **Annualization is not permitted if the return is for the initial or final period of operations. KRS 141.140**

Line 2—Enter the sum of all recapture amounts from Schedule RC-R, Line 13, Form 8874(K)-B, Line 3 and/or Schedule DS, Page 2, Line 11. **Attach Schedule RC-R, Form 8874(K)-B or Schedule DS.**

Line 3—Enter the amount of the Tax Installment on LIFO Recapture. A corporation may be liable for the additional tax due to LIFO recapture under federal Regulations Section 1.1363-2, if the corporation used the LIFO inventory pricing method for its last tax year as a C corporation prior to becoming an S corporation. To determine the LIFO recapture, complete the worksheet below.

1. Kentucky taxable income from Form 720, Part III, Line 22
2. LIFO recapture amount.....
3. Add Lines 1 and 2.....
4. Income tax on the amount on Line 3 above.....
5. Income tax from Form 720, Part II, Line 1.....
6. Line 4 less Line 5.....
7. Tax installment on LIFO Recapture (Line 6 multiplied by 25%) (enter on Line 3)

Line 4—Add the totals for Lines 1 through 3.

Line 5—Enter the total amount from Line 8 of the Corporation LLET Credit worksheets. KRS 141.0401(3)(a) provides that the LLET credit allowed a member or partner of a limited liability pass-through entity against tax imposed by KRS 141.040 is the member's or partner's proportionate share of the LLET for the current year after the subtraction of the minimum tax of \$175 and any credits identified in KRS 141.0205. The LLET credit allowed is applied to income tax assessed on income from the limited liability pass-through entity. Any remaining LLET credit from the limited liability pass-through entity is disallowed.

Enter on Line 2 of the worksheet, the Kentucky net distributive share income from the limited liability pass-through entity that is included in the corporation's Kentucky taxable income on Line 1. If the corporation is taxable only in Kentucky, enter the net distributive share income from the Kentucky Schedule K-1. If the corporation is taxable in Kentucky and taxable in another state, enter the net distributive share income from the Kentucky Schedule K-1 multiplied by the corporation's apportionment fraction on Schedule A (see instructions).

New Jersey Statutes Title 54. Taxation 54 § 29A-13

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An annual franchise tax is hereby levied upon all railroads operating within this State, which shall be assessed at the rate of 10% upon the net railway operating income of the preceding year, computed and allocated in the manner hereinafter provided, of each system and of each railroad not part of a system, provided, however, that the minimum franchise tax payable by any taxpayer shall be \$100 as to taxpayers having total railway operating revenues of the preceding year allocated under section 14 " not in excess of \$1 million and \$4,000 as to all other taxpayers.

1N.J.S.A. § 54:29A-14.

CIT-1, Page 2

Line 10.

Corporate Income Tax Rates

For tax years beginning 1/1/2018, but prior to 1/1/2019.

Net Taxable Income**Tax**

Not over \$500,000.....	4.8% of net taxable income
Over \$500,000.....	\$24,000 plus 5.9% of the excess over \$500,000

Line 12. New Mexico Income Tax. This entry = line 10 x the percentage on line 11.

Line 13. Total tax credits applied against the income tax liability on line 12. If you are claiming any tax credits to apply to the income tax liability, complete Schedule CIT-CR. Then enter the amount on CIT-CR, line A, the total of the credits to apply to the tax liability due.

About Tax Credits and Backup Documents

- The sum of credits claimed on CIT-CR may not exceed the income tax claimed on CIT-1, line 12.
- To calculate the amount you may claim for any tax year, follow the directions on the tax credit claim form or in the tax credit instructions.
- For the Department to consider a credit claim, you must include with the CIT-1 the required documents for each tax credit, along with applicable forms, statements, or other required backup.

To see which backup documents are required to claim a tax credit, use the CIT-CR Instructions available at www.tax.newmexico.gov/forms-publications.aspx. Click **Income Taxes, Corporate Income Tax (CIT) - Current Year**, and then **CIT-CR Instructions**.

NOTE: For more information about business-related credits, see FYI-106, *Claiming Tax Credits for CRS Taxes and Business-Related Income*. You can find FYI-106 at www.tax.newmexico.gov/forms-publications.aspx. Click **Publications** followed by **FYIs**, and then click **100 Series-General Information**.

Line 14. Net income tax. This entry = line 12 income tax - line 13 credits. Enter zero or a larger amount.

Line 15. Franchise tax. The \$50 franchise tax is due for each tax year, including short years. You may not prorate the franchise tax based on a short-year return.

Every domestic or foreign entity taxed as a corporation must pay the \$50 franchise tax if any of the following requirements are true. The entity:

- Transacts business in, into, or from New Mexico
- Derives income from property or employment within CIT-1, CIT-A, CIT-B, CIT-C, CIT-D, Vouchers

this state

- Has or exercises its corporate franchise in New Mexico, whether engaged in active business or not
- Is an otherwise tax-exempt corporation with unrelated business income

IMPORTANT: It is your responsibility to comply with all additional filing requirements imposed by the New Mexico Secretary of State, Corporations Bureau. For information call (505) 827-4511 in Santa Fe or toll free (800) 477-3632, email corporations@state.nm.us, or visit <http://www.sos.state.nm.us>. Click **Corporations** and then select items under **Domestic** or **Foreign**.

Line 16. Total income and franchise tax. This entry = line 15 franchise tax amount + line 14 net income tax amount.

Line 17. Amended Returns Only. If this is an amended return, enter the total amount of all 2018 refunds received and overpayments applied to 2019.

Line 18. Subtotal. This entry = line 16 total income and franchise tax amount + line 17 refunds and overpayments.

Line 19. Total Payments. Mark one or more of these boxes to show the source of the total payments:

- **Quarterly**
- **Extension**
- **Applied from prior year**

Enter the total amount of all quarterly estimated, extension, and tax payments applied from the prior year. For amended returns, include additional tax paid on or after the due date of the return. Total on line 19 = amount on CIT-1, page 1, line I, column 3.

IMPORTANT: If any amounts on line 19 were paid using an FEIN other than the one entered at the top of CIT-1, page 1, a schedule is required with the name and FEIN under which the payment was made. If you file using a combined unitary or consolidated group method, the CIT-1, page 1, line I entries satisfy this requirement for the schedule.

- be 100% owned by a natural person (or persons), each of whom was honorably discharged from a branch of the United States armed services; and
- provide a letter from the Texas Veterans Commission (TVC) verifying the honorable discharge of each owner.

A taxable entity that is verified as a new veteran-owned business must file a No Tax Due Report (Form 05-163) for each reporting period the franchise tax is not imposed on the taxable entity. However, the new veteran-owned business is not required to file a Public or Ownership Information Report.

A new veteran-owned business cannot file as a member of a combined group or as part of a tiered partnership.

The Comptroller's office must be notified if the ownership of the new veteran-owned business changes at any point during the initial five-year period. If during the initial five-year period a new veteran-owned business no longer meets the above criteria, it will become subject to the franchise tax.

For the verification process and additional information please visit the Comptroller's website at www.comptroller.texas.gov/taxes/franchise/veteran-business.php.

If you are a veteran and your entity was formed prior to Jan. 1, 2016, please contact the Texas Veterans Commission for other resources that may be available to you at 800-252-8387 or www.tvc.texas.gov/entrepreneurs/.

Disregarded Entities

An entity's treatment for federal income tax purposes does not determine its responsibility for Texas franchise tax. Therefore, partnerships, LLCs and other entities that are disregarded for federal income tax purposes are considered separate legal entities for franchise tax reporting purposes. The separate entity is responsible for filing its own franchise tax report unless it is a member of a combined group. If the entity is a member of a combined group, the reporting entity for the group may elect to treat the entity as disregarded and will not unwind its operations from its "parent" entity. In this instance, it will be presumed that both the "parent" entity and the disregarded entity have nexus in Texas for apportionment purposes only. Whether or not the entity is disregarded for franchise tax, it must be listed separately on the affiliate schedule. Additionally, if the disregarded entity is organized in Texas or has physical presence in Texas, it will be required to file the appropriate information report (Form 05-102 or 05-167).

Margin

Unless a taxable entity qualifies and chooses to file using the EZ computation or No Tax Due Report, the tax base is the taxable entity's margin and is computed in one of the following ways:

- Total Revenue times 70%
- Total Revenue minus Cost of Goods Sold (COGS)
- Total Revenue minus Compensation
- Total Revenue minus \$1 million.

Note: Not all entities will qu

See instructions for Item 11. Cost of goods sold (COGS) on page 16 for more information.

Tax Rates

The franchise tax rates for reports originally due on or after Jan. 1, 2016:

- 0.75% (0.0075) for most entities
- 0.375% (0.00375) for qualifying wholesalers and retailers
- 0.331% (0.00331) for those entities with \$20 million or less in annualized total revenue using the EZ computation.

Qualifying retailers and wholesalers are entities that are primarily engaged in retail and/or wholesale trade. Retail trade means the activities described in Division G of the 1987 Standard Industrial Classification (SIC) manual; apparel rental activities classified in Industry 5999 or 7299 of the SIC manual; activities classified as SIC Industry Group 753 (Automotive Repair Shops); activities involving the rental or leasing of tools, party and event supplies, and furniture under SIC Code 7359; heavy construction equipment rental or leasing activities under SIC Code 7353; and rental-purchase agreement activities regulated by Chapter 92, Business & Commerce Code. Wholesale trade means the activities described in Division F of the 1987 SIC manual. (The 1987 SIC manual is available online at www.osha.gov/pls/imis/sicsearch.html.)

An entity is primarily engaged in retail and/or wholesale trade if:

- 1) the total revenue from its activities in retail and wholesale trade is greater than the total revenue from its activities in trades other than the retail and wholesale trades;
- 2) except for eating and drinking places as described in Major Group 58 of Division G, less than 50% of the total revenue from activities in retail and wholesale trade comes from the sale of products it produces or products produced by an entity that is part of an affiliated group to which the taxable entity also belongs; and
- 3) the taxable entity does not provide retail or wholesale utilities, including telecommunications services, electricity or gas.

Note: A product is not considered to be produced if modifications made to the acquired product do not increase its sales price by more than 10%.

Annualized Total Revenue

To determine an entity's eligibility for the \$1,130,000 no tax due threshold and qualification for the EZ computation, an entity must annualize its total revenue if the period upon which the report is based is not equal to 12 months.

Note: The amount of total revenue used in the tax calculations will NOT change as a result of annualizing revenue. Total revenue will equal the prescribed amounts for the period upon which the tax is based.

To annualize total revenue, divide total revenue by the number of days in the period upon which the report is based, and multiply the result by 365.

Schedule A - Utah Net Taxable Income and Tax Calculation
20803 EIN: _____

Form 940, Schedule A
2018 Pg. 1

1	Unadjusted income (loss) before NOL and special deductions from federal form 1120, line 28	• 1	_____
2	Additions to unadjusted income from Schedule B, line 15	• 2	_____
3	Add line 1 and line 2	3	_____
4	Subtractions from unadjusted income from Schedule C, line 17	• 4	_____
5	Adjusted income (loss) - subtract line 4 from line 3	• 5	_____
6	Utah net nonbusiness income from Schedule H, line 14	• 6	_____
7	Non-Utah net nonbusiness income from Schedule H, line 28	• 7	_____
8	Total nonbusiness income net of expenses - add line 6 and line 7	8	_____
9	Apportionable income (loss) before contributions deduction - subtract line 8 from line 5	• 9	_____
10	Utah contributions deduction from Schedule D, line 6	• 10	_____
11	Apportionable income (loss) - subtract line 10 from line 9	11	_____
12	Apportionment fraction - enter 1.000000, or Schedule J, line 9, 13 or 14, if applicable	12	_____
13	Apportioned income (loss) - multiply line 11 by line 12	• 13	_____
14	Utah net nonbusiness income (from line 6 above)	14	_____
15	Utah income (loss) before Utah net loss deduction - add line 13 and line 14	• 15	_____
16	Utah net loss carried forward from prior years (attach documentation)	• 16	_____
17	Net Utah taxable income (loss) - subtract line 16 from line 15	• 17	_____
18	Calculation of tax (see instructions):		
a	Multiply line 17 by 4.95% (.0495) (not less than zero)	18a	_____
b	Minimum tax - enter \$100 or amount from Schedule M, line b	• 18b	_____
	Tax amount - enter the greater of line 18a or line 18b	• 18	_____
19	Interest on installment sales	• 19	_____
20	IRC 985(a) deferred foreign income installment amount	• 20	_____
21	Recapture of low-income housing credit	• 21	_____
22	Total tax - add lines 18 through 21 Carry to Schedule A, page 2, line 23	• 22	_____

Summary of Additional Data Used in Calculations from Annual Report Form R-1 (\$000)

Total Railway Operating Revenues Schedule 210, Line 13, Column (b)

Year	RR	Sched	Line	Column (b)
2018	BNSF	210	13	\$23,413,147
2018	CNGT	210	13	3,532,725
2018	CSX	210	13	11,933,560
2018	KCS	210	13	1,414,244
2018	NS	210	13	11,457,713
2018	SOO	210	13	1,594,629
2018	UP	210	13	22,831,419
Total				\$76,177,437

Income (Loss) from continuing operations (before income taxes) Schedule 210, Line 46, Col. (b)

Year	RR	Sched	Line	Column (b)
2018	BNSF	210	46	\$8,463,485
2018	CNGT	210	46	570,993
2018	CSX	210	46	4,353,413
2018	KCS	210	46	361,472
2018	NS	210	46	3,630,025
2018	SOO	210	46	482,862
2018	UP	210	46	8,938,680
Total				\$26,800,930

Net Railway Operating Income Schedule 210, Line 71, Col. (b)

Year	RR	Sched	Line	Column (b)
2018	BNSF	210	71	\$5,698,769
2018	CNGT	210	71	818,273
2018	CSX	210	71	2,939,460
2018	KCS	210	71	363,227
2018	NS	210	71	2,550,802
2018	SOO	210	71	448,032
2018	UP	210	71	6,268,246
Total				\$19,086,809

BNSF Tax Rate Calculation for Texas for 2018

Corporate Activities Tax

Miles in Texas = 4963 (info only)

Operating Revenue	\$23,413,147	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$8,463,485	from R-1 Schedule 210 Line 46
Taxable Receipts	16,389,203	70.0% of Operating Revenue
Tax Rate	0.750%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	122,919	Tax Rate x Taxable Receipts
Effective Tax Rate	1.452%	State Taxes divided by Net Income Before Tax

Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.
All dollar amounts are in thousands.

CNGT Tax Rate Calculation for Texas for 2018

Corporate Activities Tax

Miles in Texas = 0 (info only)

Operating Revenue	\$3,532,725	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$570,993	from R-1 Schedule 210 Line 46
Taxable Receipts	2,472,908	70.0% of Operating Revenue
Tax Rate	0.750%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	18,547	Tax Rate x Taxable Receipts
Effective Tax Rate	3.248%	State Taxes divided by Net Income Before Tax

Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.
All dollar amounts are in thousands.

CSX Tax Rate Calculation for Texas for 2018

Corporate Activities Tax

Miles in Texas = 0 (info only)

Operating Revenue	\$11,933,560	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$4,353,413	from R-1 Schedule 210 Line 46
Taxable Receipts	8,353,492	70.0% of Operating Revenue
Tax Rate	0.750%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	62,651	Tax Rate x Taxable Receipts
Effective Tax Rate	1.439%	State Taxes divided by Net Income Before Tax

Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.
All dollar amounts are in thousands.

KCS Tax Rate Calculation for Texas for 2018

Corporate Activities Tax

Miles in Texas = 929 (info only)

Operating Revenue	\$1,414,244	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$361,472	from R-1 Schedule 210 Line 46
Taxable Receipts	989,971	70.0% of Operating Revenue
Tax Rate	0.750%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	7,425	Tax Rate x Taxable Receipts
Effective Tax Rate	2.054%	State Taxes divided by Net Income Before Tax

Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.
All dollar amounts are in thousands.

NS Tax Rate Calculation for Texas for 2018

Corporate Activities Tax

Miles in Texas = 0 (info only)

Operating Revenue	\$11,457,713	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$3,630,025	from R-1 Schedule 210 Line 46
Taxable Receipts	8,020,399	70.0% of Operating Revenue
Tax Rate	0.750%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	60,153	Tax Rate x Taxable Receipts
Effective Tax Rate	1.657%	State Taxes divided by Net Income Before Tax

Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.
All dollar amounts are in thousands.

SOO Tax Rate Calculation for Texas for 2018

Corporate Activities Tax

Miles in Texas = 0 (info only)

Operating Revenue	\$1,594,629	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$482,862	from R-1 Schedule 210 Line 46
Taxable Receipts	1,116,240	70.0% of Operating Revenue
Tax Rate	0.750%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	8,372	Tax Rate x Taxable Receipts
Effective Tax Rate	1.734%	State Taxes divided by Net Income Before Tax

Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.
All dollar amounts are in thousands.

UP Tax Rate Calculation for Texas for 2018

Corporate Activities Tax

Miles in Texas = 6298 (info only)

Operating Revenue	\$22,831,419	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$8,938,680	from R-1 Schedule 210 Line 46
Taxable Receipts	15,981,993	70.0% of Operating Revenue
Tax Rate	0.750%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	119,865	Tax Rate x Taxable Receipts
Effective Tax Rate	1.341%	State Taxes divided by Net Income Before Tax

Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.
All dollar amounts are in thousands.

BNSF Tax Rate Calculation for New Jersey for 2018

Franchise Excise Tax (recorded in state income taxes in R-1)			Miles in NJ = 0 (info only)
Net Railway Op. Inc.	\$5,698,769	from R-1 Schedule 210 Line 71	
Net Inc. Bef. Tax	\$8,463,485	from R-1 Schedule 210 Line 46	
Tax Rate	10.000%	New Jersey tax rate on Net Railway Operating Income	
State Taxes	\$569,877	Tax Rate x NROI	
Effective Tax Rate	6.733%	State Taxes divided by Net Income Before Tax	

Notes

This calculation assumes that the ratio of NIBT to NROI will be the same in every state.
All dollar amounts are in thousands.

CNGT Tax Rate Calculation for New Jersey for 2018

Franchise Excise Tax (recorded in state income taxes in R-1)			Miles in NJ = 0 (info only)
Net Railway Op. Inc.	\$818,273	from R-1 Schedule 210 Line 71	
Net Inc. Bef. Tax	\$570,993	from R-1 Schedule 210 Line 46	
Tax Rate	10.000%	New Jersey tax rate on Net Railway Operating Income	
State Taxes	\$81,827	Tax Rate x NROI	
Effective Tax Rate	14.331%	State Taxes divided by Net Income Before Tax	

Notes

This calculation assumes that the ratio of NIBT to NROI will be the same in every state.
All dollar amounts are in thousands.

CSX Tax Rate Calculation for New Jersey for 2018

Franchise Excise Tax (recorded in state income taxes in R-1)			Miles in NJ = 641 (info only)
Net Railway Op. Inc.	\$2,939,460	from R-1 Schedule 210 Line 71	
Net Inc. Bef. Tax	\$4,353,413	from R-1 Schedule 210 Line 46	
Tax Rate	10.000%	New Jersey tax rate on Net Railway Operating Income	
State Taxes	\$293,946	Tax Rate x NROI	
Effective Tax Rate	6.752%	State Taxes divided by Net Income Before Tax	

Notes

This calculation assumes that the ratio of NIBT to NROI will be the same in every state.
All dollar amounts are in thousands.

KCS Tax Rate Calculation for New Jersey for 2018

Franchise Excise Tax (recorded in state income taxes in R-1)			Miles in NJ = 0 (info only)
Net Railway Op. Inc.	\$363,227	from R-1 Schedule 210 Line 71	
Net Inc. Bef. Tax	\$361,472	from R-1 Schedule 210 Line 46	
Tax Rate	10.000%	New Jersey tax rate on Net Railway Operating Income	
State Taxes	\$36,323	Tax Rate x NROI	
Effective Tax Rate	10.049%	State Taxes divided by Net Income Before Tax	

Notes

This calculation assumes that the ratio of NIBT to NROI will be the same in every state.
All dollar amounts are in thousands.

NS Tax Rate Calculation for New Jersey for 2018

Franchise Excise Tax (recorded in state income taxes in R-1)			Miles in NJ = 931 (info only)
Net Railway Op. Inc.	\$2,550,802	from R-1 Schedule 210 Line 71	
Net Inc. Bef. Tax	\$3,630,025	from R-1 Schedule 210 Line 46	
Tax Rate	10.000%	New Jersey tax rate on Net Railway Operating Income	
State Taxes	\$255,080	Tax Rate x NROI	
Effective Tax Rate	7.027%	State Taxes divided by Net Income Before Tax	

Notes

This calculation assumes that the ratio of NIBT to NROI will be the same in every state.
All dollar amounts are in thousands.

SOO Tax Rate Calculation for New Jersey for 2018

Franchise Excise Tax (recorded in state income taxes in R-1)			Miles in NJ = 0 (info only)
Net Railway Op. Inc.	\$448,032	from R-1 Schedule 210 Line 71	
Net Inc. Bef. Tax	\$482,862	from R-1 Schedule 210 Line 46	
Tax Rate	10.000%	New Jersey tax rate on Net Railway Operating Income	
State Taxes	\$44,803	Tax Rate x NROI	
Effective Tax Rate	9.279%	State Taxes divided by Net Income Before Tax	

Notes

This calculation assumes that the ratio of NIBT to NROI will be the same in every state.
All dollar amounts are in thousands.

UP Tax Rate Calculation for New Jersey for 2018

Franchise Excise Tax (recorded in state income taxes in R-1)

Miles in NJ = 0 (info only)

Net Railway Op. Inc.	\$6,268,246	from R-1 Schedule 210 Line 71
Net Inc. Bef. Tax	\$8,938,680	from R-1 Schedule 210 Line 46
Tax Rate	10.000%	New Jersey tax rate on Net Railway Operating Income
State Taxes	\$626,825	Tax Rate x NROI
Effective Tax Rate	7.012%	State Taxes divided by Net Income Before Tax

Notes

This calculation assumes that the ratio of NIBT to NROI will be the same in every state.
All dollar amounts are in thousands.

BNSF Average State Tax Rate for 2018

State	Miles BNSF	Income		Pct Miles x Tax Rate
		Tax Rate	Pct Miles	
Alabama	231	6.500%	0.71448%	0.04644%
Arizona	659	4.900%	2.03829%	0.09988%
Arkansas	1,030	6.500%	3.18580%	0.20708%
California	2,169	8.840%	6.70873%	0.59305%
Colorado	1,339	4.630%	4.14154%	0.19175%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	0	8.700%	0.00000%	0.00000%
Dist. of Columbia	0	8.250%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	139	6.925%	0.42993%	0.02977%
Illinois	1,542	9.500%	4.76942%	0.45309%
Indiana	0	5.875%	0.00000%	0.00000%
Iowa	659	12.000%	2.03829%	0.24459%
Kansas	1,598	7.000%	4.94262%	0.34598%
Kentucky	98	5.000%	0.30311%	0.01516%
Louisiana	362	8.000%	1.11967%	0.08957%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	0	8.250%	0.00000%	0.00000%
Massachusetts	0	8.000%	0.00000%	0.00000%
Michigan	0	6.000%	0.00000%	0.00000%
Minnesota	1,703	9.800%	5.26739%	0.51620%
Mississippi	179	5.000%	0.55365%	0.02768%
Missouri	1,605	6.250%	4.96428%	0.31027%
Montana	2,565	6.750%	7.93356%	0.53552%
Nebraska	1,524	7.810%	4.71374%	0.36814%
Nevada	798	0.000%	2.46822%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	0	6.733%	0.00000%	0.00000%
New Mexico	1,640	5.900%	5.07253%	0.29928%
New York	0	0.000%	0.00000%	0.00000%
North Carolina	0	3.000%	0.00000%	0.00000%
North Dakota	1,694	4.310%	5.23955%	0.22582%
Ohio	0	0.000%	0.00000%	0.00000%
Oklahoma	1,287	6.000%	3.98070%	0.23884%
Oregon	404	7.600%	1.24957%	0.09497%
Pennsylvania	0	9.990%	0.00000%	0.00000%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	0	5.000%	0.00000%	0.00000%
South Dakota	899	0.000%	2.78061%	0.00000%
Tennessee	137	6.500%	0.42374%	0.02754%
Texas	4,963	1.452%	15.35059%	0.22294%
Utah	437	4.950%	1.35164%	0.06691%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	0	6.000%	0.00000%	0.00000%
Washington	1,455	0.000%	4.50032%	0.00000%
West Virginia	0	6.500%	0.00000%	0.00000%
Wisconsin	250	7.900%	0.77325%	0.06109%
Wyoming	965	0.000%	2.98475%	0.00000%
Total U.S.	32,331		100.00000%	5.31158%

There is no Class I railroad mileage in AK, HI, ME, NH, RI, VT, and any state marked with an ***.

Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

Tax rates are from the web site of the Tax Foundation, Washington, DC unless updated by AAR (Appendix B).

Rates for Texas and New Jersey are calculated, and may vary by railroad.

No rounding until final number.

CNGT Average State Tax Rate for 2018
(CN's Grand Trunk Corporation)

State	Miles CNGT	Income		Pct Miles x Tax Rate
		Tax Rate	Pct Miles	
Alabama	26	6.500%	0.44346%	0.02882%
Arizona	0	4.900%	0.00000%	0.00000%
Arkansas	0	6.500%	0.00000%	0.00000%
California	0	8.840%	0.00000%	0.00000%
Colorado	0	4.630%	0.00000%	0.00000%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	0	8.700%	0.00000%	0.00000%
Dist. of Columbia	0	8.250%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	0	6.925%	0.00000%	0.00000%
Illinois	1,278	9.500%	21.79771%	2.07078%
Indiana	103	5.875%	1.75678%	0.10321%
Iowa	574	12.000%	9.79021%	1.17483%
Kansas	0	7.000%	0.00000%	0.00000%
Kentucky	98	5.000%	1.67150%	0.08357%
Louisiana	227	8.000%	3.87174%	0.30974%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	0	8.250%	0.00000%	0.00000%
Massachusetts	0	8.000%	0.00000%	0.00000%
Michigan	875	6.000%	14.92410%	0.89545%
Minnesota	378	9.800%	6.44721%	0.63183%
Mississippi	575	5.000%	9.80727%	0.49036%
Missouri	0	6.250%	0.00000%	0.00000%
Montana	0	6.750%	0.00000%	0.00000%
Nebraska	0	7.810%	0.00000%	0.00000%
Nevada	0	0.000%	0.00000%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	0	14.331%	0.00000%	0.00000%
New Mexico	0	5.900%	0.00000%	0.00000%
New York	0	0.000%	0.00000%	0.00000%
North Carolina	0	3.000%	0.00000%	0.00000%
North Dakota	0	4.310%	0.00000%	0.00000%
Ohio	4	0.000%	0.06822%	0.00000%
Oklahoma	0	6.000%	0.00000%	0.00000%
Oregon	0	7.600%	0.00000%	0.00000%
Pennsylvania	156	9.990%	2.66075%	0.26581%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	0	5.000%	0.00000%	0.00000%
South Dakota	0	0.000%	0.00000%	0.00000%
Tennessee	161	6.500%	2.74603%	0.17849%
Texas	0	3.248%	0.00000%	0.00000%
Utah	0	4.950%	0.00000%	0.00000%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	0	6.000%	0.00000%	0.00000%
Washington	0	0.000%	0.00000%	0.00000%
West Virginia	0	6.500%	0.00000%	0.00000%
Wisconsin	1,408	7.900%	24.01501%	1.89719%
Wyoming	0	0.000%	0.00000%	0.00000%
Total U.S.	5,863		100.00000%	8.13008%

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Tax rates are from the web site of the Tax Foundation, Washington, DC unless updated by AAR (Appendix B).

Rates for Texas and New Jersey are calculated, and may vary by railroad.

No rounding until final number.

CSX Average State Tax Rate for 2018

State	Income			
	Miles CSX	Tax Rate	Pct Miles	Pct Miles x Tax Rate
Alabama	1,011	6.500%	4.92546%	0.32015%
Arizona	0	4.900%	0.00000%	0.00000%
Arkansas	0	6.500%	0.00000%	0.00000%
California	0	8.840%	0.00000%	0.00000%
Colorado	0	4.630%	0.00000%	0.00000%
Connecticut	68	0.000%	0.33129%	0.00000%
Delaware	44	8.700%	0.21436%	0.01865%
Dist. of Columbia	19	8.250%	0.09257%	0.00764%
Florida	1,675	5.500%	8.16038%	0.44882%
Georgia	1,582	6.000%	7.70730%	0.46244%
Idaho	0	6.925%	0.00000%	0.00000%
Illinois	709	9.500%	3.45416%	0.32814%
Indiana	1,507	5.875%	7.34191%	0.43134%
Iowa	0	12.000%	0.00000%	0.00000%
Kansas	0	7.000%	0.00000%	0.00000%
Kentucky	1,670	5.000%	8.13602%	0.40680%
Louisiana	43	8.000%	0.20949%	0.01676%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	546	8.250%	2.66004%	0.21945%
Massachusetts	400	8.000%	1.94875%	0.15590%
Michigan	558	6.000%	2.71850%	0.16311%
Minnesota	0	9.800%	0.00000%	0.00000%
Mississippi	94	5.000%	0.45796%	0.02290%
Missouri	0	6.250%	0.00000%	0.00000%
Montana	0	6.750%	0.00000%	0.00000%
Nebraska	0	7.810%	0.00000%	0.00000%
Nevada	0	0.000%	0.00000%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	641	6.752%	3.12287%	0.21086%
New Mexico	0	5.900%	0.00000%	0.00000%
New York	1,275	0.000%	6.21163%	0.00000%
North Carolina	1,127	3.000%	5.49060%	0.16472%
North Dakota	0	4.310%	0.00000%	0.00000%
Ohio	1,866	0.000%	9.09091%	0.00000%
Oklahoma	0	6.000%	0.00000%	0.00000%
Oregon	0	7.600%	0.00000%	0.00000%
Pennsylvania	1,056	9.990%	5.14469%	0.51395%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	1,310	5.000%	6.38215%	0.31911%
South Dakota	0	0.000%	0.00000%	0.00000%
Tennessee	990	6.500%	4.82315%	0.31350%
Texas	0	1.439%	0.00000%	0.00000%
Utah	0	4.950%	0.00000%	0.00000%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	1,055	6.000%	5.13982%	0.30839%
Washington	0	0.000%	0.00000%	0.00000%
West Virginia	1,280	6.500%	6.23599%	0.40534%
Wisconsin	0	7.900%	0.00000%	0.00000%
Wyoming	0	0.000%	0.00000%	0.00000%
Total U.S.	20,526		100.00000%	5.23798%

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Tax rates are from the web site of the Tax Foundation, Washington, DC unless updated by AAR (Appendix B).

Rates for Texas and New Jersey are calculated, and may vary by railroad.

No rounding until final number.

KCS Average State Tax Rate for 2018

State	Miles KCS	Income		Pct Miles x Tax Rate
		Tax Rate	Pct Miles	
Alabama	44	6.500%	1.29526%	0.08419%
Arizona	0	4.900%	0.00000%	0.00000%
Arkansas	163	6.500%	4.79835%	0.31189%
California	0	8.840%	0.00000%	0.00000%
Colorado	0	4.630%	0.00000%	0.00000%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	0	8.700%	0.00000%	0.00000%
Dist. of Columbia	0	8.250%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	0	6.925%	0.00000%	0.00000%
Illinois	203	9.500%	5.97586%	0.56771%
Indiana	0	5.875%	0.00000%	0.00000%
Iowa	0	12.000%	0.00000%	0.00000%
Kansas	18	7.000%	0.52988%	0.03709%
Kentucky	0	5.000%	0.00000%	0.00000%
Louisiana	744	8.000%	21.90168%	1.75213%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	0	8.250%	0.00000%	0.00000%
Massachusetts	0	8.000%	0.00000%	0.00000%
Michigan	0	6.000%	0.00000%	0.00000%
Minnesota	0	9.800%	0.00000%	0.00000%
Mississippi	724	5.000%	21.31292%	1.06565%
Missouri	416	6.250%	12.24610%	0.76538%
Montana	0	6.750%	0.00000%	0.00000%
Nebraska	0	7.810%	0.00000%	0.00000%
Nevada	0	0.000%	0.00000%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	0	10.049%	0.00000%	0.00000%
New Mexico	0	5.900%	0.00000%	0.00000%
New York	0	0.000%	0.00000%	0.00000%
North Carolina	0	3.000%	0.00000%	0.00000%
North Dakota	0	4.310%	0.00000%	0.00000%
Ohio	0	0.000%	0.00000%	0.00000%
Oklahoma	151	6.000%	4.44510%	0.26671%
Oregon	0	7.600%	0.00000%	0.00000%
Pennsylvania	0	9.990%	0.00000%	0.00000%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	0	5.000%	0.00000%	0.00000%
South Dakota	0	0.000%	0.00000%	0.00000%
Tennessee	5	6.500%	0.14719%	0.00957%
Texas	929	2.054%	27.34766%	0.56173%
Utah	0	4.950%	0.00000%	0.00000%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	0	6.000%	0.00000%	0.00000%
Washington	0	0.000%	0.00000%	0.00000%
West Virginia	0	6.500%	0.00000%	0.00000%
Wisconsin	0	7.900%	0.00000%	0.00000%
Wyoming	0	0.000%	0.00000%	0.00000%
Total U.S.	3,397		100.00000%	5.42205%

There is no Class I railroad mileage in AK, HI, ME, NH, RI, VT, and any state marked with an "**".

Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

Tax rates are from the web site of the Tax Foundation, Washington, DC unless updated by AAR (Appendix B).

Rates for Texas and New Jersey are calculated, and may vary by railroad.

No rounding until final number.

NS Average State Tax Rate for 2018

State	Miles NS	Income		Pct Miles x Tax Rate
		Tax Rate	Pct Miles	
Alabama	1,304	6.500%	6.71542%	0.43650%
Arizona	0	4.900%	0.00000%	0.00000%
Arkansas	0	6.500%	0.00000%	0.00000%
California	0	8.840%	0.00000%	0.00000%
Colorado	0	4.630%	0.00000%	0.00000%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	79	8.700%	0.40684%	0.03539%
Dist. of Columbia	13	8.250%	0.06695%	0.00552%
Florida	148	5.500%	0.76218%	0.04192%
Georgia	1,706	6.000%	8.78566%	0.52714%
Idaho	0	6.925%	0.00000%	0.00000%
Illinois	1,256	9.500%	6.46823%	0.61448%
Indiana	1,441	5.875%	7.42095%	0.43598%
Iowa	43	12.000%	0.22144%	0.02657%
Kansas	2	7.000%	0.01030%	0.00072%
Kentucky	429	5.000%	2.20929%	0.11046%
Louisiana	76	8.000%	0.39139%	0.03131%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	233	8.250%	1.19992%	0.09899%
Massachusetts	0	8.000%	0.00000%	0.00000%
Michigan	487	6.000%	2.50798%	0.15048%
Minnesota	0	9.800%	0.00000%	0.00000%
Mississippi	211	5.000%	1.08662%	0.05433%
Missouri	409	6.250%	2.10629%	0.13164%
Montana	0	6.750%	0.00000%	0.00000%
Nebraska	0	7.810%	0.00000%	0.00000%
Nevada	0	0.000%	0.00000%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	931	7.027%	4.79452%	0.33691%
New Mexico	0	5.900%	0.00000%	0.00000%
New York	841	0.000%	4.33103%	0.00000%
North Carolina	1,186	3.000%	6.10774%	0.18323%
North Dakota	0	4.310%	0.00000%	0.00000%
Ohio	2,021	0.000%	10.40787%	0.00000%
Oklahoma	0	6.000%	0.00000%	0.00000%
Oregon	0	7.600%	0.00000%	0.00000%
Pennsylvania	2,403	9.990%	12.37512%	1.23627%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	762	5.000%	3.92419%	0.19621%
South Dakota	0	0.000%	0.00000%	0.00000%
Tennessee	829	6.500%	4.26923%	0.27750%
Texas	0	1.657%	0.00000%	0.00000%
Utah	0	4.950%	0.00000%	0.00000%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	1,990	6.000%	10.24822%	0.61489%
Washington	0	0.000%	0.00000%	0.00000%
West Virginia	618	6.500%	3.18261%	0.20687%
Wisconsin	0	7.900%	0.00000%	0.00000%
Wyoming	0	0.000%	0.00000%	0.00000%
Total U.S.	19,418		100.00000%	5.75335%

There is no Class I railroad mileage in AK, HI, ME, NH, RI, VT, and any state marked with an ***.

Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

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Rates for Texas and New Jersey are calculated, and may vary by railroad.

No rounding until final number.

SOO Average State Tax Rate for 2018
(Canadian Pacific's Soo Line Corporation)

State	Miles SOO	Income		
		Tax Rate	Pct Miles	Pct Miles x Tax Rate
Alabama	0	6.500%	0.00000%	0.00000%
Arizona	0	4.900%	0.00000%	0.00000%
Arkansas	0	6.500%	0.00000%	0.00000%
California	0	8.840%	0.00000%	0.00000%
Colorado	0	4.630%	0.00000%	0.00000%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	0	8.700%	0.00000%	0.00000%
Dist. of Columbia	0	8.250%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	0	6.925%	0.00000%	0.00000%
Illinois	397	9.500%	8.23993%	0.78279%
Indiana	154	5.875%	3.19635%	0.18779%
Iowa	661	12.000%	13.71939%	1.64633%
Kansas	0	7.000%	0.00000%	0.00000%
Kentucky	0	5.000%	0.00000%	0.00000%
Louisiana	0	8.000%	0.00000%	0.00000%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	0	8.250%	0.00000%	0.00000%
Massachusetts	0	8.000%	0.00000%	0.00000%
Michigan	80	6.000%	1.66044%	0.09963%
Minnesota	1,689	9.800%	35.05604%	3.43549%
Mississippi	0	5.000%	0.00000%	0.00000%
Missouri	144	6.250%	2.98879%	0.18680%
Montana	0	6.750%	0.00000%	0.00000%
Nebraska	0	7.810%	0.00000%	0.00000%
Nevada	0	0.000%	0.00000%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	0	9.279%	0.00000%	0.00000%
New Mexico	0	5.900%	0.00000%	0.00000%
New York	414	0.000%	8.59278%	0.00000%
North Carolina	0	3.000%	0.00000%	0.00000%
North Dakota	530	7.810% +	11.00042%	0.85913%
Ohio	30	0.000%	0.62267%	0.00000%
Oklahoma	0	6.000%	0.00000%	0.00000%
Oregon	0	7.600%	0.00000%	0.00000%
Pennsylvania	0	9.990%	0.00000%	0.00000%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	0	5.000%	0.00000%	0.00000%
South Dakota	112	0.000%	2.32462%	0.00000%
Tennessee	0	6.500%	0.00000%	0.00000%
Texas	0	1.734%	0.00000%	0.00000%
Utah	0	4.950%	0.00000%	0.00000%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	0	6.000%	0.00000%	0.00000%
Washington	0	0.000%	0.00000%	0.00000%
West Virginia	0	6.500%	0.00000%	0.00000%
Wisconsin	607	7.900%	12.59859%	0.99529%
Wyoming	0	0.000%	0.00000%	0.00000%
Total U.S.	4,818		100.00000%	8.19324%

There is no Class I railroad mileage in AK, HI, ME, NH, RI, VT, and any state marked with an "***".

Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

Tax rates are from the web site of the Tax Foundation, Washington, DC unless updated by AAR (Appendix B).

Rates for Texas and New Jersey are calculated, and may vary by railroad.

No rounding until final number.

"+" Water's Edge Surcharge Tax rate applied in North Dakota

UP Average State Tax Rate for 2018

State	Miles UP	Income		Pct Miles x Tax Rate
		Tax Rate	Pct Miles	
Alabama	0	6.500%	0.00000%	0.00000%
Arizona	691	4.900%	2.14357%	0.10503%
Arkansas	1,323	6.500%	4.10411%	0.26677%
California	3,303	8.840%	10.24631%	0.90577%
Colorado	1,505	4.630%	4.66869%	0.21616%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	0	8.700%	0.00000%	0.00000%
Dist. of Columbia	0	8.250%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	847	6.925%	2.62750%	0.18195%
Illinois	2,311	9.500%	7.16900%	0.68106%
Indiana	19	5.875%	0.05894%	0.00346%
Iowa	1,440	12.000%	4.46706%	0.53605%
Kansas	2,199	7.000%	6.82157%	0.47751%
Kentucky	12	5.000%	0.03723%	0.00186%
Louisiana	1,143	8.000%	3.54573%	0.28366%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	0	8.250%	0.00000%	0.00000%
Massachusetts	0	8.000%	0.00000%	0.00000%
Michigan	0	6.000%	0.00000%	0.00000%
Minnesota	645	9.800%	2.00087%	0.19609%
Mississippi	0	5.000%	0.00000%	0.00000%
Missouri	1,541	6.250%	4.78037%	0.29877%
Montana	125	6.750%	0.38777%	0.02617%
Nebraska	1,066	7.810%	3.30686%	0.25827%
Nevada	1,193	0.000%	3.70083%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	0	7.012%	0.00000%	0.00000%
New Mexico	618	5.900%	1.91711%	0.11311%
New York	0	0.000%	0.00000%	0.00000%
North Carolina	0	3.000%	0.00000%	0.00000%
North Dakota	0	4.310%	0.00000%	0.00000%
Ohio	0	0.000%	0.00000%	0.00000%
Oklahoma	1,255	6.000%	3.89316%	0.23359%
Oregon	1,073	7.600%	3.32858%	0.25297%
Pennsylvania	0	9.990%	0.00000%	0.00000%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	0	5.000%	0.00000%	0.00000%
South Dakota	0	0.000%	0.00000%	0.00000%
Tennessee	17	6.500%	0.05274%	0.00343%
Texas	6,298	1.341%	19.53716%	0.26199%
Utah	1,268	4.950%	3.93349%	0.19471%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	0	6.000%	0.00000%	0.00000%
Washington	542	0.000%	1.68135%	0.00000%
West Virginia	0	6.500%	0.00000%	0.00000%
Wisconsin	929	7.900%	2.88187%	0.22767%
Wyoming	873	0.000%	2.70815%	0.00000%
Total U.S.	32,236		100.00000%	5.72604%

There is no Class I railroad mileage in AK, HI, ME, NH, RI, VT, and any state marked with an ***.

Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

Tax rates are from the web site of the Tax Foundation, Washington, DC unless updated by AAR (Appendix B).

Rates for Texas and New Jersey are calculated, and may vary by railroad.

No rounding until final number.

Workpapers Sent to Surface Transportation Board for 2018 State Tax Rate Calculations

May 30, 2019

1. Schedule 702 from 2018 Annual Report Form R-1 (7 pages)
2. Schedule 210 from 2018 Annual Report Form R-1 (14 pages)

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 road owned but not operated. The respondent's proportion of operated road held by it as a 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 but not operated should be shown in column (h), as appropriate. Mileage which has been permanently abandoned should not be included in column (h). Mileage should be reported to the nearest WHOLE mile adjusted in accord with footings; i.e., counting one-half mile and over as a whole mile and disregarding any fraction less than one-half mile.

Line No.	Cross Check	State or territory (a)	MILES OF ROAD OPERATED BY RESPONDENT								Line No.
			Line owned (b)	Line of proprietary companies (c)	Line operated under lease (d)	Line operated under contract, etc. (e)	Line operated under trackage rights (f)	Total mileage operated (g)	Line owned, not operated by respondent (h)	New line constructed during year (i)	
1		Alabama	105				126	231	16		1
2		Arizona	592				67	659			2
3		Arkansas	190				840	1,030			3
4		British Columbia	22				24	46	16		4
5		California	913				1,258	2,169			5
6		Colorado	802		14		523	1,339			6
7		Idaho	139					139			7
8		Illinois	1,151			2	389	1,542			8
9		Iowa	594		26	4	35	659			9
10		Kansas	1,140				458	1,598			10
11		Kentucky	-			13	85	98			11
12		Louisiana	240				122	362			12
13		Manitoba	-	4			64	68			13
14		Minnesota	1,490				213	1,703	91		14
15		Mississippi	166				13	179			15
16		Missouri	1,424				181	1,605	37		16
17		Montana	2,529				36	2,565	141		17
18		Nebraska	1,479				45	1,524			18
19		Nevada	-				798	798			19
20		New Mexico	1,125				515	1,640	60		20
21		North Dakota	1,617				77	1,694	274		21
22		Oklahoma	957				330	1,287			22
23		Oregon	226				178	404	111		23
24		Saskatchewan									24
25		South Dakota	884			2	33	899			25
26		Tennessee	16				121	137			26
27		Texas	2,612			10	2,341	4,963			27
28		Utah	-				437	437			28
29		Washington	1,335				120	1,455	86		29
30		Wisconsin	245				5	250			30
31		Wyoming	960				5	965			31
32		Total Mileage (Single Track)	22,933	4	40	31	9,437	32,445	892		32

Railroad Annual Report R-1

Road initials: BNSF Year 2018

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 proportion 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 but not operated should be shown in column (h), as appropriate. Mileage which has been permanently abandoned should not be included in column (h). Mileage should be reported to the nearest WHOLE mile adjusted in 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 propri- etary 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											1
2		ALABAMA	26	-	-		-	26			2
3											3
4		ILLINOIS	1,232	-	-		46	1,278			4
5											5
6		INDIANA	102	-	-		1	103			6
7											7
8		IOWA	574	-	-		-	574			8
9											9
10		KENTUCKY	85	13	-		-	98			10
11											11
12		LOUISIANA	227	-	-		-	227			12
13											13
14		MICHIGAN	871	1	3		-	875			14
15											15
16		MINNESOTA	378	-	-		-	378			16
17											17
18		MISSISSIPPI	575	-	-		-	575			18
19											19
20		OHIO	4	-	-		-	4			20
21											21
22		PENNSYLVANIA	156	-	-		-	156			22
23											23
24		TENNESSEE	161	-	-		-	161			24
25											25
26		WISCONSIN	1,362	-	-		46	1,408			26
27											27
28											28
29											29
30											30
31											31
32		TOTAL MILEAGE (single track)	5,753	14	3	-	93	5,863			32

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

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

Line No.	Cross Check	State or Territory (a)	MILES OF ROAD OPERATED BY RESPONDENT								Line No.
			Line Owned (b)	Line of Proprietary Companies (c)	Line Operated Under Lease (d)	Line Operated Under Contract, etc. (e)	Line Operated Under Trackage Rights (f)	Total Mileage Operated (g)	Line Owned, Not Operated By Respondent (h)	New Line Constructed During Year (i)	
1		Illinois	155	0	0	0	242	397	0	0	1
2		Indiana	0	0	0	0	154	154	0	0	2
3		Iowa	650	0	0	0	11	661	0	0	3
4		Michigan	0	0	0	0	80	80	0	0	4
5		Minnesota	1,144	0	0	0	545	1,689	64	0	5
6		Missouri	139	0	0	0	5	144	0	0	6
7		Montana	0	0	0	0	0	0	57	0	7
8		New York	214	0	0	0	200	414	0	0	8
9		North Dakota	501	0	0	0	29	530	602	0	10
10		Ohio	0	0	0	0	30	30	0	0	11
11		South Dakota	6	0	0	0	106	112	0	0	12
12		Wisconsin	301	0	0	0	306	607	0	0	13
13											14
14											15
15											16
16											18
17											19
18											20
19											21
20											22
21											23
22											24
23											25
24											26
25											27
26											28
27											29
28											30
29											31
30		Total Mileage (single track)	3,110	0	0	0	1,708	4,818	723	0	32

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 road owned but not operated. The respondent's proportion of operated road held by it as a 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 but not operated should be shown in column (h), as appropriate. Mileage which has been permanently abandoned should not be included in column (h).

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

Line No.	Cross Check	State or territory (a)	MILES OF ROAD OPERATED BY RESPONDENT								Line No.
			Line owned (b)	Line of proprietary companies (c)	Line operated under lease (d)	Line operated under contract, etc. (e)	Line operated under trackage rights (f)	Total mileage operated (g)	Line owned, not operated by respondent (h)	New line constructed during year (i)	
1		Alabama	900	-	-	-	111	1,011	139	-	1
2		Canada - Ontario	2	18	-	-	4	24	7	-	2
3		Canada - Quebec	2	14	30	-	6	52	12	-	3
4		Connecticut	6	-	-	-	62	68	-	-	4
5		Delaware	23	-	-	-	21	44	-	-	5
6		District Of Columbia	16	-	-	1	2	19	9	-	6
7		Florida	1,469	-	-	64	142	1,675	30	-	7
8		Georgia	1,388	-	118	1	75	1,582	93	-	8
9		Illinois	425	-	59	-	225	709	120	-	9
10		Indiana	1,132	-	13	-	362	1,507	434	-	10
11		Kentucky	1,549	63	-	-	58	1,670	14	-	11
12		Louisiana	35	-	-	-	8	43	-	-	12
13		Maryland	442	13	5	-	86	546	7	-	13
14		Massachusetts	166	-	65	8	161	400	-	-	14
15		Michigan	415	-	-	-	143	558	83	-	15
16		Mississippi	74	-	-	-	20	94	-	-	16
17		Missouri	-	-	-	-	-	-	-	-	17
18		New Jersey	62	-	-	-	579	641	5	-	18
19		New York	733	-	185	-	357	1,275	11	-	19
20		North Carolina	1,068	-	-	7	52	1,127	2	-	20
21		Ohio	1,256	-	140	8	462	1,866	173	-	21
22		Pennsylvania	414	44	23	7	568	1,056	56	-	22
23		South Carolina	1,246	-	47	-	17	1,310	12	-	23
24		Tennessee	826	-	16	2	146	990	42	-	24
25		Virginia	759	30	7	3	256	1,055	19	-	25
26		West Virginia	1,019	20	15	-	226	1,280	132	-	26
27											27
28											28
29											29
30											30
31											31
32		Total Mileage (Single Track)	15,427	202	723	101	4,149	20,602	1,400	-	32

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

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Line No.	Cross Check	State or territory (a)	MILES OF ROAD OPERATED BY RESPONDENT								Line No.
			Line owned (b)	Line of propri- etary 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		Missouri	396	-	-	-	20	416	3	-	1
2											2
3		Kansas	18	-	-	-	-	18	-	-	3
4											4
5		Arkansas	158	-	-	-	5	163	59	-	5
6											6
7		Oklahoma	150	-	-	-	1	151	6	-	7
8											8
9		Louisiana	677	-	2	-	65	744	173	-	9
10											10
11		Texas	580	-	-	-	349	929	-	-	11
12											12
13		Tennessee	5	-	-	-	-	5	-	-	13
14											14
15		Mississippi	587	-	1	-	136	724	52	-	15
16											16
17		Alabama	-	-	-	-	44	44	79	-	17
18											18
19		Illinois	182	-	-	-	21	203	-	-	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		TOTAL MILEAGE (single track)	2,753	-	3	-	641	3,397	372	-	32

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

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Line No.	Cross Check	State or territory (a)	MILES OF ROAD OPERATED BY RESPONDENT								Line No.
			Line owned (b)	Line of propri- etary 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	1,212				92	1,304	89		1
2		Canada					2	2			2
3		Delaware	36				43	79	93		3
4		District of Columbia					13	13			4
5		Florida	95				53	148			5
6		Georgia	1,697				9	1,706	381		6
7		Illinois	842				414	1,256	63		7
8		Indiana	1,174		2		265	1,441	36		8
9		Iowa	5			1	37	43	43		9
10		Kansas					2	2			10
11		Kentucky	154		212		63	429			11
12		Louisiana	72				4	76			12
13		Maryland	59				174	233	37		13
14		Michigan	115				372	487	157		14
15		Mississippi	209				2	211			15
16		Missouri	344				65	409			16
17		New Jersey	124				807	931	2		17
18		New York	547				294	841	227		18
19		North Carolina	822				364	1,186	418		19
20		Ohio	1,622		10		389	2,021	251		20
21		Pennsylvania	1,761			5	637	2,403	193		21
22		South Carolina	658				104	762	37		22
23		Tennessee	647		136		46	829	144		23
24		Virginia	1,883				107	1,990	154		24
25		West Virginia	586				32	618	233		25
26											26
27											27
28											28
29											29
30											30
31											31
32		TOTAL MILEAGE (single track)	14,664		360	6	4,390	19,420	2,558		32

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

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Line No.	Cross Check	State or Territory (a)	Line owned (b)	Line of propri- etary 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)	Line No.
1		Arizona	691	-	-	-	-	691	0	-	1
2		Arkansas	1,316	-	5	-	2	1,323	74	-	2
3		California	2,752	-	-	-	551	3,303	663	-	3
4		Colorado	1,153	-	-	-	352	1,505	171	-	4
5		Idaho	843	-	-	-	4	847	43	-	5
6		Illinois	1,541	19	4	-	747	2,311	10	-	6
7		Indiana	-	-	-	-	19	19	-	-	7
8		Iowa	1,288	-	-	-	152	1,440	6	-	8
9		Kansas	1,564	-	-	-	635	2,199	313	-	9
10		Kentucky	-	-	-	-	12	12	-	-	10
11		Louisiana	1,087	-	-	-	56	1,143	30	-	11
12		Minnesota	418	-	-	-	227	645	16	-	12
13		Missouri	973	-	-	-	568	1,541	360	-	13
14		Montana	125	-	-	-	-	125	52	-	14
15		Nebraska	975	-	-	-	91	1,066	254	-	15
16		Nevada	1,193	-	-	-	-	1,193	-	-	16
17		New Mexico	535	-	-	-	83	618	-	-	17
18		Oklahoma	513	-	307	-	435	1,255	73	-	18
19		Oregon	868	-	-	-	205	1,073	396	-	19
20		Tennessee	9	-	-	-	8	17	-	-	20
21		Texas	5,190	-	-	-	1,108	6,298	282	-	21
22		Utah	1,248	-	-	-	20	1,268	60	-	22
23		Washington	273	-	-	-	269	542	60	-	23
24		Wisconsin	595	-	-	-	334	929	107	-	24
25		Wyoming	873	-	-	-	-	873	-	-	25
26											26
27											27
28											28
29											29
30											30
31		TOTAL MILEAGE	26,023	19	316	-	5,878	32,236	2,970	-	31
32		(single track)									32

210. RESULTS OF OPERATIONS

(Dollars in Thousands)

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

Cross-Checks

Schedule 210

Schedule 210

Line 15, col b

= Line 66, col b

Lines 47, 48, 49 col b

= Line 67, col b

Line 50, col b

= Line 68, col b

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

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

Line 14, col b

Schedule 410

Line 14, col d

= Line 620, col h

Line 14, col e

= Line 620, col f

= Line 620, col g

4. All contra entries should be shown in parenthesis.

Line No.	Cross Check	Item	Amount for current year	Amount for preceding year	Freight-related revenue & expenses	Passenger-related revenue & expenses	Line No.
		(a)	(b)	(c)	(d)	(e)	
		ORDINARY ITEMS					
		OPERATING INCOME					
		Railway Operating Income					
1		(101) Freight	22,991,417	20,783,627	22,991,417		1
2		(102) Passenger					2
3		(103) Passenger-related					3
4		(104) Switching	41,569	41,665	41,569		4
5		(105) Water transfers					5
6		(106) Demurrage	204,213	177,751	204,213		6
7		(110) Incidental	165,985	113,531	165,985		7
8		(121) Joint facility - credit	9,963	8,151	9,963		8
9		(122) Joint facility - debit					9
10		(501) Railway operating revenues (Exclusive of transfers from government authorities-lines 1-9)	23,413,147	21,124,725	23,413,147		10
11		(502) Railway operating revenues - transfers from government authorities					11
12		(503) Railway operating revenues - amortization of deferred transfers from government authorities					12
13		TOTAL RAILWAY OPERATING REVENUES (lines 10-12)	23,413,147	21,124,725	23,413,147		13
14	*	(531) Railway operating expenses	15,680,379	14,072,650	15,680,379		14
15	*	Net revenue from railway operations	7,732,768	7,052,075	7,732,768		15
		OTHER INCOME					
16		(508) Revenue from property used in other than carrier operations					16
17		(510) Miscellaneous rent income					17
18		(512) Separately operated properties - profit					18
19		(513) Dividend income (cost method)	400	400			19
20		(514) Interest income	654,154	366,204			20
21		(516) Income from sinking and other funds					21
22		(517) Release of premiums on funded debt					22
23		(518) Reimbursements received under contracts and agreements					23
24		(519) Miscellaneous income	87,592	107,080			24
		Income from affiliated companies: 519					
25		a. Dividends (equity method)	9,750	7,200			25
26		b. Equity in undistributed earnings (losses)	44,722	128,474			26
27		TOTAL OTHER INCOME (lines 16-26)	796,618	609,358			27
28		TOTAL INCOME (lines 15, 27)	8,529,386	7,661,433			28
		MISCELLANEOUS DEDUCTIONS FROM INCOME					
29		(534) Expenses of property used in other than carrier operations					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	15,334	38,093			34
35		(553) Uncollectible accounts					35
36		TOTAL MISCELLANEOUS DEDUCTIONS	15,334	38,093			36
37		Income available for fixed charges	8,514,052	7,623,340			37

210. RESULTS OF OPERATIONS - Continued
(Dollars in Thousands)

Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No.
FIXED CHARGES					
		(546) Interest on funded debt:			
38		(a) Fixed interest not in default	42,178	34,917	38
39		(b) Interest in default			39
40		(547) Interest on unfunded debt	6,333	6,347	40
41		(548) Amortization of discount on funded debt	2,056	2,056	41
42		TOTAL FIXED CHARGES (lines 38 through 41)	50,567	43,320	42
43		Income after fixed charges (line 37 minus line 42)	8,463,485	7,580,020	43
OTHER DEDUCTIONS					
		(546) Interest on funded debt:			
44		(c) Contingent interest			44
UNUSUAL OR INFREQUENT ITEMS					
45		(555) Unusual or infrequent items (debit) credit			45
46		Income (Loss) from continuing operations (before inc. taxes)	8,463,485	7,580,020	46
PROVISIONS FOR INCOME TAXES					
		(556) Income taxes on ordinary income:			
47	*	(a) Federal income taxes	1,361,110	1,726,751	47
48	*	(b) State income taxes	289,100	202,911	48
49	*	(c) Other income taxes	149	(170)	49
50	*	(557) Provision for deferred taxes	370,792	(6,453,639)	50
51		TOTAL PROVISION FOR INCOME TAXES (lines 47 through 52)	2,021,151	(4,524,147)	51
52		Income from continuing operations (line 46 minus line 51)	6,442,334	12,104,167	52
DISCONTINUED OPERATIONS					
53		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$)			53
54		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$)			54
55		Income before extraordinary items (lines 52 through 54)	6,442,334	12,104,167	55
EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES					
56		(570) Extraordinary items (Net)			56
57		(590) Income taxes on extraordinary items			57
58		(591) Provision for deferred taxes - Extraordinary items			58
59		TOTAL EXTRAORDINARY ITEMS (lines 56 through 58)			59
60		(592) Cumulative effect of changes in accounting principles (less applicable income taxes of \$)			60
61	*	Net income (Loss) (lines 55 + 59 + 60)	6,442,334	12,104,167	61
62		Less: Net income attributable to noncontrolling interest			62
63		Net income attributable to reporting railroad	6,442,334	12,104,167	63
64		Basic Earnings per Share	N/A	N/A	64
65		Diluted Earnings per Share	N/A	N/A	65
RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)					
66	*	Net revenues from railway operations	7,732,768	7,052,075	66
67	*	(556) Income taxes on ordinary income (-)	1,650,359	1,929,492	67
68	*	(557) Provision for deferred income taxes (-)	370,792	(6,453,639)	68
69		Income from lease of road and equipment (-)	12,848	12,848	69
70		Rent for leased roads and equipment (+)			70
71		Net railway operating income (loss)	5,698,769	11,563,374	71

Note: As required by GAAP, we implemented new accounting rules effective for 2018 around presentation of pension expenses. In accordance with GAAP, this required an adjustment to 2017 expenses included in our 2018 SEC filings. The 2017 numbers reported herein also reflect this change: a \$54 million increase to Railway Operating Expenses and a corresponding \$54 million increase to Miscellaneous Income.

210. RESULTS OF OPERATIONS

(Dollars in Thousands)

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

Cross - Checks

Schedule 210

Line 15, col b

Lines 47, 48, 49 col b

Line 50, col b

Schedule 210

= Line 62, col b

= Line 63, col b

= Line 64, col b

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

Line 14, col b

Line 14, col d

Line 14, col e

Schedule 410

= Line 620, col h

= Line 620, col f

= Line 620, col g

4. All contra entries should be shown in parenthesis.

Line No.	Cross Check	Account	Item	Amount for current year	Amount for preceding year	Freight-related revenue & expenses	Passenger-related revenue & expenses	Line No.
			(a)	(b)	(c)	(d)	(e)	
			ORDINARY ITEMS					
			OPERATING INCOME					
			Railway Operating Income					
1		(101)	Freight	3,168,056	2,827,463	3,168,056	-	1
2		(102)	Passenger	-	-	-	-	2
3		(103)	Passenger - related	-	-	-	-	3
4		(104)	Switching	54,172	52,987	54,172	-	4
5		(105)	Water transfers	197,714	221,847	197,714	-	5
6		(106)	Demurrage	33,569	31,619	33,569	-	6
7		(110)	Incidental	67,271	40,614	67,271	-	7
8		(121)	Joint facility - credit	-	-	-	-	8
9		(122)	Joint facility - debit	-	-	-	-	9
10		(501)	Railway operating revenues (Exclusive of transfers from government authorities - lines 1 - 9)	3,520,782	3,174,530	3,520,782	-	10
11		(502)	Railway operating revenues - transfers from government authorities	5,486	5,225	5,486	-	11
12		(503)	Railway operating revenues - amortization of deferred transfers from government authorities	6,457	5,390	6,457	-	12
13			TOTAL RAILWAY OPERATING REVENUES (Lines 10 - 12)	3,532,725	3,185,145	3,532,725	-	13
14	*	(531)	Railway operating expenses	2,582,138	2,351,622	2,582,138	-	14
15	*		Net revenue from railway operations	950,587	833,523	950,587	-	15
			OTHER INCOME					
16		(506)	Revenue from property used in other than carrier operations	-	-			16
17		(510)	Miscellaneous rent income	7,572	6,825			17
18		(512)	Separately operated properties - profit	-	-			18
19		(513)	Dividend income (cost method)	-	-			19
20		(514)	Interest income	1,479	729			20
21		(516)	Income from sinking and other funds	-	-			21
22		(517)	Release of premiums on funded debt	-	-			22
23		(518)	Reimbursements received under contracts and agreements	-	-			23
24		(519)	Miscellaneous income	16,826	4,460			24
25			Income from affiliated companies: 519					
			a) Dividends (equity method)	-	-			25
26			b) Equity in undistributed earnings (losses)	3,373	5,028			26
27			TOTAL OTHER INCOME (Lines 16 - 26)	29,250	17,042			27
28			TOTAL INCOME (Lines 15, 27)	979,837	850,565			28
			MISCELLANEOUS DEDUCTIONS FROM INCOME					
29		(534)	Expense of property used in other than carrier operations	1,200	1,200			29
30		(544)	Miscellaneous taxes	-	-			30
31		(545)	Separately operated properties - Loss	-	-			31
32		(549)	Maintenance of investment organizations	-	-			32
33		(550)	Income transferred under contracts and agreements	-	-			33
34		(551)	Miscellaneous income charges	5,311	535			34
35		(553)	Uncollectible accounts	-	-			35
36			TOTAL MISCELLANEOUS DEDUCTIONS	6,511	1,735			36
37			Income available for fixed charges	973,326	848,830			37

210. RESULTS OF OPERATIONS - Continued						
(Dollars in Thousands)						
Line No.	Cross Check	Account	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No.
FIXED CHARGES						
38		(546)	Interest on funded debt:			
			(a) Fixed interest not in default	402,319	407,935	38
39			(b) Interest in default	-	-	39
40		(547)	Interest on unfunded debt	9	-	40
41		(548)	Amortization of discount on funded debt	5	5	41
42			TOTAL FIXED CHARGES (lines 38 through 41)	402,333	407,940	42
43			Income after fixed charge (line 37 minus line 42)	570,993	440,890	43
OTHER DEDUCTIONS						
44		(546)	Interest on funded debt:			
			(c) Contingent interest	-	-	44
UNUSUAL OR INFREQUENT ITEMS						
45		(555)	Unusual or infrequent items (debit) credit	-	-	45
46			Income (Loss) from continuing operations (before inc. taxes)	570,993	440,890	46
PROVISIONS FOR INCOME TAXES						
47	*	(556)	Income taxes on ordinary income:			
			(a) Federal income taxes	(1,784)	13,477	47
48	*		(b) State income taxes	4,077	10,284	48
49	*		(c) Other income taxes	-	-	49
50	*	(557)	Provision for deferred taxes	133,360	(1,219,830)	50
51			TOTAL PROVISIONS FOR INCOME TAXES (lines 47 through 50)	135,653	(1,196,069)	51
52			Income from continuing operations (line 46 minus line 51)	435,340	1,636,959	52
DISCONTINUED OPERATIONS						
53		(560)	Income or loss from operations of discontinued segments (less applicable income taxes of \$ -)	-	-	53
54		(562)	Gain or loss on disposal of discontinued segments (less applicable income taxes of \$ -)	-	-	54
55			Income before extraordinary Items (lines 52 through 54)	435,340	1,636,959	55
EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES						
56		(570)	Extraordinary items (Net)	-	-	56
57		(590)	Income taxes on extraordinary items	-	-	57
58		(591)	Provision for deferred taxes - Extraordinary items	-	-	58
59			TOTAL EXTRAORDINARY ITEMS (lines 56 through 58)	-	-	59
60		(592)	Cumulative effect of changes in accounting principles (less applicable income taxes of \$ -)	-	-	60
61	*		Net income (Loss) (lines 55 + 59 + 60)	435,340	1,636,959	61
62			Less: Net Income attributable to noncontrolling interest	-	-	62
63			Net Income attributable to reporting railroad	435,340	1,636,959	63
64			Basic Earnings Per Share	1,413,441.56	5,314,801.95	64
65			Diluted Earnings Per Share	1,413,441.56	5,314,801.95	65
RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)						
66	*		Net revenues from railway operations	950,587	833,523	66
67	*	(556)	Income taxes on ordinary income (-)	2,293	23,761	67
68	*	(557)	Provision for deferred taxes (-)	133,360	(1,219,830)	68
69			Income from leased road and equipment (-)	-	-	69
70			Rent for leased road and equipment (+)	3,339	1,741	70
71			Net railway operating income (loss)	818,273	2,031,333	71
Note: Basic Earnings Per Share and Diluted Earnings Per Share presented on lines 64 and 65 are in full dollars and cents.						

210. RESULTS OF OPERATIONS

(Dollars in thousands)

1. Disclose requested information for the respondent pertaining to the results of operations for the year.
2. Report total operating expenses from Sched. 410. Any differences between this schedule and Sched. 410 must be explained on page 18.
3. List dividends from investments accounted for under the cost method on line No. 19, and list dividends accounted for under the equity method on line 25.
4. All contra entries hereunder should be indicated in parenthesis.

5. Cross-checks:

Schedule 210

Line 15, column (b)
 Line 47, 48, 49 col (b)
 Line 50, col (b)

Schedule 210

= Line 62, col (b)
 = Line 63, col (b)
 = Line 64, col (b)

Schedule 410

Line 14, column (b)
 Line 14, column (d)
 Line 14, column (e)

= Line 620, col (h)
 = Line 620, col (f)
 = Line 620, col (g)

Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Freight-related revenue & expenses (d)	Passenger-related revenue & expenses (e)	Line No.
ORDINARY ITEMS							
OPERATING INCOME							
Railway Operating Income							
1		(101) Freight	1,548,264	1,399,511	1,548,264	0	1
2		(102) Passenger	0	0	0	0	2
3		(103) Passenger-Related	0	0	0	0	3
4		(104) Switching	12,570	12,023	12,570	0	4
5		(105) Water Transfers	0	0	0	0	5
6		(106) Demurrage	30,140	23,807	30,140	0	6
7		(110) Incidental	2,767	3,231	2,767	0	7
8		(121) Joint Facility-Credit	0	0	0	0	8
9		(122) Joint Facility-Debit	0	0	0	0	9
10		(501) Railway operating revenues (Exclusive of transfers from Government Authorities-lines 1-9)	1,593,741	1,438,572	1,593,741	0	10
11		(502) Railway operating revenues-Transfers from Government Authorities	0	0	0	0	11
12		(503) Railway operating revenues-Amortization of deferred transfers from Government Authorities	888	900	888	0	12
13		TOTAL RAILWAY OPERATING REVENUES (\$ less applicable tax of \$)	1,594,629	1,439,472	1,594,629	0	13
14		(531) Railway operating expenses	1,042,743	973,493	1,042,743	0	14
15		Net revenue from railway operations	551,886	465,979	551,886	0	15
OTHER INCOME							
16		(506) Revenue from property used in other than carrier operations	0	0			16
17		(510) Miscellaneous rent income	9,061	8,595			17
18		(512) Separately operated properties-Profit	0	0			18
19		(513) Dividend Income (cost method)	0	4			19
20		(514) Interest Income	8,958	7,550			20
21		(516) Income from sinking and other funds	0	0			21
22		(517) Release of premiums on funded debt	0	0			22
23		(518) Reimbursements received under contracts and agreements	0	0			23
24		(519) Miscellaneous income	27,041	2,822			24
25		Income from affiliated companies: 519					
25		a. Dividends (equity method)	6,860	0			25
26		b. Equity in undistributed earnings (losses)	4,719	16,881			26
27		TOTAL OTHER INCOME (lines 16-26)	56,639	35,852			27
28		TOTAL INCOME (lines 15, 27)	608,525	501,831			28
MISCELLANEOUS DEDUCTIONS FROM INCOME							
29		(534) Expenses of property used in other than carrier operations	0	0			29
30		(544) Miscellaneous taxes	0	0			30
31		(545) Separately operated properties-loss	0	0			31
32		(549) Maintenance of investment organization	0	0			32
33		(550) Income Transferred under contracts and agreements	0	0			33
34		(551) Miscellaneous income charges	2,658	1,788			34
35		(553) Uncollectible accounts	0	0			35
36		TOTAL MISCELLANEOUS DEDUCTIONS	2,658	1,788			36
37		Income available for fixed charges	605,867	500,043			37

See additional notes to financial statements on pages 7-15

210. RESULTS OF OPERATIONS - Continued					
(Dollars in thousands)					
Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No.
FIXED CHARGES					
38		(546) Interest on funded long-term debt:			38
		(a) Fixed interest not in default	122,988	138,136	
39		(b) Interest in default	0	0	39
40		(547) Interest on unfunded debt	17	56	40
41		(548) Amortization of discount on funded debt	0	0	41
42		TOTAL FIXED CHARGES (lines 38 through 41)	123,005	138,192	42
43		Income after fixed charges (lines 37 minus line 42)	482,862	361,851	43
OTHER DEDUCTIONS					
44		(546) Interest on funded debt:			44
		(c) Contingent interest	0	0	
UNUSUAL OR INFREQUENT ITEMS					
45		(555) Unusual or infrequent items (debit) credit	0	0	45
46		Income (loss) from continuing operations (before income taxes)	482,862	361,851	46
PROVISIONS FOR INCOME TAXES					
47		(556) Income taxes on ordinary income:			47
		(a) Federal income taxes	29,782	38,205	
48		(b) State income taxes	16,571	16,220	48
49		(c) Other income taxes	1	(211)	49
50		(557) Provision for deferred taxes	57,575	(350,817)	50
51		TOTAL PROVISIONS FOR INCOME TAXES (lines 47 through 50)	103,929	(296,603)	51
52		Income from continuing operations (line 46 minus line 51)	378,933	658,454	52
DISCONTINUED OPERATIONS					
53		(560) Income or loss from operations of discontinued segments			53
		(less applicable income taxes of \$)	0	0	
54		(562) Gain or loss on disposal of discontinued segments			54
		(less applicable income taxes of \$)	0	0	
55		Income before extraordinary items (lines 52 through 54)	378,933	658,454	55
EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES					
56		(570) Extraordinary items (net)	0	0	56
57		(590) Income taxes on extraordinary items	0	0	57
58		(591) Provision for deferred taxes-Extraordinary items	0	0	58
59		TOTAL EXTRAORDINARY ITEMS (lines 56 through 58)	0	0	59
60		(592) Cumulative effect of changes in accounting principles			60
		(\$ less applicable tax of \$)	0	0	
61		Net income (loss) (lines 55 + 59 + 60)	378,933	658,454	61
62		Less: Net Income attributable to noncontrolling interest	0	0	62
63		Net income attributable to reporting railroad (lines 61 + 62)	378,933	658,454	63
64		Basic Earnings Per Share	180	314	64
65		Diluted Earnings Per Share	180	314	65
Reconciliation of net railway operating income (NROI)					
66		Net revenues from railway operations	551,886	465,979	66
67		(556) Income taxes on ordinary income (-)	46,354	54,214	67
68		(557) Provision for deferred income taxes (-)	57,575	(350,817)	68
69		Income from lease of road and equipment (-)	0	0	69
70		Rent for leased roads and equipment (+)	75	74	70
71		Net railway operating income (loss)	448,032	762,656	71
See additional notes to financial statements on pages 7-15					

210. RESULTS OF OPERATIONS

(Dollars in Thousands)

1. Disclose requested information for respondent pertaining to results of operations for the year.
2. Report total operating expenses from Sched. 410. Any differences between this schedule and Sched. 410 must be explained on page 23.
3. List dividends from investments accounted for under the cost method on line 19, and list dividends accounted for under the equity method on line 25.
4. All contra entries should be shown in parenthesis.

Cross-Checks

Schedule 210

Line 15, col b
 Lines 47,48,49 col b
 Line 50, col b

Schedule 210

= Line 66, col b
 = Line 67, col b
 = Line 68, col b

Line 14, col b

Line 14, col d

Line 14, col e

Schedule 410

= Line 620, col h

= Line 620, col f

= Line 620, col g

Line No.	Cross Check	Item	Amount for current year	Amount for preceding year	Freight-related revenue & expenses	Passenger-related revenue & expenses	Line No.
		(a)	(b)	(c)	(d)	(e)	
		ORDINARY ITEMS					
		OPERATING INCOME					
		Railway Operating Income					
1		(101) Freight	\$ 11,667,366	\$ 10,973,998	\$ 11,667,366	-	1
2		(102) Passenger	-	-	-	-	2
3		(103) Passenger-related	-	-	-	-	3
4		(104) Switching	(132,454)	(120,747)	(132,454)	-	4
5		(105) Water transfers	-	-	-	-	5
6		(106) Demurrage	246,763	72,692	246,763	-	6
7		(110) Incidental	151,885	181,361	151,885	-	7
8		(121) Joint facility - credit	-	-	-	-	8
9		(122) Joint facility - debit	-	-	-	-	9
10		(501) Railway operating revenues (Exclusive of transfers from government authorities-lines 1-9)	11,933,560	11,107,304	11,933,560	-	10
11		(502) Railway operating revenues - transfers from government authorities	-	-	-	-	11
12		(503) Railway operating revenues - amortization of deferred transfers from government authorities	-	-	-	-	12
13		TOTAL RAILWAY OPERATING REVENUES (lines 10-12)	\$ 11,933,560	\$ 11,107,304	\$ 11,933,560	-	13
14	*	(531) Railway operating expenses	7,962,396	8,017,034	7,962,396	-	14
15	*	Net revenue from railway operations	\$ 3,971,164	\$ 3,090,270	\$ 3,971,164	-	15
		OTHER INCOME					
16		(506) Revenue from property used in other than carrier operations	\$ -	\$ -			16
17		(510) Miscellaneous rent income	49,672	45,827			17
18		(512) Separately operated properties - profit	-	-			18
19		(513) Dividend income (cost method)	21,303	18,859			19
20		(514) Interest income	123,609	63,809			20
21		(516) Income from sinking and other funds	-	-			21
22		(517) Release of premiums on funded debt	5,605	5,594			22
23		(518) Reimbursements received under contracts and agreements	-	-			23
24		(519) Miscellaneous income	211,558	11,980			24
25		Income from affiliated companies: 519					
26		a. Dividends (equity method)	76,357	52,539			25
27		b. Equity in undistributed earnings (losses)	10,882	35,500			26
28		TOTAL OTHER INCOME (lines 16-26)	\$ 498,986	\$ 234,108			27
29		TOTAL INCOME (lines 15, 27)	\$ 4,470,150	\$ 3,324,378			28
		MISCELLANEOUS DEDUCTIONS FROM INCOME					
29		(534) Expenses of property used in other than carrier operations	1,551	3,137			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	72,387	59,072			34
35		(553) Uncollectible accounts	-	-			35
36		TOTAL MISCELLANEOUS DEDUCTIONS	\$ 73,938	\$ 62,209			36
37		Income available for fixed charges	\$ 4,396,212	\$ 3,262,169			37

210. RESULTS OF OPERATIONS - Continued (Dollars in Thousands)					
Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No.
FIXED CHARGES					
		(546) Interest on funded debt:			
38		(a) Fixed interest not in default	\$ 41,677	\$ 31,116	38
39		(b) Interest in default	-	-	39
40		(547) Interest on unfunded debt	1,122	(2,797)	40
41		(548) Amortization of discount on funded debt	-	-	41
42		TOTAL FIXED CHARGES (lines 38 through 41)	\$ 42,799	\$ 28,319	42
43		Income after fixed charges (line 37 minus line 42)	\$ 4,353,413	\$ 3,233,850	43
OTHER DEDUCTIONS					
		(546) Interest on funded debt:			
44		(c) Contingent interest	-	-	44
UNUSUAL OR INFREQUENT ITEMS					
45		(555) Unusual or infrequent items (debit) credit	-	-	45
46		Income (Loss) from continuing operations (before inc. taxes)	\$ 4,353,413	\$ 3,233,850	46
PROVISIONS FOR INCOME TAXES					
		(556) Income taxes on ordinary income:			
47	*	(a) Federal income taxes	\$ 616,314	\$ 807,800	47
48	*	(b) State income taxes	151,893	110,110	48
49	*	(c) Other income taxes	1,721	1,051	49
50	*	(557) Provision for deferred taxes	228,736	(3,173,136)	50
51		TOTAL PROVISION FOR INCOME TAXES (lines 47 through 50)	\$ 998,664	\$ (2,254,175)	51
52		Income from continuing operations (line 46 minus line 51)	\$ 3,354,749	\$ 5,488,025	52
DISCONTINUED OPERATIONS					
		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$ 0)	-	-	
53			-	-	53
		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$ 0)	-	-	
54			-	-	54
55		Income before extraordinary items (lines 52 through 54)	\$ 3,354,749	\$ 5,488,025	55
EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES					
56		(570) Extraordinary items (Net)	-	-	56
57		(590) Income taxes on extraordinary items	-	-	57
58		(591) Provision for deferred taxes - Extraordinary items	-	-	58
59		TOTAL EXTRAORDINARY ITEMS (lines 56 through 58)	-	-	59
		(592) Cumulative effect of changes in accounting principles (less applicable income taxes of \$ 0)	-	-	
60			-	-	60
61	*	Net income (Loss) (lines 55 + 59 + 60)	\$ 3,354,749	\$ 5,488,025	61
62		Less: Net Income attributable to noncontrolling interest	25	21	62
63		Net Income attributable to reporting railroad	3,354,724	5,488,004	63
64		Basic Earnings Per Share (See Note 2 below)	\$ 370.24	\$ 605.67	64
65		Diluted Earnings Per Share (See Note 2 below)	\$ 370.24	\$ 605.67	65
RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)					
66	*	Net revenues from railway operations	\$ 3,971,164	\$ 3,090,270	66
67	*	(556) Income taxes on ordinary income (-)	(769,928)	(918,961)	67
68	*	(557) Provision for deferred income taxes (-)	(228,736)	3,173,136	68
69		Income from lease of road and equipment (-)	(49,105)	(80,836)	69
70		Rent for leased roads and equipment (+)	16,065	14,413	70
71		Net railway operating income (loss)	\$ 2,939,460	\$ 5,278,022	71
Notes and Remarks For Schedule 210					
Note 1: Basic and diluted earnings per share in lines 64 and 65, respectively, are based on the number of CSXT shares outstanding, which are all held by CSX Corporation. The number of CSXT shares is not equivalent to the weighted-average number of shares of common stock outstanding used to calculate earnings per share related to the consolidated results of CSX Corporation.					

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 parentheses.

5. Cross checks:

Schedule 210

Line 15, column (b)

Line 47 plus 48 plus 49, column (b)

Line 50, column (b)

Schedule 210

= Line 66, column (b)

= Line 67, column (b)

= Line 68, column (b)

Schedule 410

= Line 620, column (h)

= Line 620, column (f)

= Line 620, column (g)

Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Freight-related revenue & expenses (d)	Passenger-related revenue & expenses (e)	Line No.
		ORDINARY ITEMS					
		OPERATING INCOME					
		Railway Operating Income					
1		(101) Freight	1,328,383	1,291,143	1,328,383	NONE	1
2		(102) Passenger	-	-	-		2
3		(103) Passenger-Related	-	-	-		3
4		(104) Switching	17,521	16,063	17,521		4
5		(105) Water Transfers	-	-	-		5
6		(106) Demurrage	29,304	27,111	29,304		6
7		(110) Incidental	36,892	13,326	36,892		7
8		(121) Joint Facility - Credit	-	-	-		8
9		(122) Joint Facility - Debit	-	-	-		9
10		(501) Railway Operating Revenues (Exclusive of Transfers from Government Authorities - Lines 1-9)	1,412,100	1,347,643	1,412,100		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	2,144	2,144	2,144		12
13		TOTAL RAILWAY OPERATING REVENUES (Lines 10-12)	1,414,244	1,349,787	1,414,244		13
14		(531) Railway Operating Expenses	975,847	956,823	975,847		14
15		Net Revenue from Railway Operations	438,397	392,964	438,397		15
		OTHER INCOME					
16		(506) Revenue from Property Used in Other Than Carrier Operations	12	29			16
17		(510) Miscellaneous Rent Income	-	-			17
18		(512) Separately Operated Properties - Profit	-	-			18
19		(513) Dividend Income (Cost Method)	8	8			19
20		(514) Interest Income	752	-			20
21		(516) Income from Sinking and Other Funds	-	-			21
22		(517) Release of Premiums on Funded Debt	-	-			22
23		(518) Reimbursements Received under Contracts and Agreements	-	-			23
24		(519) Miscellaneous Income	1,539	1,521			24
25		Income from Affiliated Companies: 519 a. Dividends (Equity Method)	-	-			25
26		b. Equity in Undistributed Earnings (Losses)	1,879	1,896			26
27		TOTAL OTHER INCOME (Lines 16-26)	4,190	3,454			27
28		TOTAL INCOME (Lines 15, 27)	442,587	396,418			28
		MISCELLANEOUS DEDUCTIONS FROM INCOME					
29		(534) Expenses of Property Used in Other Than Carrier Operations	-	-			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	1,624	3,213			34
35		(553) Uncollectible Accounts	-	-			35
36		TOTAL MISCELLANEOUS DEDUCTIONS (Lines 29-35)	1,624	3,213			36
37		Income Available for Fixed Charges (Lines 28, 36)	440,963	393,205			37

210. RESULTS OF OPERATIONS - Concluded (Dollars in Thousands)					
Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No.
FIXED CHARGES					
38		(546) Interest on Funded Debt: (a) Fixed Interest Not in Default	79,115	72,117	38
39		(b) Interest in Default	-	-	39
40		(547) Interest on Unfunded Debt	3	6	40
41		(548) Amortization of Discount on Funded Debt	373	374	41
42		TOTAL FIXED CHARGES (Lines 38-41)	79,491	72,497	42
43		Income after Fixed Charges (Lines 37, 42)	361,472	320,708	43
OTHER DEDUCTIONS					
44		(546) Interest on Funded Debt: (c) Contingent Interest	-	-	44
UNUSUAL OR INFREQUENT ITEMS					
45		(555) Unusual or Infrequent Items (Debit) Credit	-	-	45
46		Income (Loss) from Continuing Operations (before Income Taxes)	361,472	320,708	46
PROVISIONS FOR INCOME TAXES					
47		(556) Income Taxes on Ordinary Income: (a) Federal Income Taxes	(12,595)	(29,848)	47
48		(b) State Income Taxes	567	377	48
49		(c) Other Income Taxes	4,451	1,856	49
50		(557) Provision for Deferred Taxes	82,831	(315,935)	50
51		TOTAL PROVISIONS FOR INCOME TAXES (Lines 47-50)	75,254	(343,550)	51
52		Income from Continuing Operations (Line 46 minus Line 51)	286,218	664,258	52
DISCONTINUED OPERATIONS					
53		(560) Income or Loss from Operations of Discontinued Segments (Less Applicable Income Taxes of \$ -)	-	-	53
54		(562) Gain or Loss on Disposal of Discontinued Segments (Less Applicable Tax of \$ -)	-	-	54
55		Income before Extraordinary Items (Lines 52 + 53 + 54)	286,218	664,258	55
EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES					
56		(570) Extraordinary Items (net)	-	-	56
57		(590) Income Taxes on Extraordinary Items	-	-	57
58		(591) Provision for Deferred Taxes - Extraordinary Items	-	-	58
59		TOTAL EXTRAORDINARY ITEMS (Lines 56-58)	-	-	59
60		(592) Cumulative Effect of Changes in Accounting Principles (Less Applicable Tax of \$ -)	-	-	60
61		Net Income (Loss) (Lines 55 + 59 + 60)	286,218	664,258	61
62		Less: Net Income attributable to noncontrolling interest	2,010	1,938	62
63		Net Income attributable to reporting railroad	284,208	662,320	63
64		Basic Earnings Per Share	28.88	67.30	64
65		Diluted Earnings Per Share	28.88	67.30	65
RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)					
66		Net Revenues from Railway Operations	438,397	392,964	66
67		(556) Income Taxes on Ordinary Income (-)	(7,577)	(27,615)	67
68		(557) Provision for Deferred Taxes (-)	82,831	(315,935)	68
69		Income from Lease of Road and Equipment (-)	-	-	69
70		Rent for Leased Roads and Equipment (+)	84	58	70
71		Net Railway Operating Income (Loss)	363,227	736,572	71
Note: Line 49 includes current foreign withholding income taxes. Amount for preceding year for Account 557, Provision for Deferred Taxes, of (\$315,935) includes a one-time non-cash tax benefit of \$455,352 due to the revaluation of deferred taxes resulting from the reduction in the U.S. corporate income tax rate from 35% to 21% provided in the Tax Cuts and Jobs Act enacted on December 22, 2017 effective January 1, 2018. The Provision for Deferred Taxes would have been \$139,417 without this one-time non-cash tax benefit, and the Reconciliation of Net Railway Operating Income would have been as follows:					
ADJUSTED RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)			Amount for preceding year		
Net Revenues from Railway Operations			392,964		
(556) Income Taxes on Ordinary Income (-)			(27,615)		
(557) Provision for Deferred Taxes adjusted for the one-time non-cash tax benefit of \$455,352 (-)			139,417		
Income from Lease of Road and Equipment (-)			-		
Rent for Leased Roads and Equipment (+)			58		
Net Railway Operating Income (Loss)			281,220		

210. RESULTS OF OPERATIONS

(Dollars in Thousands)

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

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

3. List dividends from investments accounted for under the cost method on line No. 19 and list dividends accounted for under the equity method on line 25.

4. All contra entries should be shown 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 66, column (b)

= Line 67, column (b)

= Line 68, column (b)

Schedule 410

= Line 620, column (h)

= Line 620, column (f)

= Line 620, column (g)

Line No.	Cross Check	Item	Amount for current year	Amount for preceding year	Freight-related revenue & expenses	Passenger-related revenue & expenses	Line No.
		(a)	(b)	(c)	(d)	(e)	
		ORDINARY ITEMS					
		OPERATING INCOME					
		Railway Operating Income					
1		(101) Freight	11,066,135	10,232,913	11,066,135		1
2		(102) Passenger					2
3		(103) Passenger-Related					3
4		(104) Switching	55,901	54,391	55,901		4
5		(105) Water Transfers					5
6		(106) Demurrage	243,621	179,920	243,621		6
7		(110) Incidental	92,056	83,889	92,056		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)	11,457,713	10,551,113	11,457,713		10
11		(502) Railway operating revenues-Transfers from Government Authorities for current operations					11
12		(503) Railway operating revenues-Amortization of deferred transfers from Government Authorities					12
13		TOTAL RAILWAY OPERATING REVENUES (lines 10-12)	11,457,713	10,551,113	11,457,713		13
14	*	(531) Railway operating expenses	8,063,981	7,372,499	8,063,981		14
15	*	Net revenue from railway operations	3,393,732	3,178,614	3,393,732		15
		OTHER INCOME					
16		(506) Revenue from property used in other than carrier operations	6,138	5,296			16
17		(510) Miscellaneous rent income	82,679	78,307			17
18		(512) Separately operated properties-Profit					18
19		(513) Dividend Income (cost method)					19
20		(514) Interest Income	309,423	124,631			20
21		(516) Income from sinking and other funds					21
22		(517) Release of premiums on funded debt					22
23		(518) Reimbursements received under contracts and agreements					23
24		(519) Miscellaneous income	155,921	72,927			24
		Income from affiliated companies: 519					
25		a. Dividends (equity method)					25
26		b. Equity in undistributed earnings (losses)	6	6			26
27		TOTAL OTHER INCOME (lines 16-26)	554,167	281,167			27
28		TOTAL INCOME (lines 15, 27)	3,947,899	3,459,781			28
		MISCELLANEOUS DEDUCTIONS FROM INCOME					
29		(534) Expenses of property used in other than carrier operations	22,184	20,921			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	(28,316)	26,515			34
35		(553) Uncollectible accounts					35
36		TOTAL MISCELLANEOUS DEDUCTIONS (lines 29-35)	(6,132)	47,436			36
37		Income available for fixed charges (lines 28, 36)	3,954,031	3,412,345			37

210. RESULTS OF OPERATIONS - Continued

(Dollars in Thousands)

Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No.
		FIXED CHARGES			
38		(546) Interest on funded debt:			38
39		(a) Fixed interest not in default	269,029	211,072	39
40		(b) Interest in default			40
41		(547) Interest on unfunded debt	54,977	43,006	41
42		(548) Amortization of discount on funded debt			42
43		TOTAL FIXED CHARGES (lines 38-41)	324,006	254,078	43
		Income after fixed charges (line 37 minus line 42)	3,630,025	3,158,267	
		OTHER DEDUCTIONS			
44		(546) Interest on funded debt:			44
		(c) Contingent interest			
		UNUSUAL OR INFREQUENT ITEMS			
45		(555) Unusual or infrequent items (debit) credit			45
46		Income (Loss) from continuing operations (before income taxes)	3,630,025	3,158,267	46
		PROVISIONS FOR INCOME TAXES			
		(556) Income taxes on ordinary income:			
47	*	(a) Federal income taxes	533,909	745,580	47
48	*	(b) State income taxes	124,360	81,359	48
49	*	(c) Other income taxes			49
50	*	(557) Provision for deferred taxes	199,088	(2,960,013)	50
51		TOTAL PROVISIONS FOR INCOME TAXES (lines 47-50)	857,357	(2,133,074)	51
52		Income from continuing operations (line 46 minus line 51)	2,772,668	5,291,341	52
		DISCONTINUED OPERATIONS			
53		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$)			53
54		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$)			54
55		Income before extraordinary items (lines 52+53+54)	2,772,668	5,291,341	55
		EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES			
56		(570) Extraordinary items (Net)			56
57		(590) Income taxes on extraordinary items			57
58		(591) Provision for deferred taxes-Extraordinary items			58
59		TOTAL EXTRAORDINARY ITEMS (lines 56-58)			59
60		(592) Cumulative effect of changes in accounting principles (less applicable tax of \$)			60
61	*	Net income (Loss) (lines 55+59+60)	2,772,668	5,291,341	61
62		Less: Net Income attributable to noncontrolling interest			62
63		Net Income attributable to reporting railroad	2,772,668	5,291,341	63
64		Basic Earnings Per Share	166.34	317.44	64
65		Diluted Earnings Per Share	166.34	317.44	65
		RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)			
66	*	Net revenues from railway operations	3,393,732	3,178,614	66
67	*	(556) Income taxes on ordinary income (-)	(658,269)	(826,939)	67
68	*	(557) Provision for deferred income taxes (-)	(199,088)	2,960,013	68
69		Income from lease of road and equipment (-)	(10,286)	(10,081)	69
70		Rent for leased roads and equipment (+)	24,713	24,348	70
71		Net railway operating income (loss)	2,550,802	5,325,955	71

Note: On December 22, 2017, the Tax Cuts and Jobs Act ("tax reform") was signed into law. Tax reform resulted in the remeasurement of net deferred tax liabilities related to the reduction of the federal tax rate from 35% to 21% (the "2017 tax adjustments"). GAAP requires companies to recognize the effect of tax law changes in the period of enactment. As a result, in 2017, Line 66 "Net revenue from railway operations" included a \$118 million benefit for earnings generated from reductions to net deferred tax liabilities at certain equity investees, Line 67 "(556) Income taxes on ordinary income" included a \$5 million expense, and Line 68 "(557) Provision for deferred income taxes" included a \$3,279 million benefit primarily due to the remeasurement of our net deferred tax liabilities to reflect the lower rate. The following table adjusted the 2017 reported financial results to exclude the effects of the 2017 tax adjustments.

Item (a)	As Reported Amount for preceding year (c)	2017 tax adjustments	Adjusted Amount for preceding year (c)
Net revenues from railway operations	3,178,614	(118,000)	3,060,614
(556) Income taxes on ordinary income (-)	(826,939)	4,738	(822,201)
(557) Provision for deferred income taxes (-)	2,960,013	(3,278,895)	(318,882)
Income from lease of road and equipment (-)	(10,081)		(10,081)
Rent for leased roads and equipment (+)	24,348		24,348
Net railway operating income (loss)	5,325,955	(3,392,157)	1,933,798

210. RESULTS OF OPERATIONS

(Dollars in Thousands)

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

Cross-checks

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

Schedule 210

Line 15, col b

Lines 47,48,49 col b

Line 50, col b

Schedule 210

= Line 65, col b

= Line 66, col b

= Line 67, col b

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

Line 14, col b

Schedule 410

= Line 620, col h

4 All contra entries should be shown in parenthesis.

Line 14, col d

= Line 620, col f

Line 14, col e

= Line 620, col g

Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Freight-related revenue and expenses (d)	Passenger-related revenue and expenses (e)	Line No.
		ORDINARY ITEMS					
		OPERATING INCOME					
		Railway Operating Income					
1		(101) Freight	21,383,917	19,837,273	21,383,917		1
2		(102) Passenger	133,206	127,048		133,206	2
3		(103) Passenger-Related	702	1,177		702	3
4		(104) Switching	173,316	163,634	173,316		4
5		(105) Water Transfers	23,660	19,875	23,660		5
6		(106) Demurrage	149,063	114,603	149,063		6
7		(110) Incidental	870,037	879,991	870,037		7
8		(121) Joint Facility-Credit	14,970	13,604	14,970		8
9		(122) Joint Facility-Debit					9
10		(501) Railway operating revenues (Exclusive of transfers from government authorities-lines 1-9)	22,748,871	21,157,205	22,614,963	133,908	10
11		(502) Railway operating revenues-transfers from government authorities	82,548	82,759		82,548	11
12		(503) Railway operating revenues-amortization of deferred transfers from government authorities					12
13		TOTAL RAILWAY OPERATING REVENUES (lines 10-12)	22,831,419	21,239,964	22,614,963	216,456	13
14	*	(531) Railway operating expenses	14,499,095	13,551,333	14,287,166	211,929	14
15	*	Net revenue from railway operations	8,332,324	7,688,631	8,327,797	4,527	15
		OTHER INCOME					
16		(506) Revenue from property used in other than carrier operations	25,845	85,887			16
17		(510) Miscellaneous rent income	123,736	120,646			17
18		(512) Separately operated properties-Profit					18
19		(513) Dividend income (cost method)	438	0			19
20		(514) Interest income	393,311	264,461			20
21		(516) Income from sinking and other funds					21
22		(517) Release of premiums on funded debt	0	104			22
23		(518) Reimbursements received under contracts and agreements					23
24		(519) Miscellaneous income	45,647	120,270			24
25		Income from affiliated companies: 519					
		a. Dividends (equity method)	96,093	83,230			25
26		b. Equity in undistributed earnings (losses)	138,789	308,215			26
27		TOTAL OTHER INCOME (lines 16-26)	823,859	982,813			27
28		TOTAL INCOME (lines 15, 27)	9,156,183	8,671,444			28
		MISCELLANEOUS DEDUCTIONS FROM INCOME					
29		(534) Expenses of property used in other than carrier operations	13,850	12,569			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	122,038	42,318			34
35		(553) Uncollectible accounts					35
36		TOTAL MISCELLANEOUS DEDUCTIONS	135,888	54,887			36
37		Income available for fixed charges	9,020,295	8,616,557			37

210. RESULTS OF OPERATIONS - (Concluded)					
(Dollars in Thousands)					
Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No.
FIXED CHARGES					
38		(546) Interest on funded debt:			
		(a) Fixed interest not in default	78,069	83,318	38
39		(b) Interest in default			39
40		(547) Interest on unfunded debt			40
41		(548) Amortization of discount on funded debt	2,086	4,670	41
42		TOTAL FIXED CHARGES (lines 38-41)	80,155	87,988	42
43		Income after fixed charges (line 37 minus line 42)	8,940,140	8,528,569	43
OTHER DEDUCTIONS					
44		(546) Interest on funded debt:			
		(c) Contingent interest	1,460	7,772	44
UNUSUAL OR INFREQUENT ITEMS					
45		(555) Unusual or infrequent items (debit) credit			45
46		Income (Loss) from continuing operations (before income taxes)	8,938,680	8,520,797	46
PROVISIONS FOR INCOME TAXES					
47	*	(556) Income taxes on ordinary income:			
		(a) Federal income taxes	1,377,782	2,047,664	47
48	*	(b) State income taxes	338,608	271,685	48
49	*	(c) Other income taxes	(2,718)	60,101	49
50	*	(557) Provision for deferred taxes	350,406	(4,823,491)	50
51		TOTAL PROVISIONS FOR INCOME TAXES (lines 47-52)	2,064,078	(2,444,041)	51
52		Income from continuing operations (line 46 minus line 51)	6,874,602	10,964,838	52
DISCONTINUED OPERATIONS					
53		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$ _____)			53
54		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$ _____)			54
55		Income before extraordinary items (lines 52 - 54)	6,874,602	10,964,838	55
EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES					
56		(570) Extraordinary items (Net)			56
57		(590) Income taxes on extraordinary items			57
58		(591) Provision for deferred taxes - Extraordinary items			58
59		TOTAL EXTRAORDINARY ITEMS (lines 56-58)			59
60		(592) Cumulative effect of changes in accounting principles (less applicable income taxes of \$ _____)			60
61	*	Net income (Loss) (Lines 55 + 59 + 60)	6,874,602	10,964,838	61
62		Less: Net Income attributable to noncontrolling interest			62
63		Net Income attributable to reporting railroad	6,874,602	10,964,838	63
64		Basic Earnings Per Share	N/A	N/A	64
65		Diluted Earnings Per Share	N/A	N/A	65
RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)					
66	*	Net revenues from railway operations	8,332,324	7,688,631	66
67	*	(556) Income taxes on ordinary income (-)	(1,713,672)	(2,379,450)	67
68	*	(557) Provision for deferred income taxes (-)	(350,406)	4,823,491	68
69		Income from lease of road and equipment (-)			69
70		Rent for leased roads and equipment (+)			70
71		Net railway operating income (loss)	6,268,246	10,132,672	71

Note: Line 49 reflects current foreign income taxes and unrecognized tax benefits expense.

All stock is owned by the parent company Union Pacific Corporation. Please reference schedule "C" for details.

2017 Net Railway Operating income includes a \$5.6 billion non-cash reduction to income tax expense. Additionally, total net income includes a \$212 million non-cash increase to equity in undistributed earnings (losses). Both of these adjustments relate to the Tax Cuts and Jobs Act enacted on December 22, 2017.