



BUILDING AMERICA®

EP 552 (Sub-No. 22)
EP 558 (Sub-No. 21)
EP 750

December 21, 2018

246939
247044
247047

BY E-FILE

Ms. Cynthia T. Brown
Section Chief, Section of Administration
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

ENTERED
Office of Proceedings
December 21, 2018
Part of
Public Record

RE: STB Docket No. EP 552 (Sub-No. 22), *Railroad Revenue Adequacy—2017
Determination, et al.*

Dear Ms. Brown:

In a decision served on December 6, 2018 in the above-captioned proceeding, the Surface Transportation Board ordered all Class I carriers to file recalculated figures for Schedules 210, 410, 414, and any other applicable schedule that might be affected by the Board's decision. Enclosed please find the recalculated schedules of Union Pacific Railroad Company as ordered.

Sincerely,

Danielle Bode
General Attorney
Union Pacific Railroad Company

cc: William Brennan, Director, Office of Economics

Enclosures

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - ASSETS

(Dollars in Thousands)

Line No.	Cross Check	Account	Title (a)	Balance at close of year (b)	Balance at begin- ning of year (c)	Line No.
CURRENT ASSETS						
1		701	Cash	236,891	86,056	1
2		702	Temporary Cash Investments	42,937	90,406	2
3		703	Special Deposits	16	502	3
4		704	Accounts Receivable - Loan and Notes	729	4,012	4
5		705	- Interline and Other Balances	88,711	73,794	5
6		706	- Customers	1,184,500	1,044,816	6
7		707	- Other	221,280	209,257	7
8		709,708	- Accrued Accounts Receivables	199,464	148,583	8
9		708.5	- Receivables from Affiliated Companies			9
10		709.5	- Less: Allowance for Uncollectible Accounts	(9,091)	(8,814)	10
11		710,711,714	Working Funds Prepayments Deferred Income Tax Debits	32,580	33,646	11
12		712	Materials and Supplies	749,560	717,037	12
13		713, 713.5, 713.6	Other Current Assets	158,344	37,366	13
14			TOTAL CURRENT ASSETS	2,905,921	2,436,661	14
OTHER ASSETS						
15		715, 716, 717	Special Funds	6,511	5,649	15
16		721, 721.5	Investments and Advances Affiliated Companies (Schedules 310 and 310A)	12,062,559	9,133,763	16
17		722, 723	Other Investments and Advances	1,361	80	17
18		737, 738	Property Used in Other than Carrier Operation (Less Depreciation) 2017-\$10,512; 2016-\$10,930	368,339	370,457	18
19		739, 741	Other Assets	384,899	241,885	19
20		743	Other Deferred Debits	5,332	16,043	20
21		744	Accumulated Deferred Income Tax Debits		1,022	21
22			TOTAL OTHER ASSETS	12,829,001	9,768,899	22
ROAD AND EQUIPMENT						
23		731, 732	Road (Schedule 330) L-30 Cols. h & b	55,686,252	53,846,864	23
24		731, 732	Equipment (Schedule 330) L-39 Cols. h & b	13,941,025	13,774,173	24
25		731, 732	Unallocated Items	779,116	1,030,245	25
26		733, 735	Accumulated Depreciation and Amortization (Schedules 335, 342, 351)	(20,962,750)	(20,425,160)	26
27			Net Road and Equipment	49,443,643	48,226,122	27
28			TOTAL ASSETS	65,178,565	60,431,682	28

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - LIABILITY AND SHAREHOLDERS' EQUITY

(Dollars in Thousands)

Line No.	Cross Check	Account	Title (a)	Balance at close of year (b)	Balance at begin- ning of year (c)	Line No.
CURRENT LIABILITIES						
29		751	Loans and Notes Payable			29
30		752	Accounts Payable; Interline and Other Balances	33,032	29,929	30
31		753	Audited Accounts and Wages	212,037	267,673	31
32		754	Other Accounts Payable	39,623	40,636	32
33		755, 756	Interest and Dividends Payable	37,817	44,277	33
34		757	Payables to Affiliated Companies			34
35		759	Accrued Accounts Payable	2,096,438	1,792,310	35
36		760, 761, 761.5, 762	Taxes Accrued	530,102	513,067	36
37		763, 763.5, 763.6	Other Current Liabilities	9,098	7,088	37
38		764	Equipment Obligations and Other Long-Term Debt due Within One Year	171,111	207,118	38
39			TOTAL CURRENT LIABILITIES	3,129,258	2,902,098	39
NON-CURRENT LIABILITIES						
40		765, 767	Funded Debt Unmatured	656,426	157,880	40
41		766	Equipment Obligations	968,901	1,017,898	41
42		766.5	Capitalized Lease Obligations	766,743	946,180	42
43		768	Debt in Default			43
44		769	Accounts Payable; Affiliated Companies			44
45		770.1, 770.2	Unamortized Debt Premium	(91,842)	(96,880)	45
46		781	Interest in Default			46
47		783	Deferred Revenues-Transfers from Government Authorities			47
48		786	Accumulated Deferred Income Tax Credits	16,005,995	15,133,143	48
49		771, 772, 774, 775, 782, 784	Other Long-Term Liabilities and Deferred Credits	1,856,178	1,824,992	49
50			TOTAL NON-CURRENT LIABILITIES	20,162,401	18,983,213	50
SHAREHOLDERS' EQUITY						
51		791, 792	Total Capital Stock	49	49	51
52			Common Stock	49	49	52
53			Preferred Stock			53
54		793	Discount on Capital Stock			54
55		794, 795	Additional Capital	4,781,906	4,781,906	55
56		797	Retained Earnings: Appropriated	811	811	56
57		798	Unappropriated	37,945,820	35,035,758	57
58		798.5	Less Treasury Stock			58
59		799	Accumulated Other Comprehensive Income or (Loss)	(841,680)	(1,272,153)	59
60			Total Stockholder's Equity	41,886,906	38,546,371	60
61			Noncontrolling Interest			61
62			Total Equity (Lines 61 + 62)	41,886,906	38,546,371	62
63			Total Liabilities & Shareholders' Equity	65,178,565	60,431,682	63

NOTES AND REMARKS

Note: Schedules 200, 210, 210A, 220, 240, 250, 310A, and 450 exclude the impact of \$5.6 billion non-cash reduction related to income tax expense and \$212 million non-cash increase to equity in undistributed earnings (losses) related to the Tax Cuts and Jobs Act per EP 552 (Sub-No. 22) et al.

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)	95,335	109,618			26
27		TOTAL OTHER INCOME (lines 16-26)	769,933	598,402			27
28		TOTAL INCOME (lines 15, 27)	8,458,564	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	8,403,677	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)	8,315,689	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)	8,307,917	7,614,720	46
PROVISIONS FOR INCOME TAXES					
47	*	(556) Income taxes on ordinary income:			47
		(a) Federal income taxes	1,974,666	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	810,856	744,263	50
51		TOTAL PROVISIONS FOR INCOME TAXES (lines 47-52)	3,117,308	2,853,266	51
52		Income from continuing operations (line 46 minus line 51)	5,190,609	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)	5,190,609	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)	5,190,609	4,761,454	61
62		Less: Net Income attributable to noncontrolling interest			62
63		Net Income attributable to reporting railroad	5,190,609	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 (-)	(2,306,452)	(2,109,003)	67
68	*	(557) Provision for deferred income taxes (-)	(810,856)	(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)	4,571,323	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.

210 A. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in Thousands)

1 This schedule applies only to entities with items of Other Comprehensive Income (OCI)

Cross-Checks

Schedule 210Schedule 210 A

Line 61, col b

= Line 1, col b

2 Entities must present comprehensive income in two separate but consecutive financial statements.

3 Entities must present reclassification adjustments and the effects of those adjustments on net income and OCI on the face of the financial statements.

Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No.
1		Net Income	5,190,609	4,761,454	1
2		Other Comprehensive Income, net of tax:			
		Foreign currency translation adjustments	(46,317)	(48,257)	2
3		Unrealized gains on securities:			
		Unrealized holding gains arising during period			3
4		Less: reclassification adjustment for gains included in net income			4
5		Defined benefit pension plans:			
		Prior service cost arising during period	469	(5,658)	5
6		Net loss arising during period	46,670	(79,848)	6
7		Less: amortization of prior service cost included in net periodic pension cost			7
8		Other Comprehensive Income (Loss)	293,534	57,502	8
9		Comprehensive Income (Loss)	5,484,965	4,685,193	9
10		Less: comprehensive income attributable to noncontrolling interest			10
11		Comprehensive Income attributable to reporting railroad (Loss)	5,484,965	4,685,193	11

Notes:

220. RETAINED EARNINGS

(Dollars in Thousands)

1. Show below the items of Retained Earnings Accounts of the respondent for the year, classified in accordance with the Uniform System of Accounts for Railroad Companies.
2. All contra entries should be shown in parentheses.
3. Show in lines 22 and 23 the amount of assigned Federal income tax consequences for Accounts 606 and 616.
4. Segregate in column (c) all amounts applicable to the equity in undistributed earnings (losses) of affiliated companies based on the equity method of accounting.
5. Line 3 (line 7 if debit balance), column (c), should agree with line 26, column (b), Schedule 210. The total of columns (b) and (c), lines 3 and 7, should agree with line 61 column (b), Schedule 210.
6. Include in column (b) only amounts applicable to retained earnings exclusive of any amounts included in column (c).

Line No.	Cross Check	Item (a)	Retained earnings --- Unappropriated (b)	Equity in undistributed earnings (losses) of affiliated companies (c)	Line No.
1		Balances at beginning of year	33,950,370	1,085,388	1
2		(601.5) Prior period adjustments to beginning retained earnings			2
		CREDITS			
3		(602) Credit balance transferred from income	5,095,274	188,347	3
4		(603) Appropriations released	811	0	4
5		(606) Other credits to retained earnings	0	38,262	5
6		TOTAL CREDITS	5,096,085	226,609	6
		DEBITS			
7		(612) Debit balance transferred from income		93,012	7
8		(616) Other debits to retained earnings	337,809	0	8
9		(620) Appropriations for sinking and other funds	811		9
10		(621) Appropriations for other purposes			10
11		(623) Dividends: Common stock	1,981,000		11
12		Preferred stock (1)			12
13		TOTAL DEBITS	2,319,620	93,012	13
14		Net increase (decrease) during year (line 6 minus line 13)	2,776,465	133,597	14
15		Balances at close of year (lines 1, 2, and 14)	36,726,835	1,218,985	15
16		Balances from line 15(c)	1,218,985	N/A	16
17		(798) Total unappropriated retained earnings and equity in undistributed earnings (losses) of affiliated companies at end of year	37,945,820	N/A	17
18		(797) Total appropriated retained earnings:			18
19		Credits during year 811			19
20		Debits during year 811			20
21		Balance at Close of year 811			21
22		Amount of assigned Federal income tax consequences:			22
23		Account 606 \$ _____			23
		Account 616 \$ _____			

(1) If any dividends have not been declared on cumulative preferred stock, give cumulative undeclared dividends at beginning of year and end of year. NONE

240. STATEMENT OF CASH FLOWS

(Dollars in Thousands)

Give the information as requested concerning the cash flows during the year. Either direct or indirect method can be used. The direct method shows as its principal components operating cash receipts and payments, such as cash received from customers and cash paid to suppliers and employees, the sum of which is net cash flow from operating activities. The indirect method starts with net income and adjusts it for revenue and expense items that were not the result of operating cash transactions in the current period to reconcile it to net cash flow from operating activities. If direct method is used complete lines 1-41; indirect method complete lines 10-41. Cash for the purpose of this schedule shall include cash and cash equivalents which are short term, highly liquid investments readily convertible to know amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Information about all investing and financing activities which do not directly affect cash shall be separately disclosed in footnotes to this schedule. They shall clearly relate the cash (if any) and noncash aspects of transactions. Examples of noncash investing and transactions include converting debt to equity acquiring assets of assuming directly related liabilities, such as purchasing a building by incurring a mortgage to the seller; obtaining an asset by entering into a capital lease; and exchanging noncash assets or liabilities for other noncash assets or liabilities. Some transactions are part cash and part noncash; only the cash portion shall be reported directly in the statement of cash flows. Refer to FAS Statement No. 95, Statement of Cash Flows, for further details.

CASH FLOWS FROM OPERATING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Prior Year (c)	Line
1		Cash received from operating revenues			1
2		Dividends received from affiliates			2
3		Interest received			3
4		Other income			4
5		Cash paid for operating expenses			5
6		Interest paid (net of amounts capitalized)			6
7		Income taxes paid			7
8		Other - net			8
9		NET CASH PROVIDED BY OPERATING ACTIVITIES (lines 1 through 8)			9

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Prior Year (c)	Line No.
10		Income from continuing operations	5,190,609	4,761,454	10

ADJUSTMENTS TO RECONCILE INCOME FROM CONTINUING OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Prior Year (c)	Line No.
11		Loss (gain) on sale or disposal of tangible property and investments	(111,169)	(94,733)	11
12		Depreciation and amortization expenses	2,197,032	2,116,475	12
13		Net increase (decrease) in Provision for Deferred Income Taxes	810,856	744,263	13
14		Net decrease (increase) in undistributed earnings (losses) of affiliates	(95,335)	(109,618)	14
15		Decrease (increase) in accounts receivable	(213,945)	132,106	15
16		Decrease (increase) in material and supplies and other current assets	(152,435)	335,923	16
17		Increase (decrease) in current liabilities other than debt	263,167	254,141	17
18		Increase (decrease) in other - net	(202,852)	(203,705)	18
19		Net cash provided from continuing operations (Lines 10-18)	7,685,928	7,936,306	19
20		Add (Subtract) cash generated (paid) by reason of discontinued operations and extraordinary items			20
21		NET CASH PROVIDED FROM OPERATING ACTIVITIES (lines 19 and 20)	7,685,928	7,936,306	21

CASH FLOWS FROM INVESTING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Prior Year (c)	Line No.
22		Proceeds from sale of property	167,560	128,909	22
23		Capital expenditures	(3,240,537)	(3,505,159)	23
24		Net change in temporary cash investments not qualifying as cash equivalents	0	0	24
25		Proceeds from sale/repayment of investment and advances	0	0	25
26		Purchase price of long-term investment and advances	(4,927)	(18,236)	26
27		Net decrease (increase) in sinking and other special funds	(862)	(851)	27
28		Other - net	26,229	49,948	28
29		NET CASH USED IN INVESTING ACTIVITIES (lines 22 through 28)	(3,052,537)	(3,345,389)	29

(Continued on next page)

Road Initials: UPRR Year: 2017

250 CONSOLIDATED INFORMATION
FOR REVENUE ADEQUACY DETERMINATION
(Dollars in Thousands)

Line No.	Item (a)	Beginning of year (b)	End of year (c)
1	Adjusted Net Railway Operating Income for Reporting Entity Combined/Consolidated Net Railway Operating Income for Reporting Entity	N/A	4,571,323
2	Add: Interest Income from Working Capital Allowance -- Cash Portion	-	0
3	Income Taxes Associated with Non-Rail Income and Deductions	-	154,302
4	Gain or (Loss) from transfer/reclassification to nonrail-status (net of income taxes)	-	83,563
5	Adjusted Net Railway Operating Income (Lines 1, 2, 3 & 4)	-	4,809,188
6	Adjusted Investment in Railroad Property for Reporting Entity Combined Investment in Railroad Property Used in Transportation Service	48,238,785	49,456,306
7	Less: Interest During Construction	(43,253)	(43,251)
8	Other Elements of Investment (if debit balance)	0	0
9	Add: Net Rail Assets of Rail-Related Affiliates	0	0
10	Working Capital Allowance	892,689	1,026,029
11	Net Investment Base Before Adjustment for Deferred Taxes (lines 6 - 10)	49,088,221	50,439,084
12	Less: Accumulated Deferred Income Tax Credits	(15,133,143)	(16,005,995)
13	Net Investment Base (Lines 11 and 12)	33,955,078	34,433,089

In the space provided, please list all railroads and rail-related affiliated companies which are being reported in this consolidation, along with the nature of the business for each company.

Name of Affiliate

Union Pacific Railroad Company and Consolidated Subs as shown
on page 4 of the 2017 Form R-1.

Nature of Business

Railroad

Calculation of ROI for Information Purposes Only:

Adjusted Net Railway Operating Income 4,809,188
Average Net Investment Base (33,955,078 + 34,433,089) / 2 = 14.06%

SCHEDULE 250 - PART B

Determination of Nonrail Taxes

This table is designed to facilitate the calculation of taxes that are not rail-related. The amount to be reported on Schedule 250, Line 3.

**PART I - DETERMINE TAXES ON NONRAILROAD INCOME FOR ALL COMBINED/
CONSOLIDATED RAILROADS
(EXCLUDES ALL RAIL-RELATED AFFILIATES)**

- (1) Determine Combined/Consolidated Adjusted income from continuing operations (before taxes) for all affiliated railroads (all classes). Do not include rail-related affiliates that are not railroads in this part. This represents the total combined/consolidated amounts for all items listed below for all railroads in the reporting entity.

Income from continuing operations (before taxes) should be the equivalent of the numbers contained in the R-1 Schedule 210, Line 46 adjusted to include all railroads in the reporting entity.

8,307,917

- Equity in undistributed earnings, which represents the total of Schedule 210, Line 26 for all railroads in the reporting entity.

95,335

- Dividends in affiliated companies. (If the affiliate is 80% or more controlled by the parent railroad, then deduct 100% of the affiliate's dividend. If the affiliate is less than 80% controlled by the parent railroad, then deduct 80% of the affiliate's dividend).

66,584

- = Adjusted income from continuing operations (before taxes). This represents "A" in item (3) below.

8,145,998

- (2) Determine Combined/Consolidated Adjusted Pre-Tax NROI for all railroads in the reporting entity Combined/Consolidated Pre-Tax NROI for the entire entity, which equals the amount shown on Schedule 250, Line 1.

4,571,323

- + Current Provision for taxes, which represents the consolidated amounts of Schedule 210, Line 51 for all railroads in the reporting entity. This figure includes both Account 556, Income Taxes on Ordinary Income and Account 557, Provision for Deferred Taxes.

3,117,308

- + Interest income on working capital allowance, which represents the total consolidated interest income relative to the working capital component of the net investment base and should equal the amount shown in Schedule 250, Line 2 for all railroads in the reporting entity.

0

- + Release of premiums on funded debt, which represents the consolidated total of release of premium on funded debt as shown on Schedule 210, Line 22 for all railroads in the reporting entity.

104

SCHEDULE 250 - PART B

Determination of Nonrail Taxes

- Total fixed charges, which represents the consolidated total of fixed charges as shown on Schedule 210, Line 42 for all railroads in the reporting entity.	87,988
- Railroad-related income from affiliates (other than railroads) which was included in consolidated NROI (Schedule 250, Line 1).	<u>0</u>
= Combined/Consolidated Pre-Tax Adjusted NROI for all railroads. This represents "B" in Item (3) below.	7,600,747
(3) Calculate the railroad-related tax ratio: "B/A"	93.31
(4) Compute the nonrailroad-related complement: (1 - Railroad-related income ratio) which equals the Nonrailroad-related tax ratio.	6.69
(5) Compute the nonrailroad portion of the total provisions for taxes. This equals: The Nonrailroad-related tax ratio (Item (4) above) times the total current taxes accrued on ordinary income (Account 556) which represents the consolidated amounts of Schedule 210, Lines 47, 48, and 49 for all railroads in the reporting entity.	154,302

PART II - DETERMINE NONRAILROAD-RELATED TAXES FOR RAIL-RELATED AFFILIATES (EXCLUDES ALL AFFILIATED RAILROADS)

(6) This is calculated by dividing the nonrailroad-related income for combined rail-related affiliates by the total pre-tax net income for all combined rail-related affiliates and multiplying this result by the total taxes (current provision plus deferred). This equals the taxes on nonrailroad income for all affiliated companies.	<u><u>0</u></u>
---	-----------------

PART III - DETERMINE TOTAL NONRAILROAD-RELATED TAXES

(7) This is determined as follows: Total income taxes on nonrailroad-related income for all railroads in the reporting entity (Item 5 above).	154,302
+ Total Nonrailroad-related taxes for rail-related affiliates (Item 6 above).	<u>0</u>
Equals total nonrailroad-related taxes. (This amount should be transferred to Schedule 250, Part A, Line 3).	<u><u>154,302</u></u>

310A. INVESTMENTS IN COMMON STOCKS OF AFFILIATED COMPANIES

(Dollars in Thousands)

Undistributed Earnings From Certain Investments in Affiliated Companies

1. Report below the details of all investments in common stocks included in Account 721, Investments and Advances Affiliated Companies.
2. Enter in column (c) the amount necessary to retroactively adjust those investments. (See instructions 5-2, Uniform System of Accounts.)
3. Enter in column (d) the share of undistributed earnings (i.e., dividends) or losses.
4. Enter in column (e) the amortization for the year of the excess of cost over equity in net assets (equity over cost) at date of acquisition.
5. For definitions of "carrier" and "noncarrier," see general instructions.

Line No.	Name of issuing company and description of security held (a)	Balance at beginning of year (b)	Adjustment for investments equity method (c)	Equity in undistributed earnings (losses) during year (d)	Amortization during year (e)	Adjustment for investments disposed of or written down during year (f)	Balance at close of year (g)	Line No.
	CARRIERS: (List specifics for each company)							
1	Belt Ry. of Chicago	438	0	0			438	1
2	Brownsville & Matamoros Bridge Co.	2,589	0	37			2,626	2
3	Grupo Ferrocarril Mexicano	286,684	38,001	12,205			336,890	3
4	Houston Belt & Terminal Rwy.	14,066	0	0			14,066	4
5	Kansas City Terminal Rwy.	(6,304)	16	927			(5,361)	5
6	MT Properties	739	0	80			819	6
7	Terminal RR Assn. of St. Louis	48,150	0	9,324			57,474	7
8	TTX	739,048	192	80,109			819,349	8
9	Sunset Railway	1,009		(23)			986	9
10								10
11								11
12	TOTAL CARRIER	1,086,419	38,209	102,659	0	0	1,227,287	12
13								13
14								14
15								15
16								16
17	NONCARRIER: (List specifics for each company)							17
18	Helm Pacific Leasing	44,600	53	2,435			47,088	18
19	PTC-220, LLC	734	0	0			734	19
20	MeteorComm, LLC	(46,365)	0	(9,759)			(56,124)	20
21	TOTAL NONCARRIER	(1,031)	53	(7,324)	0	0	(8,302)	21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36
37								37
38								38
39								39
40								40
41								41
42								42
43								43
44								44
45	TOTAL EQUITY	1,085,388	38,262	95,335	0	0	1,218,985	45

450. ANALYSIS OF TAXES

(Dollars in Thousands)

A. Railway Taxes

Line No.	Cross Check	Kind of tax (a)	Amount (b)	Line No.
1		Other than U.S. Government Taxes	824,357	1
		U.S. Government Taxes		
		Income Taxes:		
2		Normal Tax and Surtax	1,974,666	2
3		Excess Profits	0	3
4	*	Total - Income Taxes (Lines 2 and 3)	1,974,666	4
5		Railroad Retirement	627,340	5
6		Hospital Insurance	52,192	6
7		Supplemental Annuities	0	7
8		Unemployment Insurance	16,688	8
9		All Other United States Taxes	(114)	9
10		Total - U.S. Government Taxes	2,670,772	10
11		Total - Railway Taxes	3,495,129	11

B. Adjustments to Federal Income Taxes

1. In column (a) are listed the particulars which most often cause a differential between taxable income and pretax accounting income. Other particulars which cause such a differential should be listed under the caption "Other (Specify)," including State and other taxes deferred if computed separately. Minor items, each less than \$100,000 may be combined in a single entry under "Other (Specify)."
2. Indicate in column (b) the beginning of the year total of Accounts 714, 744, 762 and 786 applicable to each particular item in column (a).
3. Indicate in column (c) the net changes in Accounts 714, 744, 762 and 786 for the net tax effect of timing differences originating and reversing in the current accounting period.
4. Indicate in column (d) any adjustments, as appropriate, including adjustments to eliminate or reinstate deferred tax effects (credits or debits) due to applying or recognizing a loss carry-forward or a loss carry-back.
5. The total of line 19 in columns (c) and (d) should agree with the total of the contra charges (credits) to Account 557, Provision for Deferred Taxes, and Account 591, Provision for Deferred Taxes - Extraordinary Items, for the current year.
6. Indicate in column (e) the cumulative total of columns (b), (c), and (d). The total of column (e) must agree with the total of Accounts 714, 744, 762 and 786.

Line No.	Particulars (a)	Beginning of year balance (b)	Net credits (charges) for current year (c)	Adjustments (d)	End of year balance (e)	Line No.
1	Accelerated depreciation, Sec. 167 I.R.C.: Guideline lives pursuant to Rev. Proc. 62-21.					1
2	Accelerated amortization of facilities, Sec. 168 I.R.C.					2
3	Accelerated amortization of rolling stock, Sec. 184 I.R.C.					3
4	Amortization of rights of way, Sec. 185 I.R.C.					4
5	Other (Specify)					5
6	Property	14,807,869	866,694	0	15,674,563	6
7	Deferred State Income Taxes - Net	1,100,535	104,813	5,759	1,211,107	7
8	Current Liabilities	(228,102)	(4,140)	0	(232,242)	8
9	Long-Term Liabilities	(351,040)	23,782	0	(327,258)	9
10	Retirement Benefits	(206,048)	(110,530)	47,043	(269,535)	10
11	Other Items	8,906	(69,763)	10,217	(50,640)	11
12						12
13						13
14						14
15						15
16						16
17						17
18	Investment tax credit*	0			0	18
19	TOTALS	15,132,120	810,856	63,019	16,005,995	19