



ASSOCIATION OF
AMERICAN RAILROADS

ENTERED
Office of Proceedings
May 29, 2018
Part of
Public Record

John T. Gray
Senior Vice President - Policy & Economics

May 29, 2018

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. 9), Annual Submission of State Tax Information for Use in the Revenue Shortfall Allocation Method (2017)

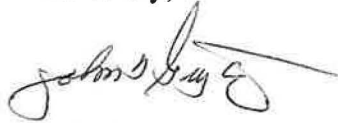
Dear Ms. Brown:

This submission by the Association of American Railroads (AAR) is the AAR's calculation of the 2017 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
<u>Railroad</u>	<u>2017</u>	<u>2016</u>	<u>Point Change</u>
BNSF Railway Company	5.289%	5.288%	0.001%
CSX Transportation, Inc.	5.628%	5.160%	0.468%
Grand Trunk Corporation	7.961%	7.761%	0.200%
The Kansas City Southern Rwy	5.409%	5.447%	-0.038%
Norfolk Southern Combined	6.194%	5.410%	0.784%
Soo Line Corporation	8.134%	8.071%	0.063%
Union Pacific Railroad Company	5.666%	5.636%	0.030%

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,



John T. Gray

Attachments



District of Columbia: SS

Subscribed and sworn to before me, in my presence,

this 29 day of May, 2018



Elizabeth J. Eagney, Notary Public, D.C.

My Commission Expires October 14, 2022.

ELIZABETH J. EAGNEY
NOTARY PUBLIC DISTRICT OF COLUMBIA
My Commission Expires October 14, 2022

**Before the
Surface Transportation Board**

Ex Parte No. 682

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

**2017
Weighted Average State Tax Rates**

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

May 29, 2018

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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. A new appendix has been 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 2017.

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 2017: Arizona, Indiana, New Mexico, and North Carolina. The rate for the District of Columbia is also lower for 2017. Illinois had a higher tax rate. New Jersey taxes are now treated as income taxes instead of franchise fees.

The average tax rates for four Class I railroads (BNSF, KCS, CP's Soo Line Corporation, and UP) all changed from 2016 by less than 0.1 percentage points. CN's Grand Trunk Corporation (CNGT) increased 0.2 percentage points. 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 the larger increases were CSX and Norfolk Southern. These railroads pay a franchise tax in New Jersey, and recently began reporting it as an income tax instead of an excise tax in operating expenses. The New Jersey tax is 10 percent of the New Jersey portion of Net Railway Operating Income (NROI). Using a method somewhat like the calculation for Texas, the effective tax rate on net income before taxes would normally be around 5 or 6 percent. However, the NROI in the 2017 R-1 was boosted substantially by a one-time large reduction in income taxes, causing the effective tax rate for 2017 to be between 16 and 17 percent.

State Miles Operated for 2017

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	1,327	2,520	AR
California	2,169	0	0	0	0	0	3,291	5,460	CA
Colorado	1,339	0	0	0	0	0	1,506	2,845	CO
Connecticut	0	0	68	0	0	0	0	68	CT
Delaware	0	0	44	0	78	0	0	122	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	1,612	0	1,705	0	0	3,317	GA
Idaho	106	0	0	0	0	0	847	953	ID
Illinois	1,540	1,278	817	199	1,256	402	2,309	7,801	IL
Indiana	0	103	1,533	0	1,441	154	19	3,250	IN
Iowa	662	574	0	0	43	661	1,383	3,323	IA
Kansas	1,628	0	0	18	2	0	2,198	3,846	KS
Kentucky	98	98	1,670	0	429	0	12	2,307	KY
Louisiana	362	239	43	744	76	0	1,142	2,606	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	877	558	0	487	80	0	2,002	MI
Minnesota	1,701	378	0	0	0	1,701	644	4,424	MN
Mississippi	179	575	94	723	211	0	0	1,782	MS
Missouri	1,606	0	11	417	409	144	1,541	4,128	MO
Montana	2,604	0	0	0	0	0	125	2,729	MT
Nebraska	1,479	0	0	0	0	0	1,067	2,546	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	646	0	931	0	0	1,577	NJ
New Mexico	1,640	0	0	0	0	0	618	2,258	NM
New York	0	0	1,276	0	890	414	0	2,580	NY
North Carolina	0	0	1,127	0	1,187	0	0	2,314	NC
North Dakota	1,634	0	0	0	0	530	0	2,164	ND
Ohio	0	4	1,866	0	2,021	30	0	3,921	OH
Oklahoma	1,287	0	0	151	0	0	1,232	2,670	OK
Oregon	404	0	0	0	0	0	1,073	1,477	OR
Pennsylvania	0	156	1,058	0	2,402	0	0	3,616	PA
Rhode Island	0	0	0	0	0	0	0	0	RI
South Carolina	0	0	1,307	0	762	0	0	2,069	SC
South Dakota	905	0	0	0	0	112	0	1,017	SD
Tennessee	137	161	990	5	829	0	12	2,134	TN
Texas	4,984	0	0	929	0	0	6,307	12,220	TX
Utah	437	0	0	0	0	0	1,248	1,685	UT
Vermont	0	0	0	0	0	0	0	0	VT
Virginia	0	0	1,069	0	1,990	0	0	3,059	VA
Washington	1,454	0	0	0	0	0	533	1,987	WA
West Virginia	0	0	1,297	0	618	0	0	1,915	WV
Wisconsin	249	1,404	0	0	0	608	930	3,191	WI
Wyoming	965	0	0	0	0	0	874	1,839	WY
Total U.S.	32,287	5,873	20,737	3,393	19,465	4,836	32,122	118,713	
Canada	114	0	76	0	2	0	0	192	
Grand Total	32,401	5,873	20,813	3,393	19,467	4,836	32,122	118,905	

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 2017

State	Inc. Tax Rate	Comments
Alabama	6.500%	
Arizona	4.900%	***Lower for 2017
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	9.000%	***Lower for 2017
Florida	5.500%	
Georgia	6.000%	
Idaho	7.400%	
Illinois	8.6322%	*** Higher rate -- Blended Rate for corporations 1/1 to 12/31 + Replacement Tax of 2.5%
Indiana	6.125%	*** Lower for 2017. 6.25% for first half of year, 6.0% for second half.
Iowa	12.000%	
Kansas	7.000%	4% plus 3.0% surtax
Kentucky	6.000%	
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	6.200%	***Lower for 2017
New York	0.000%	Reported in operating expense, rate changed to zero.
North Carolina	3.000%	***Lower for 2017
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	5.000%	
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), rates are not collected here. 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 2017

Average State Corporate Income Tax Rate

Railroad	2017	2016	Difference
BNSF	5.289 %	5.288 %	0.001 % Pts.
CSX	5.628	5.160	0.468
CNGT	7.961	7.761	0.200
KCS	5.409	5.447	-0.038
NS	6.194	5.410	0.784
SOO	8.134	8.071	0.063
UP	5.666	5.636	0.030

**State Corporate Income Tax Rates
from the Tax Foundation
as of January 1, 2017**

State	Rates	Brackets
Ala. (a)	6.50%	> \$0
Alaska	0.00%	> \$0
	2.00%	> \$25,000
	3.00%	> \$49,000
	4.00%	> \$74,000
	5.00%	> \$99,000
	6.00%	> \$124,000
	7.00%	> \$148,000
	8.00%	> \$173,000
	9.00%	> \$198,000
	9.40%	> \$222,000
Ariz.	4.90%	> \$0
Ark. (b)	1.00%	> \$0
	2.00%	> \$3,000
	3.00%	> \$6,000
	5.00%	> \$11,000
	6.00%	> \$25,000
	6.50%	> \$100,000
Calif.	8.84%	> \$0
Colo.	4.63%	> \$0
Conn. (c)	9.00%	> \$0
Del. (d)	8.70%	> \$0
Fla.	5.50%	> \$0
Ga.	6.00%	> \$0
Hawaii	4.40%	> \$0
	5.40%	> \$25,000
	6.40%	> \$100,000
Idaho	7.40%	> \$0
Ill. (e)	7.75%	> \$0
Ind. (f)	6.25%	> \$0
Iowa (a)	6.00%	> \$0
	8.00%	> \$25,000
	10.00%	> \$100,000
	12.00%	> \$250,000
Kans.	4.00%	> \$0
	7.00%	> \$50,000
Ky.	4.00%	> \$0
	5.00%	> \$50,000
	6.00%	> \$100,000
La. (a)	4.00%	> \$0
	5.00%	> \$25,000
	6.00%	> \$50,000
	7.00%	> \$100,000
	8.00%	> \$200,000

**State Corporate Income Tax Rates
from the Tax Foundation
as of January 1, 2017**

Maine	3.50%	>	\$0
	7.93%	>	\$25,000
	8.33%	>	\$75,000
	8.93%	>	\$250,000
Md.	8.25%	>	\$0
Mass.	8.00%	>	\$0
Mich.	6.00%	>	\$0
Minn.	9.80%	>	\$0
Miss.	3.00%	>	\$0
	4.00%	>	\$5,000
	5.00%	>	\$10,000
Mo. (a)	6.25%	>	\$0
Mont.	6.75%	>	\$0
Nebr.	5.58%	>	\$0
	7.81%	>	\$100,000
Nev.		(d)	
N.H.	8.20%	>	\$0
N.J. (g)	9.00%	>	\$100,000
N.M. (h)	4.80%	>	\$0
	6.20%	>	\$500,000
N.Y.	6.50%	>	\$0
N.C.	3.00%	>	\$0
N.D.	1.41%	>	\$0
	3.55%	>	\$25,000
	4.31%	>	\$50,000
Ohio		(d)	
Okla.	6.00%	>	\$0
Ore.	6.60%	>	\$0
	7.60%	>	1000000
Pa.	9.99%	>	\$0
R.I.	7.00%	>	\$0
S.C.	5.00%	>	\$0
S.D.		None	
Tenn.	6.50%	>	\$0
Tex.		(d)	
Utah	5.00%	>	0
Vt.	6.00%	>	\$0
	7.00%	>	10000
	8.50%	>	\$25,000
Va. (d)	6.00%	>	\$0
Wash.		(d)	
W.Va.	6.50%	>	\$0
Wis.	7.90%	>	\$0
Wyo.		None	
D.C.	9.00%	>	\$0

**State Corporate Income Tax Rates
from the Tax Foundation
as of January 1, 2017**

- (a) These states allow some or all of federal income tax paid to be deducted from state taxable income.
- (b) Arkansas has a "benefit recapture," by which corporations with more than \$100,000 of taxable income pay a flat tax of 6.5% on all income, not just on amounts above the benefit threshold.
- (c) Rate includes a 20% surtax, which effectively increases the rate from 7.5% to 9%. Surtax is required by businesses with at least \$100 million annual gross income.
- (d) Nevada, Ohio, Texas, and Washington do not have a corporate income tax but do have a gross receipts tax with rates not strictly comparable to corporate income tax rates. See Table 18 for more information. Delaware and Virginia have gross receipts taxes in addition to corporate income taxes.
- (e) Illinois' rate includes two separate corporate income taxes, one at a 5.25% rate and one at a 2.5% rate.
- (f) The tax rate in Indiana will decrease to 6.0% on July 1, 2017.
- (g) Corporations with entire net income greater than \$100,000 pay 9% on all taxable income, companies with entire net income greater than \$50,000 and less than or equal to \$100,000 pay 7.5% on all taxable income, and companies with entire net income less than or equal to \$50,000 pay 6.5% on all taxable income.
- (h) The tax rate in New Mexico will decrease to 5.9% in 2018.

Note: In addition to regular income taxes, many states impose other taxes on corporations such as gross receipts taxes and franchise taxes. Some states also impose an alternative minimum tax and special rates on financial institutions

Source: Tax Foundation; state tax statutes, forms, and instructions; Bloomberg BNA

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	9.000%	none	Note 1 - Franchise Fee
Illinois	7.750%	8.6322%	Note 2 - Mid-year Change
Indiana	6.250%	6.125%	Note 3 - Mid-year Change
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

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 2016.

Note 2 - Mid-year Change

The Tax Foundation shows a 7.75 percent Illinois tax rate, which is a 5.25% rate plus a 2.5% Replacement tax rate. However, the rate was changed to 7.0 effective July 1 (as found in the Illinois Form 1120 Instructions for Blended Rate). Railroad rate is 5.25 for first half of year, and 7.0 for the second half – or 6.1332 percent for the year using the Illinois blended rate table in the instructions, which is based on days. Replacement Tax of 2.5% is added, for a tax rate of 8.6322%.

Note 3 - Mid-year Change

The Tax Foundation shows a 6.25 percent Indiana tax rate which is correct for the first half of the year. However, as noted by the Foundation, the rate was changed to 6.0 effective July 1. The railroad rate is 6.25 for first half of year, and 6.0 for the second half – or 6.125 percent for year.

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 2016

Listed herein are tax rates, as found on page 3 of this year's report, that differ from the prior year (2016). Refer to Appendix D for tax information from the appropriate state.

	State Tax Rate		Comment
	2017	2016	
Arizona	4.9000%	5.500%	Lower rate for 2017
District of Columbia	9.0000%	9.200%	Lower rate for 2017
Illinois	8.6322%	7.750%	Rate increased effective July 2017
Indiana	6.1250%	6.375%	Rate lowered effective July 2017
New Jersey	See note in Appendix B		Varies each year by railroad
New Mexico	6.2000%	6.600%	Lower rate for 2017
North Carolina	3.0000%	4.000%	Lower rate for 2017
Texas	See note in Appendix B		Varies each year by railroad

Additional Tax Rate Information from States

State	Item	Number of Pages
Arizona	Corporation Income Tax Return (page 1)	1
District of Columbia	Corporate Franchise Tax Form	1
Illinois	Rate from Instructions and Corporation Tax Return	2
Indiana	Corporate Income Tax Booklet (page 9)	1
New Jersey	Franchise Tax statute	1
New Mexico	Instructions for Form CIT-1 (page 13)	1
North Carolina	Corporation Tax Return (page 2)	1
North Dakota	Corporation Income Tax Return (page 1)	1
Texas	Tax Report Information and Instructions (page 3)	1

Arizona Form
120**Arizona Corporation Income Tax Return****2017**For the ☐ calendar year 2017 or ☐ fiscal year beginning 2017 and ending 2017

Business Telephone Number (with area code)	Name	Employer Identification Number (EIN)
Address – number and street or PO Box		
Business Activity Code (from federal Form 1120)	City, Town or Post Office	State ZIP Code

68 Check box if: ☐ This is a first return ☐ Name change ☐ Address change

A Is FEDERAL return filed on a consolidated basis? ☐ Yes ☐ No
If "Yes", list EIN of common parent from consolidated return

B ARIZONA filing method: See instructions (check only one):

1 ☐ Separate company 2 ☐ Combined (unitary group) 3 ☐ Consolidated

C If ARIZONA filing method is consolidated, enter the last day of the tax year Forms 122 were filed to make the election

D If ARIZONA filing method is combined or consolidated, see Form 51 instructions. Is Form 51 included? ☐ Yes ☐ No

E ARIZONA apportionment for multistate corporations only (check one box):

☐ AIR CARRIER ☐ STANDARD ☐ SALES FACTOR ONLY

F ☐ Check if Multistate Service Provider Election and Computation (Arizona Schedule MSP) is included. Indicate the year of the election cycle: ☐ Yr 1 ☐ Yr 2 ☐ Yr 3 ☐ Yr 4 ☐ Yr 5

G Is this the corporation's final ARIZONA return under this EIN? ☐ Yes ☐ No

If "Yes", check one: ☐ Dissolved ☐ Withdrawn ☐ Merged/Reorganized

List EIN of the successor corporation, if any

Check box if return filed under FEDERAL extension:

82 82F ☐ Do not check if using Arizona Extension

REVENUE USE ONLY. DO NOT MARK IN THIS AREA.

88

81 PM

66 RCVD

1 Taxable income per federal return

2 Additions to taxable income from page 2, Schedule A, line A8.....

3 Total taxable income: Add lines 1 and 2

4 Subtractions from taxable income from page 2, Schedule B, line B10.....

5 Adjusted income: Subtract line 4 from line 3. WHOLLY ARIZONA CORPORATIONS GO TO LINE 13.....

6 Arizona adjusted income from line 5. MULTISTATE CORPORATIONS ONLY.....

7 Nonapportionable or allocable amounts from page 2, Schedule C, line C8. Multistate corporations only

8 Adjusted business income: Subtract line 7 from line 6. Multistate corporations only

9 Arizona apportionment ratio from Schedule E or Schedule ACA..... **9**

10 Adjusted business income apportioned to Arizona: Line 8 multiplied by line 9. Multistate corporations only.....

11 Other income allocated to Arizona from page 2, Schedule D, line D6. Multistate corporations only

12 Adjusted income attributable to Arizona: Add lines 10 and 11. Multistate corporations only

13 Arizona income before Net Operating Loss (NOL) from line 5 if wholly Arizona, or line 12 if multistate

14 Arizona basis NOL carryover: Include computation schedule

15 Arizona taxable income: Subtract line 14 from line 13.....

16 Enter tax: **Tax is 4.9 percent of line 15 or fifty dollars (\$50), whichever is greater.**

17 Tax from recapture of tax credits from Arizona Form 300, Part 2, line 31.....

18 Subtotal: Add lines 16 and 17

19 Nonrefundable tax credits from Arizona Form 300, Part 2, line 56

20 Credit type:
Enter form number for each nonrefundable credit used: **20** 13 13 13 13

21 Tax liability: Subtract line 19 from line 18.....

22 Refundable tax credits: Check box(es) and enter amount: **22** ☐ 308 ☐ 342 ☐ 349.....

23 Extension payment made with Form 120EXT or online: See instructions.....

24 Estimated tax payments: **24a** 00 Claim of Right: **24b** 00 Add 24a and 24b ...

25 Total payments: Add lines 22, 23, and 24c. Enter the total.....

26 Balance of tax due: If line 21 is larger than line 25, subtract line 25 from line 21. Enter the difference. Skip line 27.

27 Overpayment of tax: If line 25 is larger than line 21, subtract line 21 from line 25. Enter the difference.....

28 Penalty and interest.....

29 Estimated tax underpayment penalty. If Form 220 is included, check this box **29A** ☐

30 **TOTAL DUE:** See instructions Non-EFT payment must accompany return

31 **OVERPAYMENT:** See instructions

32 Amount of line 31 to be applied to 2018 estimated tax..... **32** 00

33 Amount to be refunded: Subtract line 32 from line 31

1		00
2		00
3		00
4		00
5		00
6		00
7		00
8		00
9		
10		00
11		00
12		00
13		00
14		00
15		00
16		00
17		00
18		00
19		00
20		
21		00
22		00
23		00
24c		00
25		00
26		00
27		00
28		00
29		00
30		00
31		00
32		00
33		00



Taxpayer Name:

Taxpayer Identification Number:

		ENTER DOLLAR AMOUNTS ONLY									
DEDUCTIONS	23	Pension, profit-sharing plans	23	\$							00
	24	Other deductions (attach statement)	24	\$							00
	25	Total deductions. Add Lines 11-24.	25	\$							00
TAXABLE INCOME	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
		<i>If QHTC, skip Lines 37-39. Complete QHTC Schedule on Page 4, Lines 1-10.</i>									
	TAX PAYMENTS AND CREDITS	37	Tax 9.0% of Line 36	37	\$						
38		Minus nonrefundable credits from Schedule UB, Line 9	38	\$							00
39		Total DC gross receipts from Line '4' MTLGR Worksheet	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) 2017 estimated franchise tax payments	41c	\$							00
		(d) Refundable credits from Schedule UB, Line 12	41d	\$							00
42		Add lines 41(a), 41(b), 41(c) and 41(d).	42	\$							00
43		RESERVED									
44		Estimated tax interest (Fill in oval if D-2220 attached)	44	\$							00
45	Total Amount Due. If Line 42 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 42 is larger than the total of Lines 40 and 44, enter amount overpaid.	46	\$							00	
47	Amount you want to apply to your 2018 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	Firm address
	Preparer's PTIN		If you want to allow the preparer to discuss this return with the Office of Tax and Revenue fill in the oval.	

Step 6 — Figure your replacement tax after credits

Line 41 — Enter your recapture of investment credits from Illinois Schedule 4255, Recapture of Investment Tax Credits, Step 4, Column C, Line 18.

If you claimed any Illinois investment tax credits in a prior year on Form IL-477, Replacement Tax Investment Credits, and any of the property was disqualified within 48 months of being placed in service, you must use Illinois Schedule 4255 to compute the amount of recapture. Credit must be recaptured in the year the property became disqualified. For more information, see Schedule 4255 instructions.

Line 43 — Enter the amount from Form IL-477, Step 1, Line 13. **Attach Form IL-477 and any other required support listed on Form IL-477 to your Form IL-1120.**

You may claim a replacement tax investment credit of .5 percent (.005) of the basis of qualified property placed in service in Illinois during the tax year.

An additional credit of up to .5 percent (.005) of the basis of qualified property is available if your Illinois base employment increased by 1 percent (.01) or more over the preceding year, or if your business is new to Illinois. Excess credit may be carried forward for five years following the excess credit year. For more information, see Form IL-477 instructions.

Step 7 — Figure your income tax after credits

Line 45 — **If your tax year ends on or after December 31, 2017 and before June 30, 2018** - Select one of the following methods to calculate the amount of income tax due:

- **Method 1 - Apportionment method (blended rate)**

The apportionment method is figured by dividing your net income received based on the total number of days in one accounting period in equal ratio to the total number of days in the second accounting period. See detailed instructions below.

We encourage you to use the blended rate, if possible. It is the simpler of the two methods and does not require you to attach any additional schedules to your return. If you use the blended rate, do not complete Schedule SA, Specific Accounting.

- **Method 2 - Specific**

The specific accounting method allows you to treat your net income or loss and modifications as though they were received in two different taxable years (prior to July 1, 2017, and after June 30, 2017) and calculate the income tax due at the applicable rate for each period. You must complete Schedule SA (IL-1120) to use this method.

Choose which method you will use to divide your income on or before the extended due date of your tax return. Once this decision is made, it is irrevocable.

If you elect to use the blended income tax rate and you file a

- **full-year corporate return**, use the Blended Income Tax Rate Schedule below to determine your blended income tax rate.

To use this schedule

- find the row which corresponds to the date your tax year begins and ends,
- multiply the blended rate printed in that row by the net income shown in Line 39, and
- enter the amount of income tax you calculated on the Line 45.

- **short-year corporate return (or you are a 52/53 week filer)**, use the Apportioned Income Tax Rate Formula below to calculate your blended income tax rate.

To use this formula

- follow the instructions for each line to calculate your blended rate,
- multiply the blended rate you entered on Line 3 by the net income shown on Line 39, and
- enter the amount of income tax you calculated on Line 45.

If your tax year begins on or after July 1, 2017 - The income tax rate is 7 percent (.07). Multiply the amount on Line 39 by 7% (.07) and enter the amount on Line 45.

Line 46 — Enter the total of your recapture of investment credits from Illinois Schedule 4255, Step 4, Columns A and B, Line 18, and Step 5, Line 21. See Schedule 4255 instructions for more information regarding the recapture of investment credits.

BLENDED TAX RATE SCHEDULE For Full-Year Corporate Returns Only				
Tax Year Begin Date	Tax Year End Date	Days Before 07/01/2017	Days After 06/30/2017	Blended Rate For Corporations (corporate income tax)
01/01/2017	12/31/2017	181	184	6.1322% (.061322)
02/01/2017	01/31/2018	150	215	6.2808% (.062808)
03/01/2017	02/28/2018	122	243	6.4151% (.064151)
04/01/2017	03/31/2018	91	274	6.5637% (.065637)
05/01/2017	04/30/2018	61	304	6.7075% (.067075)
06/01/2017	05/31/2018	30	335	6.8562% (.068562)

APPORTIONED INCOME TAX RATE FORMULA For Corporations with Short-Year Returns or 52/53 Week Filers Only		
1	Number of days in tax year before 07/01/2017 ÷ total number of days in the tax year x 5.25% (.0525) =	_____
2	Number of days in tax year after 06/30/2017 ÷ total number of days in the tax year x 7% (.07) =	_____
3	Add Lines 1 and 2. Round the result to six decimal places. This is your blended income tax rate.	_____

Page 3 of 4

General Filing Requirements for Form IT-20

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.

A single-member LLC can 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.

A multi-member LLC can elect to file 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.

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, 2016, and before July 1, 2017	6.25%
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 Calendar-Year Filers and Fiscal-Year Filers with Tax Year Endings Other than June 30

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 rate in effect before the rate change by the number of months in the taxpayer's taxable year that precede the month the rate changed.
2. Multiply the rate in effect after the rate change by the number of months in the taxpayer's taxable year that follow the month before the rate changed.
3. Add the amounts in Step 1 and Step 2, and then divide the sum by 12.
4. Round the rate determined in Step 3 to the nearest 0.01%.

How to Determine the Tax Rate for Short Periods and 52/53-Week Filers

For taxpayers who file on a short period or 52/53-week period basis, for whom the steps outlined previously are not appropriate, the following steps should 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.

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 1/1/2017, but prior to 1/1/2018.

Net Taxable Income	Tax
Not over \$500,000.....	4.8% of net taxable income
Over \$500,000.....	\$24,000 plus 6.2% of the excess over \$500,000

Line 9. New Mexico net taxable income. This entry = line 7 subtotal - line 8 deduction for foreign dividends.

Line 10. Income tax calculation. This entry = line 9 amount x tax rate. See the **Corporate Income Tax Rates** table on this page.

Line 11. New Mexico percentage. If on CIT-C, line 5 you show the percentage of New Mexico allocated and apportioned income, enter the percentage. Otherwise, enter **100%**.

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 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 2017 refunds received and overpayments applied to 2018.

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**

B Computation of Corporate Income Tax	22. State Net Loss (Attach schedule)		22.	_____	.00
	23. Income Before Contributions to N.C. Donees Line 20 minus Lines 21 and 22		23. ☐	_____	.00
	24. Contributions to N.C. Donees (From Schedule I, Line 2e)		24.	_____	.00
	25. Net Taxable Income Line 23 minus Line 24		25. ☐	_____	.00
	26. N.C. Net Income Tax Multiply Line 25 by 3.0%		26.	_____	.00
	27. Payments and Credits When filing an amended return, see instructions.				
	a. Income Tax Extension (From Form CD-419, Line 10)		27a.	_____	.00
	b. 2017 Estimated Tax		27b.	_____	.00
	c. Partnership (If a partnership payment is taken on Line 27c, a copy of Form D-403 NC K-1 MUST be attached)		27c.	_____	.00
	d. Nonresident Withholding (Include copy of 1099 or W-2)		27d.	_____	.00
e. Tax Credits (From Form CD-425, Part 4, Line 30) If a tax credit is taken on Line 27e, Form CD-425 MUST be attached.		27e.	_____	.00	
28. Add Lines 27a through 27e		28.	_____	.00	
29. Income Tax Due - If Line 28 is less than Line 26, enter difference here and on Line 32, below		29. \$	_____	.00	
30. Income Tax Overpaid - If Line 28 is more than Line 26, enter difference here and on Line 32, below		30.	_____	.00	

Tax Due or Refund	31. Franchise Tax Due or Overpayment (From Schedule A, Line 8 or 9)		31. ☐	_____	.00	
	32. Income Tax Due or Overpayment (From Schedule B, Line 29 or 30)		32. ☐	_____	.00	
	33. Balance of Tax Due or Overpayment Add (or subtract) Lines 31 and 32		33. ☐	_____	.00	
	34. Underpayment of Estimated Income Tax (Enter letter in exceptions box, if applicable. See instructions.)		34.	_____	.00	
	35. a. Interest	b. Penalties		35c.	_____	.00
	_____ .00	_____ .00				
	36. Total Due - Add Lines 33, 34, and 35c and enter result here, but not less than zero. If less than zero, enter amount on Line 37. Pay your tax online. See instructions.	Pay in U.S. Currency From a Domestic Bank	36.	_____	.00	
	37. Overpayment		37.	_____	.00	
	38. Amount of Line 37 applied to 2018 Estimated Income Tax		38.	_____	.00	
	39. Amount of Line 37 contributed to N.C. Nongame and Endangered Wildlife Fund		39.	_____	.00	
40. Amount of Line 37 contributed to N.C. Education Endowment Fund		40.	_____	.00		
41. Amount to be Refunded Line 37 minus Lines 38, 39, and 40		41.	_____	.00		

Signature and Title of Officer: _____	Date: _____	Corporate Telephone Number: _____
I certify that, to the best of my knowledge, this return is accurate and complete.		(Important: Include Area Code)

Signature of Paid Preparer: _____	Preparer's ☐ FEIN ☐ SSN ☐ PTIN: _____
I certify that, to the best of my knowledge, this return is accurate and complete.	
(Fill in applicable circle)	

Form 40 North Dakota Office of State Tax Commissioner Corporation Income Tax Return

2017

Mark One: ☐ Calendar Year January 1, 2017, through December 31, 2017

☐ Fiscal Year beginning _____, 2017 and ending _____

Have a federal extension?

Yes ☐ No ☐

Name

Federal employer identification no.*

If yes, must attach

Date of incorporation

Mailing address

Is this a farming or ranching corporation?

Yes ☐ No ☐

City, State, Zip Code

Phone number

Business code (see instructions)

Final return

Yes ☐ No ☐

Computation of tax liability

1 Income from (Mark the **ONE** circle that identifies the filing method - see instructions):

a. ☐ Single Corp. Entity b. ☐ Combined Report Method b1. ☐ Combined Report Method Consol. Return c. ☐ Water's Edge Method c1. ☐ Water's Edge Method Consol. Return d. ☐ Other

Round off to dollars

2 Total additions (Enter amount from Schedule SA, line 9)

3 Total subtractions (Enter amount from Schedule SA, line 17)

4 North Dakota apportionable income (Subtract line 3 from the sum of lines 1 and 2)

5 Apportionment Factor (Factor from Schedule FACT or CR)

6 Income apportioned to North Dakota (Line 4 multiplied by line 5)

7 Income allocated to North Dakota less related expenses

8 North Dakota income (Add lines 6 and 7)

9 Exemption for new and expanding business (Attach worksheet-for consolidated return, amount from Sch. CR)

10 Renaissance zone income exemption (Amount from Sch. RZ - for consolidated return, amount from Sch. CR)

11 North Dakota income after income exemptions (Subtract lines 9 and 10 from line 8)

12 North Dakota loss carryforward (Attach worksheet - for consolidated return, amount from Sch. CR)

13 Subtotal (Subtract line 12 from line 11)

14 Gross proceeds allocated to North Dakota from sale of research tax credit (See instructions)

15 North Dakota taxable income (See instructions)

16 Income tax due (See rates below)

17 Surtax on water's edge method election (3.5% of line 15 - **Water's edge filers only**)

18 Total income tax due (Add lines 16 and 17)

19 Tax credits (Enter amount from Schedule TC, line 25)

Balance due or overpayment

20 Net income tax liab. (Subtract ln. 19 from ln. 18) (Corp. filing a consol. rtn., enter amt. from Sch. CR, Part 1, ln. 20a)

21 2017 Estimated income tax payments and payment with extension

22 North Dakota income tax withheld on oil and gas royalties (Attach 1099-MISC)

23 Total payments and amount withheld (Add lines 21 and 22)

24 If line 20 is greater than line 23, enter difference as **BALANCE DUE** (Enter \$0 if less than \$5)

a. Interest and penalty for balance due on line 24

b. Interest on underpayment of estimated tax (Attach Form 40-UT)

c. Total payment due (Add lines 24, 24a, and 24b - Pay to ND State Tax Commissioner)

25 If line 23 is greater than line 20, enter difference less line 24b, as **OVERPAYMENT**

(Enter \$0 if less than \$5)

a. Amount of line 25 to be credited to 2018 estimated tax (Minimum \$5)

b. Amount of line 25 to be **REFUNDED** (Subtract line 25a from line 25) (No refund under \$5)

I declare that this return is correct and complete to the best of my knowledge and belief.

*Privacy Act Notice - See instructions

Date: _____ Signature of Officer: _____ Title: _____

Date: _____ Signature of Preparer: _____ Address: _____ FEIN: _____

☐ I authorize the North Dakota Office of State Tax Commissioner to discuss this tax return with the preparer.

Mail to: Office of State Tax Commissioner, 600 E. Boulevard Ave., Dept. 127, Bismarck, ND 58505-0599

Tax Rate Table

\$ 0 to \$ 25,000 1.41% of North Dakota Taxable Income
\$ 25,000 to \$ 50,000 \$ 352.50 + 3.55% of amount over \$ 25,000
\$ Over 50,000 \$ 1,240.00 + 4.31% of amount over \$ 50,000

PLEASE DO NOT WRITE IN THIS SPACE

CIT

- 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 01/01/2016, 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 qualify to use COGS to compute margin. 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.

Example: A taxable entity's 2018 franchise tax report is based on the period 09-15-2017 through 12-31-2017 (108

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)
2017	BNSF	210	13	\$21,124,725
2017	CNGT	210	13	3,185,145
2017	CSX	210	13	11,107,304
2017	KCS	210	13	1,349,787
2017	NS	210	13	10,551,113
2017	SOO	210	13	1,439,472
2017	UP	210	13	21,239,964
Total				\$69,997,510

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

Year	RR	Sched	Line	Column (b)
2017	BNSF	210	46	\$7,580,020
2017	CNGT	210	46	440,890
2017	CSX	210	46	3,233,850
2017	KCS	210	46	320,708
2017	NS	210	46	3,158,267
2017	SOO	210	46	361,851
2017	UP	210	46	8,520,797
Total				\$23,616,383

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

Year	RR	Sched	Line	Column (b)
2017	BNSF	210	71	\$11,617,798
2017	CNGT	210	71	2,031,333
2017	CSX	210	71	5,278,022
2017	KCS	210	71	736,572
2017	NS	210	71	5,325,955
2017	SOO	210	71	762,656
2017	UP	210	71	10,132,672
Total				\$35,885,008

BNSF Tax Rate Calculation for Texas for 2017

Corporate Activities Tax

Miles in Texas = 4984 (info only)

Operating Revenue	\$21,124,725	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$7,580,020	from R-1 Schedule 210 Line 46
Taxable Receipts	14,787,308	70.0% of Operating Revenue
Tax Rate	0.750%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	110,905	Tax Rate x Taxable Receipts
Effective Tax Rate	1.463%	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 2017

Corporate Activities Tax

Miles in Texas = 0 (info only)

Operating Revenue	\$3,185,145	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$440,890	from R-1 Schedule 210 Line 46
Taxable Receipts	2,229,602	70.0% of Operating Revenue
Tax Rate	0.750%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	16,722	Tax Rate x Taxable Receipts
Effective Tax Rate	3.793%	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 2017

Corporate Activities Tax

Miles in Texas = 0 (info only)

Operating Revenue	\$11,107,304	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$3,233,850	from R-1 Schedule 210 Line 46
Taxable Receipts	7,775,113	70.0% of Operating Revenue
Tax Rate	0.750%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	58,313	Tax Rate x Taxable Receipts
Effective Tax Rate	1.803%	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 2017

Corporate Activities Tax

Miles in Texas = 929 (info only)

Operating Revenue	\$1,349,787	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$320,708	from R-1 Schedule 210 Line 46
Taxable Receipts	944,851	70.0% of Operating Revenue
Tax Rate	0.750%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	7,086	Tax Rate x Taxable Receipts
Effective Tax Rate	2.210%	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 2017

Corporate Activities Tax

Miles in Texas = 0 (info only)

Operating Revenue	\$10,551,113	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$3,158,267	from R-1 Schedule 210 Line 46
Taxable Receipts	7,385,779	70.0% of Operating Revenue
Tax Rate	0.750%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	55,393	Tax Rate x Taxable Receipts
Effective Tax Rate	1.754%	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 2017

Corporate Activities Tax

Miles in Texas = 0 (info only)

Operating Revenue	\$1,439,472	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$361,851	from R-1 Schedule 210 Line 46
Taxable Receipts	1,007,630	70.0% of Operating Revenue
Tax Rate	0.750%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	7,557	Tax Rate x Taxable Receipts
Effective Tax Rate	2.088%	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 2017

Corporate Activities Tax

Miles in Texas = 6307 (info only)

Operating Revenue	\$21,239,964	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$8,520,797	from R-1 Schedule 210 Line 46
Taxable Receipts	14,867,975	70.0% of Operating Revenue
Tax Rate	0.750%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	111,510	Tax Rate x Taxable Receipts
Effective Tax Rate	1.309%	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 2017

Franchise Excise Tax (recorded in state income taxes in R-1)			Miles in NJ = 0 (info only)
Net Railway Op. Inc.	\$11,617,798	from R-1 Schedule 210 Line 71	
Net Inc. Bef. Tax	\$7,580,020	from R-1 Schedule 210 Line 46	
Tax Rate	10.000%	New Jersey tax rate on Net Railway Operating Income	
State Taxes	\$1,161,780	Tax Rate x NROI	
Effective Tax Rate	15.327%	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 2017

Franchise Excise Tax (recorded in state income taxes in R-1)			Miles in NJ = 0 (info only)
Net Railway Op. Inc.	\$2,031,333	from R-1 Schedule 210 Line 71	
Net Inc. Bef. Tax	\$440,890	from R-1 Schedule 210 Line 46	
Tax Rate	10.000%	New Jersey tax rate on Net Railway Operating Income	
State Taxes	\$203,133	Tax Rate x NROI	
Effective Tax Rate	46.073%	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 2017

Franchise Excise Tax (recorded in state income taxes in R-1)			Miles in NJ = 646 (info only)
Net Railway Op. Inc.	\$5,278,022	from R-1 Schedule 210 Line 71	
Net Inc. Bef. Tax	\$3,233,850	from R-1 Schedule 210 Line 46	
Tax Rate	10.000%	New Jersey tax rate on Net Railway Operating Income	
State Taxes	\$527,802	Tax Rate x NROI	
Effective Tax Rate	16.321%	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 2017

Franchise Excise Tax (recorded in state income taxes in R-1)			Miles in NJ = 0 (info only)
Net Railway Op. Inc.	\$736,572	from R-1 Schedule 210 Line 71	
Net Inc. Bef. Tax	\$320,708	from R-1 Schedule 210 Line 46	
Tax Rate	10.000%	New Jersey tax rate on Net Railway Operating Income	
State Taxes	\$73,657	Tax Rate x NROI	
Effective Tax Rate	22.967%	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 2017

Franchise Excise Tax (recorded in state income taxes in R-1)			Miles in NJ = 931 (info only)
Net Railway Op. Inc.	\$5,325,955	from R-1 Schedule 210 Line 71	
Net Inc. Bef. Tax	\$3,158,267	from R-1 Schedule 210 Line 46	
Tax Rate	10.000%	New Jersey tax rate on Net Railway Operating Income	
State Taxes	\$532,596	Tax Rate x NROI	
Effective Tax Rate	16.864%	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 2017

Franchise Excise Tax (recorded in state income taxes in R-1)			Miles in NJ = 0 (info only)
Net Railway Op. Inc.	\$762,656	from R-1 Schedule 210 Line 71	
Net Inc. Bef. Tax	\$361,851	from R-1 Schedule 210 Line 46	
Tax Rate	10.000%	New Jersey tax rate on Net Railway Operating Income	
State Taxes	\$76,266	Tax Rate x NROI	
Effective Tax Rate	21.077%	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 2017

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

Miles in NJ = 0 (info only)

Net Railway Op. Inc.	\$10,132,672	from R-1 Schedule 210 Line 71
Net Inc. Bef. Tax	\$8,520,797	from R-1 Schedule 210 Line 46
Tax Rate	10.000%	New Jersey tax rate on Net Railway Operating Income
State Taxes	\$1,013,267	Tax Rate x NROI
Effective Tax Rate	11.892%	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 2017

State	Income			
	Miles BNSF	Tax Rate	Pct Miles	Pct Miles x Tax Rate
Alabama	231	6.500%	0.71546%	0.04650%
Arizona	659	4.900%	2.04107%	0.10001%
Arkansas	1,030	6.500%	3.19014%	0.20736%
California	2,169	8.840%	6.71787%	0.59386%
Colorado	1,339	4.630%	4.14718%	0.19201%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	0	8.700%	0.00000%	0.00000%
Dist. of Columbia	0	9.000%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	106	7.400%	0.32831%	0.02429%
Illinois	1,540	8.632%	4.76972%	0.41173%
Indiana	0	6.125%	0.00000%	0.00000%
Iowa	662	12.000%	2.05036%	0.24604%
Kansas	1,628	7.000%	5.04228%	0.35296%
Kentucky	98	6.000%	0.30353%	0.01821%
Louisiana	362	8.000%	1.12119%	0.08970%
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	1,701	9.800%	5.26837%	0.51630%
Mississippi	179	5.000%	0.55440%	0.02772%
Missouri	1,606	6.250%	4.97414%	0.31088%
Montana	2,604	6.750%	8.06517%	0.54440%
Nebraska	1,479	7.810%	4.58079%	0.35776%
Nevada	798	0.000%	2.47158%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	0	15.327%	0.00000%	0.00000%
New Mexico	1,640	6.200%	5.07944%	0.31493%
New York	0	0.000%	0.00000%	0.00000%
North Carolina	0	3.000%	0.00000%	0.00000%
North Dakota	1,634	4.310%	5.06086%	0.21812%
Ohio	0	0.000%	0.00000%	0.00000%
Oklahoma	1,287	6.000%	3.98612%	0.23917%
Oregon	404	7.600%	1.25128%	0.09510%
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	905	0.000%	2.80299%	0.00000%
Tennessee	137	6.500%	0.42432%	0.02758%
Texas	4,984	1.463%	15.43655%	0.22586%
Utah	437	5.000%	1.35349%	0.06767%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	0	6.000%	0.00000%	0.00000%
Washington	1,454	0.000%	4.50336%	0.00000%
West Virginia	0	6.500%	0.00000%	0.00000%
Wisconsin	249	7.900%	0.77121%	0.06093%
Wyoming	965	0.000%	2.98882%	0.00000%
Total U.S.	32,287		100.00000%	5.28910%

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).

Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

CNGT Average State Tax Rate for 2017

State	Miles CNGT	Income		Pct Miles x Tax Rate
		Tax Rate	Pct Miles	
Alabama	26	6.500%	0.44270%	0.02878%
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	9.000%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	0	7.400%	0.00000%	0.00000%
Illinois	1,278	8.632%	21.76060%	1.87842%
Indiana	103	6.125%	1.75379%	0.10742%
Iowa	574	12.000%	9.77354%	1.17282%
Kansas	0	7.000%	0.00000%	0.00000%
Kentucky	98	6.000%	1.66865%	0.10012%
Louisiana	239	8.000%	4.06947%	0.32556%
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	877	6.000%	14.93274%	0.89596%
Minnesota	378	9.800%	6.43623%	0.63075%
Mississippi	575	5.000%	9.79057%	0.48953%
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	46.073%	0.00000%	0.00000%
New Mexico	0	6.200%	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%	0.06811%	0.00000%
Oklahoma	0	6.000%	0.00000%	0.00000%
Oregon	0	7.600%	0.00000%	0.00000%
Pennsylvania	156	9.990%	2.65622%	0.26536%
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%	2.74136%	0.17819%
Texas	0	3.793%	0.00000%	0.00000%
Utah	0	5.000%	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	1,404	7.900%	23.90601%	1.88857%
Wyoming	0	0.000%	0.00000%	0.00000%
Total U.S.	5,873		100.00000%	7.96148%

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).

Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

CSX Average State Tax Rate for 2017

State	Income			
	Miles CSX	Tax Rate	Pct Miles	Pct Miles x Tax Rate
Alabama	1,011	6.500%	4.87534%	0.31690%
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%	0.32792%	0.00000%
Delaware	44	8.700%	0.21218%	0.01846%
Dist. of Columbia	19	9.000%	0.09162%	0.00825%
Florida	1,675	5.500%	8.07735%	0.44425%
Georgia	1,612	6.000%	7.77354%	0.46641%
Idaho	0	7.400%	0.00000%	0.00000%
Illinois	817	8.632%	3.93982%	0.34009%
Indiana	1,533	6.125%	7.39258%	0.45280%
Iowa	0	12.000%	0.00000%	0.00000%
Kansas	0	7.000%	0.00000%	0.00000%
Kentucky	1,670	6.000%	8.05324%	0.48319%
Louisiana	43	8.000%	0.20736%	0.01659%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	546	8.250%	2.63297%	0.21722%
Massachusetts	400	8.000%	1.92892%	0.15431%
Michigan	558	6.000%	2.69084%	0.16145%
Minnesota	0	9.800%	0.00000%	0.00000%
Mississippi	94	5.000%	0.45330%	0.02266%
Missouri	11	6.250%	0.05305%	0.00332%
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	646	16.321%	3.11520%	0.50844%
New Mexico	0	6.200%	0.00000%	0.00000%
New York	1,276	0.000%	6.15325%	0.00000%
North Carolina	1,127	3.000%	5.43473%	0.16304%
North Dakota	0	4.310%	0.00000%	0.00000%
Ohio	1,866	0.000%	8.99841%	0.00000%
Oklahoma	0	6.000%	0.00000%	0.00000%
Oregon	0	7.600%	0.00000%	0.00000%
Pennsylvania	1,058	9.990%	5.10199%	0.50969%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	1,307	5.000%	6.30274%	0.31514%
South Dakota	0	0.000%	0.00000%	0.00000%
Tennessee	990	6.500%	4.77408%	0.31031%
Texas	0	1.803%	0.00000%	0.00000%
Utah	0	5.000%	0.00000%	0.00000%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	1,069	6.000%	5.15504%	0.30930%
Washington	0	0.000%	0.00000%	0.00000%
West Virginia	1,297	6.500%	6.25452%	0.40654%
Wisconsin	0	7.900%	0.00000%	0.00000%
Wyoming	0	0.000%	0.00000%	0.00000%
Total U.S.	20,737		100.00000%	5.62837%

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).

Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

KCS Average State Tax Rate for 2017

State	Miles KCS	Income		Pct Miles x Tax Rate
		Tax Rate	Pct Miles	
Alabama	44	6.500%	1.29679%	0.08429%
Arizona	0	4.900%	0.00000%	0.00000%
Arkansas	163	6.500%	4.80401%	0.31226%
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	9.000%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	0	7.400%	0.00000%	0.00000%
Illinois	199	8.632%	5.86502%	0.50628%
Indiana	0	6.125%	0.00000%	0.00000%
Iowa	0	12.000%	0.00000%	0.00000%
Kansas	18	7.000%	0.53050%	0.03714%
Kentucky	0	6.000%	0.00000%	0.00000%
Louisiana	744	8.000%	21.92750%	1.75420%
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	723	5.000%	21.30858%	1.06543%
Missouri	417	6.250%	12.29001%	0.76813%
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	22.967%	0.00000%	0.00000%
New Mexico	0	6.200%	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%	4.45034%	0.26702%
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%	0.14736%	0.00958%
Texas	929	2.210%	27.37990%	0.60499%
Utah	0	5.000%	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.	3,393		100.00000%	5.40931%

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).

Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

NS Average State Tax Rate for 2017

State	Miles NS	Income		Pct Miles	Pct Miles x Tax Rate
		Tax Rate			
Alabama	1,304	6.500%		6.69920%	0.43545%
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	78	8.700%		0.40072%	0.03486%
Dist. of Columbia	13	9.000%		0.06679%	0.00601%
Florida	148	5.500%		0.76034%	0.04182%
Georgia	1,705	6.000%		8.75931%	0.52556%
Idaho	0	7.400%		0.00000%	0.00000%
Illinois	1,256	8.632%		6.45261%	0.55700%
Indiana	1,441	6.125%		7.40303%	0.45344%
Iowa	43	12.000%		0.22091%	0.02651%
Kansas	2	7.000%		0.01027%	0.00072%
Kentucky	429	6.000%		2.20396%	0.13224%
Louisiana	76	8.000%		0.39044%	0.03124%
Maine	0	0.000% *		0.00000%	0.00000%
Maryland	233	8.250%		1.19702%	0.09875%
Massachusetts	0	8.000%		0.00000%	0.00000%
Michigan	487	6.000%		2.50193%	0.15012%
Minnesota	0	9.800%		0.00000%	0.00000%
Mississippi	211	5.000%		1.08400%	0.05420%
Missouri	409	6.250%		2.10121%	0.13133%
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	16.864%		4.78294%	0.80657%
New Mexico	0	6.200%		0.00000%	0.00000%
New York	890	0.000%		4.57231%	0.00000%
North Carolina	1,187	3.000%		6.09812%	0.18294%
North Dakota	0	4.310%		0.00000%	0.00000%
Ohio	2,021	0.000%		10.38274%	0.00000%
Oklahoma	0	6.000%		0.00000%	0.00000%
Oregon	0	7.600%		0.00000%	0.00000%
Pennsylvania	2,402	9.990%		12.34010%	1.23278%
Rhode Island	0	0.000% *		0.00000%	0.00000%
South Carolina	762	5.000%		3.91472%	0.19574%
South Dakota	0	0.000%		0.00000%	0.00000%
Tennessee	829	6.500%		4.25893%	0.27683%
Texas	0	1.754%		0.00000%	0.00000%
Utah	0	5.000%		0.00000%	0.00000%
Vermont	0	0.000% *		0.00000%	0.00000%
Virginia	1,990	6.000%		10.22348%	0.61341%
Washington	0	0.000%		0.00000%	0.00000%
West Virginia	618	6.500%		3.17493%	0.20637%
Wisconsin	0	7.900%		0.00000%	0.00000%
Wyoming	0	0.000%		0.00000%	0.00000%
Total U.S.	19,465			100.00000%	6.19387%

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).

Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

SOO Average State Tax Rate for 2017

State	Miles SOO	Income		Pct Miles x Tax Rate
		Tax Rate	Pct Miles	
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	9.000%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	0	7.400%	0.00000%	0.00000%
Illinois	402	8.632%	8.31266%	0.71757%
Indiana	154	6.125%	3.18445%	0.19505%
Iowa	661	12.000%	13.66832%	1.64020%
Kansas	0	7.000%	0.00000%	0.00000%
Kentucky	0	6.000%	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%	1.65426%	0.09926%
Minnesota	1,701	9.800%	35.17370%	3.44702%
Mississippi	0	5.000%	0.00000%	0.00000%
Missouri	144	6.250%	2.97767%	0.18610%
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	21.077%	0.00000%	0.00000%
New Mexico	0	6.200%	0.00000%	0.00000%
New York	414	0.000%	8.56079%	0.00000%
North Carolina	0	3.000%	0.00000%	0.00000%
North Dakota	530	7.810% +	10.95947%	0.85593%
Ohio	30	0.000%	0.62035%	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%	2.31596%	0.00000%
Tennessee	0	6.500%	0.00000%	0.00000%
Texas	0	2.088%	0.00000%	0.00000%
Utah	0	5.000%	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	608	7.900%	12.57237%	0.99322%
Wyoming	0	0.000%	0.00000%	0.00000%
Total U.S.	4,836		100.00000%	8.13435%

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).

Rate for Texas is 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 2017

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%	2.15117%	0.10541%
Arkansas	1,327	6.500%	4.13113%	0.26852%
California	3,291	8.840%	10.24531%	0.90569%
Colorado	1,506	4.630%	4.68838%	0.21707%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	0	8.700%	0.00000%	0.00000%
Dist. of Columbia	0	9.000%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	847	7.400%	2.63682%	0.19512%
Illinois	2,309	8.632%	7.18822%	0.62050%
Indiana	19	6.125%	0.05915%	0.00362%
Iowa	1,383	12.000%	4.30546%	0.51666%
Kansas	2,198	7.000%	6.84266%	0.47899%
Kentucky	12	6.000%	0.03736%	0.00224%
Louisiana	1,142	8.000%	3.55520%	0.28442%
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	644	9.800%	2.00486%	0.19648%
Mississippi	0	5.000%	0.00000%	0.00000%
Missouri	1,541	6.250%	4.79734%	0.29983%
Montana	125	6.750%	0.38914%	0.02627%
Nebraska	1,067	7.810%	3.32171%	0.25943%
Nevada	1,193	0.000%	3.71397%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	0	11.892%	0.00000%	0.00000%
New Mexico	618	6.200%	1.92392%	0.11928%
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	1,232	6.000%	3.83538%	0.23012%
Oregon	1,073	7.600%	3.34039%	0.25387%
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	12	6.500%	0.03736%	0.00243%
Texas	6,307	1.309%	19.63452%	0.25695%
Utah	1,248	5.000%	3.88519%	0.19426%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	0	6.000%	0.00000%	0.00000%
Washington	533	0.000%	1.65930%	0.00000%
West Virginia	0	6.500%	0.00000%	0.00000%
Wisconsin	930	7.900%	2.89521%	0.22872%
Wyoming	874	0.000%	2.72088%	0.00000%
Total U.S.	32,122		100.00000%	5.66588%

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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).

Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

Workpapers Sent to Surface Transportation Board for 2017 State Tax Rate Calculations

May 29, 2018

1. Schedule 702 from 2017 Annual Report Form R-1 (7 pages)
2. Schedule 210 from 2017 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	616				43	659			2
3		Arkansas	190				840	1,030			3
4		British Columbia	22				24	46	16		4
5		California	913				1,256	2,169			5
6		Colorado	802				537	1,339	2		6
7		Idaho	106					106	33		7
8		Illinois	1,149			2	389	1,540			8
9		Iowa	597		26	4	35	662			9
10		Kansas	1,140				488	1,628			10
11		Kentucky	0			13	85	98			11
12		Louisiana	240				122	362			12
13		Manitoba	0	4			64	68			13
14		Minnesota	1,498				203	1,701	452		14
15		Mississippi	166				13	179			15
16		Missouri	1,424				182	1,606	37		16
17		Montana	2,568				36	2,604	173		17
18		Nebraska	1,479					1,479	48		18
19		Nevada	0				798	798			19
20		New Mexico	1,125				515	1,640	60		20
21		North Dakota	1,617				17	1,634	3		21
22		Oklahoma	957				330	1,287			22
23		Oregon	226				178	404	111		23
24		Saskatchewan									24
25		South Dakota	870			2	33	905			25
26		Tennessee	16				121	137			26
27		Texas	2,624			11	2,349	4,984			27
28		Utah	0				437	437			28
29		Washington	1,334				120	1,454	86		29
30		Wisconsin	245				4	249			30
31		Wyoming	960				5	965			31
32		Total Mileage (Single Track)	22,989	4	26	32	9,350	32,401	1,037		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 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	MILES OF ROAD OPERATED BY RESPONDENT								Line No.
			Line owned	Line of proprietary companies	Line operated under lease	Line operated under contract, etc.	Line operated under trackage rights	Total mileage operated	Line owned not operated by respondent	New line constructed during year	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
1											1
2		ALABAMA	26	-	-	-	-	26			2
3											3
4		ILLINOIS	1,230	-	2	-	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	239	-	-	-	-	239			12
13											13
14		MICHIGAN	873	1	3	-	-	877			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	1,358	-	-	-	46	1,404			26
27											27
28											28
29											29
30											30
31											31
32		TOTAL MILEAGE (single track)	5,761	14	5	-	93	5,873			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 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 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	247	402	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	1,156	0	0	0	545	1,701	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	302	0	0	0	306	608	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)	3,123	0	0	0	1,713	4,836	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		20			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	1,418		118	1	75	1,612	65	-	8
9		Illinois	537	-	59		221	817	118	-	9
10		Indiana	1,158	-	13		362	1,533	433	-	10
11		Kentucky	1,549	63	-	-	58	1,670	14	-	11
12		Louisiana	35				8	43		-	12
13		Maryland	442	13	5		86	546	3	-	13
14		Massachusetts	166		65	8	161	400		-	14
15		Michigan	415				143	558	83	-	15
16		Mississippi	74				20	94		-	16
17		Missouri					11	11		-	17
18		New Jersey	62				584	646		-	18
19		New York	734		185		357	1,276	8	-	19
20		North Carolina	1,068			7	52	1,127	1	-	20
21		Ohio	1,256		140	8	462	1,866	173	-	21
22		Pennsylvania	416	44	23	7	568	1,058	56	-	22
23		South Carolina	1,243		47		17	1,307	12	-	23
24		Tennessee	826		16	2	146	990	41	-	24
25		Virginia	773	30	7	3	256	1,069	6	-	25
26		West Virginia	1,036	20	15		226	1,297	114	-	26
27											27
28											28
29											29
30											30
31											31
32		Total Mileage (Single Track)	15,624	204	723	101	4,161	20,813	1,324		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 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, not operated, should be shown in column (h), as may be appropriate. Mileage which has been permanently abandoned should not be included in column (h). Mileage should be reported to the nearest WHOLE mile adjusted to accord with footings; i.e. counting one-half mile and over as a whole mile and disregarding and 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		Missouri	396	-	-	-	21	417	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	-	135	723	52	-	15
16											16
17		Alabama	-	-	-	-	44	44	79	-	17
18											18
19		Illinois	182	-	-	-	17	199	-	-	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	-	637	3,393	372	-	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 owned but not operated. The respondent's portion of operated road held by it as joint or common owner, or under a joint lease, or under any joint arrangement, should be shown in columns (b), (c), (d), or (e), as may be appropriate. The remainder of jointly operated mileage should be shown in column (f). Respondent's proportion of road jointly owned, not operated, should be shown in column (h), as may be appropriate. Mileage which has been permanently abandoned should not be included in column (h). Mileage should be reported to the nearest WHOLE mile adjusted to accord with footings; i.e., counting one-half mile and over as a whole mile and disregarding any fraction less than one-half mile.

Line No.	Cross Check	State or territory (a)	MILES OF ROAD OPERATED BY RESPONDENT								Line No.
			Line owned (b)	Line of propie- tary companies (c)	Line operated under lease (d)	Line operated under contract etc. (e)	Line operated under trackage rights (f)	Total mileage operated (g)	Line owned not operated by respondent (h)	New line constructed during year (i)	
1		Alabama	1,212				92	1,304	89		1
2		Canada					2	2			2
3		Delaware	35				43	78	93		3
4		District of Columbia					13	13			4
5		Florida	95				53	148			5
6		Georgia	1,696				9	1,705	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	596				294	890	178		18
19		North Carolina	823				364	1,187	418		19
20		Ohio	1,622		10		389	2,021	251		20
21		Pennsylvania	1,760			5	637	2,402	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)	14,711		360	6	4,390	19,467	2,509		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 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 may be appropriate. Mileage which has been permanently abandoned should not be included in column (h).

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

Line No.	Cross Check	State or Territory (a)	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	-	6	-	5	1,327	149	-	2
3		California	2,750	-	-	-	541	3,291	674	-	3
4		Colorado	1,152	-	-	-	354	1,506	172	-	4
5		Idaho	843	-	-	-	4	847	43	-	5
6		Illinois	1,542	19	4	-	744	2,309	11	-	6
7		Indiana	-	-	-	-	19	19	-	-	7
8		Iowa	1,288	-	-	-	95	1,383	6	-	8
9		Kansas	1,563	-	-	-	635	2,198	313	-	9
10		Kentucky	-	-	-	-	12	12	-	-	10
11		Louisiana	1,086	-	-	-	56	1,142	31	-	11
12		Minnesota	418	-	-	-	226	644	16	-	12
13		Missouri	973	-	-	-	568	1,541	360	-	13
14		Montana	125	-	-	-	-	125	52	-	14
15		Nebraska	976	-	-	-	91	1,067	254	-	15
16		Nevada	1,193	-	-	-	-	1,193	-	-	16
17		New Mexico	535	-	-	-	83	618	-	-	17
18		Oklahoma	513	-	307	-	412	1,232	73	-	18
19		Oregon	868	-	-	-	205	1,073	396	-	19
20		Tennessee	9	-	-	-	3	12	-	-	20
21		Texas	5,192	-	-	-	1,115	6,307	288	-	21
22		Utah	1,248	-	-	-	-	1,248	60	-	22
23		Washington	273	-	-	-	260	533	86	-	23
24		Wisconsin	595	-	-	-	335	930	107	-	24
25		Wyoming	874	-	-	-	-	874	-	-	25
26											26
27											27
28											28
29											29
30											30
31		TOTAL MILEAGE	26,023	19	317	-	5,763	32,122	3,091	-	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

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

Lines 47,48,49 col b

= Line 67, col b

Line 50, col b

= Line 68, 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 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 (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	20,783,627	19,304,902	20,783,627		1
2		(102) Passenger					2
3		(103) Passenger-related					3
4		(104) Switching	41,665	46,796	41,665		4
5		(105) Water transfers					5
6		(106) Demurrage	177,751	192,739	177,751		6
7		(110) Incidental	113,531	109,323	113,531		7
8		(121) Joint facility - credit	8,151	8,003	8,151		8
9		(122) Joint facility - debit					9
10		(501) Railway operating revenues (Exclusive of transfers from government authorities-lines 1-9)	21,124,725	19,661,763	21,124,725		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)	21,124,725	19,661,763	21,124,725		13
14	*	(531) Railway operating expenses	14,018,226	13,061,812	14,018,226		14
15	*	Net revenue from railway operations	7,106,499	6,599,951	7,106,499		15
		OTHER INCOME					
16		(506) 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	366,204	205,311			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	52,656	21,763			24
25		Income from affiliated companies: 519 a. Dividends (equity method)	7,200	5,683			25
26		b. Equity in undistributed earnings (losses)	128,474	10,154			26
27		TOTAL OTHER INCOME (lines 16-26)	554,934	243,311			27
28		TOTAL INCOME (lines 15, 27)	7,661,433	6,843,262			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	38,093	16,166			34
35		(553) Uncollectible accounts					35
36		TOTAL MISCELLANEOUS DEDUCTIONS	38,093	16,166			36
37		Income available for fixed charges	7,623,340	6,827,096			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	34,917	39,891	38
39		(b) Interest in default			39
40		(547) Interest on unfunded debt	6,347	7,494	40
41		(548) Amortization of discount on funded debt	2,056	2,172	41
42		TOTAL FIXED CHARGES (lines 38 through 41)	43,320	49,557	42
43		Income after fixed charges (line 37 minus line 42)	7,580,020	6,777,539	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)	7,580,020	6,777,539	46
PROVISIONS FOR INCOME TAXES					
		(556) Income taxes on ordinary income:			
47	*	(a) Federal income taxes	1,726,751	1,360,221	47
48	*	(b) State income taxes	202,911	171,921	48
49	*	(c) Other income taxes	(170)	567	49
50	*	(557) Provision for deferred taxes	(6,453,639)	985,717	50
51		TOTAL PROVISION FOR INCOME TAXES (lines 47 through 52)	(4,524,147)	2,518,426	51
52		Income from continuing operations (line 46 minus line 51)	12,104,167	4,259,113	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)	12,104,167	4,259,113	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)	12,104,167	4,259,113	61
62		Less: Net Income attributable to noncontrolling interest			62
63		Net Income attributable to reporting railroad	12,104,167	4,259,113	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	7,106,499	6,599,951	66
67	*	(556) Income taxes on ordinary income (-)	1,929,492	1,532,709	67
68	*	(557) Provision for deferred income taxes (-)	(6,453,639)	985,717	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)	11,617,798	4,068,677	71

Note As a result of the passage of the Tax Cuts and Jobs Act, BNSF Railway recorded a one-time reduction in income tax expense of \$7.3 billion resulting from a \$7.4 billion revaluation of BNSF Railway's deferred tax liabilities and the deferred income tax associated with an approximately \$100 million increase to Equity in Undistributed Earnings. The effect of these items are reflected in lines 50 and 26 of this schedule, respectively.

Line No.	Cross Check	Item (a)	Amount for current year (b)	Effects of tax reform	Adjusted Amount for current year (b)	Amount for preceding year (c)	Line No.
66	*	Net revenues from railway operations	7,106,499	-	7,106,499	6,599,951	66
67	*	(556) Income taxes on ordinary income (-)	1,929,492	-	1,929,492	1,532,709	67
68	*	(557) Provision for deferred income taxes (-)	(6,453,639)	7,318,145	864,506	985,717	68
69		Income from lease of road and equipment (-)	12,848	-	12,848	12,848	69
70		Rent for leased roads and equipment (+)					70
71		Net railway operating income (loss)	11,617,798	(7,318,145)	4,299,653	4,068,677	71

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

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.

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	2,827,463	2,642,164	2,827,463	-	1
2		(102)	Passenger	-	-	-	-	2
3		(103)	Passenger - related	-	-	-	-	3
4		(104)	Switching	52,987	52,400	52,987	-	4
5		(105)	Water transfers	221,847	216,594	221,847	-	5
6		(106)	Demurrage	31,619	32,968	31,619	-	6
7		(110)	Incidental	40,614	32,463	40,614	-	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)	3,174,530	2,976,589	3,174,530	-	10
11		(502)	Railway operating revenues - transfers from government authorities	5,225	5,382	5,225	-	11
12		(503)	Railway operating revenues - amortization of deferred transfers from government authorities	5,390	4,609	5,390	-	12
13			TOTAL RAILWAY OPERATING REVENUES (Lines 10 - 12)	3,185,145	2,986,580	3,185,145	-	13
14	*	(531)	Railway operating expenses	2,351,622	2,080,577	2,351,622	-	14
15	*		Net revenue from railway operations	833,523	906,003	833,523	-	15
			OTHER INCOME					
16		(506)	Revenue from property used in other than carrier operations	-	-			16
17		(510)	Miscellaneous rent income	6,825	7,593			17
18		(512)	Separately operated properties - profit	-	-			18
19		(513)	Dividend income (cost method)	-	-			19
20		(514)	Interest income	729	2,418			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	4,460	3,868			24
25			Income from affiliated companies: 519					
			a) Dividends (equity method)	-	-			25
26			b) Equity in undistributed earnings (losses)	5,028	2,344			26
27			TOTAL OTHER INCOME (Lines 16 - 26)	17,042	16,223			27
28			TOTAL INCOME (Lines 15, 27)	850,565	922,226			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	535	1,318			34
35		(553)	Uncollectible accounts	-	-			35
36			TOTAL MISCELLANEOUS DEDUCTIONS	1,735	2,518			36
37			Income available for fixed charges	848,830	919,708			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	407,935	400,449	38
39			(b) Interest in default	-	-	39
40		(547)	Interest on unfunded debt	-	-	40
41		(548)	Amortization of discount on funded debt	5	5	41
42			TOTAL FIXED CHARGES (lines 38 through 41)	407,940	400,454	42
43			Income after fixed charge (line 37 minus line 42)	440,890	519,254	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)	440,890	519,254	46
PROVISIONS FOR INCOME TAXES						
47	*	(556)	Income taxes on ordinary income: (a) Federal income taxes	13,477	2,749	47
48	*		(b) State income taxes	10,284	8,001	48
49	*		(c) Other income taxes	-	-	49
50	*	(557)	Provision for deferred taxes	(1,219,830)	187,918	50
51			TOTAL PROVISIONS FOR INCOME TAXES (lines 47 through 50)	(1,196,069)	198,668	51
52			Income from continuing operations (line 46 minus line 51)	1,636,959	320,586	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)	1,636,959	320,586	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)	1,636,959	320,586	61
62			Less: Net Income attributable to noncontrolling interest	-	-	62
63			Net Income attributable to reporting railroad	1,636,959	320,586	63
64			Basic Earnings Per Share	5,314,801.95	1,040,863.64	64
65			Diluted Earnings Per Share	5,314,801.95	1,040,863.64	65
RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)						
66	*		Net revenues from railway operations	833,523	906,003	66
67	*	(556)	Income taxes on ordinary income (-)	23,761	10,750	67
68	*	(557)	Provision for deferred taxes (-)	(1,219,830)	187,918	68
69			Income from leased road and equipment (-)	-	-	69
70			Rent for leased road and equipment (+)	1,741	311	70
71			Net railway operating income (loss)	2,031,333	707,646	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	1,399,511	1,276,973	1,399,511	0	1
2		(102) Passenger	0	0	0	0	2
3		(103) Passenger-Related	0	0	0	0	3
4		(104) Switching	12,023	10,732	12,023	0	4
5		(105) Water Transfers	0	0	0	0	5
6		(106) Demurrage	23,807	22,427	23,807	0	6
7		(110) Incidental	3,231	3,249	3,231	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)	1,438,572	1,313,381	1,438,572	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	900	896	900	0	12
13		TOTAL RAILWAY OPERATING REVENUES (\$ less applicable tax of \$)	1,439,472	1,314,277	1,439,472	0	13
14		(531) Railway operating expenses	973,493	901,692	973,493	0	14
15		Net revenue from railway operations	465,979	412,585	465,979	0	15
		OTHER INCOME					
16		(506) Revenue from property used in other than carrier operations	0	0			16
17		(510) Miscellaneous rent income	8,595	9,301			17
18		(512) Separately operated properties-Profit	0	0			18
19		(513) Dividend Income (cost method)	4	146			19
20		(514) Interest Income	7,550	3,909			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	2,822	6,220			24
25		Income from affiliated companies: 519 a. Dividends (equity method)	0	0			25
26		b. Equity in undistributed earnings (losses)	16,881	9,455			26
27		TOTAL OTHER INCOME (lines 16-26)	35,852	29,031			27
28		TOTAL INCOME (lines 15, 27)	501,831	441,616			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	1,788	3,821			34
35		(553) Uncollectible accounts	0	0			35
36		TOTAL MISCELLANEOUS DEDUCTIONS	1,788	3,821			36
37		Income available for fixed charges	500,043	437,795			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					
		(546) Interest on funded long-term debt:			
38		(a) Fixed interest not in default	138,136	101,878	38
39		(b) Interest in default	0	0	39
40		(547) Interest on unfunded debt	56	181	40
41		(548) Amortization of discount on funded debt	0	0	41
42		TOTAL FIXED CHARGES (lines 38 through 41)	138,192	102,059	42
43		Income after fixed charges (lines 37 minus line 42)	361,851	335,736	43
OTHER DEDUCTIONS					
		(546) Interest on funded debt:			
44		(c) Contingent interest	0	0	44
UNUSUAL OR INFREQUENT ITEMS					
45		(555) Unusual or infrequent items (debit) credit	0	0	45
46		Income (loss) from continuing operations (before income taxes)	361,851	335,736	46
PROVISIONS FOR INCOME TAXES					
		(556) Income taxes on ordinary income:			
47		(a) Federal income taxes	38,205	52,755	47
48		(b) State income taxes	16,220	14,278	48
49		(c) Other income taxes	(211)	(7)	49
50		(557) Provision for deferred taxes	(350,817)	71,277	50
51		TOTAL PROVISIONS FOR INCOME TAXES (lines 47 through 50)	(296,603)	138,303	51
52		Income from continuing operations (line 46 minus line 51)	658,454	197,433	52
DISCONTINUED OPERATIONS					
53		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$)	0	0	53
54		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$)	0	0	54
55		Income before extraordinary items (lines 52 through 54)	658,454	197,433	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 (\$ less applicable tax of \$)	0	0	60
61		Net income (loss) (lines 55 + 59 + 60)	658,454	197,433	61
62		Less: Net Income attributable to noncontrolling interest	0	0	62
63		Net income attributable to reporting railroad (lines 61 + 62)	658,454	197,433	63
64		Basic Earnings Per Share	314	94	64
65		Diluted Earnings Per Share	314	94	65
66		Reconciliation of net railway operating income (NROI) Net revenues from railway operations	465,979	412,585	66
67		(556) Income taxes on ordinary income (-)	54,214	67,026	67
68		(557) Provision for deferred income taxes (-)	(350,817)	71,277	68
69		Income from lease of road and equipment (-)	0	0	69
70		Rent for leased roads and equipment (+)	74	72	70
71		Net railway operating income (loss)	762,656	274,354	71

Income Tax

On December 22, 2017, the United States ("U.S.") enacted the "Tax Cuts and Jobs Act" which has been commonly referred to as U.S. tax reform. A significant change under this reform is the reduction of U.S. federal statutory corporate income tax rate from 35% to 21% beginning in 2018. As a result of this the Company revalued its account 786 deferred income tax balances accordingly. The revaluation of deferred tax associated with rate changes total a net \$446,841 in 2017 (2016 - \$nil) reducing income tax expense of the period in account 557. Without this adjustment, net income on line 63 would be \$211,613 and net railway operating income on line 71 would be \$315,815.

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.			Cross-Checks			
				Schedule 210		Schedule 210	
				Line 15, col b		= Line 66, col b	
2.	Report total operating expenses from Sched. 410. Any differences between this schedule and Sched. 410 must be explained on page 23.			Lines 47,48,49 col b		= Line 67, col b	
				Line 50, col b		= Line 68, 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 14, col d		= Line 620, col h	
				Line 14, col e		= Line 620, col f	
4.	All contra entries should be shown in parenthesis.					= 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	\$ 10,973,998	\$ 10,701,417	\$ 10,973,998	-	1
2		(102) Passenger	-	-	-	-	2
3		(103) Passenger-related	-	-	-	-	3
4		(104) Switching	(120,747)	(114,513)	(120,747)	-	4
5		(105) Water transfers	-	-	-	-	5
6		(106) Demurrage	72,692	48,426	72,692	-	6
7		(110) Incidental	181,361	135,280	181,361	-	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)	11,107,304	10,770,610	11,107,304	-	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)	\$ 11,107,304	\$ 10,770,610	\$ 11,107,304	-	13
14	*	(531) Railway operating expenses	8,017,034	8,113,731	8,017,034	-	14
15	*	Net revenue from railway operations	\$ 3,090,270	\$ 2,656,879	\$ 3,090,270	-	15
		OTHER INCOME					
16		(506) Revenue from property used in other than carrier operations	\$ -	\$ -			16
17		(510) Miscellaneous rent income	45,827	37,912			17
18		(512) Separately operated properties - profit	-	-			18
19		(513) Dividend income (cost method)	18,859	19,463			19
20		(514) Interest income	63,809	51,216			20
21		(516) Income from sinking and other funds	-	-			21
22		(517) Release of premiums on funded debt	5,594	5,580			22
23		(518) Reimbursements received under contracts and agreements	-	-			23
24		(519) Miscellaneous income	11,980	138,571			24
25		Income from affiliated companies: 519					
		a. Dividends (equity method)	52,539	77,369			25
26		b. Equity in undistributed earnings (losses)	35,500	(4,382)			26
27		TOTAL OTHER INCOME (lines 16-26)	\$ 234,108	\$ 325,729			27
28		TOTAL INCOME (lines 15, 27)	\$ 3,324,378	\$ 2,982,608			28
		MISCELLANEOUS DEDUCTIONS FROM INCOME					
29		(534) Expenses of property used in other than carrier operations	3,137	37,425			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	59,072	61,255			34
35		(553) Uncollectible accounts	-	-			35
36		TOTAL MISCELLANEOUS DEDUCTIONS	\$ 62,209	\$ 98,680			36
37		Income available for fixed charges	\$ 3,262,169	\$ 2,883,928			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:			
		(a) Fixed interest not in default	\$ 31,116	\$ 31,449	38
39		(b) Interest in default	-	-	39
40		(547) Interest on unfunded debt	(2,797)	3,042	40
41		(548) Amortization of discount on funded debt	-	-	41
42		TOTAL FIXED CHARGES (lines 38 through 41)	\$ 28,319	\$ 34,491	42
43		Income after fixed charges (line 37 minus line 42)	\$ 3,233,850	\$ 2,849,437	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)	\$ 3,233,850	\$ 2,849,437	46
PROVISIONS FOR INCOME TAXES					
47	*	(556) Income taxes on ordinary income:			
		(a) Federal income taxes	\$ 807,800	\$ 581,745	47
48	*	(b) State income taxes	110,110	71,536	48
49	*	(c) Other income taxes	1,051	1,513	49
50	*	(557) Provision for deferred taxes	(3,173,136)	379,861	50
51		TOTAL PROVISION FOR INCOME TAXES (lines 47 through 50)	\$ (2,254,175)	\$ 1,034,655	51
52		Income from continuing operations (line 46 minus line 51)	\$ 5,488,025	\$ 1,814,782	52
DISCONTINUED OPERATIONS					
53		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$ 0)	-	-	53
54		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$ 0)	-	-	54
55		Income before extraordinary items (lines 52 through 54)	\$ 5,488,025	\$ 1,814,782	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 \$ 0)	-	-	60
61	*	Net income (Loss) (lines 55 + 59 + 60)	\$ 5,488,025	\$ 1,814,782	61
62		Less: Net Income attributable to noncontrolling interest	21	193	62
63		Net Income attributable to reporting railroad	5,488,004	1,814,589	63
64		Basic Earnings Per Share (See Note 2 below)	\$ 605.67	\$ 200.26	64
65		Diluted Earnings Per Share (See Note 2 below)	\$ 605.67	\$ 200.26	65
RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)					
66	*	Net revenues from railway operations	\$ 3,090,270	\$ 2,656,879	66
67	*	(556) Income taxes on ordinary income (-)	(918,961)	(654,794)	67
68	*	(557) Provision for deferred income taxes (-)	3,173,136	(379,861)	68
69		Income from lease of road and equipment (-)	(80,836)	(44,367)	69
70		Rent for leased roads and equipment (+)	14,413	12,899	70
71		Net railway operating income (loss)	\$ 5,278,022	\$ 1,590,756	71

Notes and Remarks For Schedule 210

Note 1: As a result of tax reform, the net deferred tax liabilities of CSXT and its affiliates were required to be revalued using the new, lower tax rate, which resulted in a non-cash tax benefit in 2017. See Note 1 following Schedule 200 for additional details. The table below summarizes CSXT's current year net railway operating income excluding the effects of tax reform.

Line No.	Item	As reported above	Tax reform impact	Adjusted
66	Net revenues from railway operations	\$ 3,090,270	\$ (114,689)	\$ 2,975,581
67	(556) Income taxes on ordinary income (-)	(918,961)	(38,591)	(957,552)
68	(557) Provision for deferred income taxes (-)	3,173,136	(3,381,715)	(208,579)
69	Income from lease of road and equipment (-)	(80,836)	-	(80,836)
70	Rent for leased roads and equipment (+)	14,413	-	14,413
71	Net railway operating income (loss)	\$ 5,278,022	\$ (3,534,995)	\$ 1,743,027

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	1,291,143	1,139,056	1,291,143	NONE	1
2		(102) Passenger	-	-	-		2
3		(103) Passenger-Related	-	-	-		3
4		(104) Switching	16,063	13,642	16,063		4
5		(105) Water Transfers	-	-	-		5
6		(106) Demurrage	27,111	30,167	27,111		6
7		(110) Incidental	13,326	15,444	13,326		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)	1,347,643	1,198,309	1,347,643		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	1,826	2,144		12
13		TOTAL RAILWAY OPERATING REVENUES (Lines 10-12)	1,349,787	1,200,135	1,349,787		13
14		(531) Railway Operating Expenses	956,823	868,576	956,823		14
15		Net Revenue from Railway Operations	392,964	331,559	392,964		15
		OTHER INCOME					
16		(506) Revenue from Property Used in Other Than Carrier Operations	29	25			16
17		(510) Miscellaneous Rent Income	-	-			17
18		(512) Separately Operated Properties - Profit	-	-			18
19		(513) Dividend Income (Cost Method)	8	2			19
20		(514) Interest Income	-	199			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	1,521	1,080			24
25		Income from Affiliated Companies: 519 a. Dividends (Equity Method)	-	-			25
26		b. Equity in Undistributed Earnings (Losses)	1,896	1,887			26
27		TOTAL OTHER INCOME (Lines 16-26)	3,454	3,193			27
28		TOTAL INCOME (Lines 15, 27)	396,418	334,752			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	3,213	2,289			34
35		(553) Uncollectible Accounts	-	-			35
36		TOTAL MISCELLANEOUS DEDUCTIONS (Lines 29-35)	3,213	2,289			36
37		Income Available for Fixed Charges (Lines 28, 36)	393,205	332,463			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	72,117	83,486	38
39		(b) Interest in Default	-	-	39
40		(547) Interest on Unfunded Debt	6	(193)	40
41		(548) Amortization of Discount on Funded Debt	374	380	41
42		TOTAL FIXED CHARGES (Lines 38-41)	72,497	83,673	42
43		Income after Fixed Charges (Lines 37, 42)	320,708	248,790	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 Income Taxes)	320,708	248,790	46
		PROVISIONS FOR INCOME TAXES			
		(556) Income Taxes on Ordinary Income:			
47		(a) Federal Income Taxes	(29,848)	1,015	47
48		(b) State Income Taxes	377	218	48
49		(c) Other Income Taxes	1,856	3,659	49
50		(557) Provision for Deferred Taxes	(315,935)	87,079	50
51		TOTAL PROVISIONS FOR INCOME TAXES (Lines 47-50)	(343,550)	91,971	51
52		Income from Continuing Operations (Line 46 minus Line 51)	664,258	156,819	52
		DISCONTINUED OPERATIONS			
		(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)	664,258	156,819	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)	664,258	156,819	61
62		Less: Net Income attributable to noncontrolling interest	1,938	1,713	62
63		Net Income attributable to reporting railroad	662,320	155,106	63
64		Basic Earnings Per Share	67.30	15.76	64
65		Diluted Earnings Per Share	67.30	15.76	65
		RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)			
66		Net Revenues from Railway Operations	392,964	331,559	66
67		(556) Income Taxes on Ordinary Income (-)	(27,615)	4,892	67
68		(557) Provision for Deferred Taxes (-)	(315,935)	87,079	68
69		Income from Lease of Road and Equipment (-)	-	-	69
70		Rent for Leased Roads and Equipment (+)	58	83	70
71		Net Railway Operating Income (Loss)	736,572	239,671	71

Note: Line 49 includes current foreign withholding income taxes.
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)	
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 (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	10,232,913	9,572,504	10,232,913		1
2		(102) Passenger					2
3		(103) Passenger-Related					3
4		(104) Switching	54,391	56,899	54,391		4
5		(105) Water Transfers					5
6		(106) Demurrage	179,920	184,481	179,920		6
7		(110) Incidental	83,889	74,382	83,889		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)	10,551,113	9,888,266	10,551,113		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)	10,551,113	9,888,266	10,551,113		13
14	*	(531) Railway operating expenses	7,372,499	7,129,838	7,372,499		14
15	*	Net revenue from railway operations	3,178,614	2,758,428	3,178,614		15
		OTHER INCOME					
16		(506) Revenue from property used in other than carrier operations	5,296	13,422			16
17		(510) Miscellaneous rent income	78,307	77,567			17
18		(512) Separately operated properties-Profit					18
19		(513) Dividend Income (cost method)					19
20		(514) Interest Income	124,631	55,925			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	72,927	44,103			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)	281,167	191,023			27
28		TOTAL INCOME (lines 15, 27)	3,459,781	2,949,451			28
		MISCELLANEOUS DEDUCTIONS FROM INCOME					
29		(534) Expenses of property used in other than carrier operations	20,921	16,740			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	26,515	20,144			34
35		(553) Uncollectible accounts					35
36		TOTAL MISCELLANEOUS DEDUCTIONS (lines 29-35)	47,436	36,884			36
37		Income available for fixed charges (lines 28, 36)	3,412,345	2,912,567			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	211,072	202,421	39
40		(b) Interest in default			40
41		(547) Interest on unfunded debt	43,006	25,479	41
42		(548) Amortization of discount on funded debt			42
43		TOTAL FIXED CHARGES (lines 38-41)	254,078	227,900	43
		Income after fixed charges (line 37 minus line 42)	3,158,267	2,684,667	
		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)	3,158,267	2,684,667	46
		PROVISIONS FOR INCOME TAXES			
		(556) Income taxes on ordinary income:			
47	*	(a) Federal income taxes	745,580	683,269	47
48	*	(b) State income taxes	81,359	73,533	48
49	*	(c) Other income taxes			49
50	*	(557) Provision for deferred taxes	(2,960,013)	235,739	50
51		TOTAL PROVISIONS FOR INCOME TAXES (lines 47-50)	(2,133,074)	992,541	51
52		Income from continuing operations (line 46 minus line 51)	5,291,341	1,692,126	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)	5,291,341	1,692,126	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)	5,291,341	1,692,126	61
62		Less: Net Income attributable to noncontrolling interest			62
63		Net Income attributable to reporting railroad	5,291,341	1,692,126	63
64		Basic Earnings Per Share	317.44	101.51	64
65		Diluted Earnings Per Share	317.44	101.51	65
		RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)			
66	*	Net revenues from railway operations	3,178,614	2,758,428	66
67	*	(556) Income taxes on ordinary income (-)	(826,939)	(756,802)	67
68	*	(557) Provision for deferred income taxes (-)	2,960,013	(235,739)	68
69		Income from lease of road and equipment (-)	(10,081)	(9,915)	69
70		Rent for leased roads and equipment (+)	24,348	24,849	70
71		Net railway operating income (loss)	5,325,955	1,780,821	71

Note: On December 22, 2017, the Tax Cuts and Jobs Act ("tax reform") was signed into law. Tax reform lowered the Federal corporate tax rate from 35% to 21% and made numerous other tax law changes. GAAP requires companies to recognize the effect of tax law changes in the period of enactment. As a result, Line 66 "Net revenues from railway operations" includes 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" includes a \$5 million expense, and Line 68 "(557) Provision for deferred income taxes" includes 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 reported financial results to exclude the effects of tax reform.

Item (a)	As Reported Amount for current year (b)	Effects of tax reform	Adjusted Amount for current year (b)	Amount for preceding year (c)
Net revenues from railway operations	3,178,614	(118,000)	3,060,614	2,758,428
(556) Income taxes on ordinary income (-)	(826,939)	4,738	(822,201)	(756,802)
(557) Provision for deferred income taxes (-)	2,960,013	(3,278,895)	(318,882)	(235,739)
Income from lease of road and equipment (-)	(10,081)		(10,081)	(9,915)
Rent for leased roads and equipment (+)	24,348		24,348	24,849
Net railway operating income (loss)	5,325,955	(3,392,157)	1,933,798	1,780,821

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

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	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	19,837,273	18,600,852	19,837,273		1
2		(102) Passenger	127,048	121,150		127,048	2
3		(103) Passenger-Related	1,177	123		1,177	3
4		(104) Switching	163,634	163,173	163,634		4
5		(105) Water Transfers	19,875	21,183	19,875		5
6		(106) Demurrage	114,603	107,120	114,603		6
7		(110) Incidental	879,991	831,699	879,991		7
8		(121) Joint Facility-Credit	13,604	11,010	13,604		8
9		(122) Joint Facility-Debit					9
10		(501) Railway operating revenues (Exclusive of transfers from government authorities-lines 1-9)	21,157,205	19,856,310	21,028,980	128,225	10
11		(502) Railway operating revenues-transfers from government authorities	82,759	84,121		82,759	11
12		(503) Railway operating revenues-amortization of deferred transfers from government authorities					12
13		TOTAL RAILWAY OPERATING REVENUES (lines 10-12)	21,239,964	19,940,431	21,028,980	210,984	13
14	*	(531) Railway operating expenses	13,551,333	12,752,314	13,344,562	206,771	14
15	*	Net revenue from railway operations	7,688,631	7,188,117	7,684,418	4,213	15
		OTHER INCOME					
16		(506) Revenue from property used in other than carrier operations	85,887	19,718			16
17		(510) Miscellaneous rent income	120,646	106,735			17
18		(512) Separately operated properties-Profit					18
19		(513) Dividend income (cost method)		213			19
20		(514) Interest income	264,461	210,800			20
21		(516) Income from sinking and other funds					21
22		(517) Release of premiums on funded debt	104	207			22
23		(518) Reimbursements received under contracts and agreements					23
24		(519) Miscellaneous income	120,270	119,474			24
25		Income from affiliated companies: 519					
		a. Dividends (equity method)	83,230	31,637			25
26		b. Equity in undistributed earnings (losses)	308,215	109,618			26
27		TOTAL OTHER INCOME (lines 16-26)	982,813	598,402			27
28		TOTAL INCOME (lines 15, 27)	8,671,444	7,786,519			28
		MISCELLANEOUS DEDUCTIONS FROM INCOME					
29		(534) Expenses of property used in other than carrier operations	12,569	13,213			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	42,318	52,701			34
35		(553) Uncollectible accounts					35
36		TOTAL MISCELLANEOUS DEDUCTIONS	54,887	65,914			36
37		Income available for fixed charges	8,616,557	7,720,605			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:			38
		(a) Fixed interest not in default	83,318	93,880	
39		(b) Interest in default			39
40		(547) Interest on unfunded debt			40
41		(548) Amortization of discount on funded debt	4,670	4,401	41
42		TOTAL FIXED CHARGES (lines 38-41)	87,988	98,281	42
43		Income after fixed charges (line 37 minus line 42)	8,528,569	7,622,324	43
OTHER DEDUCTIONS					
44		(546) Interest on funded debt:			44
		(c) Contingent interest	7,772	7,604	
UNUSUAL OR INFREQUENT ITEMS					
45		(555) Unusual or infrequent items (debit) credit			45
46		Income (Loss) from continuing operations (before income taxes)	8,520,797	7,614,720	46
PROVISIONS FOR INCOME TAXES					
47	*	(556) Income taxes on ordinary income:			47
		(a) Federal income taxes	2,047,664	1,864,567	
48	*	(b) State income taxes	271,685	207,864	48
49	*	(c) Other income taxes	60,101	36,572	49
50	*	(557) Provision for deferred taxes	(4,823,491)	744,263	50
51		TOTAL PROVISIONS FOR INCOME TAXES (lines 47-52)	(2,444,041)	2,853,266	51
52		Income from continuing operations (line 46 minus line 51)	10,964,838	4,761,454	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)	10,964,838	4,761,454	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)	10,964,838	4,761,454	61
62		Less: Net Income attributable to noncontrolling interest			62
63		Net Income attributable to reporting railroad	10,964,838	4,761,454	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	7,688,631	7,188,117	66
67	*	(556) Income taxes on ordinary income (-)	(2,379,450)	(2,109,003)	67
68	*	(557) Provision for deferred income taxes (-)	4,823,491	(744,263)	68
69		Income from lease of road and equipment (-)			69
70		Rent for leased roads and equipment (+)			70
71		Net railway operating income (loss)	10,132,672	4,334,851	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.