

*Second Quarter 2012*

# *Quarterly Financial Review*



*Norfolk Southern Corporation*  
*Finance Department*  
*Three Commercial Place*  
*Norfolk, Virginia 23510.2191*

# Norfolk Southern Railway System



## Contents

Consolidated Statements of Income.....	2
Consolidated Balance Sheets.....	4
Consolidated Statements of Cash Flows.....	5
Consolidated Financial Information.....	6
Railway Operating Revenues Analysis.....	8
Monthly Railway Units.....	9
Railway Operating Revenues Variance Analysis.....	10
Coal Tonnage by Market.....	10
Railway Operating Expenses Variance Analysis.....	11
Compensation and Benefits Expense Analysis.....	12
Fuel Expense Analysis.....	12
Other Income — Net Analysis.....	13
Productivity Measures.....	14
Financial, Traffic and Operating Statistics:	
Consolidated Financial Data.....	16
Traffic and Operating Statistics.....	18

Financial Inquiries: James A. Squires..... (757) 629-2845

Investor Inquiries: Michael J. Hostutler..... (757) 629-2861

*The accompanying unaudited financial information and summary of certain notes to the consolidated financial statements should be read in conjunction with: (a) the consolidated financial statements and notes included in the Corporation's latest Annual Report on Form 10-K and in subsequent Quarterly Reports on Form 10-Q, and (b) any Current Reports on Form 8-K.*

*Any statements contained in this document which are not related to historical facts are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995, and Norfolk Southern undertakes no obligation to update such statements. Such forward-looking statements are subject to risks and uncertainties (the most significant of which are described in Norfolk Southern's SEC filings) which could cause actual results to differ materially.*

## Consolidated Statements of Income

Three Months Ended June 30,  
(in millions, except per share amounts)

	2012	2011
<b>Railway operating revenues:</b>		
Coal	\$ 755	\$ 893
General merchandise	1,556	1,433
Intermodal	563	540
Total railway operating revenues	<u>2,874</u>	<u>2,866</u>
<b>Railway operating expenses:</b>		
Compensation and benefits	724	739
Purchased services and rents	392	405
Fuel	390	412
Depreciation	229	213
Materials and other	205	222
Total railway operating expenses	<u>1,940</u>	<u>1,991</u>
<b>Income from railway operations</b>	934	875
Other income — net	31	34
Interest expense on debt	122	113
<b>Income before income taxes</b>	843	796
Provision for income taxes:		
Current	269	108
Deferred	50	131
Total income taxes (note 1)	<u>319</u>	<u>239</u>
<b>Net income</b>	<u>\$ 524</u>	<u>\$ 557</u>
<b>Earnings per share (note 2):</b>		
Basic	\$ 1.62	\$ 1.58
Diluted	1.60	1.56
<b>Weighted average shares outstanding (note 3):</b>		
Basic	322.7	351.0
Diluted	327.5	357.3

### Notes

#### 1. Income Taxes

During the second quarter of 2011, the Internal Revenue Service (IRS) completed its examination of NS' 2008 tax return and review of certain claims for refund for prior years that resulted in a decrease in income tax expense of \$40 million. Also during the second quarter of 2011, three states enacted tax law changes that decreased deferred income tax expense by \$19 million.

#### 2. Earnings Per Share

For basic earnings per share, income available to common stockholders reflects reductions for the effect of dividend equivalent payments made to holders of stock options and restricted stock units as follows: for the second quarter, \$2 million in 2012 and 2011; and for the first six months, \$4 million for 2012 and 2011.

For diluted earnings per share, income available to common stockholders reflects reductions for the effect of dividend equivalent payments made to holders of stock options and restricted stock units as follows: for the second quarter, less than \$1 million in 2012 and 2011; and for the first six months, \$2 million for 2012 and 2011.

#### 3. Stock Repurchase Program

NS repurchased and retired 12.3 million shares of Common Stock in the first six months of 2012, at a cost of \$850 million, and 11.6 million shares at a cost of \$792 million for the same period of 2011. The timing and volume of purchases is guided by management's assessment of market conditions and other pertinent factors. Any near-term share repurchases are expected to be made with internally generated cash, cash on hand, or proceeds from borrowings. Since the beginning of 2006, NS has repurchased and retired 121.9 million shares at a total cost of \$7.1 billion.

# Consolidated Statements of Income

Six Months Ended June 30,  
(in millions, except per share amounts)

	2012	2011
<b>Railway operating revenues:</b>		
Coal	\$ 1,521	\$ 1,709
General merchandise	3,052	2,752
Intermodal	1,090	1,025
Total railway operating revenues	<u>5,663</u>	<u>5,486</u>
<b>Railway operating expenses:</b>		
Compensation and benefits	1,510	1,504
Purchased services and rents	783	788
Fuel	803	801
Depreciation	453	424
Materials and other (note 4)	435	494
Total railway operating expenses	<u>3,984</u>	<u>4,011</u>
<b>Income from railway operations</b>	<u>1,679</u>	<u>1,475</u>
Other income — net	60	61
Interest expense on debt	242	225
<b>Income before income taxes</b>	<u>1,497</u>	<u>1,311</u>
Provision for income taxes:		
Current	425	186
Deferred	138	243
Total income taxes (note 1)	<u>563</u>	<u>429</u>
<b>Net income</b>	<u>\$ 934</u>	<u>\$ 882</u>
<b>Earnings per share (note 2):</b>		
Basic	\$ 2.86	\$ 2.49
Diluted	2.82	2.45
<b>Weighted average shares outstanding (note 3):</b>		
Basic	325.5	353.1
Diluted	330.2	358.9

## Notes

### 4. Materials and Other

During the first quarter of 2011, NS received an unfavorable ruling for an arbitration claim with an insurance carrier, and was denied recovery of the contested portion (\$43 million) of the claim. As a result, NS recorded a \$43 million charge for the receivables associated with the contested portion of the claim and a \$15 million charge for other receivables affected by the ruling for which recovery was no longer probable.

## Consolidated Balance Sheets

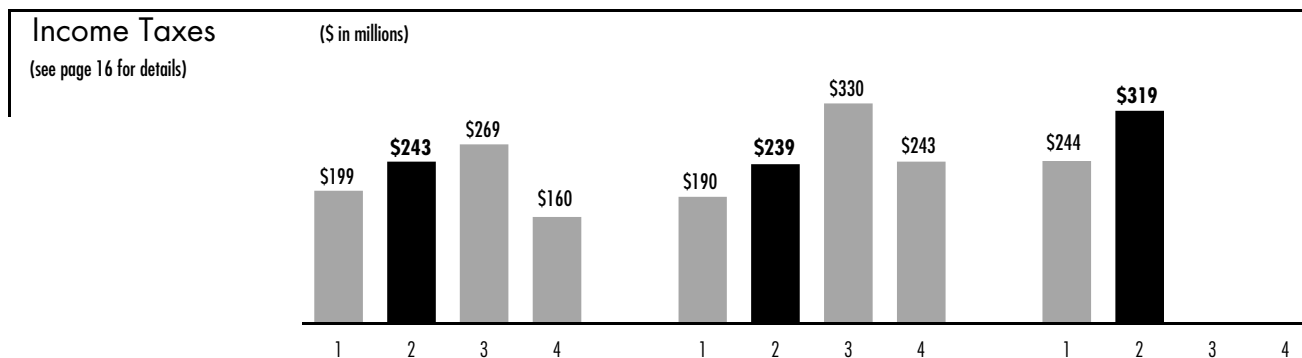
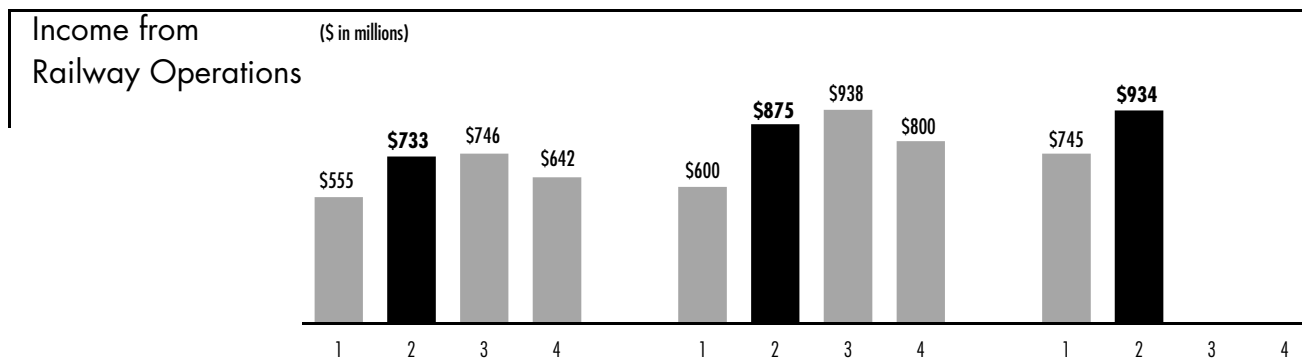
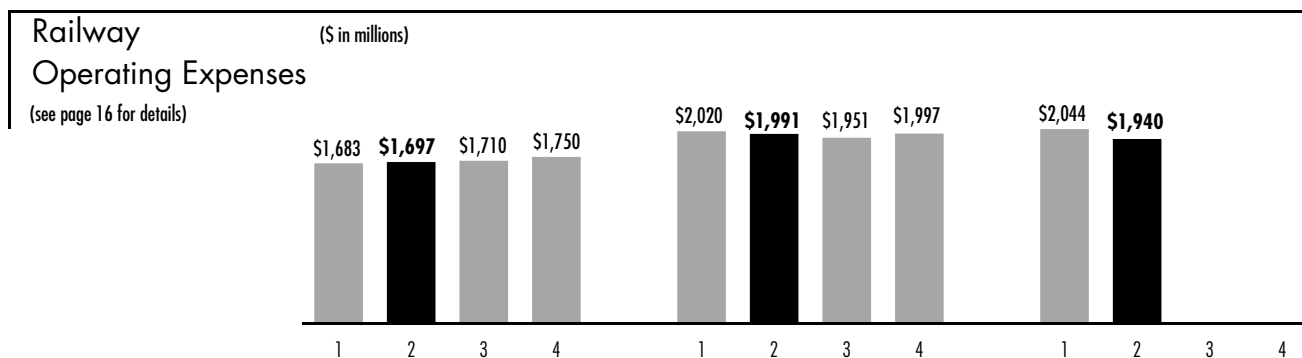
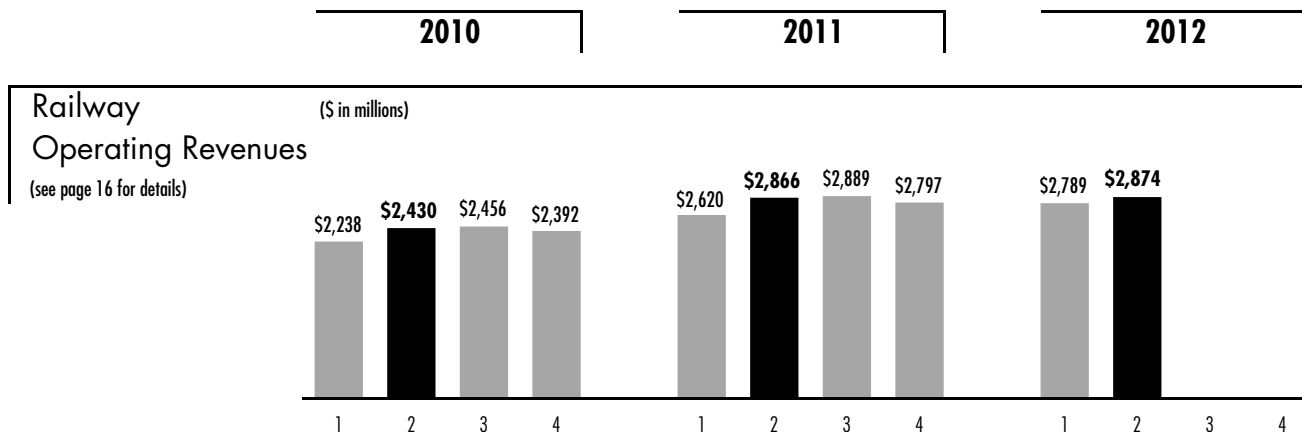
	June 30,	December 31,
	(\$ in millions)	
	2012	2011
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 356	\$ 276
Short-term investments	15	25
Accounts receivable — net	1,086	1,022
Materials and supplies	242	209
Deferred income taxes	133	143
Other current assets	52	76
Total current assets	1,884	1,751
Investments	2,278	2,234
Properties less accumulated depreciation of \$9,738 and \$9,464, respectively	24,968	24,469
Other assets	61	84
<b>Total assets</b>	<b>\$ 29,191</b>	<b>\$ 28,538</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 1,126	\$ 1,092
Short-term debt	-	100
Income and other taxes	322	207
Other current liabilities	299	252
Current maturities of long-term debt	27	50
Total current liabilities	1,774	1,701
Long-term debt	7,972	7,390
Other liabilities	2,028	2,050
Deferred income taxes	7,639	7,486
<b>Total liabilities</b>	<b>19,413</b>	<b>18,627</b>
Stockholders' equity:		
Common stock \$1.00 per share par value, 1,350,000,000 shares authorized; outstanding 319,516,715 and 330,386,089 shares, respectively, net of treasury shares	321	332
Additional paid-in capital	1,904	1,912
Accumulated other comprehensive loss	(991)	(1,026)
Retained income	8,544	8,693
<b>Total stockholders' equity</b>	<b>9,778</b>	<b>9,911</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 29,191</b>	<b>\$ 28,538</b>

# Consolidated Statements of Cash Flows

Six Months Ended June 30,  
(S in millions)

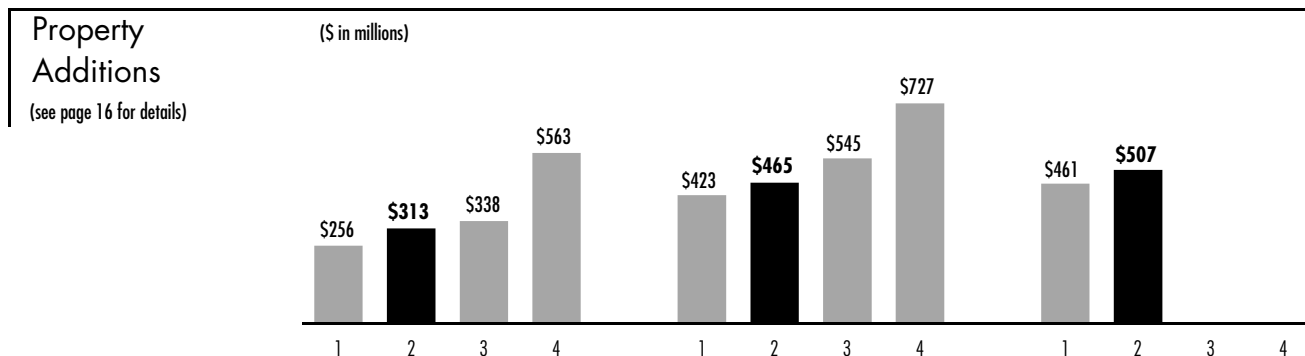
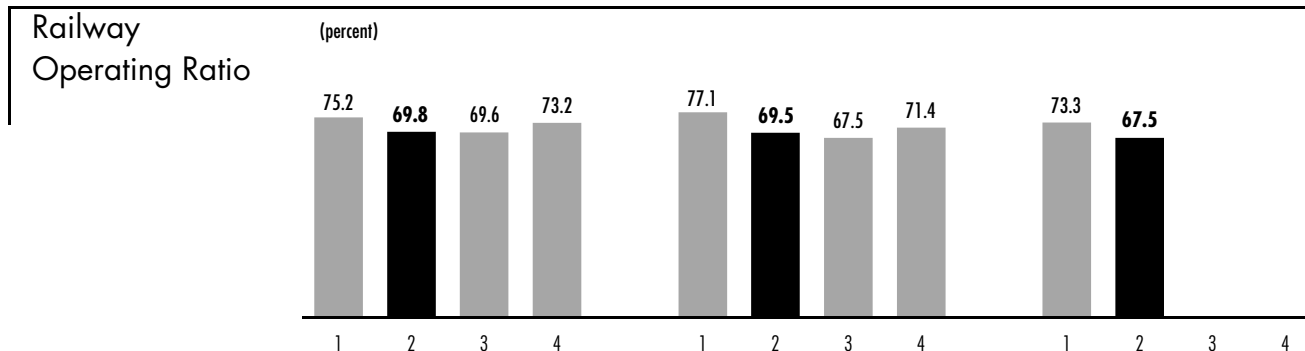
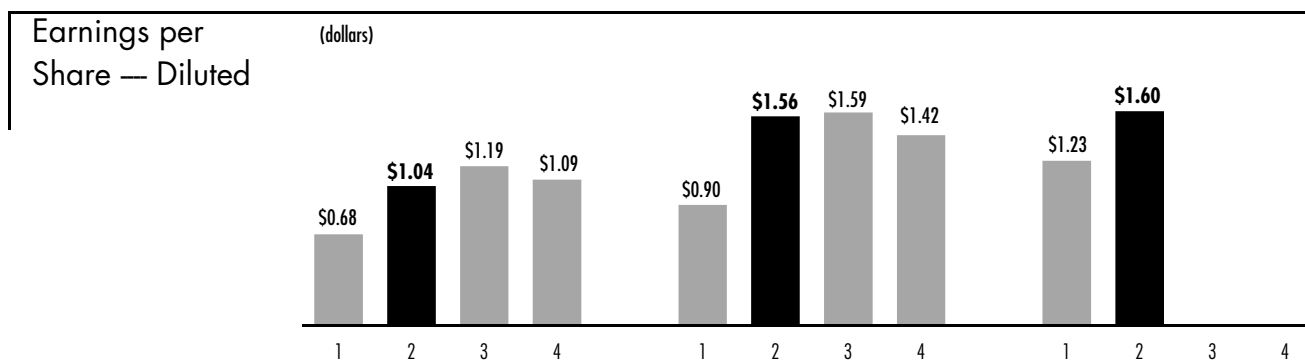
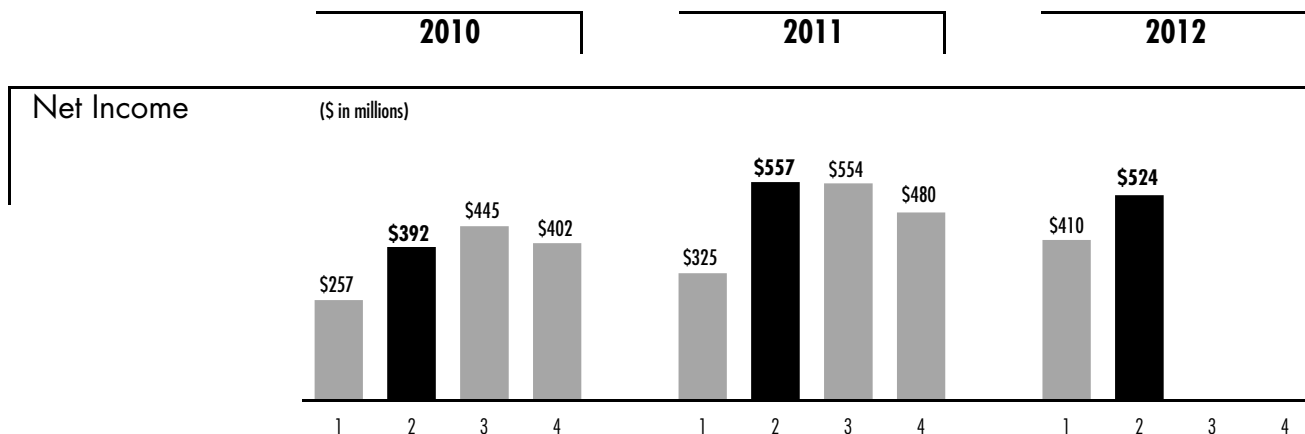
	2012	2011
<b>Cash flows from operating activities:</b>		
Net income	\$ 934	\$ 882
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	456	428
Deferred income taxes	138	243
Gains and losses on properties	(2)	-
Changes in assets and liabilities affecting operations:		
Accounts receivable	(64)	(184)
Materials and supplies	(33)	(32)
Other current assets	23	36
Current liabilities other than debt	162	221
Other — net	49	106
Net cash provided by operating activities	1,663	1,700
<b>Cash flows from investing activities:</b>		
Property additions	(968)	(888)
Property sales and other transactions	15	20
Investments, including short-term	(12)	(67)
Investment sales and other transactions	33	134
Net cash used in investing activities	(932)	(801)
<b>Cash flows from financing activities:</b>		
Dividends	(308)	(283)
Common stock issued — net	47	69
Purchase and retirement of common stock (note 3)	(850)	(792)
Proceeds from borrowings — net	696	396
Debt repayments	(236)	(438)
Net cash used in financing activities	(651)	(1,048)
Net increase (decrease) in cash and cash equivalents	80	(149)
<b>Cash and cash equivalents:</b>		
At beginning of year	276	827
At end of period	\$ 356	\$ 678
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 232	\$ 219
Income taxes (net of refunds)	264	45

## Consolidated Financial Information





# Consolidated Financial Information

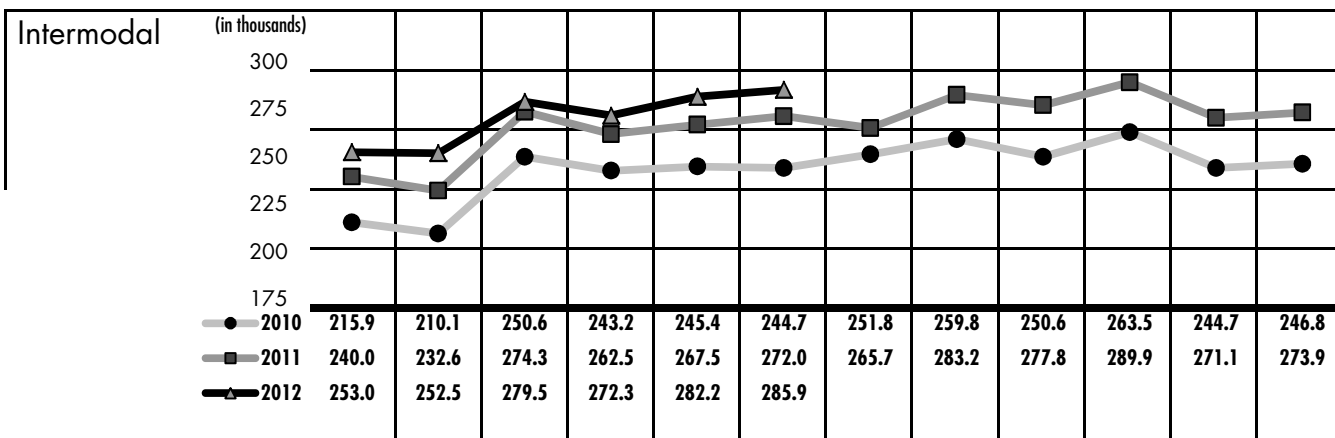
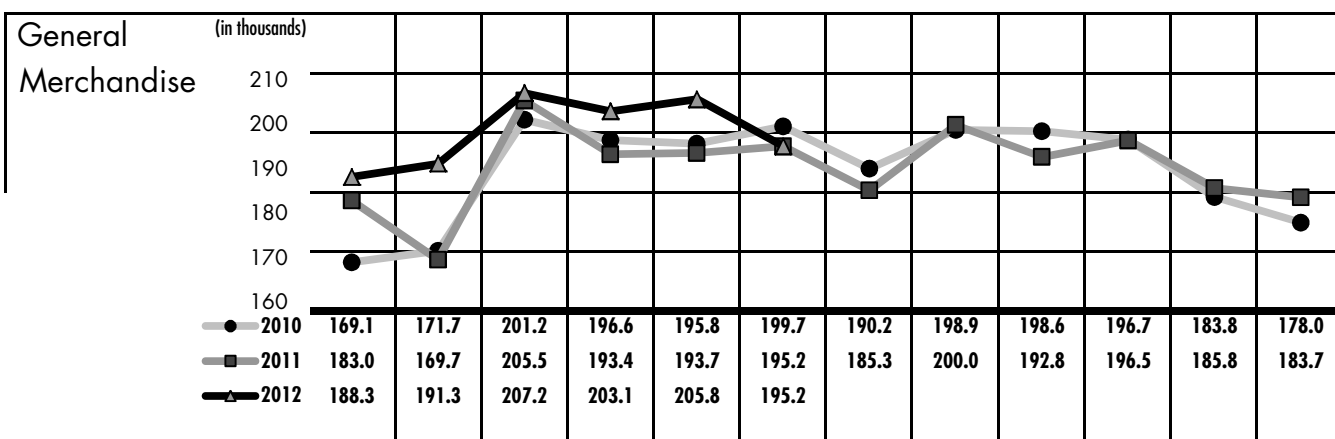
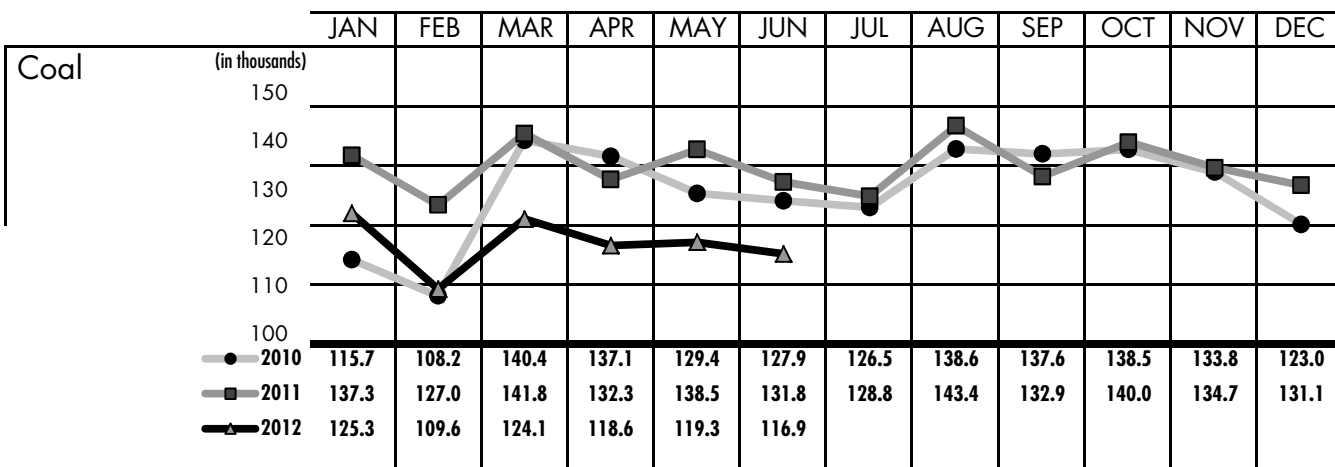


## Railway Operating Revenues Analysis

Commodity and Period	Revenues (\$ in millions)			Units (in thousands)			Revenue per Unit (\$ per unit)		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
<b>First Quarter</b>									
Coal	\$ 629	\$ 816	\$ 766	364.3	406.1	359.0	\$ 1,726	\$ 2,009	\$ 2,134
Agriculture/consumer/gov't	325	351	370	158.3	155.6	152.3	2,054	2,257	2,429
Chemicals	314	338	362	96.6	95.7	96.0	3,249	3,532	3,772
Metals and construction	232	269	342	138.3	148.4	165.5	1,680	1,810	2,068
Automotive	159	177	226	70.4	78.6	96.3	2,266	2,258	2,345
Paper/clay/forest	169	184	196	78.4	79.9	76.7	2,150	2,303	2,552
General merchandise	1,199	1,319	1,496	542.0	558.2	586.8	2,213	2,364	2,549
Intermodal	410	485	527	676.6	746.9	785.0	605	649	671
Total	\$ 2,238	\$ 2,620	\$ 2,789	1,582.9	1,711.2	1,730.8	\$ 1,414	\$ 1,531	\$ 1,611
<b>Second Quarter</b>									
Coal	\$ 696	\$ 893	\$ 755	394.4	402.6	354.8	\$ 1,765	\$ 2,217	\$ 2,126
Agriculture/consumer/gov't	322	369	370	152.9	150.1	150.1	2,103	2,460	2,464
Chemicals	334	355	379	106.0	95.4	98.5	3,158	3,727	3,844
Metals and construction	279	320	369	175.4	173.3	180.2	1,586	1,846	2,047
Automotive	166	198	239	72.5	84.6	98.4	2,277	2,334	2,431
Paper/clay/forest	182	191	199	85.3	78.9	76.9	2,142	2,420	2,593
General merchandise	1,283	1,433	1,556	592.1	582.3	604.1	2,166	2,461	2,576
Intermodal	451	540	563	733.3	802.0	840.4	616	674	671
Total	\$ 2,430	\$ 2,866	\$ 2,874	1,719.8	1,786.9	1,799.3	\$ 1,413	\$ 1,604	\$ 1,597

<b>Year-to-date</b>									
Coal	\$ 1,325	\$ 1,709	\$ 1,521	758.7	808.7	713.8	\$ 1,746	\$ 2,113	\$ 2,130
Agriculture/consumer/gov't	647	720	740	311.2	305.7	302.4	2,078	2,357	2,446
Chemicals	648	693	741	202.6	191.1	194.5	3,202	3,629	3,808
Metals and construction	511	589	711	313.7	321.7	345.7	1,628	1,830	2,057
Automotive	325	375	465	142.9	163.2	194.7	2,272	2,297	2,388
Paper/clay/forest	351	375	395	163.7	158.8	153.6	2,146	2,361	2,573
General merchandise	2,482	2,752	3,052	1,134.1	1,140.5	1,190.9	2,188	2,413	2,563
Intermodal	861	1,025	1,090	1,409.9	1,548.9	1,625.4	611	662	671
Total	\$ 4,668	\$ 5,486	\$ 5,663	3,302.7	3,498.1	3,530.1	\$ 1,413	\$ 1,568	\$ 1,604

# Monthly Railway Units



## Railway Operating Revenues Variance Analysis

(\$ in millions)

Second Quarter  
2012 vs. 2011

	Coal		General Merchandise		Intermodal		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
<b>Revenue Variance due to:</b>								
Volume	\$ (106)	(12%)	\$ 54	4%	\$ 26	5%	\$ 20	1%
Revenue per unit	(32)	(4%)	69	5%	(3)	-	(12)	-
Total	<u>\$ (138)</u>	(15%)	<u>\$ 123</u>	9%	<u>\$ 23</u>	4%	<u>\$ 8</u>	-

Year-to-date  
2012 vs. 2011

	Coal		General Merchandise		Intermodal		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
<b>Revenue Variance due to:</b>								
Volume	\$ (201)	(12%)	\$ 122	4%	\$ 51	5%	\$ 50	1%
Revenue per unit	13	1%	178	6%	14	1%	127	2%
Total	<u>\$ (188)</u>	(11%)	<u>\$ 300</u>	11%	<u>\$ 65</u>	6%	<u>\$ 177</u>	3%

## Coal Tonnage by Market

(tons in thousands)

Second Quarter

	2010		2011		2012	
	Tons	Change vs. 2009	Tons	Change vs. 2010	Tons	Change vs. 2011
Utility	29,581	(3%)	29,455	-	23,527	(20%)
Export	6,383	170%	7,938	24%	8,530	7%
Domestic metallurgical	5,229	121%	4,859	(7%)	5,019	3%
Industrial	2,030	10%	1,906	(6%)	1,880	(1%)
Total	<u>43,223</u>	16%	<u>44,158</u>	2%	<u>38,956</u>	(12%)

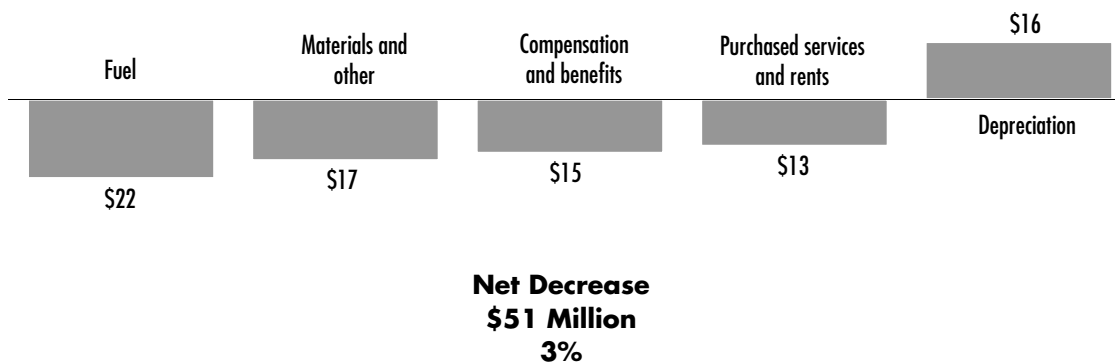
Year-to-date

	2010		2011		2012	
	Tons	Change vs. 2009	Tons	Change vs. 2010	Tons	Change vs. 2011
Utility	57,544	(10%)	60,965	6%	49,788	(18%)
Export	12,386	84%	15,376	24%	15,254	(1%)
Domestic metallurgical	9,338	88%	8,633	(8%)	9,591	11%
Industrial	3,847	4%	3,731	(3%)	3,801	2%
Total	<u>83,115</u>	5%	<u>88,705</u>	7%	<u>78,434</u>	(12%)

## Railway Operating Expenses Variance Analysis

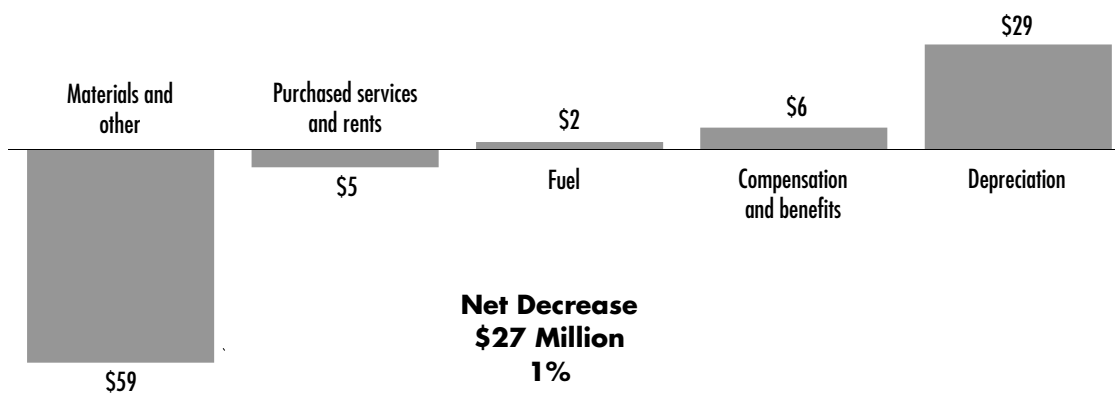
Second Quarter  
2012 vs. 2011

(\$ in millions)  
Amount of change

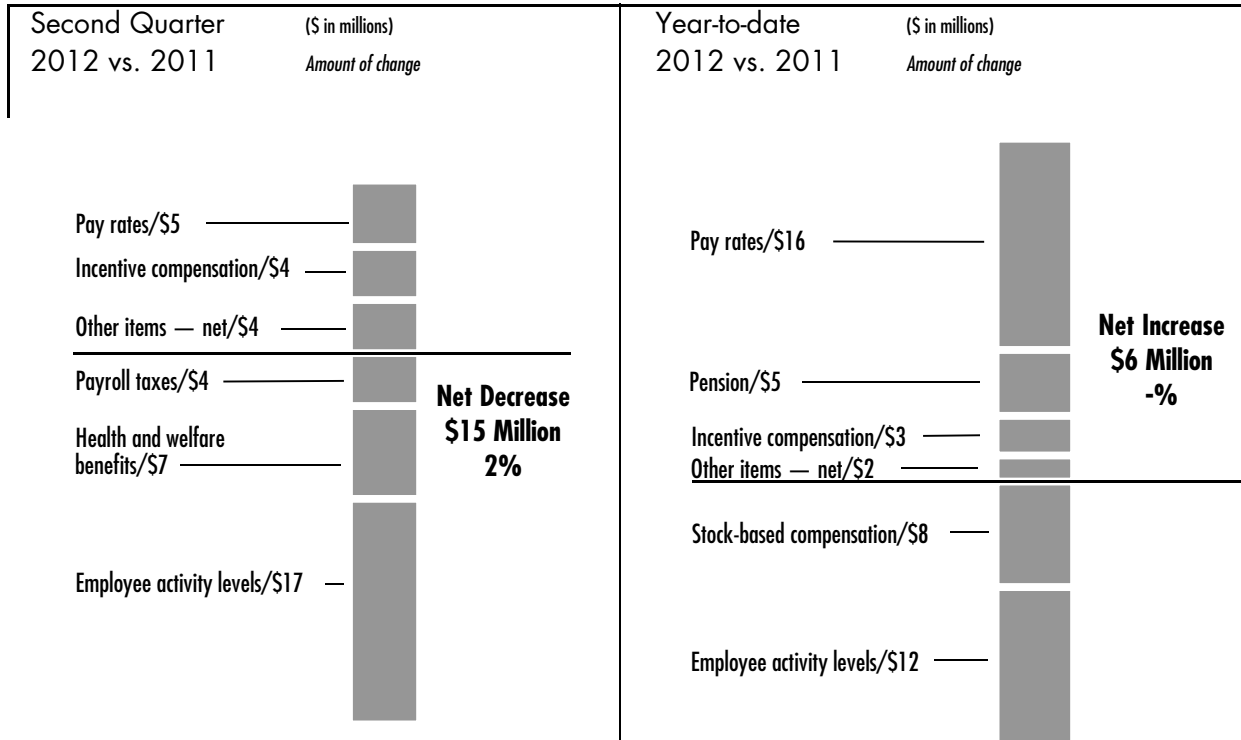


Year-to-date  
2012 vs. 2011

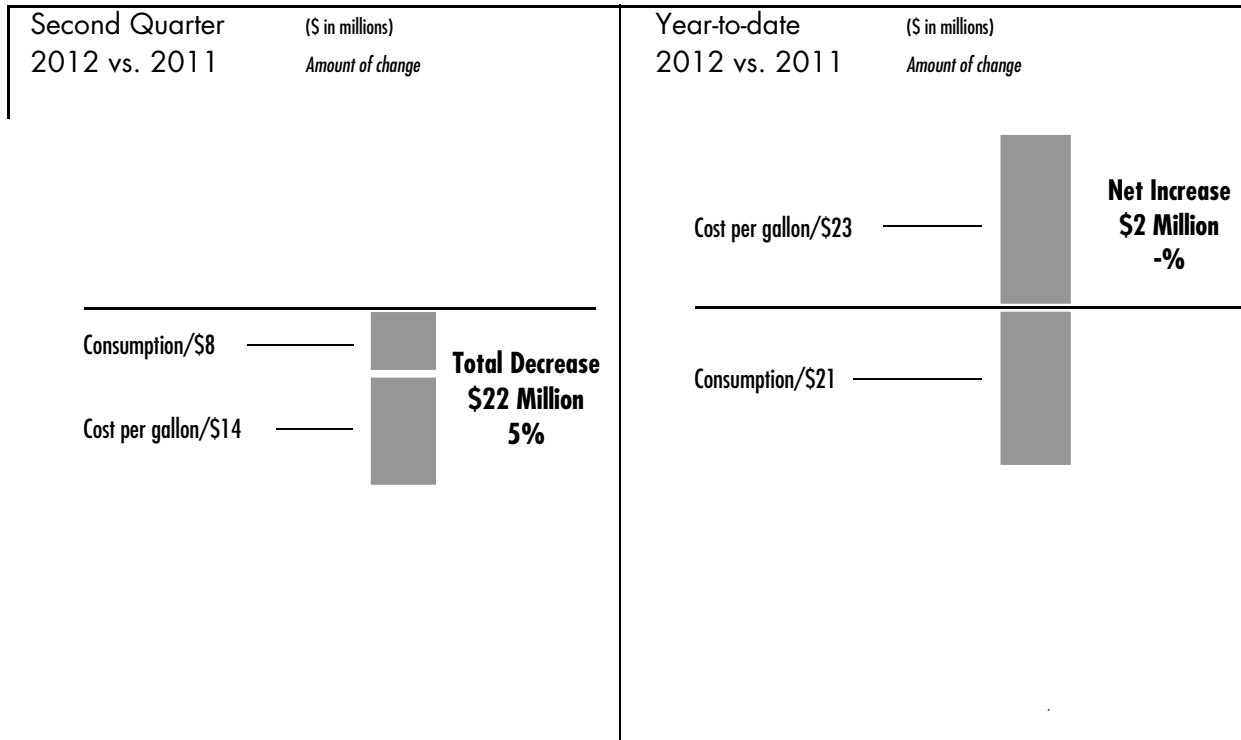
(\$ in millions)  
Amount of change



## Compensation and Benefits Expense Analysis



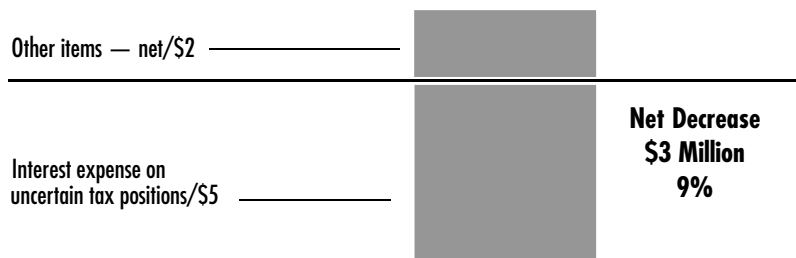
## Fuel Expense Analysis



## Other Income — Net Analysis

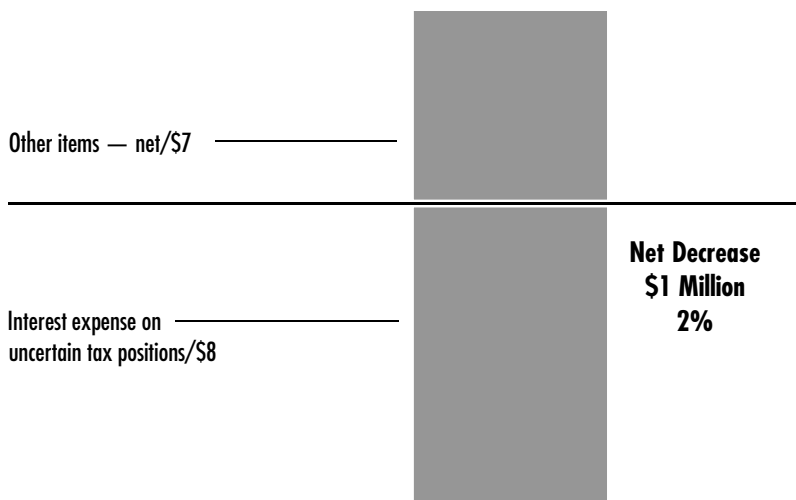
Second Quarter  
2012 vs. 2011

(\$ in millions)  
Amount of change



Year-to-date  
2012 vs. 2011

(\$ in millions)  
Amount of change



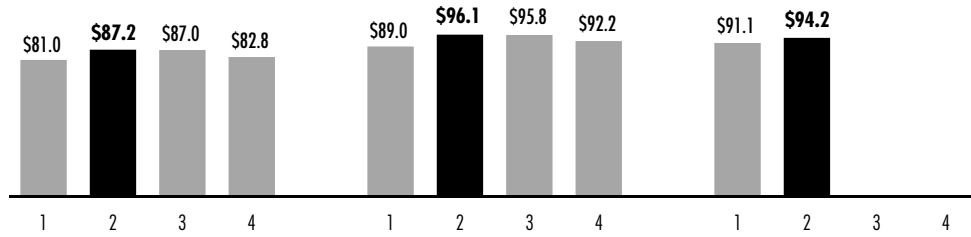
# Productivity Measures

2010

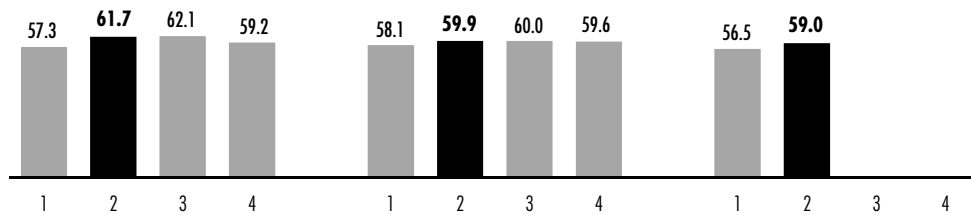
2011

2012

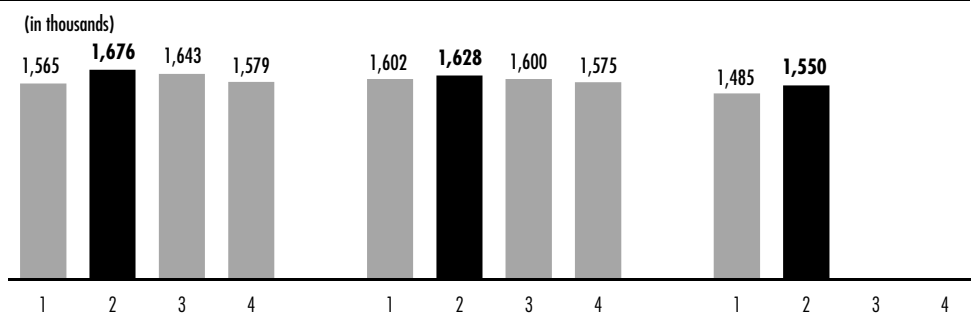
Operating Revenues  
per Employee  
(\$ in thousands)



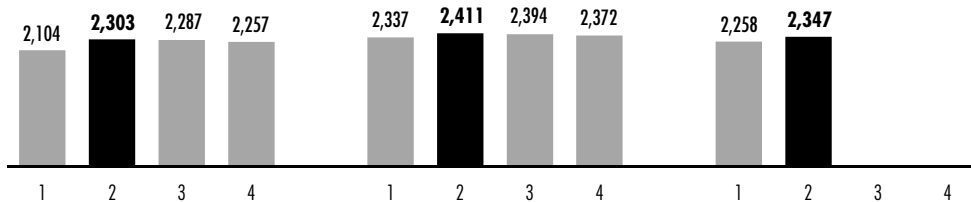
Units per  
Employee



Revenue Ton Miles  
per Employee  
(in thousands)



Revenue Ton Miles  
per Mile of Road  
Operated  
(in thousands)





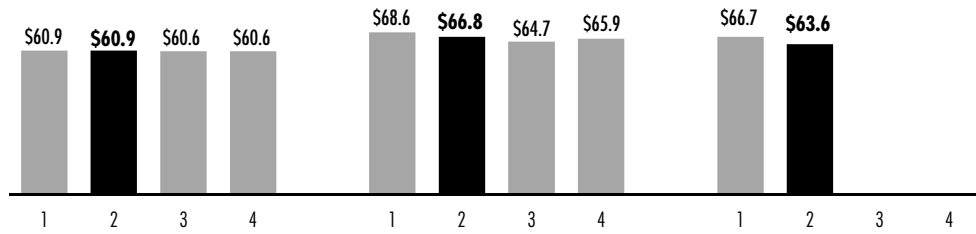
# Productivity Measures

2010

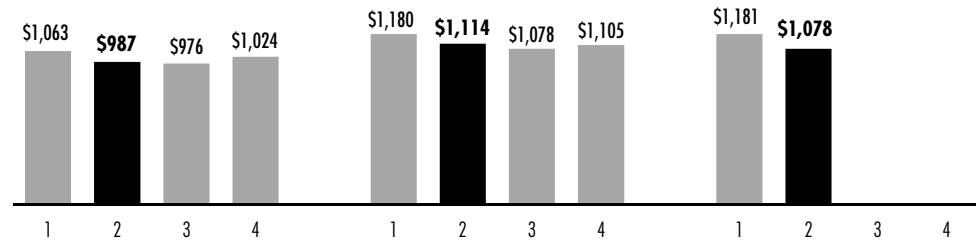
2011

2012

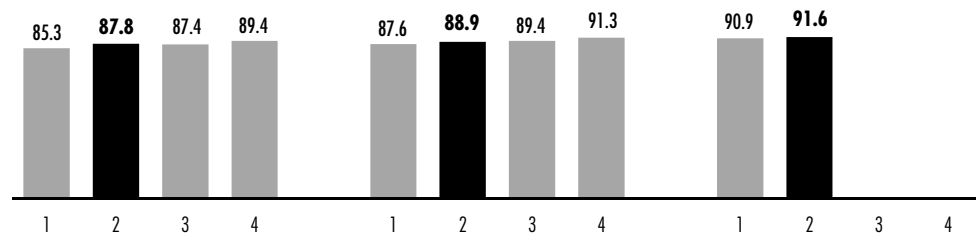
Operating Expenses (\$ in thousands)  
per Employee



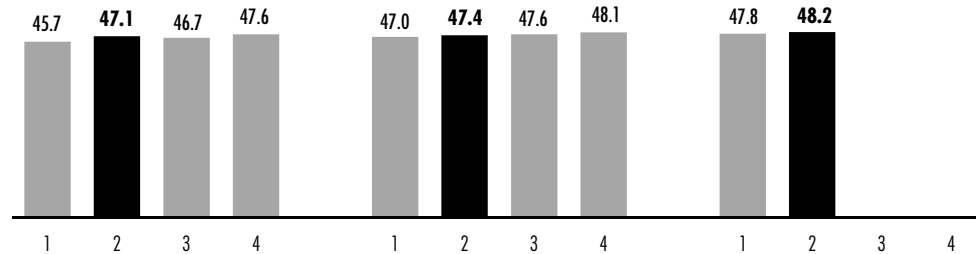
Operating Expenses (dollars)  
per Unit



Gross Ton Miles (in thousands)  
per Train Hour



Revenue Ton Miles (in thousands)  
per Train Hour



## Financial, Traffic and Operating Statistics

Consolidated Financial Data		2010					2011					2012				
(\$ in millions — except as noted)		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to-date
6	Railway operating revenues:															
8	Coal	\$ 629	\$ 696	\$ 709	\$ 685	\$ 2,719	\$ 816	\$ 893	\$ 899	\$ 850	\$ 3,458	\$ 766	\$ 755			\$ 1,521
8	General merchandise	1,199	1,283	1,283	1,236	5,001	1,319	1,433	1,439	1,393	5,584	1,496	1,556			3,052
8	Intermodal	410	451	464	471	1,796	485	540	551	554	2,130	527	563			1,090
6	Total railway operating revenues	\$ 2,238	\$ 2,430	\$ 2,456	\$ 2,392	\$ 9,516	\$ 2,620	\$ 2,866	\$ 2,889	\$ 2,797	\$ 11,172	\$ 2,789	\$ 2,874			\$ 5,663
6	Railway operating expenses:															
	• Compensation and benefits	\$ 699	\$ 670	\$ 680	\$ 659	\$ 2,708	\$ 765	\$ 739	\$ 736	\$ 734	\$ 2,974	\$ 786	\$ 724			\$ 1,510
	• Purchased services	255	292	294	310	1,151	296	318	320	338	1,272	318	320			638
	• Equipment rents	80	82	83	81	326	87	87	83	81	338	73	72			145
	• Fuel	254	258	259	308	1,079	389	412	385	403	1,589	413	390			803
	• Depreciation	204	204	204	207	819	211	213	217	221	862	224	229			453
	• Materials	87	82	90	87	346	94	103	105	106	408	112	95			207
	• Casualties and other claims (note 1)	34	39	32	37	142	99	43	30	44	216	38	30			68
	• Other	70	70	68	61	269	79	76	75	70	300	80	80			160
6	Total railway operating expenses	\$ 1,683	\$ 1,697	\$ 1,710	\$ 1,750	\$ 6,840	\$ 2,020	\$ 1,991	\$ 1,951	\$ 1,997	\$ 7,959	\$ 2,044	\$ 1,940			\$ 3,984
6	Income from railway operations	\$ 555	\$ 733	\$ 746	\$ 642	\$ 2,676	\$ 600	\$ 875	\$ 938	\$ 800	\$ 3,213	\$ 745	\$ 934			\$ 1,679
	• Other income (expense)	\$ (99)	\$ (98)	\$ (32)	\$ (80)	\$ (309)	\$ (85)	\$ (79)	\$ (54)	\$ (77)	\$ (295)	\$ (91)	\$ (91)			\$ (182)
	• Income before income taxes	\$ 456	\$ 635	\$ 714	\$ 562	\$ 2,367	\$ 515	\$ 796	\$ 884	\$ 723	\$ 2,918	\$ 654	\$ 843			\$ 1,497
	• Income taxes — current	\$ 159	\$ 237	\$ 143	\$ 20	\$ 559	\$ 78	\$ 108	\$ 159	\$ 130	\$ 475	\$ 156	\$ 269			\$ 425
	• Income taxes — deferred	40	6	126	140	312	112	131	171	113	527	88	50			138
6	Total income taxes (note 2)	\$ 199	\$ 243	\$ 269	\$ 160	\$ 871	\$ 190	\$ 239	\$ 330	\$ 243	\$ 1,002	\$ 244	\$ 319			\$ 563
7	Net income	\$ 257	\$ 392	\$ 445	\$ 402	\$ 1,496	\$ 325	\$ 557	\$ 554	\$ 480	\$ 1,916	\$ 410	\$ 524			\$ 934
7	Earnings per share — diluted (dollars) (note 3)	\$ 0.68	\$ 1.04	\$ 1.19	\$ 1.09	\$ 4.00	\$ 0.90	\$ 1.56	\$ 1.59	\$ 1.42	\$ 5.45	\$ 1.23	\$ 1.60			\$ 2.82
7	Railway operating ratio	75.2	69.8	69.6	73.2	71.9	77.1	69.5	67.5	71.4	71.2	73.3	67.5			70.4
7	Property additions:															
	• Equipment	\$ 37	\$ 39	\$ 40	\$ 201	\$ 317	\$ 180	\$ 184	\$ 226	\$ 348	\$ 938	\$ 187	\$ 176			\$ 363
	• Road	219	274	298	362	1,153	243	281	319	379	1,222	274	331			605
7	Total property additions	\$ 256	\$ 313	\$ 338	\$ 563	\$ 1,470	\$ 423	\$ 465	\$ 545	\$ 727	\$ 2,160	\$ 461	\$ 507			\$ 968
	• Cash, cash equivalents and short-term investments	\$ 1,386	\$ 1,060	\$ 1,358	\$ 1,110	\$ 1,110	\$ 488	\$ 906	\$ 394	\$ 301	\$ 301	\$ 831	\$ 371			\$ 371
	• Total debt, excluding notes payable to Conrail	\$ 7,027	\$ 6,689	\$ 6,935	\$ 7,025	\$ 7,025	\$ 6,617	\$ 6,986	\$ 6,837	\$ 7,540	\$ 7,540	\$ 8,017	\$ 7,999			\$ 7,999
	• Total debt-to-total capitalization (percent)	39.9	38.3	39.1	39.7	39.7	38.4	39.7	40.0	43.2	43.2	45.0	45.0			45.0
	• Weighted average shares outstanding — diluted (in millions) (note 4)	374.9	375.1	371.6	365.7	371.8	360.5	357.3	349.0	338.6	351.3	332.9	327.5			330.2

**Note 1** During the first quarter of 2011, NS received an unfavorable ruling for an arbitration claim with an insurance carrier, and was denied recovery of the contested portion (\$43 million) of the claim. As a result, NS recorded a \$43 million charge for the receivables associated with the contested portion of the claim and a \$15 million charge for other receivables affected by the ruling for which recovery was no longer probable.

**Note 2** During the second quarter of 2011, the IRS completed its examination of NS' 2008 tax return and review of certain claims for refund for prior years that resulted in a decrease in income tax expense of \$40 million. Also during the second quarter of 2011, three states enacted tax law changes that decreased deferred income tax expense by \$19 million. During the fourth quarter of 2010, NS recognized a \$34 million non-recurring benefit resulting from a change in estimate for deferred taxes. During the first quarter of 2010, the Patient Protection and Affordable Care Act, and the Health Care and Education Reconciliation Act of 2010 were signed into law. Provisions of the Acts eliminated, after 2012, the tax deduction available for reimbursed prescription drug expenses under the Medicare Part D retiree drug subsidy program. Accordingly, NS recorded a \$27 million charge to deferred tax expense in the first quarter of 2010.

**Note 3** For diluted earnings per share, income available to common stockholders reflects reductions for the effect of dividend equivalent payments made to holders of stock options and restricted stock units as follows: \$2 million for the first quarters 2012, 2011 and each quarter in 2010, less than \$1 million for the second quarter 2012, as well as for the second, third and fourth quarters of 2011.

**Note 4** NS repurchased and retired 12.3 million shares of Common Stock in the first six months of 2012, at a cost of \$850 million; 11.6 million shares at a cost of \$792 million and 2.0 million shares at a cost of \$114 million, for the same periods of 2011 and 2010, respectively. The timing and volume of purchases is guided by management's assessment of market conditions and other pertinent factors. Any near-term share repurchases are expected to be made with internally generated cash, cash on hand, or proceeds from borrowings. Since the beginning of 2006, NS has repurchased and retired 121.9 million shares at a total cost of \$7.1 billion.

## Financial, Traffic and Operating Statistics

Traffic and Operating Statistics		2010					2011					2012				
Page	Item	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to-date
	• No corresponding charts for this data.															
8	Railway units (in thousands):															
8	Coal	364.3	<b>394.4</b>	402.7	395.3	1,556.7	406.1	<b>402.6</b>	405.1	405.8	1,619.6	359.0	<b>354.8</b>			713.8
8	General merchandise	542.0	<b>592.1</b>	587.7	558.5	2,280.3	558.2	<b>582.3</b>	578.1	566.0	2,284.6	586.8	<b>604.1</b>			1,190.9
8	Intermodal	676.6	<b>733.3</b>	762.2	755.0	2,927.1	746.9	<b>802.0</b>	826.7	834.9	3,210.5	785.0	<b>840.4</b>			1,625.4
8	Total railway units	1,582.9	<b>1,719.8</b>	1,752.6	1,708.8	6,764.1	1,711.2	<b>1,786.9</b>	1,809.9	1,806.7	7,114.7	1,730.8	<b>1,799.3</b>			3,530.1
	• Revenue ton miles (RTMs) (in billions):															
	• Coal	12.4	<b>13.4</b>	13.5	13.0	52.3	14.2	<b>14.3</b>	14.2	13.9	56.6	11.8	<b>12.2</b>			24.0
	• General merchandise	23.4	<b>25.1</b>	24.8	24.4	97.7	24.9	<b>25.5</b>	25.4	24.9	100.7	25.2	<b>25.8</b>			51.0
	• Intermodal	7.5	<b>8.2</b>	8.1	8.2	32.0	8.1	<b>8.7</b>	8.6	9.0	34.4	8.5	<b>9.2</b>			17.7
	• Total	43.3	<b>46.7</b>	46.4	45.6	182.0	47.2	<b>48.5</b>	48.2	47.8	191.7	45.5	<b>47.2</b>			92.7
	• Revenue (dollars) per thousand RTMs:															
	• Coal	\$ 50.83	<b>\$ 51.68</b>	\$ 52.66	\$ 52.72	\$ 51.99	\$ 57.46	<b>\$ 62.16</b>	\$ 63.55	\$ 61.11	\$ 61.07	\$ 64.77	<b>\$ 61.92</b>			\$ 63.32
	• General merchandise	\$ 51.24	<b>\$ 51.22</b>	\$ 51.69	\$ 50.58	\$ 51.18	\$ 53.07	<b>\$ 56.12</b>	\$ 56.65	\$ 55.86	\$ 55.44	\$ 59.42	<b>\$ 60.24</b>			\$ 59.84
	• Intermodal	\$ 54.73	<b>\$ 55.05</b>	\$ 57.28	\$ 57.68	\$ 56.21	\$ 59.83	<b>\$ 62.30</b>	\$ 63.53	\$ 62.11	\$ 61.98	\$ 62.23	<b>\$ 60.86</b>			\$ 61.51
	• Total	\$ 51.73	<b>\$ 52.02</b>	\$ 52.95	\$ 52.46	\$ 52.30	\$ 55.56	<b>\$ 59.01</b>	\$ 59.91	\$ 58.56	\$ 58.27	\$ 61.34	<b>\$ 60.80</b>			\$ 61.06
	• Gross ton miles (GTMs) (in billions)	80.7	<b>87.1</b>	86.9	85.6	340.3	87.8	<b>91.1</b>	90.5	90.6	360.0	86.5	<b>89.9</b>			176.4
	• Revenue ton miles (RTMs) (in billions)	43.3	<b>46.7</b>	46.4	45.6	182.0	47.2	<b>48.5</b>	48.2	47.8	191.7	45.5	<b>47.2</b>			92.7
	• Railroad employees (average)	27,646	<b>27,875</b>	28,238	28,882	28,160	29,446	<b>29,825</b>	30,144	30,320	29,933	30,630	<b>30,503</b>			30,567
	• Total operating expenses (dollars) per thousand GTMs	\$ 20.85	<b>\$ 19.48</b>	\$ 19.68	\$ 20.44	\$ 20.10	\$ 23.00	<b>\$ 21.87</b>	\$ 21.55	\$ 22.04	\$ 22.11	\$ 23.62	<b>\$ 21.59</b>			\$ 22.59
	• Compensation and benefits (dollars) per thousand GTMs	\$ 8.66	<b>\$ 7.69</b>	\$ 7.83	\$ 7.70	\$ 7.96	\$ 8.71	<b>\$ 8.12</b>	\$ 8.13	\$ 8.10	\$ 8.26	\$ 9.08	<b>\$ 8.06</b>			\$ 8.56
	• Total operating expenses (dollars) per thousand RTMs	\$ 38.90	<b>\$ 36.33</b>	\$ 36.86	\$ 38.38	\$ 37.59	\$ 42.83	<b>\$ 40.99</b>	\$ 40.46	\$ 41.81	\$ 41.52	\$ 44.95	<b>\$ 41.04</b>			\$ 42.96
	• Compensation and benefits (dollars) per thousand RTMs	\$ 16.16	<b>\$ 14.34</b>	\$ 14.66	\$ 14.45	\$ 14.88	\$ 16.22	<b>\$ 15.22</b>	\$ 15.26	\$ 15.37	\$ 15.51	\$ 17.29	<b>\$ 15.32</b>			\$ 16.28
14	Total operating revenues (\$ in thousands) per employee	\$ 81.0	<b>\$ 87.2</b>	\$ 87.0	\$ 82.8	\$ 337.9	\$ 89.0	<b>\$ 96.1</b>	\$ 95.8	\$ 92.2	\$ 373.2	\$ 91.1	<b>\$ 94.2</b>			\$ 185.3
15	Total operating expenses (\$ in thousands) per employee	\$ 60.9	<b>\$ 60.9</b>	\$ 60.6	\$ 60.6	\$ 242.9	\$ 68.6	<b>\$ 66.8</b>	\$ 64.7	\$ 65.9	\$ 265.9	\$ 66.7	<b>\$ 63.6</b>			\$ 130.3
	• GTMs (thousands) per employee	2,920	<b>3,125</b>	3,076	2,964	12,085	2,983	<b>3,052</b>	3,003	2,988	12,026	2,826	<b>2,946</b>			5,771
14	RTMs (thousands) per employee	1,565	<b>1,676</b>	1,643	1,579	6,462	1,602	<b>1,628</b>	1,600	1,575	6,405	1,485	<b>1,550</b>			3,034
14	Units per employee	57.3	<b>61.7</b>	62.1	59.2	240.2	58.1	<b>59.9</b>	60.0	59.6	237.7	56.5	<b>59.0</b>			115.5
14	RTMs (thousands) per mile of road operated	2,104	<b>2,303</b>	2,287	2,257	8,949	2,337	<b>2,411</b>	2,394	2,372	9,513	2,258	<b>2,347</b>			4,605
15	Total operating expenses (dollars) per unit	\$ 1,063	<b>\$ 987</b>	\$ 976	\$ 1,024	\$ 1,011	\$ 1,180	<b>\$ 1,114</b>	\$ 1,078	\$ 1,105	\$ 1,119	\$ 1,181	<b>\$ 1,078</b>			\$ 1,129
	• Compensation and benefits (dollars) per unit	\$ 442	<b>\$ 390</b>	\$ 388	\$ 386	\$ 400	\$ 447	<b>\$ 414</b>	\$ 407	\$ 406	\$ 418	\$ 454	<b>\$ 402</b>			\$ 428
	• RTMs (in thousands) per unit	27.3	<b>27.2</b>	26.5	26.7	26.9	27.6	<b>27.2</b>	26.6	26.4	26.9	26.3	<b>26.3</b>			26.3
	• Locomotive diesel fuel consumed (in thousands of gallons)	110,430	<b>106,527</b>	108,308	114,894	440,159	122,226	<b>116,873</b>	115,126	119,663	473,888	119,779	<b>114,428</b>			234,207
	• Average price (dollars) per gallon of locomotive diesel fuel	\$ 2.130	<b>\$ 2.242</b>	\$ 2.185	\$ 2.456	\$ 2.256	\$ 2.883	<b>\$ 3.258</b>	\$ 3.097	\$ 3.111	\$ 3.085	\$ 3.160	<b>\$ 3.149</b>			\$ 3.155
	• RTMs per gallon of fuel consumed	392	<b>439</b>	428	397	413	386	<b>416</b>	419	399	405	380	<b>413</b>			396
15	GTMs (in thousands) per train hour	85.3	<b>87.8</b>	87.4	89.4	87.5	87.6	<b>88.9</b>	89.4	91.3	89.3	90.9	<b>91.6</b>			91.2
15	RTMs (in thousands) per train hour	45.7	<b>47.1</b>	46.7	47.6	46.8	47.0	<b>47.4</b>	47.6	48.1	47.6	47.8	<b>48.2</b>			48.0
	• Percent of loaded-to-total car miles	58.2	<b>58.3</b>	58.4	58.7	58.4	58.4	<b>58.6</b>	58.7	59.0	58.7	59.0	<b>58.8</b>			58.9
	• Total new crossties installed (in thousands)	557	<b>703</b>	625	676	2,561	653	<b>675</b>	734	633	2,695	724	<b>700</b>			1,424
	• Total track miles of rail laid (miles)	101	<b>104</b>	118	99	422	94	<b>122</b>	105	163	484	104	<b>119</b>			223

*Second Quarter 2012*

***Quarterly Financial Review***

