

*Second Quarter 2013*

# *Quarterly Financial Review*



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

# Norfolk Southern Railway System



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Financial Inquiries: John P. Rathbone..... (757) 629-2770

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

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

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

## Consolidated Statements of Income

### Second Quarter

(in millions, except per share amounts)

	2013	2012
<b>Railway operating revenues</b>		
Coal	\$ 626	\$ 755
General merchandise	1,588	1,556
Intermodal	588	563
<b>Total railway operating revenues</b>	<b>2,802</b>	<b>2,874</b>
<b>Railway operating expenses</b>		
Compensation and benefits	726	724
Purchased services and rents	410	392
Fuel	391	390
Depreciation	226	229
Materials and other	213	205
<b>Total railway operating expenses</b>	<b>1,966</b>	<b>1,940</b>
<b>Income from railway operations</b>	<b>836</b>	<b>934</b>
Other income — net	29	31
Interest expense on debt	128	122
<b>Income before income taxes</b>	<b>737</b>	<b>843</b>
Provision for income taxes		
Current	203	269
Deferred	69	50
<b>Total income taxes</b>	<b>272</b>	<b>319</b>
<b>Net income</b>	<b>\$ 465</b>	<b>\$ 524</b>
<b>Earnings per share (note 1)</b>		
Basic	\$ 1.47	\$ 1.62
Diluted	1.46	1.60
<b>Weighted average shares outstanding (note 2)</b>		
Basic	314.1	322.7
Diluted	317.8	327.5

### Notes

#### 1. Earnings Per Share

For basic earnings per share, income available to common stockholders reflects reductions for the effect of dividend equivalent payments made to holders of stock options and restricted stock units as follows: for the second quarter, \$1 million in 2013 and \$2 million in 2012; and for the first six months, \$3 million in 2013 and \$4 million in 2012.

For diluted earnings per share, income available to common stockholders reflects reductions for the effect of dividend equivalent payments made to holders of stock options and restricted stock units as follows: for the second quarter, \$1 million in 2013 and less than \$1 million in 2012; and for the first six months, \$2 million in both 2013 and 2012.

#### 2. Stock Repurchase Program

We repurchased and retired 4.2 million shares of common stock in the first six months of 2013, at a cost of \$314 million, and 12.3 million shares at a cost of \$850 million for the same period of 2012. On August 1, 2012, our Board of Directors authorized the repurchase of up to an additional 50 million shares of common stock through December 31, 2017. The timing and volume of purchases is guided by our assessment of market conditions and other pertinent factors. Any near-term share repurchases are expected to be made with internally generated cash, cash on hand, or proceeds from borrowings. Since the beginning of 2006, we have repurchased and retired 132.6 million shares at a total cost of \$7.8 billion.

# Consolidated Statements of Income

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

	2013	2012
<b>Railway operating revenues</b>		
Coal	\$ 1,261	\$ 1,521
General merchandise	3,118	3,052
Intermodal	1,161	1,090
Total railway operating revenues	5,540	5,663
<b>Railway operating expenses</b>		
Compensation and benefits	1,506	1,510
Purchased services and rents	803	783
Fuel	820	803
Depreciation	453	453
Materials and other	431	435
Total railway operating expenses	4,013	3,984
<b>Income from railway operations</b>	1,527	1,679
Other income — net (note 3)	164	60
Interest expense on debt	257	242
<b>Income before income taxes</b>	1,434	1,497
Provision for income taxes		
Current	376	425
Deferred	143	138
Total income taxes	519	563
<b>Net income</b>	\$ 915	\$ 934
<b>Earnings per share (notes 1 and 3)</b>		
Basic	\$ 2.90	\$ 2.86
Diluted	2.87	2.82
<b>Weighted average shares outstanding (note 2)</b>		
Basic	314.3	325.5
Diluted	317.9	330.2

## Notes

### 3. Other Income — Net

In first quarter 2013, we recognized a \$97 million gain on a land sale, which increased net income by \$60 million or \$0.19 per share.

## Consolidated Balance Sheets

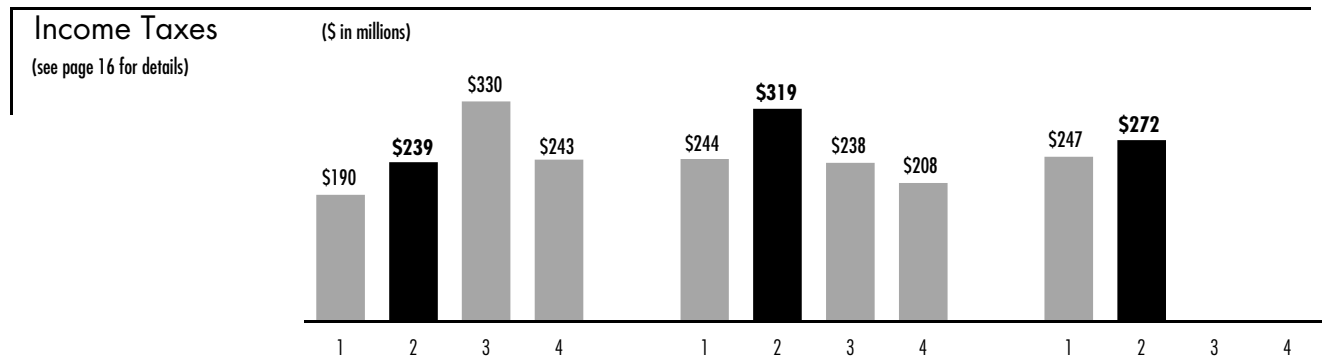
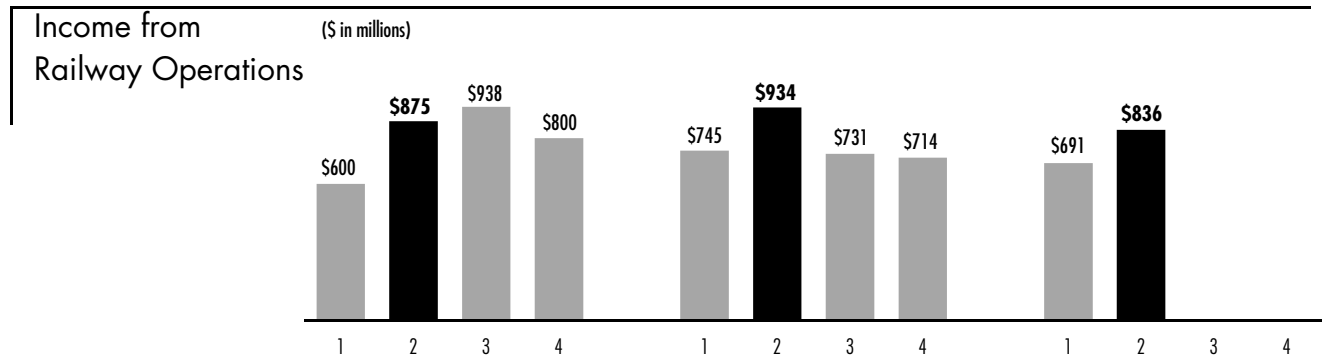
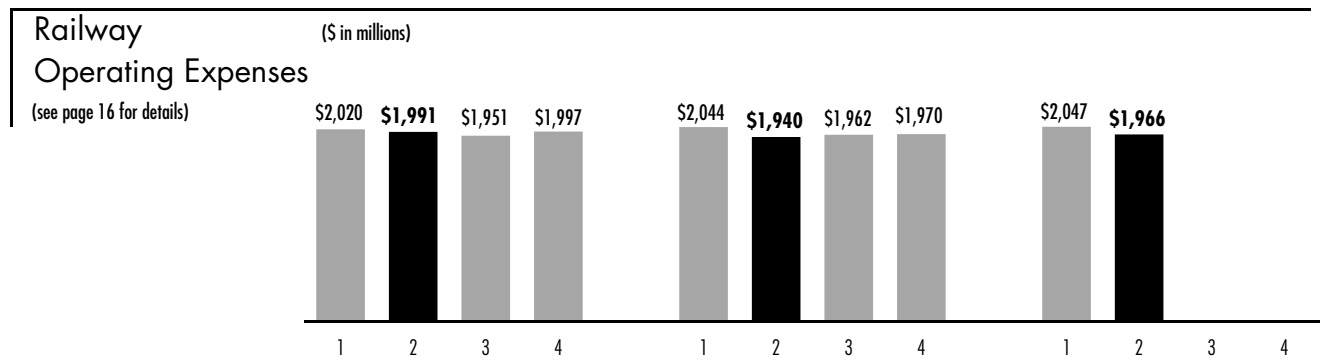
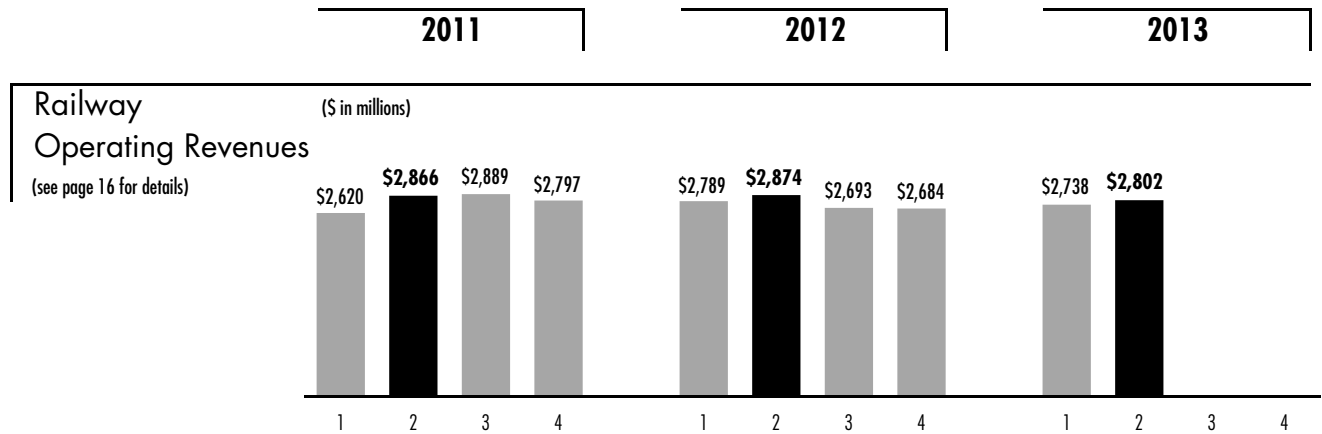
	June 30,	December 31,
	(\$ in millions)	
	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 587	\$ 653
Short-term investments	-	15
Accounts receivable — net	1,072	1,109
Materials and supplies	228	216
Deferred income taxes	137	167
Other current assets	54	82
Total current assets	2,078	2,242
Investments	2,366	2,300
Properties less accumulated depreciation of \$10,152 and \$9,922, respectively	26,098	25,736
Other assets	63	64
<b>Total assets</b>	\$ 30,605	\$ 30,342
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 1,180	\$ 1,362
Short-term debt	-	200
Income and other taxes	284	206
Other current liabilities	304	263
Current maturities of long-term debt	47	50
Total current liabilities	1,815	2,081
Long-term debt	8,430	8,432
Other liabilities	2,198	2,237
Deferred income taxes	7,974	7,832
<b>Total liabilities</b>	20,417	20,582
Stockholders' equity:		
Common stock \$1.00 per share par value, 1,350,000,000 shares authorized; outstanding 311,952,780 and 314,034,174 shares, respectively, net of treasury shares	313	315
Additional paid-in capital	1,984	1,911
Accumulated other comprehensive loss	(1,063)	(1,109)
Retained income	8,954	8,643
<b>Total stockholders' equity</b>	10,188	9,760
<b>Total liabilities and stockholders' equity</b>	\$ 30,605	\$ 30,342

# Consolidated Statements of Cash Flows

Six Months Ended June 30,  
(S in millions)

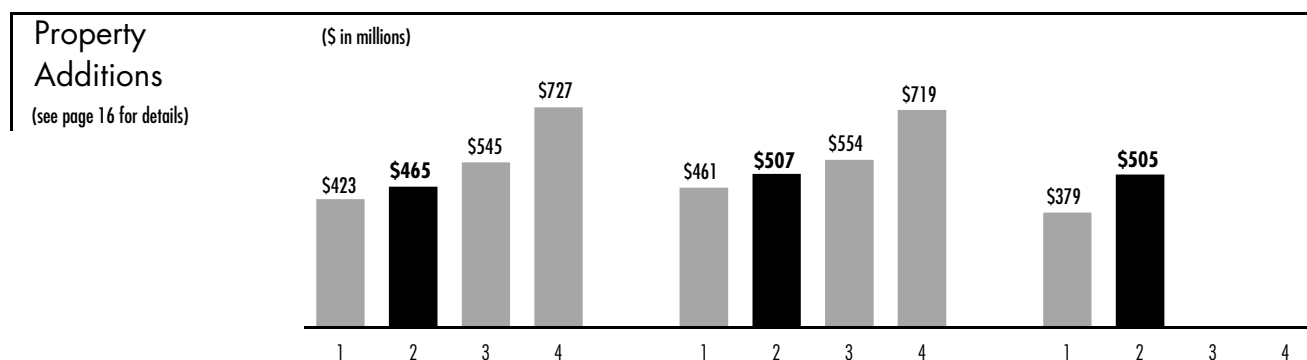
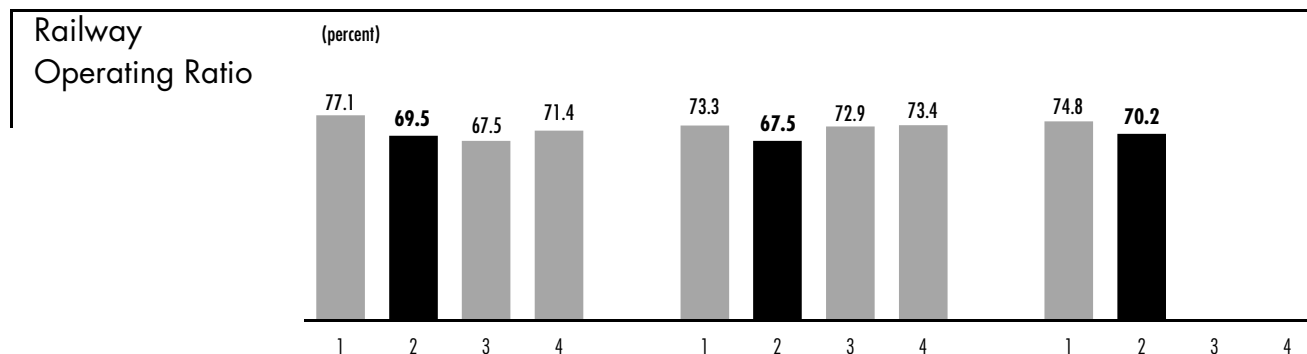
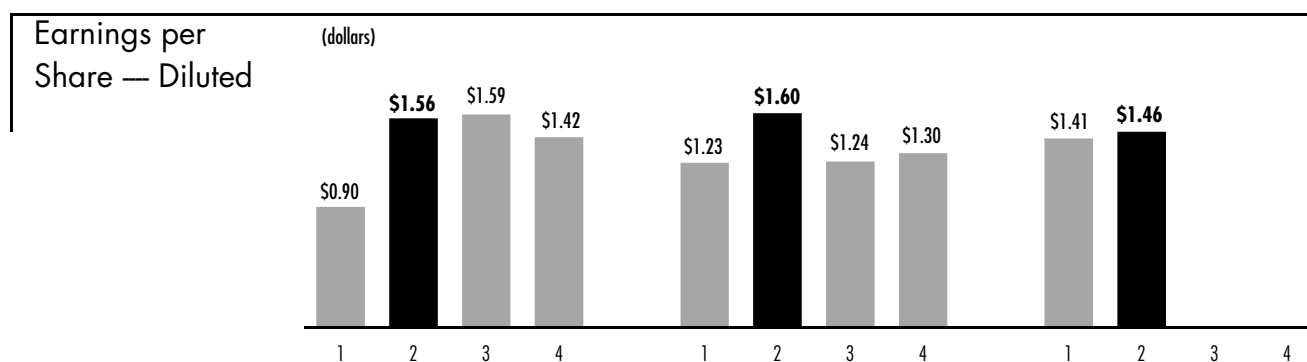
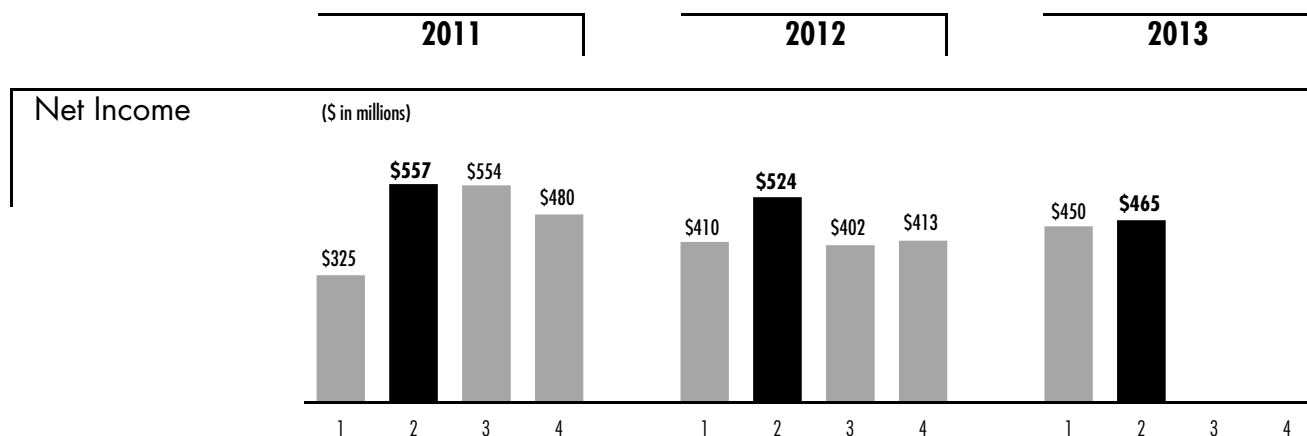
	2013	2012
<b>Cash flows from operating activities</b>		
Net income	\$ 915	\$ 934
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	456	456
Deferred income taxes	143	138
Gains and losses on properties and investments (note 3)	(99)	(2)
Changes in assets and liabilities affecting operations:		
Accounts receivable	37	(64)
Materials and supplies	(12)	(33)
Other current assets	28	23
Current liabilities other than debt	6	162
Other — net	32	49
Net cash provided by operating activities	1,506	1,663
<b>Cash flows from investing activities</b>		
Property additions	(884)	(968)
Property sales and other transactions	68	15
Investments, including short-term	(7)	(12)
Investment sales and other transactions	16	33
Net cash used in investing activities	(807)	(932)
<b>Cash flows from financing activities</b>		
Dividends	(315)	(308)
Common stock issued — net	80	47
Purchase and retirement of common stock (note 2)	(314)	(850)
Proceeds from borrowings — net	-	696
Debt repayments	(216)	(236)
Net cash used in financing activities	(765)	(651)
Net increase (decrease) in cash and cash equivalents	(66)	80
<b>Cash and cash equivalents</b>		
At beginning of period	653	276
At end of period	\$ 587	\$ 356
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 244	\$ 232
Income taxes (net of refunds)	238	264

## Consolidated Financial Information





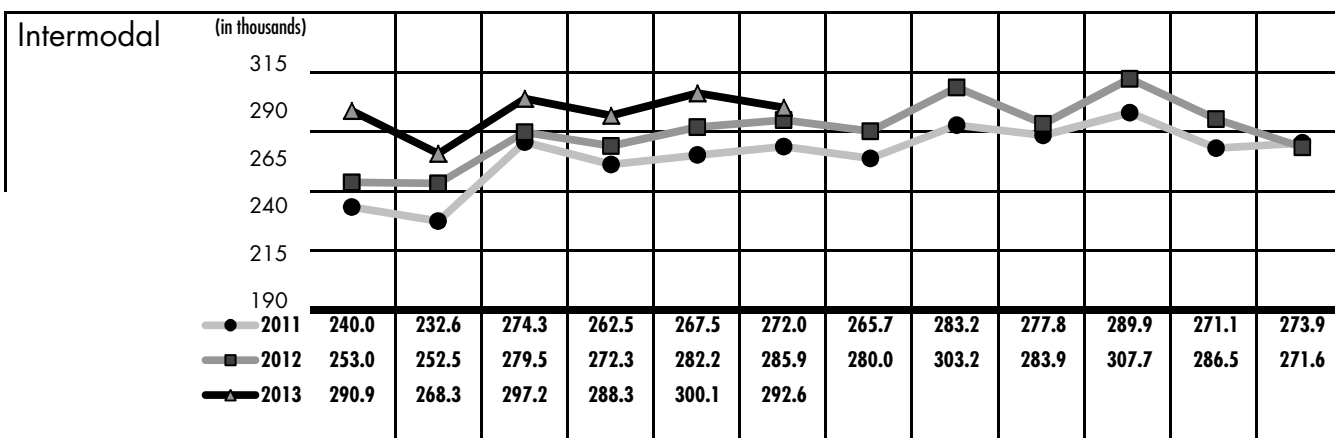
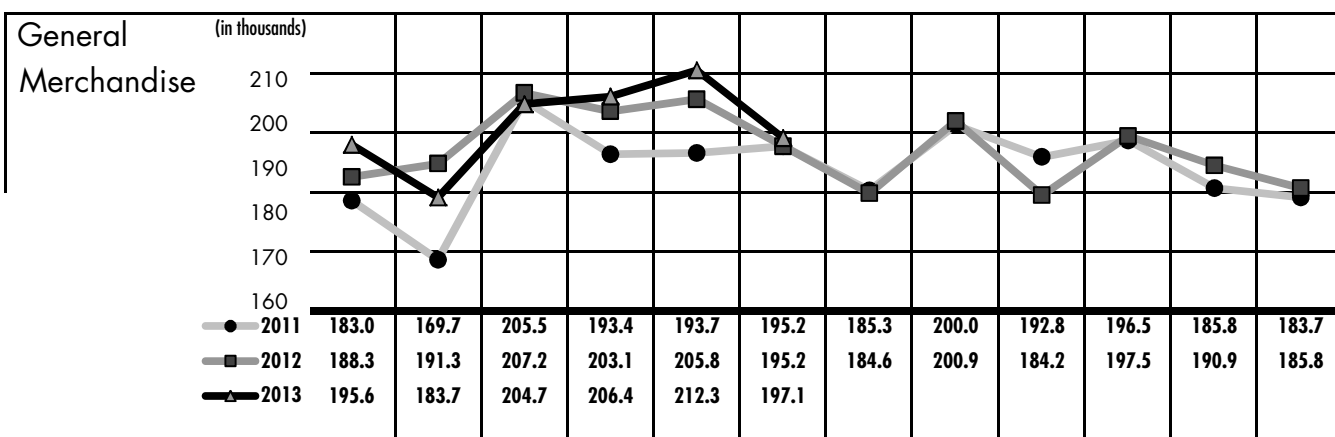
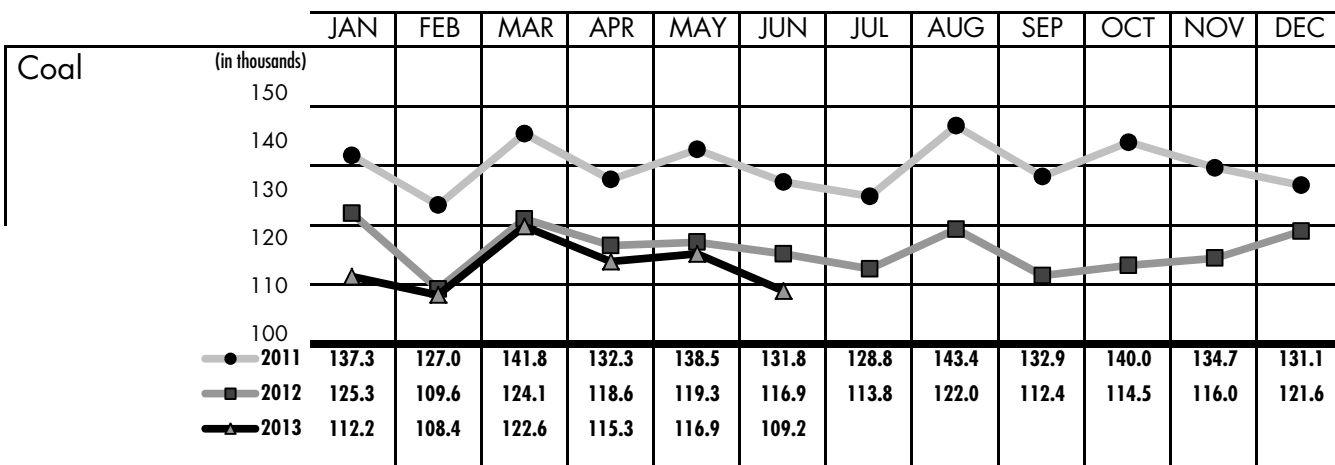
# Consolidated Financial Information



## Railway Operating Revenues Analysis

Commodity and Period	Revenues (\$ in millions)			Units (in thousands)			Revenue per Unit (\$ per unit)		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
<b>First Quarter</b>									
Coal	\$ 816	\$ 766	\$ 635	406.1	359.0	343.2	\$ 2,009	\$ 2,134	\$ 1,850
Chemicals	338	362	394	95.7	96.0	106.0	3,532	3,772	3,719
Agriculture/consumer/gov't	351	370	361	155.6	152.3	147.9	2,257	2,429	2,441
Metals and construction	269	342	336	148.4	165.5	154.8	1,810	2,068	2,172
Automotive	177	226	244	78.6	96.3	98.7	2,258	2,345	2,467
Paper/clay/forest	184	196	195	79.9	76.7	76.6	2,303	2,552	2,539
General merchandise	1,319	1,496	1,530	558.2	586.8	584.0	2,364	2,549	2,619
Intermodal	485	527	573	746.9	785.0	856.4	649	671	669
Total	\$ 2,620	\$ 2,789	\$ 2,738	1,711.2	1,730.8	1,783.6	\$ 1,531	\$ 1,611	\$ 1,535
<b>Second Quarter</b>									
Coal	\$ 893	\$ 755	\$ 626	402.6	354.8	341.4	\$ 2,217	\$ 2,126	\$ 1,833
Chemicals	355	379	415	95.4	98.5	114.0	3,727	3,844	3,642
Agriculture/consumer/gov't	369	370	366	150.1	150.1	147.9	2,460	2,464	2,475
Metals and construction	320	369	350	173.3	180.2	171.1	1,846	2,047	2,045
Automotive	198	239	261	84.6	98.4	106.4	2,334	2,431	2,456
Paper/clay/forest	191	199	196	78.9	76.9	76.4	2,420	2,593	2,570
General merchandise	1,433	1,556	1,588	582.3	604.1	615.8	2,461	2,576	2,580
Intermodal	540	563	588	802.0	840.4	881.0	674	671	667
Total	\$ 2,866	\$ 2,874	\$ 2,802	1,786.9	1,799.3	1,838.2	\$ 1,604	\$ 1,597	\$ 1,524
<b>Year-to-date</b>									
Coal	\$ 1,709	\$ 1,521	\$ 1,261	808.7	713.8	684.6	\$ 2,113	\$ 2,130	\$ 1,841
Chemicals	693	741	809	191.1	194.5	220.0	3,629	3,808	3,679
Agriculture/consumer/gov't	720	740	727	305.7	302.4	295.8	2,357	2,446	2,458
Metals and construction	589	711	686	321.7	345.7	325.9	1,830	2,057	2,106
Automotive	375	465	505	163.2	194.7	205.1	2,297	2,388	2,461
Paper/clay/forest	375	395	391	158.8	153.6	153.0	2,361	2,573	2,554
General merchandise	2,752	3,052	3,118	1,140.5	1,190.9	1,199.8	2,413	2,563	2,599
Intermodal	1,025	1,090	1,161	1,548.9	1,625.4	1,737.4	662	671	668
Total	\$ 5,486	\$ 5,663	\$ 5,540	3,498.1	3,530.1	3,621.8	\$ 1,568	\$ 1,604	\$ 1,530

# Monthly Railway Units



## Railway Operating Revenues Variance Analysis

(\$ in millions)

Second Quarter  
2013 vs. 2012

	Coal		General Merchandise		Intermodal		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
<b>Revenue Variance due to:</b>								
Volume	\$ (28)	(4%)	\$ 30	2%	\$ 27	5%	\$ 62	2%
Revenue per unit	(101)	(14%)	2	-	(2)	(1%)	(134)	(5%)
Total	<u>\$ (129)</u>	(17%)	<u>\$ 32</u>	2%	<u>\$ 25</u>	4%	<u>\$ (72)</u>	(3%)

Year-to-date  
2013 vs. 2012

	Coal		General Merchandise		Intermodal		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
<b>Revenue Variance due to:</b>								
Volume	\$ (62)	(4%)	\$ 23	1%	\$ 75	7%	\$ 147	3%
Revenue per unit	(198)	(14%)	43	1%	(4)	-	(270)	(5%)
Total	<u>\$ (260)</u>	(17%)	<u>\$ 66</u>	2%	<u>\$ 71</u>	7%	<u>\$ (123)</u>	(2%)

## Coal Tonnage by Market

(tons in thousands)

Second Quarter

	2011		2012		2013	
	Tons	Change vs. 2010	Tons	Change vs. 2011	Tons	Change vs. 2012
Utility	29,455	-	23,527	(20%)	24,319	3%
Export	7,938	24%	8,530	7%	7,380	(13%)
Domestic metallurgical	4,859	(7%)	5,019	3%	4,608	(8%)
Industrial	1,906	(6%)	1,880	(1%)	1,810	(4%)
Total	<u>44,158</u>	2%	<u>38,956</u>	(12%)	<u>38,117</u>	(2%)

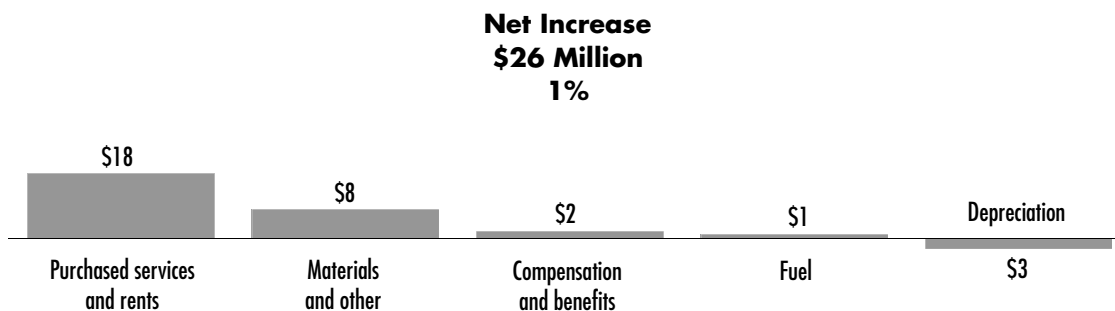
Year-to-date

	2011		2012		2013	
	Tons	Change vs. 2010	Tons	Change vs. 2011	Tons	Change vs. 2012
Utility	60,965	6%	49,788	(18%)	48,277	(3%)
Export	15,376	24%	15,254	(1%)	15,799	4%
Domestic metallurgical	8,633	(8%)	9,591	11%	8,650	(10%)
Industrial	3,731	(3%)	3,801	2%	3,610	(5%)
Total	<u>88,705</u>	7%	<u>78,434</u>	(12%)	<u>76,336</u>	(3%)

## Railway Operating Expenses Variance Analysis

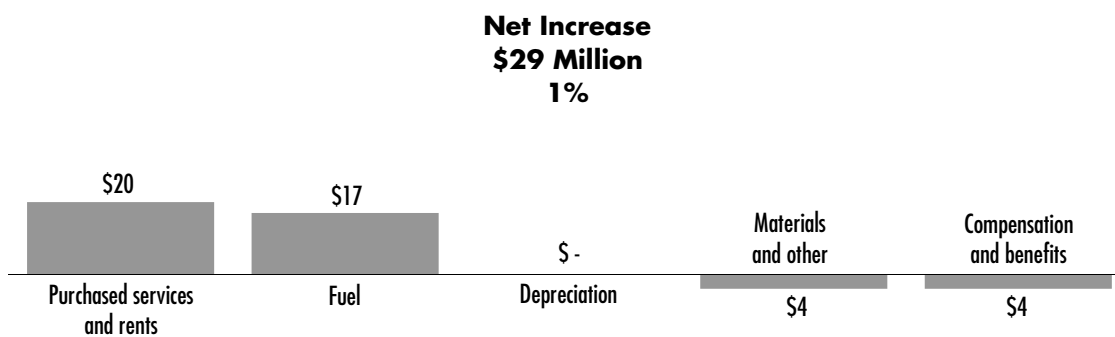
Second Quarter  
2013 vs. 2012

(\$ in millions)  
Amount of change

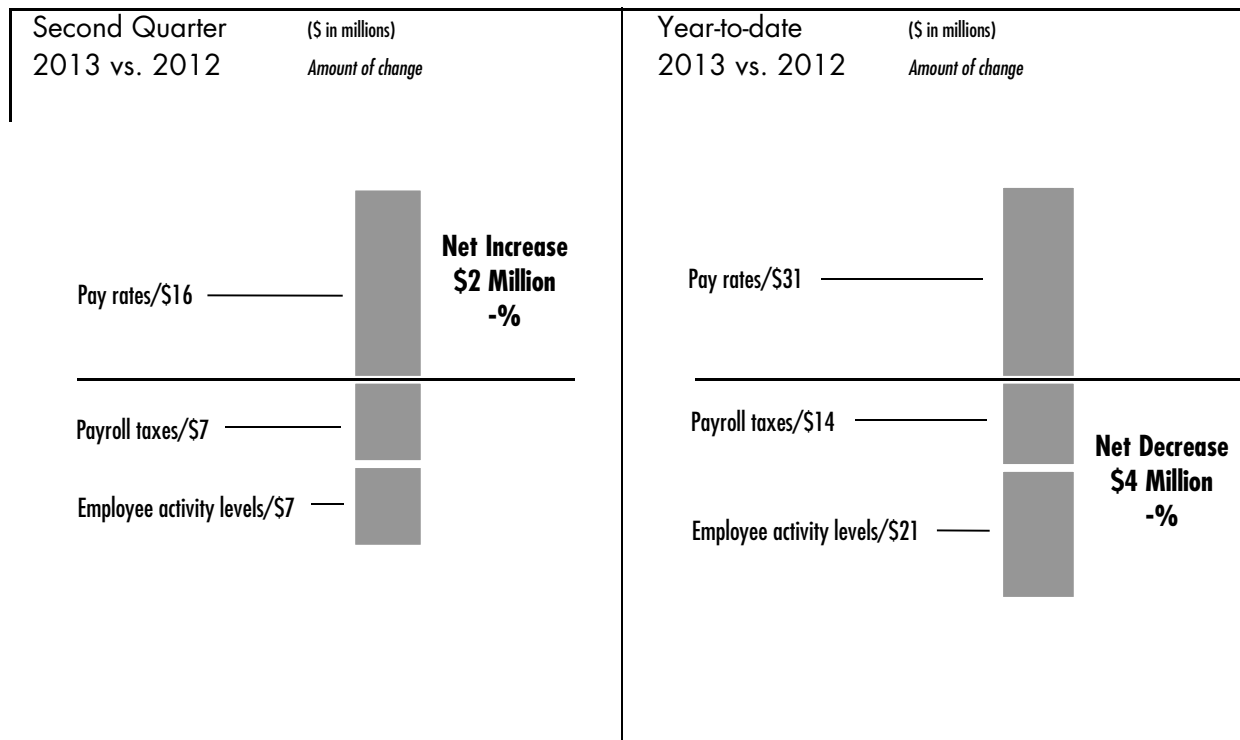


Year-to-date  
2013 vs. 2012

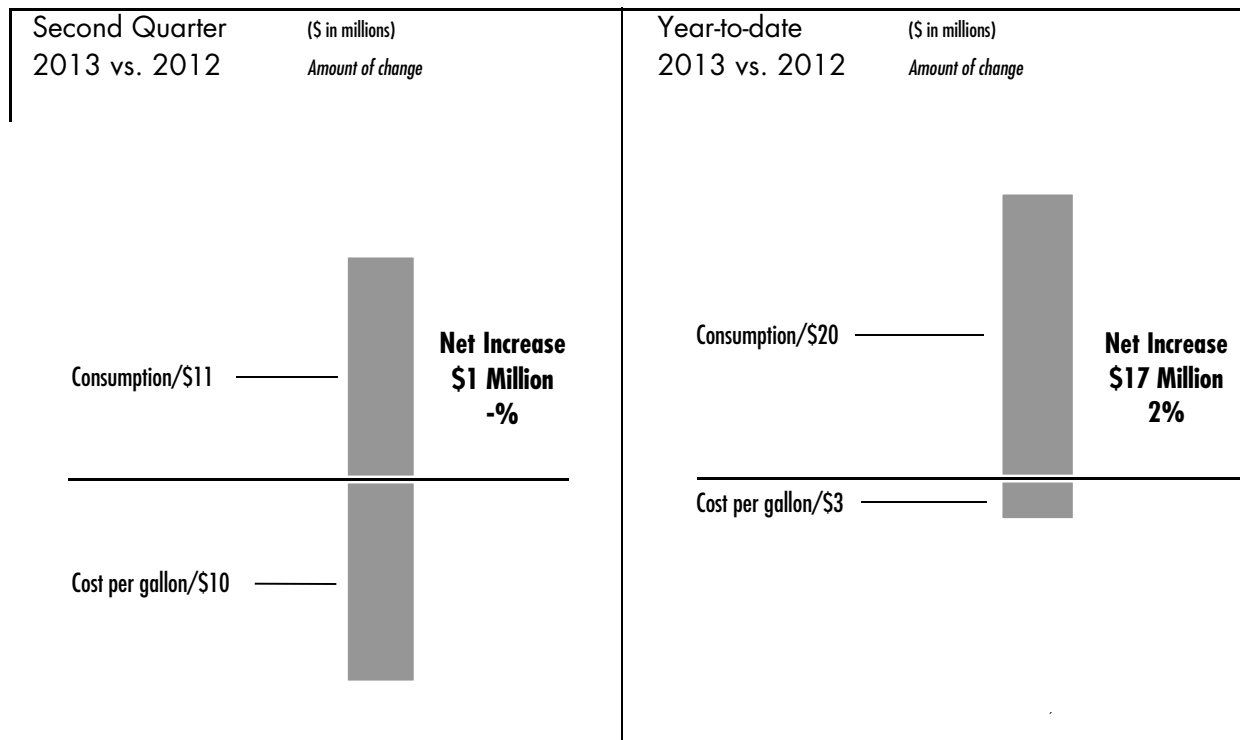
(\$ in millions)  
Amount of change



## Compensation and Benefits Expense Analysis



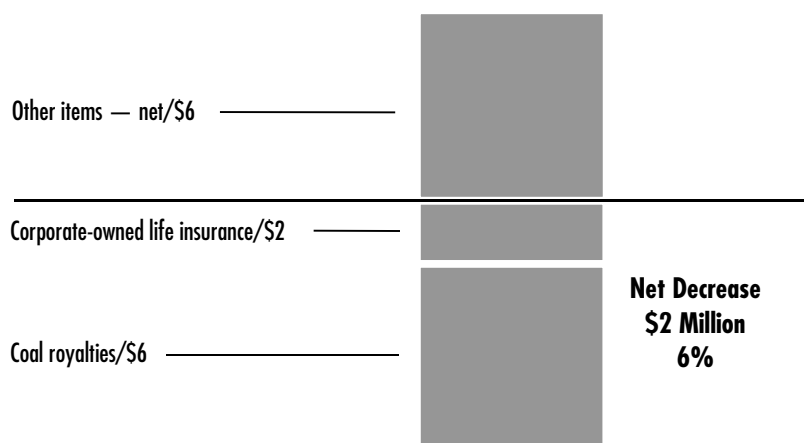
## Fuel Expense Analysis



## Other Income — Net Analysis

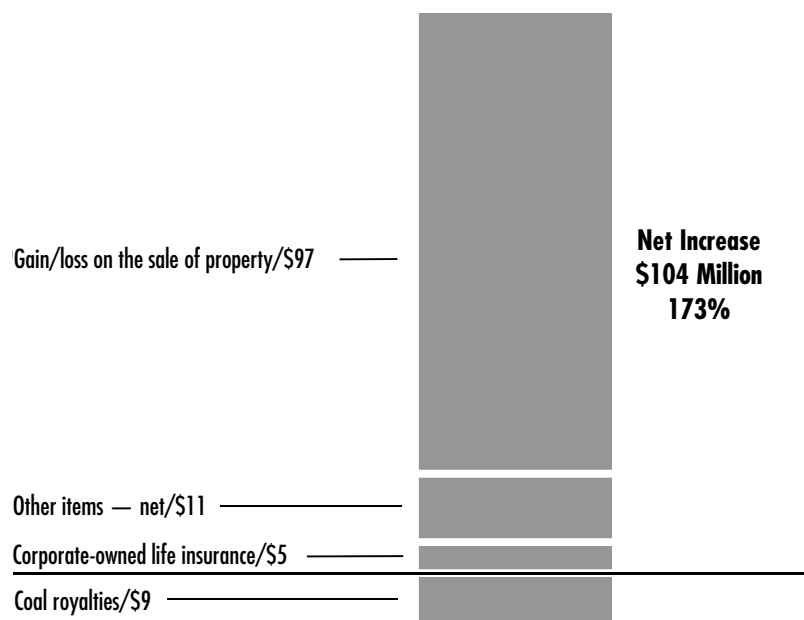
Second Quarter  
2013 vs. 2012

(\$ in millions)  
Amount of change



Year-to-date  
2013 vs. 2012

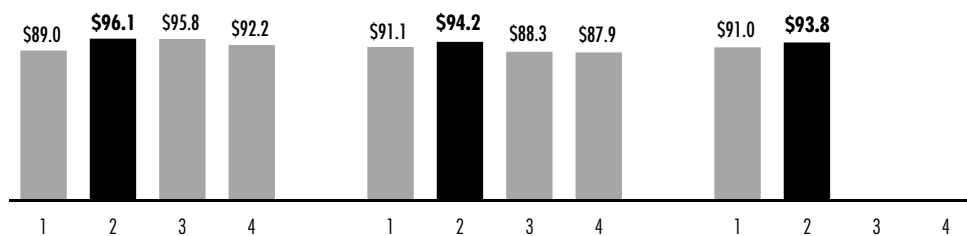
(\$ in millions)  
Amount of change



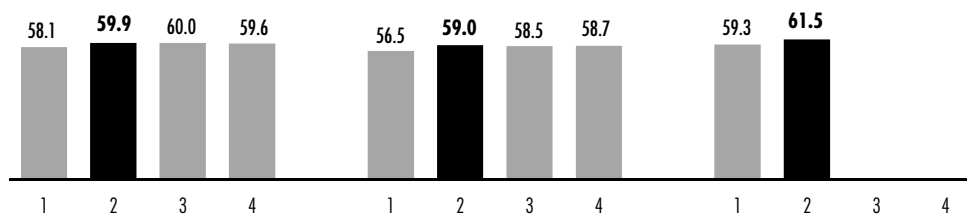
## Productivity Measures

**2011**
**2012**
**2013**

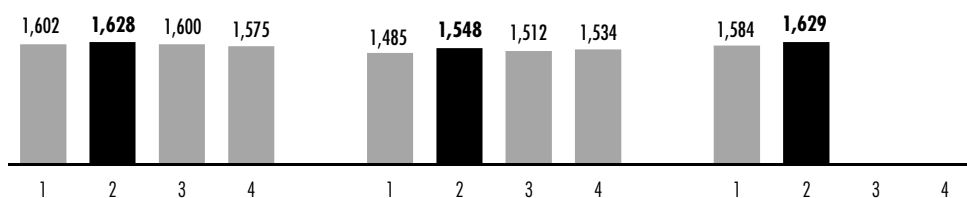
Operating Revenues  
per Employee  
(\$ in thousands)



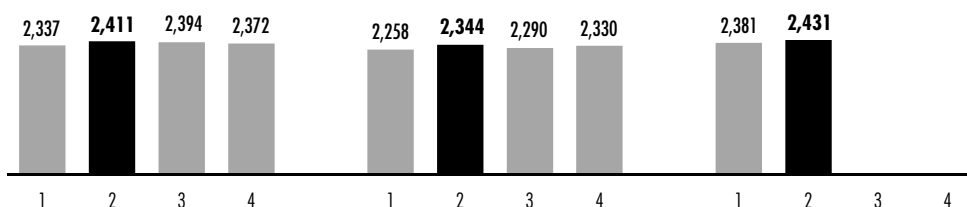
Units per  
Employee



Revenue Ton Miles  
per Employee  
(in thousands)



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





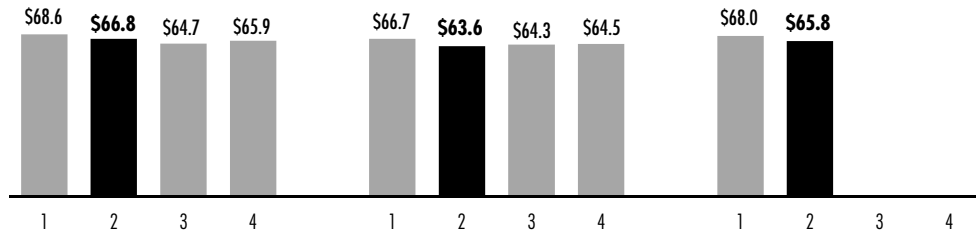
# Productivity Measures

2011

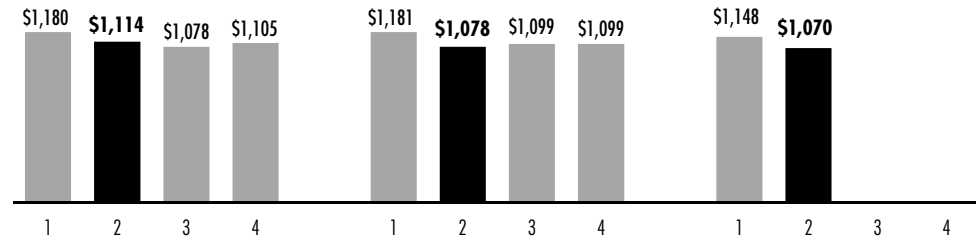
2012

2013

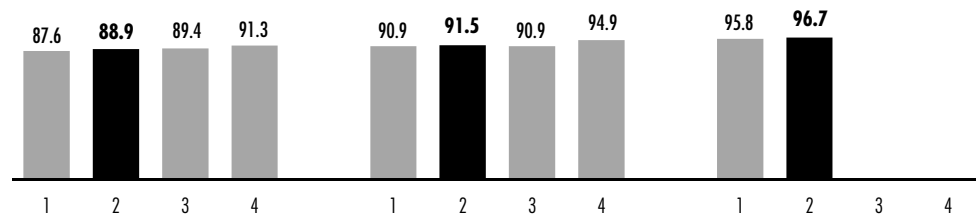
Operating Expenses (\$ in thousands)  
per Employee



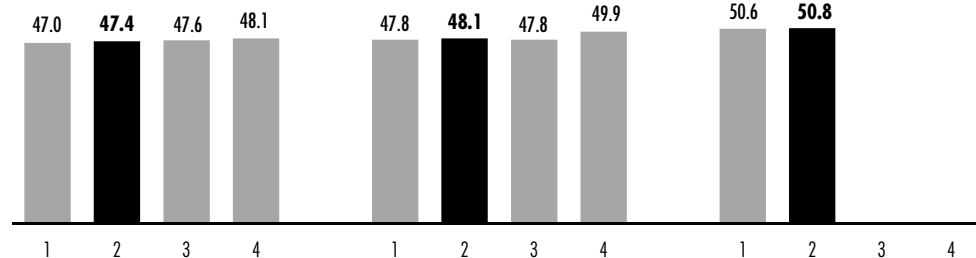
Operating Expenses (dollars)  
per Unit



Gross Ton Miles (in thousands)  
per Train Hour



Revenue Ton Miles (in thousands)  
per Train Hour



## Financial, Traffic and Operating Statistics

Consolidated Financial Data		2011					2012					2013				
(\$ in millions — except as noted)		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year-to-date
6	Railway operating revenues:															
8	Coal	\$ 816	\$ 893	\$ 899	\$ 850	\$ 3,458	\$ 766	\$ 755	\$ 701	\$ 657	\$ 2,879	\$ 635	\$ 626			\$ 1,261
8	General merchandise	1,319	1,433	1,439	1,393	5,584	1,496	1,556	1,425	1,443	5,920	1,530	1,588			3,118
8	Intermodal	485	540	551	554	2,130	527	563	567	584	2,241	573	588			1,161
6	Total railway operating revenues	2,620	2,866	2,889	2,797	11,172	2,789	2,874	2,693	2,684	11,040	2,738	2,802			5,540
6	Railway operating expenses:															
	• Compensation and benefits	765	739	736	734	2,974	786	724	724	726	2,960	780	726			1,506
	• Purchased services	296	318	320	338	1,272	318	320	333	350	1,321	321	343			664
	• Equipment rents	87	87	83	81	338	73	72	70	68	283	72	67			139
	• Fuel	389	412	385	403	1,589	413	390	379	395	1,577	429	391			820
	• Depreciation	211	213	217	221	862	224	229	230	233	916	227	226			453
	• Materials	94	103	105	106	408	112	95	109	92	408	101	116			217
	• Casualties and other claims (note 1)	99	43	30	44	216	38	30	33	29	130	35	20			55
	• Other	79	76	75	70	300	80	80	84	77	321	82	77			159
6	Total railway operating expenses	2,020	1,991	1,951	1,997	7,959	2,044	1,940	1,962	1,970	7,916	2,047	1,966			4,013
6	Income from railway operations	600	875	938	800	3,213	745	934	731	714	3,124	691	836			1,527
	• Other income (expense) (note 2)	(85)	(79)	(54)	(77)	(295)	(91)	(91)	(91)	(93)	(366)	6	(99)			(93)
	• Income before income taxes	515	796	884	723	2,918	654	843	640	621	2,758	697	737			1,434
	• Income taxes — current	78	108	159	130	475	156	269	97	121	643	173	203			376
	• Income taxes — deferred	112	131	171	113	527	88	50	141	87	366	74	69			143
6	Total income taxes (note 3)	190	239	330	243	1,002	244	319	238	208	1,009	247	272			519
7	Net income	\$ 325	\$ 557	\$ 554	\$ 480	\$ 1,916	\$ 410	\$ 524	\$ 402	\$ 413	\$ 1,749	\$ 450	\$ 465			\$ 915
7	Earnings per share — diluted (dollars) (notes 2 & 4)	\$ 0.90	\$ 1.56	\$ 1.59	\$ 1.42	\$ 5.45	\$ 1.23	\$ 1.60	\$ 1.24	\$ 1.30	\$ 5.37	\$ 1.41	\$ 1.46			\$ 2.87
7	Railway operating ratio	77.1	69.5	67.5	71.4	71.2	73.3	67.5	72.9	73.4	71.7	74.8	70.2			72.4
7	Property additions:															
	• Equipment	\$ 180	\$ 184	\$ 226	\$ 348	\$ 938	\$ 187	\$ 176	\$ 148	\$ 265	\$ 776	\$ 88	\$ 140			\$ 228
	• Road	243	281	319	379	1,222	274	331	406	454	1,465	291	365			656
7	Total property additions	\$ 423	\$ 465	\$ 545	\$ 727	\$ 2,160	\$ 461	\$ 507	\$ 554	\$ 719	\$ 2,241	\$ 379	\$ 505			\$ 884
	• Cash, cash equivalents and short-term investments	\$ 488	\$ 906	\$ 394	\$ 301	\$ 301	\$ 831	\$ 371	\$ 708	\$ 668	\$ 668	\$ 687	\$ 587			\$ 587
	• Total debt, excluding notes payable to Conrail	\$ 6,617	\$ 6,986	\$ 6,837	\$ 7,540	\$ 7,540	\$ 8,017	\$ 7,999	\$ 8,480	\$ 8,682	\$ 8,682	\$ 8,485	\$ 8,477			\$ 8,477
	• Total debt-to-total capitalization (percent)	38.4	39.7	40.0	43.2	43.2	45.0	45.0	46.5	47.1	47.1	45.6	45.4			45.4
	• Weighted average shares outstanding — diluted (in millions) (note 5)	360.5	357.3	349.0	338.6	351.3	332.9	327.5	321.8	318.6	325.2	318.1	317.8			317.9

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

**Note 2** In first quarter 2013, we recognized a \$97 million gain on a land sale, which increased net income by \$60 million, or \$0.19 per share.

**Note 3** During the second quarter of 2011, the IRS completed its examination of our 2008 tax return and review of certain claims for refund for prior years that resulted in a decrease in income tax expense of \$40 million. During the second and fourth quarters of 2011, enacted state tax law changes resulted in a decrease to deferred income tax expense of \$19 million and \$11 million, respectively.

**Note 4** For diluted earnings per share, income available to common stockholders reflects reductions for the effect of dividend equivalent payments made to holders of stock options and restricted stock units as follows: \$2 million for the first quarters 2012 and 2011; \$1 million for the first and second quarters of 2013 and the third and fourth quarters of 2012; and less than \$1 million for the second quarter 2012, as well as the second, third and fourth quarters of 2011.

**Note 5** We repurchased and retired 4.2 million shares of common stock in the first six months of 2013, at a cost of \$314 million, and 12.3 million shares at a cost of \$850 million for the same period of 2012. On August 1, 2012, our Board of Directors authorized the repurchase of up to an additional 50 million shares of common stock through December 31, 2017. The timing and volume of purchases is guided by our assessment of market conditions and other pertinent factors. Any near-term share repurchases are expected to be made with internally generated cash, cash on hand, or proceeds from borrowings. Since the beginning of 2006, we have repurchased and retired 132.6 million shares at a total cost of \$7.8 billion.

## Financial, Traffic and Operating Statistics

Traffic and Operating Statistics		2011					2012					2013				
Page	Item	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year-to-date
	• No corresponding charts for this data.															
8	Railway units (in thousands):															
8	Coal	406.1	<b>402.6</b>	405.1	405.8	1,619.6	359.0	<b>354.8</b>	348.2	352.1	1,414.1	343.2	<b>341.4</b>			684.6
8	General merchandise	558.2	<b>582.3</b>	578.1	566.0	2,284.6	586.8	<b>604.1</b>	569.7	574.2	2,334.8	584.0	<b>615.8</b>			1,199.8
8	Intermodal	746.9	<b>802.0</b>	826.7	834.9	3,210.5	785.0	<b>840.4</b>	867.1	865.8	3,358.3	856.4	<b>881.0</b>			1,737.4
8	Total railway units	1,711.2	<b>1,786.9</b>	1,809.9	1,806.7	7,114.7	1,730.8	<b>1,799.3</b>	1,785.0	1,792.1	7,107.2	1,783.6	<b>1,838.2</b>			3,621.8
	• Revenue ton miles (RTMs) (in billions):															
	• Coal	14.2	<b>14.3</b>	14.2	13.9	56.6	11.8	<b>12.2</b>	12.0	12.2	48.2	12.0	<b>11.9</b>			23.9
	• General merchandise	24.9	<b>25.5</b>	25.4	24.9	100.7	25.2	<b>25.8</b>	24.7	25.1	100.8	26.4	<b>27.2</b>			53.6
	• Intermodal	8.1	<b>8.7</b>	8.6	9.0	34.4	8.5	<b>9.2</b>	9.4	9.5	36.6	9.3	<b>9.5</b>			18.8
	• Total	47.2	<b>48.5</b>	48.2	47.8	191.7	45.5	<b>47.2</b>	46.1	46.8	185.6	47.7	<b>48.6</b>			96.3
	• Revenue (dollars) per thousand RTMs:															
	• Coal	\$ 57.46	<b>\$ 62.16</b>	\$ 63.55	\$ 61.11	\$ 61.07	\$ 64.77	<b>\$ 62.08</b>	\$ 58.45	\$ 53.61	\$ 59.69	\$ 53.15	<b>\$ 52.53</b>			\$ 52.84
	• General merchandise	\$ 53.07	<b>\$ 56.12</b>	\$ 56.65	\$ 55.86	\$ 55.44	\$ 59.42	<b>\$ 60.23</b>	\$ 57.67	\$ 57.57	\$ 58.74	\$ 57.86	<b>\$ 58.28</b>			\$ 58.07
	• Intermodal	\$ 59.83	<b>\$ 62.30</b>	\$ 63.53	\$ 62.11	\$ 61.98	\$ 62.23	<b>\$ 61.09</b>	\$ 60.21	\$ 61.36	\$ 61.20	\$ 61.77	<b>\$ 61.87</b>			\$ 61.82
	• Total	\$ 55.56	<b>\$ 59.01</b>	\$ 59.91	\$ 58.56	\$ 58.27	\$ 61.34	<b>\$ 60.88</b>	\$ 58.39	\$ 57.30	\$ 59.47	\$ 57.44	<b>\$ 57.57</b>			\$ 57.51
	• Gross ton miles (GTMs) (in billions)	87.8	<b>91.1</b>	90.5	90.6	360.0	86.5	<b>89.8</b>	87.8	89.0	353.1	90.3	<b>92.6</b>			182.9
	• Revenue ton miles (RTMs) (in billions)	47.2	<b>48.5</b>	48.2	47.8	191.7	45.5	<b>47.2</b>	46.1	46.8	185.6	47.7	<b>48.6</b>			96.3
	• Railroad employees (average)	29,446	<b>29,825</b>	30,144	30,320	29,933	30,630	<b>30,503</b>	30,493	30,543	30,543	30,095	<b>29,870</b>			29,983
	• Total operating expenses (dollars) per thousand GTMs	\$ 23.00	<b>\$ 21.87</b>	\$ 21.55	\$ 22.04	\$ 22.11	\$ 23.62	<b>\$ 21.60</b>	\$ 22.37	\$ 22.13	\$ 22.42	\$ 22.68	<b>\$ 21.22</b>			\$ 21.94
	• Compensation and benefits (dollars) per thousand GTMs	\$ 8.71	<b>\$ 8.12</b>	\$ 8.13	\$ 8.10	\$ 8.26	\$ 9.08	<b>\$ 8.06</b>	\$ 8.25	\$ 8.16	\$ 8.38	\$ 8.64	<b>\$ 7.84</b>			\$ 8.23
	• Total operating expenses (dollars) per thousand RTMs	\$ 42.83	<b>\$ 40.99</b>	\$ 40.46	\$ 41.81	\$ 41.52	\$ 44.95	<b>\$ 41.09</b>	\$ 42.54	\$ 42.06	\$ 42.64	\$ 42.94	<b>\$ 40.39</b>			\$ 41.66
	• Compensation and benefits (dollars) per thousand RTMs	\$ 16.22	<b>\$ 15.22</b>	\$ 15.26	\$ 15.37	\$ 15.51	\$ 17.29	<b>\$ 15.34</b>	\$ 15.70	\$ 15.50	\$ 15.94	\$ 16.36	<b>\$ 14.92</b>			\$ 15.63
14	Total operating revenues (\$ in thousands) per employee	\$ 89.0	<b>\$ 96.1</b>	\$ 95.8	\$ 92.2	\$ 373.2	\$ 91.1	<b>\$ 94.2</b>	\$ 88.3	\$ 87.9	\$ 361.5	\$ 91.0	<b>\$ 93.8</b>			\$ 184.8
15	Total operating expenses (\$ in thousands) per employee	\$ 68.6	<b>\$ 66.8</b>	\$ 64.7	\$ 65.9	\$ 265.9	\$ 66.7	<b>\$ 63.6</b>	\$ 64.3	\$ 64.5	\$ 259.2	\$ 68.0	<b>\$ 65.8</b>			\$ 133.8
	• GTMs (thousands) per employee	2,983	<b>3,052</b>	3,003	2,988	12,026	2,826	<b>2,944</b>	2,877	2,914	11,560	2,999	<b>3,102</b>			6,100
14	RTMs (thousands) per employee	1,602	<b>1,628</b>	1,600	1,575	6,405	1,485	<b>1,548</b>	1,512	1,534	6,078	1,584	<b>1,629</b>			3,213
14	Units per employee	58.1	<b>59.9</b>	60.0	59.6	237.7	56.5	<b>59.0</b>	58.5	58.7	232.7	59.3	<b>61.5</b>			120.8
14	RTMs (thousands) per mile of road operated	2,337	<b>2,411</b>	2,394	2,372	9,513	2,258	<b>2,344</b>	2,290	2,330	9,221	2,381	<b>2,431</b>			4,812
15	Total operating expenses (dollars) per unit	\$ 1,180	<b>\$ 1,114</b>	\$ 1,078	\$ 1,105	\$ 1,119	\$ 1,181	<b>\$ 1,078</b>	\$ 1,099	\$ 1,099	\$ 1,114	\$ 1,148	<b>\$ 1,070</b>			\$ 1,108
	• Compensation and benefits (dollars) per unit	\$ 447	<b>\$ 414</b>	\$ 407	\$ 406	\$ 418	\$ 454	<b>\$ 402</b>	\$ 406	\$ 405	\$ 416	\$ 437	<b>\$ 395</b>			\$ 416
	• RTMs (in thousands) per unit	27.6	<b>27.2</b>	26.6	26.4	26.9	26.3	<b>26.2</b>	25.8	26.1	26.1	26.7	<b>26.5</b>			26.6
	• Locomotive diesel fuel consumed (in thousands of gallons)	122,226	<b>116,873</b>	115,126	119,663	473,888	119,779	<b>114,428</b>	111,804	113,297	459,308	122,673	<b>117,383</b>			240,056
	• Average price (dollars) per gallon of locomotive diesel fuel	\$ 2.883	<b>\$ 3.258</b>	\$ 3.097	\$ 3.111	\$ 3.085	\$ 3.160	<b>\$ 3.149</b>	\$ 3.131	\$ 3.237	\$ 3.169	\$ 3.191	<b>\$ 3.027</b>			\$ 3.111
	• RTMs per gallon of fuel consumed	386	<b>416</b>	419	399	405	380	<b>413</b>	412	413	404	389	<b>415</b>			401
15	GTMs (in thousands) per train hour	87.6	<b>88.9</b>	89.4	91.3	89.3	90.9	<b>91.5</b>	90.9	94.9	92.0	95.8	<b>96.7</b>			96.2
15	RTMs (in thousands) per train hour	47.0	<b>47.4</b>	47.6	48.1	47.6	47.8	<b>48.1</b>	47.8	49.9	48.4	50.6	<b>50.8</b>			50.7
	• Percent of loaded-to-total car miles	58.4	<b>58.6</b>	58.7	59.0	58.7	59.0	<b>58.8</b>	58.6	59.0	58.8	58.7	<b>58.4</b>			58.6
	• Total new crossties installed (in thousands)	653	<b>675</b>	734	633	2,695	724	<b>700</b>	693	517	2,634	610	<b>763</b>			1,373
	• Total track miles of rail laid (miles)	94	<b>122</b>	105	163	484	104	<b>119</b>	165	121	509	112	<b>181</b>			293

*Second Quarter 2013*

***Quarterly Financial Review***

