

Second Quarter 2011

Quarterly Financial Review



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

Norfolk Southern Railway System



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

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

Consolidated Statements of Income

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

	2011	2010
Railway operating revenues:		
Coal	\$ 893	\$ 696
General merchandise	1,433	1,283
Intermodal	540	451
Total railway operating revenues	2,866	2,430
Railway operating expenses:		
Compensation and benefits	739	670
Purchased services and rents	405	374
Fuel	412	258
Depreciation	213	204
Materials and other	222	191
Total railway operating expenses	1,991	1,697
Income from railway operations	875	733
Other income — net	34	17
Interest expense on debt	113	115
Income before income taxes	796	635
Provision for income taxes:		
Current	108	237
Deferred	131	6
Total income taxes (note 1)	239	243
Net income	\$ 557	\$ 392
Earnings per share (note 2):		
Basic	\$ 1.58	\$ 1.06
Diluted	\$ 1.56	\$ 1.04
Weighted average shares outstanding (notes 2 & 3):		
Basic	351.0	369.7
Diluted	357.3	375.1

Notes to Consolidated Financial Statements

1. Income Taxes

During the second quarter of 2011, the Internal Revenue Service (IRS) completed its examination of NS' 2008 tax return and review of certain claims for refund for prior years that resulted in a decrease in income tax expense of \$40 million.

Also during the second quarter, three states enacted tax law changes that decreased deferred income tax expense by \$19 million.

During the first quarter of 2010, the Patient Protection and Affordable Care Act, and the Health Care and Education Reconciliation Act of 2010 were signed into law. Provisions of the Acts eliminated, after 2012, the tax deduction available for reimbursed prescription drug expenses under the Medicare Part D retiree drug subsidy program. Accordingly, NS recorded a \$27 million charge to deferred tax expense in the first quarter of 2010.

2. Earnings Per Share

For basic earnings per share, income available to common stockholders for the first and second quarters of 2011 and 2010 reflects \$2 million each in reductions from net income for the effect of dividend equivalent payments made to holders of stock options and restricted stock units.

For diluted earnings per share, income available to common stockholders reflects reductions of \$2 million for the first quarter of 2011, less than \$1 million for the second quarter of 2011, \$2 million for both the first and second quarters of 2010, \$2 million for the first six months of 2011, and \$4 million for the first six months of 2010 for the effect of dividend equivalent payments made to holders of stock options.

3. Stock Repurchase Program

NS repurchased and retired 11.6 million shares of Common Stock in the first six months of 2011, at a cost of \$792 million and 2.0 million shares at a cost of \$114 million for the same period of 2010. The timing and volume of purchases is guided by management's assessment of market conditions and other pertinent factors. Any near-term share repurchases are expected to be made with internally generated cash, cash on hand, or proceeds from borrowings. Since 2005, NS has repurchased and retired 91.0 million shares at a total cost of \$4.9 billion.

Consolidated Statements of Income

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

	2011	2010
Railway operating revenues:		
Coal	\$ 1,709	\$ 1,325
General merchandise	2,752	2,482
Intermodal	1,025	861
Total railway operating revenues	5,486	4,668
Railway operating expenses:		
Compensation and benefits	1,504	1,369
Purchased services and rents	788	709
Fuel	801	512
Depreciation	424	408
Materials and other (note 4)	494	382
Total railway operating expenses	4,011	3,380
Income from railway operations	1,475	1,288
Other income — net	61	37
Interest expense on debt	225	234
Income before income taxes	1,311	1,091
Provision for income taxes:		
Current	186	396
Deferred	243	46
Total income taxes (note 1)	429	442
Net income	\$ 882	\$ 649
Earnings per share (note 2):		
Basic	\$ 2.49	\$ 1.74
Diluted	\$ 2.45	\$ 1.72
Weighted average shares outstanding (notes 2 & 3):		
Basic	353.1	369.6
Diluted	358.9	375.0

Notes to Consolidated Financial Statements

4. Materials and Other

During the first quarter of 2011, NS received an unfavorable ruling for an arbitration claim with an insurance carrier that failed to respond to insurance claims submitted by NS, related to the January 6, 2005 derailment in Graniteville, SC. As a result, NS recorded a \$43 million expense for the receivables associated with the contested portion of the claim and a \$15 million expense for other receivables affected by the ruling for which recovery is no longer probable.

Consolidated Balance Sheets

	June 30, (S in millions)	December 31,
	2011	2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 678	\$ 827
Short-term investments	228	283
Accounts receivable — net	991	807
Materials and supplies	201	169
Deferred income taxes	163	145
Other current assets	54	240
Total current assets	2,315	2,471
Investments	2,235	2,193
Properties less accumulated depreciation of \$9,217 and \$9,262, respectively	23,671	23,231
Other assets	257	304
Total assets	\$ 28,478	\$ 28,199
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,254	\$ 1,181
Short-term debt	-	100
Income and other taxes	160	199
Other current liabilities	284	244
Current maturities of long-term debt	55	358
Total current liabilities	1,753	2,082
Long-term debt	6,931	6,567
Other liabilities	1,795	1,793
Deferred income taxes	7,372	7,088
Total liabilities	17,851	17,530
Stockholders' equity:		
Common stock \$1.00 per share par value, 1,350,000,000 shares authorized; outstanding 347,773,580 and 357,362,604 shares, respectively, net of treasury shares	349	358
Additional paid-in capital	1,951	1,892
Accumulated other comprehensive loss	(770)	(805)
Retained income	9,097	9,224
Total stockholders' equity	10,627	10,669
Total liabilities and stockholders' equity	\$ 28,478	\$ 28,199

Consolidated Statements of Cash Flows

Six Months Ended June 30,
(S in millions)

	2011	2010
Cash flows from operating activities:		
Net income	\$ 882	\$ 649
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	428	411
Deferred income taxes	243	46
Gains and losses on properties and investments	-	(3)
Changes in assets and liabilities affecting operations:		
Accounts receivable	(184)	(126)
Materials and supplies	(32)	(15)
Other current assets	36	36
Current liabilities other than debt	221	236
Other — net	106	148
Net cash provided by operating activities	<u>1,700</u>	<u>1,382</u>
Cash flows from investing activities:		
Property additions	(888)	(569)
Property sales and other transactions	20	21
Investments, including short-term	(67)	(260)
Investment sales and other transactions	134	77
Net cash used in investing activities	<u>(801)</u>	<u>(731)</u>
Cash flows from financing activities:		
Dividends	(283)	(252)
Common stock issued — net	69	42
Purchase and retirement of common stock (note 3)	(792)	(114)
Proceeds from borrowings — net	396	-
Debt repayments	(438)	(468)
Net cash used in financing activities	<u>(1,048)</u>	<u>(792)</u>
Net decrease in cash and cash equivalents	(149)	(141)
Cash and cash equivalents:		
At beginning of year	<u>827</u>	<u>996</u>
At end of period	<u>\$ 678</u>	<u>\$ 855</u>
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 219	\$ 232
Income taxes (net of refunds)	\$ 45	\$ 253

Consolidated Financial Information

2009

2010

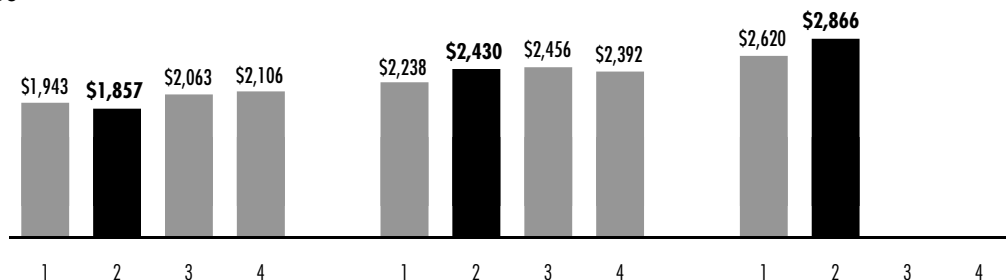
2011

Railway Operating Revenues

(S in millions)

Operating Revenues

(see page 16 for details)

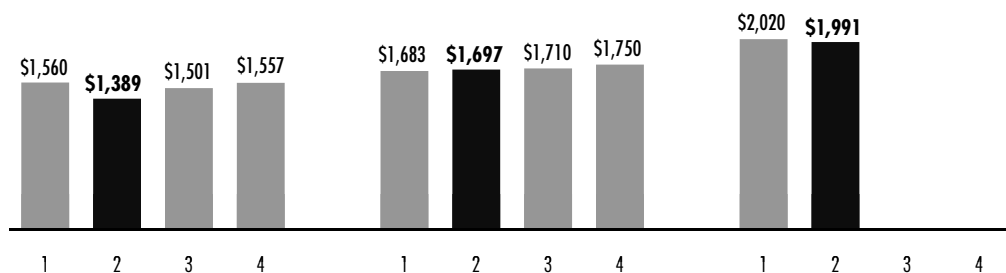


Railway Operating Expenses

(S in millions)

Operating Expenses

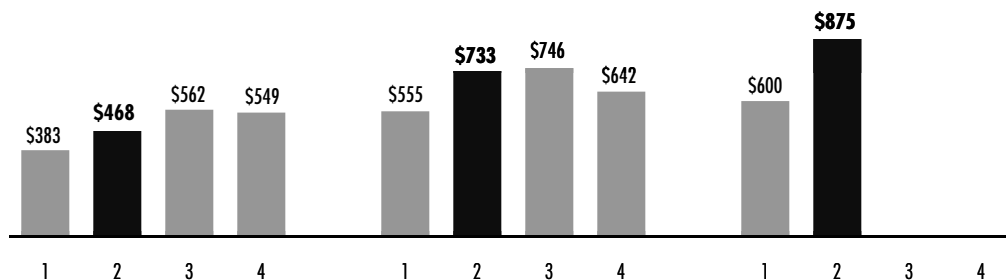
(see page 16 for details)



Income from Railway Operations

(S in millions)

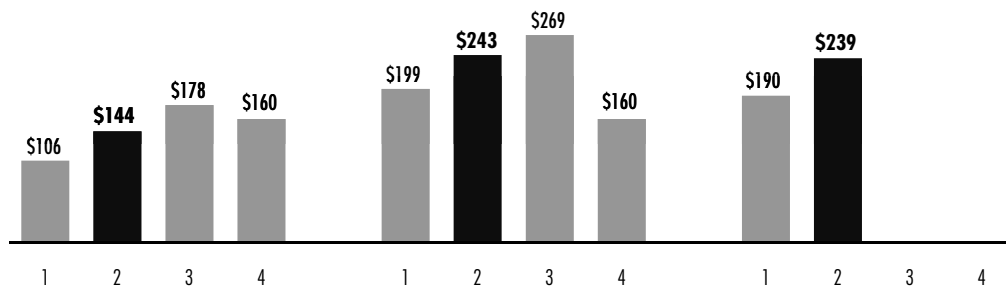
Income from Railway Operations



Income Taxes

(S in millions)

(see page 16 for details)



Consolidated Financial Information

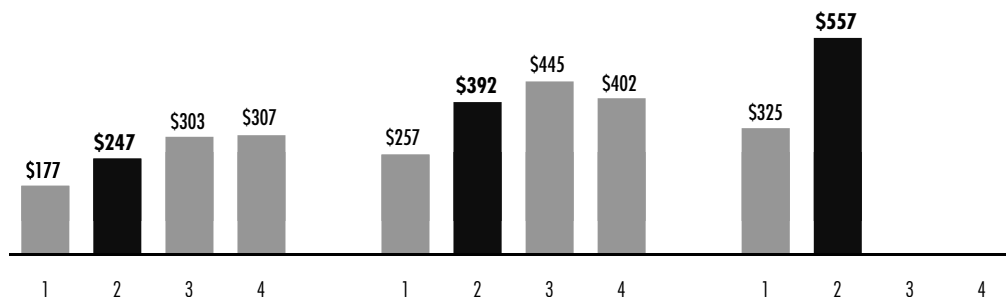
2009

2010

2011

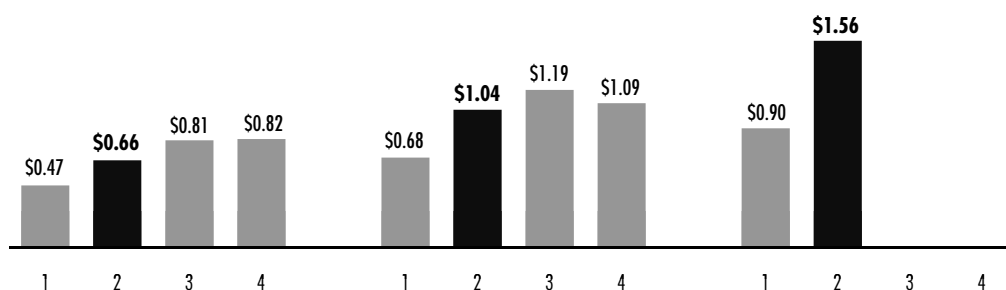
Net Income

(\$ in millions)



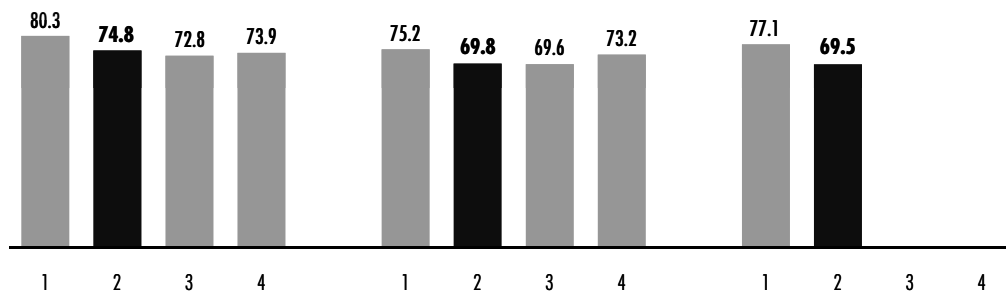
Earnings per Share — Diluted

(dollars)



Railway Operating Ratio

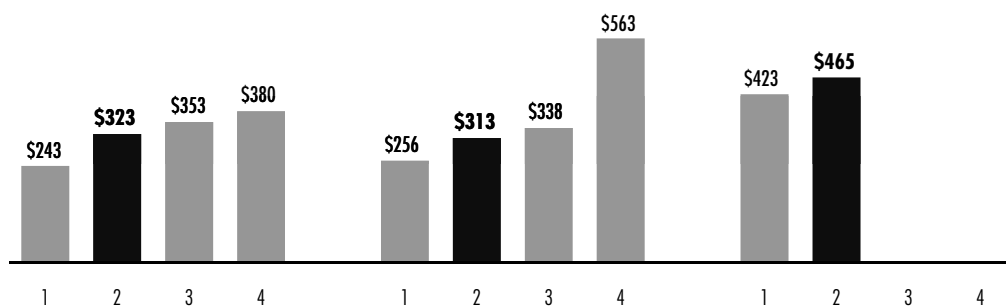
(percent)



Capital Expenditures

(see page 16 for details)

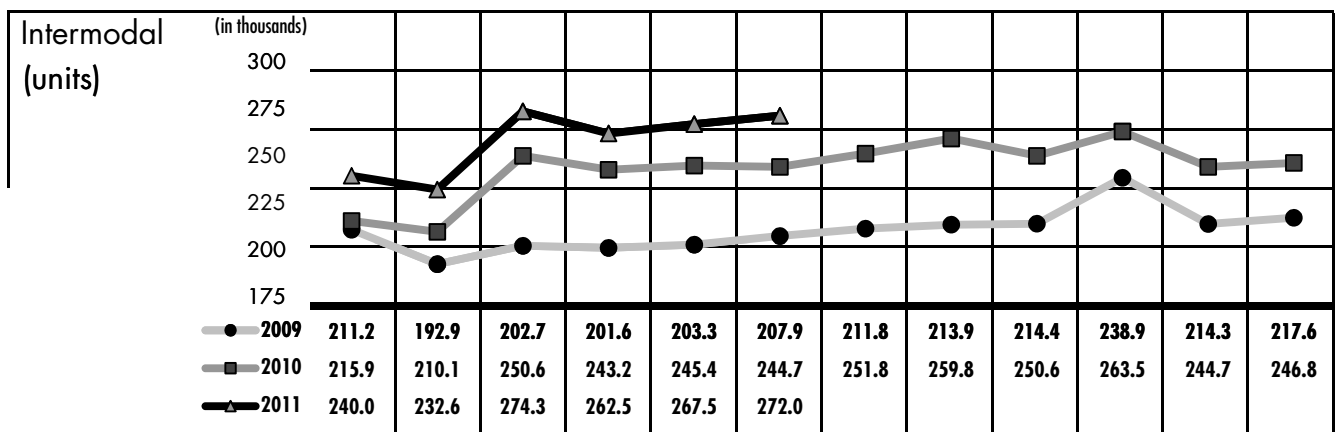
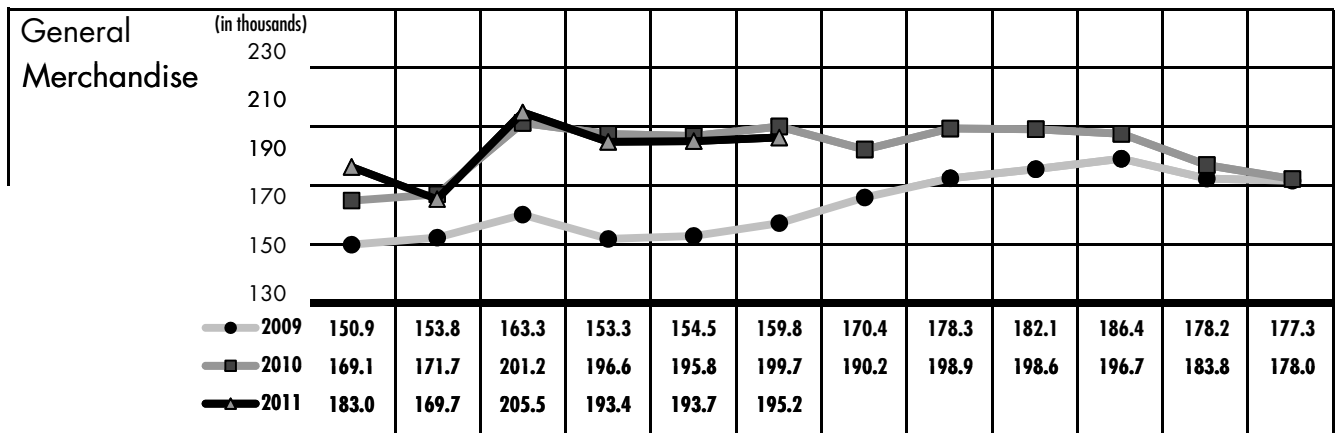
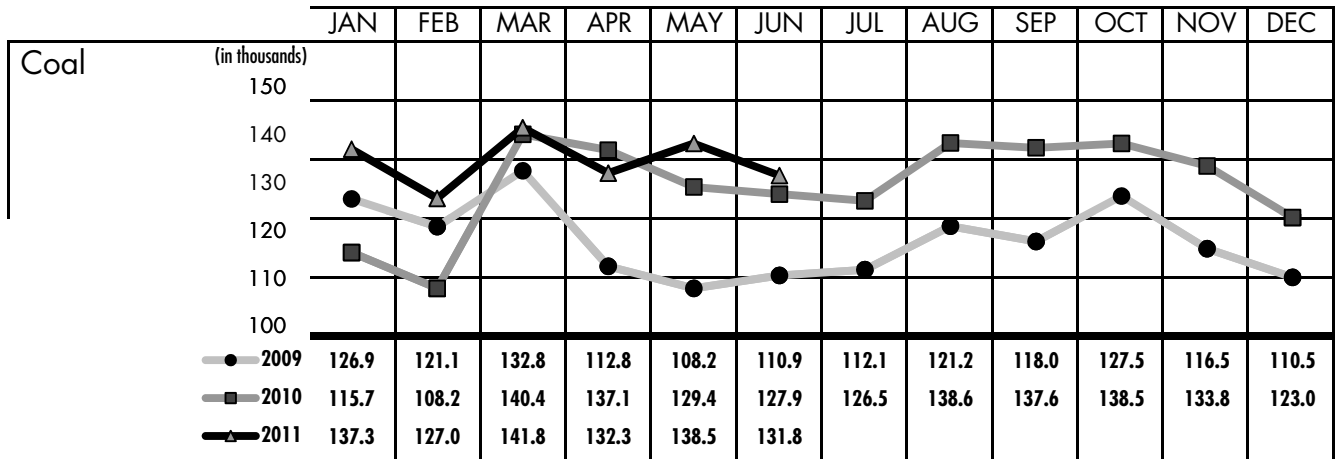
(\$ in millions)



Railway Operating Revenues Yield Analysis

Commodity and Period	Revenues (S in millions)			Carloads (in thousands)			Revenue Yield (S per carload)		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
First Quarter									
Coal	\$ 602	\$ 629	\$ 816	380.8	364.3	406.1	\$ 1,581	\$ 1,726	\$ 2,009
Agriculture/consumer/gov't	278	325	351	130.4	158.3	155.6	2,129	2,054	2,257
Chemicals	236	314	338	80.3	96.6	95.7	2,941	3,249	3,532
Metals and construction	183	232	269	120.9	138.3	148.4	1,514	1,680	1,810
Paper/clay/forest	166	169	184	74.6	78.4	79.9	2,222	2,150	2,303
Automotive	112	159	177	61.8	70.4	78.6	1,817	2,266	2,258
General merchandise	975	1,199	1,319	468.0	542.0	558.2	2,083	2,213	2,364
Intermodal	366	410	485	606.8	676.6	746.9	604	605	649
Total	\$ 1,943	\$ 2,238	\$ 2,620	1,455.6	1,582.9	1,711.2	\$ 1,335	\$ 1,414	\$ 1,531
Second Quarter									
Coal	\$ 511	\$ 696	\$ 893	331.9	394.4	402.6	\$ 1,538	\$ 1,765	\$ 2,217
Agriculture/consumer/gov't	287	322	369	135.0	152.9	150.1	2,125	2,103	2,460
Chemicals	245	334	355	80.5	106.0	95.4	3,047	3,158	3,727
Metals and construction	171	279	320	117.2	175.4	173.3	1,460	1,586	1,846
Paper/clay/forest	165	182	191	74.0	85.3	78.9	2,239	2,142	2,420
Automotive	110	166	198	60.9	72.5	84.6	1,798	2,277	2,334
General merchandise	978	1,283	1,433	467.6	592.1	582.3	2,093	2,166	2,461
Intermodal	368	451	540	612.8	733.3	802.0	600	616	674
Total	\$ 1,857	\$ 2,430	\$ 2,866	1,412.3	1,719.8	1,786.9	\$ 1,315	\$ 1,413	\$ 1,604
Third Quarter									
Coal	\$ 571	\$ 709		351.3	402.7		\$ 1,627	\$ 1,762	
Agriculture/consumer/gov't	296	331		141.6	154.5		2,097	2,146	
Chemicals	297	340		95.9	106.9		3,090	3,176	
Metals and construction	205	264		139.4	167.4		1,471	1,576	
Paper/clay/forest	169	185		79.3	84.9		2,123	2,180	
Automotive	136	163		74.6	74.0		1,825	2,202	
General merchandise	1,103	1,283		530.8	587.7		2,078	2,183	
Intermodal	389	464		640.1	762.2		608	609	
Total	\$ 2,063	\$ 2,456		1,522.2	1,752.6		\$ 1,355	\$ 1,401	
Fourth Quarter									
Coal	\$ 580	\$ 685		354.5	395.3		\$ 1,634	\$ 1,732	
Agriculture/consumer/gov't	320	348		156.3	162.0		2,047	2,150	
Chemicals	278	314		88.3	96.6		3,151	3,251	
Metals and construction	186	238		126.7	147.3		1,467	1,620	
Paper/clay/forest	166	176		78.5	79.1		2,110	2,214	
Automotive	169	160		92.1	73.5		1,836	2,186	
General merchandise	1,119	1,236		541.9	558.5		2,065	2,215	
Intermodal	407	471		670.8	755.0		607	624	
Total	\$ 2,106	\$ 2,392		1,567.2	1,708.8		\$ 1,343	\$ 1,400	
Year-to-date									
Coal	\$ 2,264	\$ 2,719	\$ 1,709	1,418.5	1,556.7	808.7	\$ 1,596	\$ 1,747	\$ 2,113
Agriculture/consumer/gov't	1,181	1,326	720	563.3	627.7	305.7	2,097	2,113	2,357
Chemicals	1,056	1,302	693	345.0	406.1	191.1	3,061	3,207	3,629
Metals and construction	745	1,013	589	504.2	628.4	321.7	1,478	1,612	1,830
Paper/clay/forest	666	712	375	306.4	327.7	158.8	2,172	2,171	2,361
Automotive	527	648	375	289.4	290.4	163.2	1,821	2,232	2,297
General merchandise	4,175	5,001	2,752	2,008.3	2,280.3	1,140.5	2,079	2,193	2,413
Intermodal	1,530	1,796	1,025	2,530.5	2,927.1	1,548.9	605	614	662
Total	\$ 7,969	\$ 9,516	\$ 5,486	5,957.3	6,764.1	3,498.1	\$ 1,338	\$ 1,407	\$ 1,568

Monthly Railway Carloadings



Railway Operating Revenues Variance Analysis

(\$ in millions)

Second Quarter
2011 vs. 2010

	Coal		General Merchandise		Intermodal		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Revenue Variance due to:								
Volume	\$ 14	2%	\$ (21)	(2%)	\$ 42	9%	\$ 95	4%
Revenue per unit	\$ 183	26%	\$ 171	14%	\$ 47	9%	\$ 341	14%
Total	<u>\$ 197</u>	28%	<u>\$ 150</u>	12%	<u>\$ 89</u>	20%	<u>\$ 436</u>	18%

Six Months
2011 vs. 2010

	Coal		General Merchandise		Intermodal		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Revenue Variance due to:								
Volume	\$ 87	7%	\$ 14	1%	\$ 85	10%	\$ 276	6%
Revenue per unit	\$ 297	21%	\$ 256	10%	\$ 79	8%	\$ 542	11%
Total	<u>\$ 384</u>	29%	<u>\$ 270</u>	11%	<u>\$ 164</u>	19%	<u>\$ 818</u>	18%

Coal, Coke and Iron Ore Tonnage by Market

(tons in thousands)

Second Quarter

	2009		2010		2011	
	Tons	Change vs. 2008	Tons	Change vs. 2009	Tons	Change vs. 2010
Utility	30,595	(15%)	29,581	(3%)	29,455	-
Export	2,362	(62%)	6,383	170%	7,938	24%
Domestic metallurgical	2,363	(50%)	5,229	121%	4,859	(7%)
Industrial	1,849	(18%)	2,030	10%	1,906	(6%)
Total	<u>37,169</u>	(25%)	<u>43,223</u>	16%	<u>44,158</u>	2%

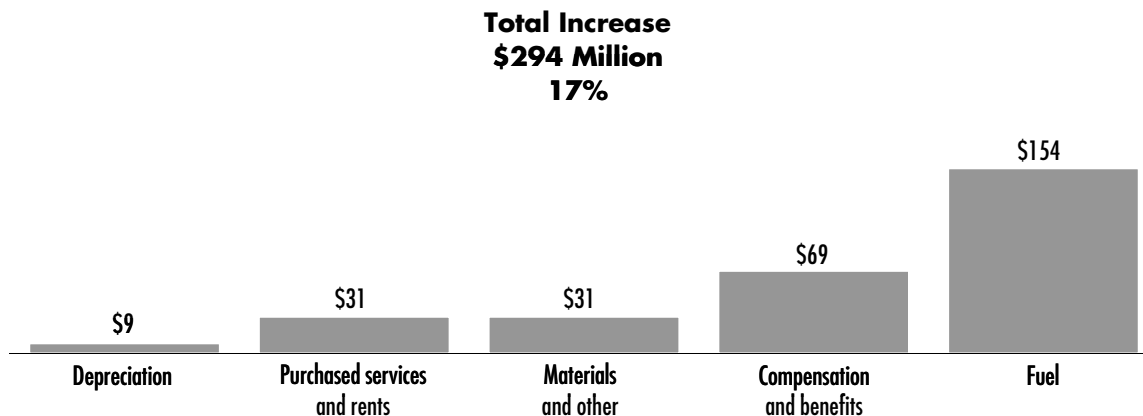
Six Months

	2009		2010		2011	
	Tons	Change vs. 2008	Tons	Change vs. 2009	Tons	Change vs. 2010
Utility	63,966	(11%)	57,544	(10%)	60,965	6%
Export	6,743	(44%)	12,386	84%	15,376	24%
Domestic metallurgical	4,973	(40%)	9,338	88%	8,633	(8%)
Industrial	3,698	(11%)	3,847	4%	3,731	(3%)
Total	<u>79,380</u>	(17%)	<u>83,115</u>	5%	<u>88,705</u>	7%

Railway Operating Expenses Variance Analysis

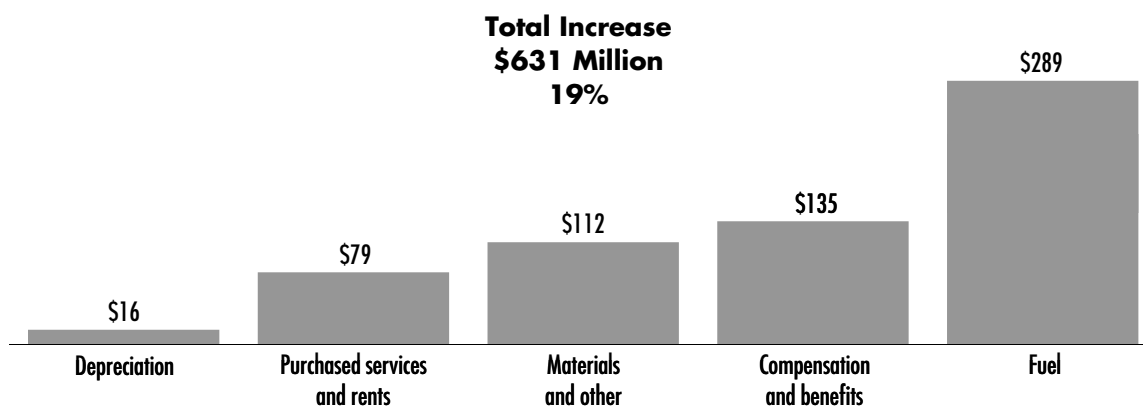
Second Quarter
2011 vs. 2010

(\$ in millions)
Amount of change

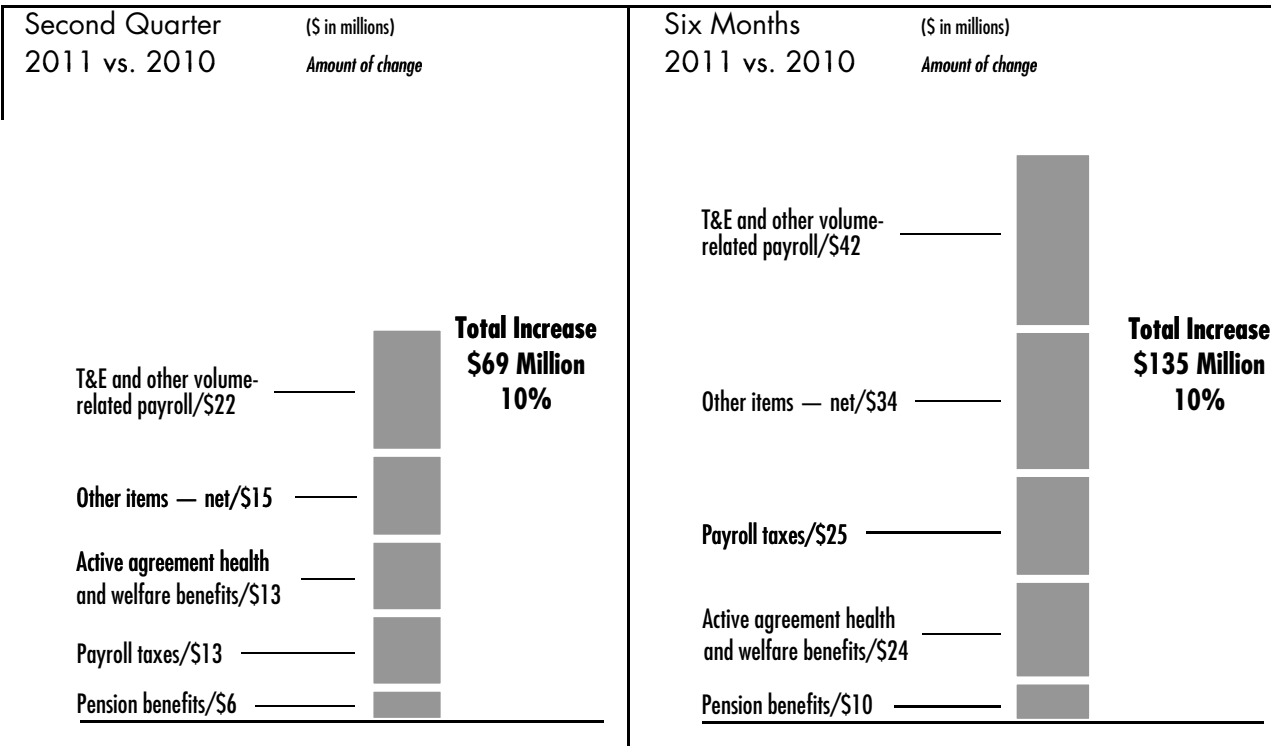


Six Months
2011 vs. 2010

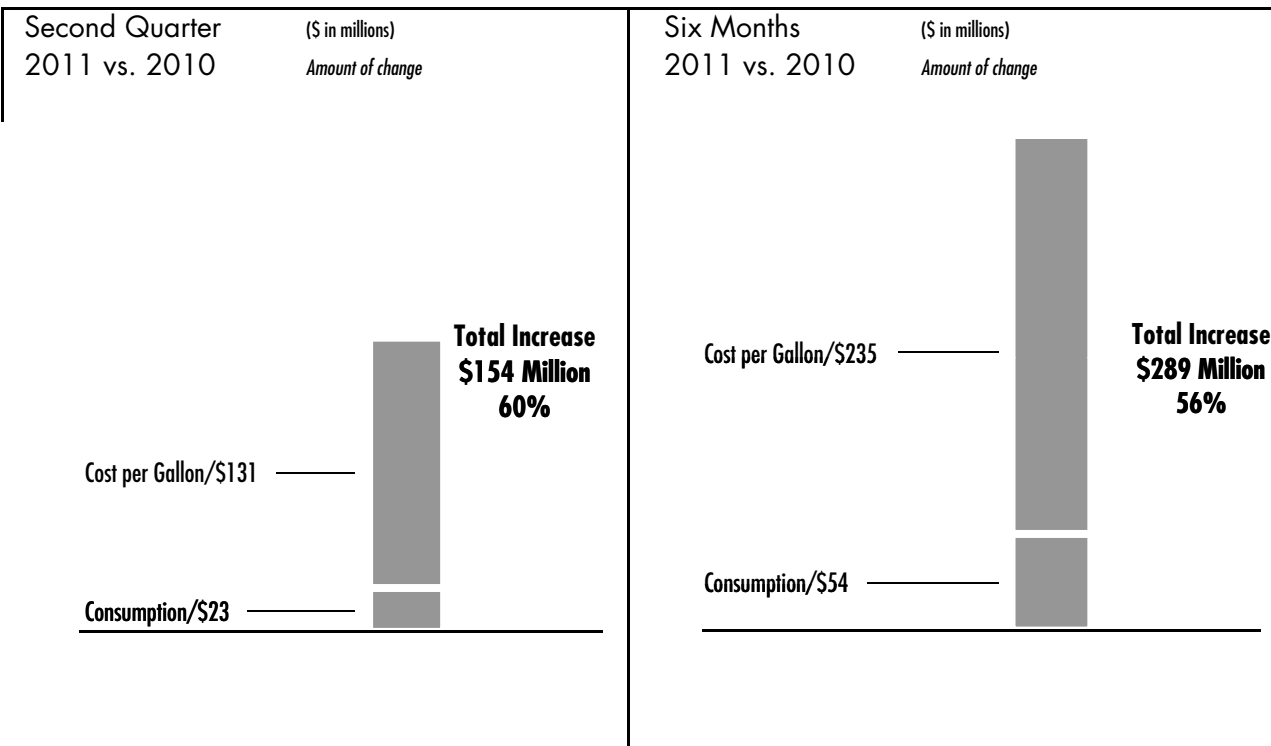
(\$ in millions)
Amount of change



Compensation and Benefits Expense Analysis



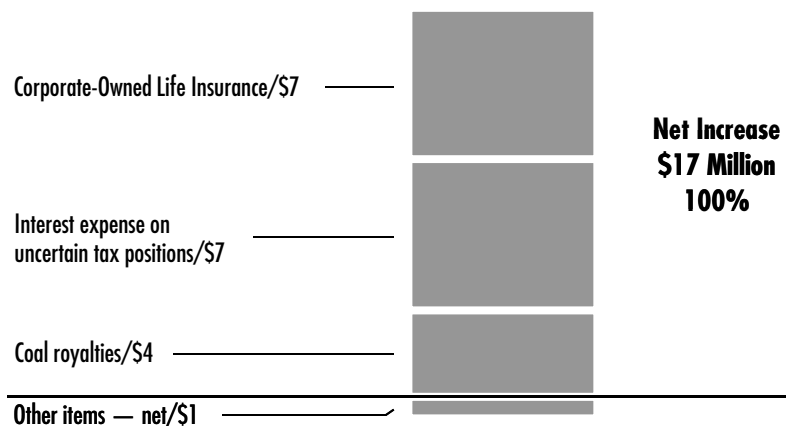
Fuel Expense Analysis



Other Income — Net Analysis

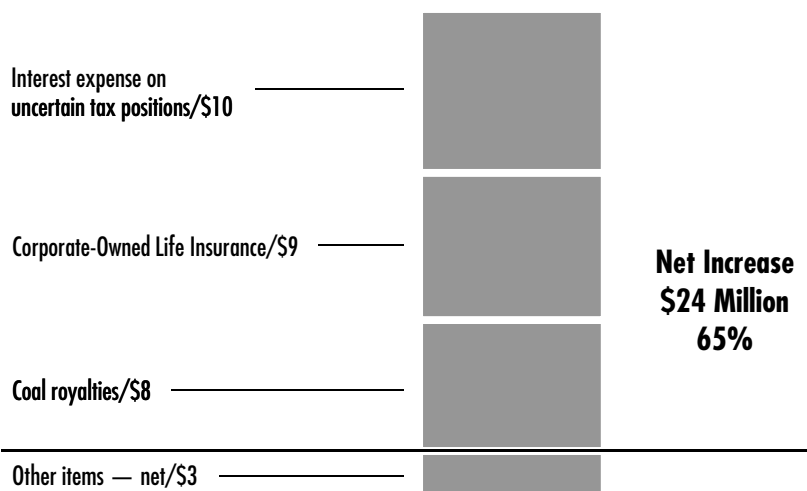
Second Quarter
2011 vs. 2010

(\$ in millions)
Amount of change



Six Months
2011 vs. 2010

(\$ in millions)
Amount of change



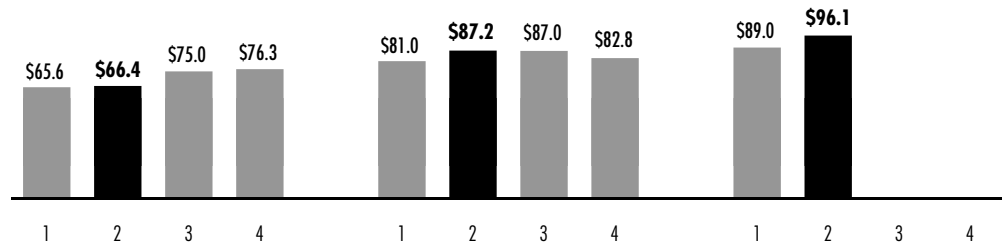
Productivity Measures

2009

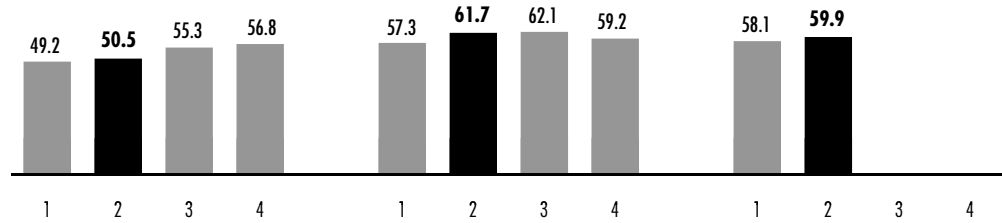
2010

2011

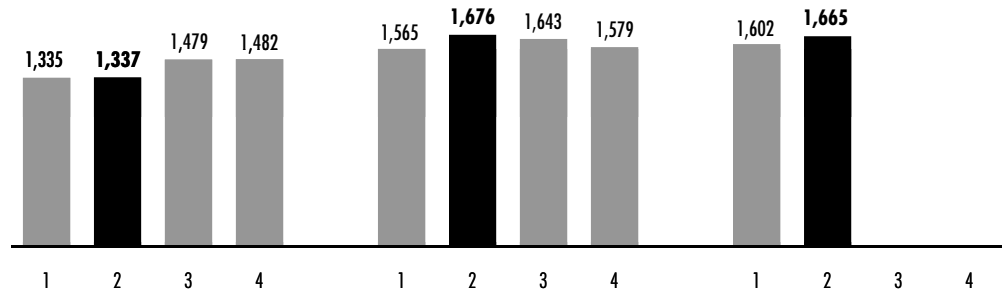
Operating Revenues
per Employee
(S in thousands)



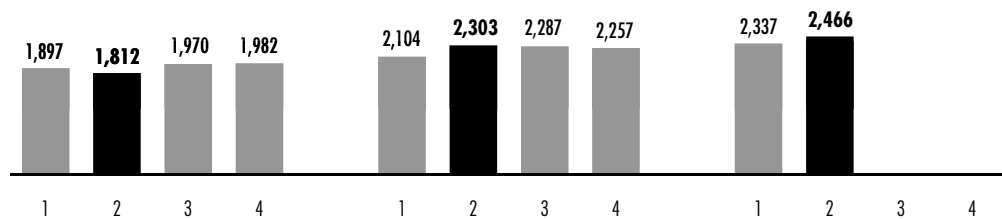
Carloads per
Employee



Revenue Ton Miles
per Employee
(in thousands)



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



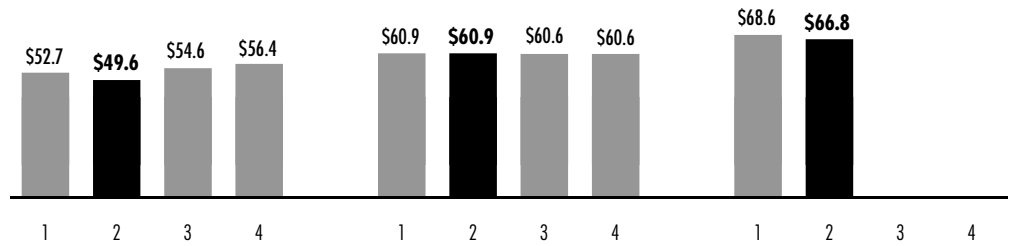
Productivity Measures

2009

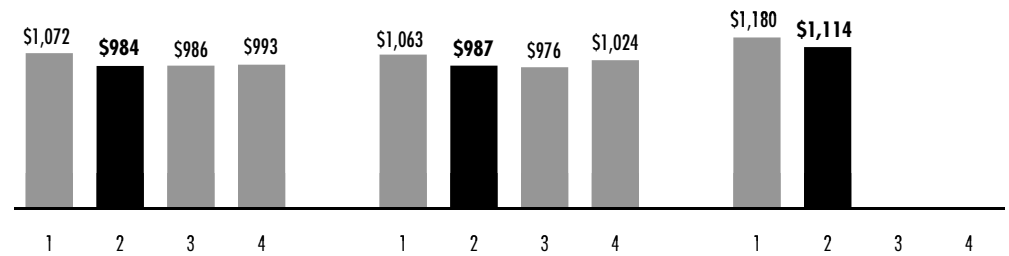
2010

2011

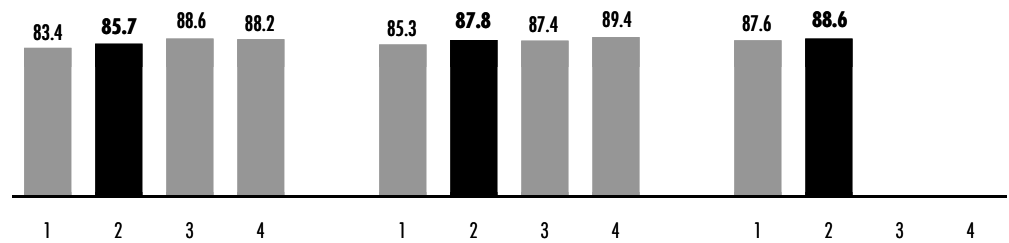
Operating Expenses (S in thousands)
per Employee



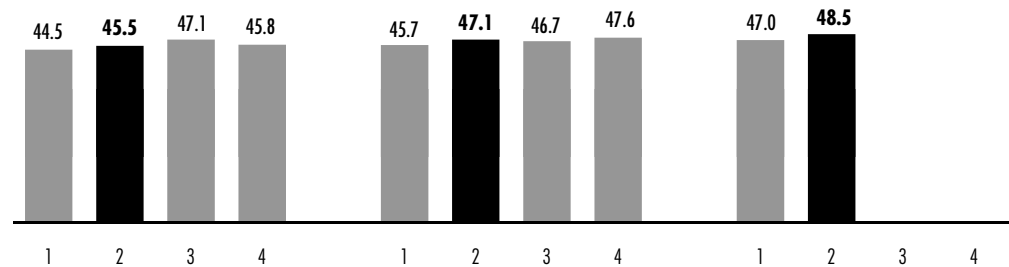
Operating Expenses (dollars)
per Carload



Gross Ton Miles (in thousands)
per Train Hour



Revenue Ton Miles (in thousands)
per Train Hour



Financial, Traffic and Operating Statistics

Consolidated Financial Data

(\$ in millions — except as noted)

- No corresponding charts for this data.

Page	Item	2009					2010					2011				
		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	\$ 602	\$ 511	\$ 571	\$ 580	\$ 2,264	\$ 629	\$ 696	\$ 709	\$ 685	\$ 2,719	\$ 816	\$ 893			\$ 1,709
8	General merchandise	975	978	1,103	1,119	4,175	1,199	1,283	1,283	1,236	5,001	1,319	1,433			2,752
8	Intermodal	366	368	389	407	1,530	410	451	464	471	1,796	485	540			1,025
6	Total railway operating revenues	\$ 1,943	\$ 1,857	\$ 2,063	\$ 2,106	\$ 7,969	\$ 2,238	\$ 2,430	\$ 2,456	\$ 2,392	\$ 9,516	\$ 2,620	\$ 2,866			\$ 5,486
6	Railway operating expenses:															
	• Compensation and benefits	\$ 639	\$ 551	\$ 598	\$ 613	\$ 2,401	\$ 699	\$ 670	\$ 680	\$ 659	\$ 2,708	\$ 765	\$ 739			\$ 1,504
	• Purchased services	269	258	277	283	1,087	255	292	294	310	1,151	296	318			614
	• Equipment rents	86	76	75	79	316	80	82	83	81	326	87	87			174
	• Fuel	159	153	192	221	725	254	258	259	308	1,079	389	412			801
	• Depreciation	207	207	210	213	837	204	204	204	207	819	211	213			424
	• Materials	89	76	72	72	309	87	82	90	87	346	94	103			197
	• Casualties and other claims (note 1)	36	21	23	22	102	34	39	32	37	142	99	43			142
	• Other (note 2)	75	47	54	54	230	70	70	68	61	269	79	76			155
6	Total railway operating expenses	\$ 1,560	\$ 1,389	\$ 1,501	\$ 1,557	\$ 6,007	\$ 1,683	\$ 1,697	\$ 1,710	\$ 1,750	\$ 6,840	\$ 2,020	\$ 1,991			\$ 4,011
6	Income from railway operations	\$ 383	\$ 468	\$ 562	\$ 549	\$ 1,962	\$ 555	\$ 733	\$ 746	\$ 642	\$ 2,676	\$ 600	\$ 875			\$ 1,475
	• Other income (expense)	\$ (100)	\$ (77)	\$ (81)	\$ (82)	\$ (340)	\$ (99)	\$ (98)	\$ (32)	\$ (80)	\$ (309)	\$ (85)	\$ (79)			\$ (164)
	• Income before income taxes	\$ 283	\$ 391	\$ 481	\$ 467	\$ 1,622	\$ 456	\$ 635	\$ 714	\$ 562	\$ 2,367	\$ 515	\$ 796			\$ 1,311
	• Income taxes — current	\$ 90	\$ 85	\$ 80	\$ (5)	\$ 250	\$ 159	\$ 237	\$ 143	\$ 20	\$ 559	\$ 78	\$ 108			\$ 186
	• Income taxes — deferred	16	59	98	165	338	40	6	126	140	312	112	131			243
6	Total income taxes (note 3)	\$ 106	\$ 144	\$ 178	\$ 160	\$ 588	\$ 199	\$ 243	\$ 269	\$ 160	\$ 871	\$ 190	\$ 239			\$ 429
7	Net income	\$ 177	\$ 247	\$ 303	\$ 307	\$ 1,034	\$ 257	\$ 392	\$ 445	\$ 402	\$ 1,496	\$ 325	\$ 557			\$ 882
7	Earnings per share — diluted (dollars) (note 4)	\$ 0.47	\$ 0.66	\$ 0.81	\$ 0.82	\$ 2.76	\$ 0.68	\$ 1.04	\$ 1.19	\$ 1.09	\$ 4.00	\$ 0.90	\$ 1.56			\$ 2.45
7	Railway operating ratio	80.3	74.8	72.8	73.9	75.4	75.2	69.8	69.6	73.2	71.9	77.1	69.5			73.1
7	Capital expenditures:															
	• Equipment	\$ 35	\$ 50	\$ 47	\$ 39	\$ 171	\$ 37	\$ 39	\$ 40	\$ 201	\$ 317	\$ 180	\$ 184			\$ 364
	• Road	208	273	306	341	1,128	219	274	298	362	1,153	243	281			524
7	Total capital expenditures	\$ 243	\$ 323	\$ 353	\$ 380	\$ 1,299	\$ 256	\$ 313	\$ 338	\$ 563	\$ 1,470	\$ 423	\$ 465			\$ 888
	• Cash, cash equivalents and short-term investments	\$ 884	\$ 722	\$ 999	\$ 1,086	\$ 1,086	\$ 1,386	\$ 1,060	\$ 1,358	\$ 1,110	\$ 1,110	\$ 488	\$ 906			\$ 906
	• Total debt, excluding notes payable to Conrail	\$ 6,935	\$ 7,082	\$ 7,065	\$ 7,153	\$ 7,153	\$ 7,027	\$ 6,689	\$ 6,935	\$ 7,025	\$ 7,025	\$ 6,617	\$ 6,986			\$ 6,986
	• Total debt-to-total capitalization (percent)	41.7	41.8	41.2	40.9	40.9	39.9	38.3	39.1	39.7	39.7	38.4	39.7			39.7
	• Weighted average shares outstanding — diluted (in millions)	371.1	371.4	372.5	373.3	372.1	374.9	375.1	371.6	365.7	371.8	360.5	357.3			358.9

Note 1 During the first quarter of 2011, NS received an unfavorable ruling for an arbitration claim with an insurance carrier that failed to respond to insurance claims submitted by NS, related to the January 6, 2005 derailment in Graniteville, SC. As a result, NS recorded a \$43 million expense for the receivables associated with the contested portion of the claim and a \$15 million expense for other receivables affected by the ruling for which recovery is no longer probable.

Note 2 Second quarter 2009 includes a \$21 million favorable adjustment related to settlement of a multi-year state tax dispute.

Note 3 During the second quarter of 2011, the IRS completed its examination of NS' 2008 tax return and review of certain claims for refund for prior years that resulted in a decrease in income tax expense of \$40 million. Also during the second quarter, three states enacted tax law changes that decreased deferred income tax expense by \$19 million. During the first quarter of 2010, the Patient Protection and Affordable Care Act, and the Health Care and Education Reconciliation Act of 2010 were signed into law. Provisions of the Acts eliminated, after 2012, the tax deduction available for reimbursed prescription drug expenses under the Medicare Part D retiree drug subsidy program. Accordingly, NS recorded a \$27 million charge to deferred tax expense in the first quarter of 2010.

Note 4 For diluted earnings per share, income available to common stockholders reflects reductions of \$2 million for the first quarter of 2011, less than \$1 million for the second quarter of 2011, and \$2 million for each quarter of 2010 and 2009 for the effect of dividend equivalent payments made to holders of stock options.

Financial, Traffic and Operating Statistics

Traffic and Operating Statistics						2009					2010					2011				
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				
8	Railway carloads (in thousands):																			
8	Coal	380.8	331.9	351.3	354.5	1,418.5	364.3	394.4	402.7	395.3	1,556.7	406.1	402.6			808.7				
8	General merchandise	468.0	467.6	530.8	541.9	2,008.3	542.0	592.1	587.7	558.5	2,280.3	558.2	582.3			1,140.5				
8	Intermodal	606.8	612.8	640.1	670.8	2,530.5	676.6	733.3	762.2	755.0	2,927.1	746.9	802.0			1,548.9				
8	Total railway carloads	1,455.6	1,412.3	1,522.2	1,567.2	5,957.3	1,582.9	1,719.8	1,752.6	1,708.8	6,764.1	1,711.2	1,786.9			3,498.1				
	• Revenue ton miles (RTMs) (in billions):																			
	• Coal	13.4	11.4	12.0	12.1	48.9	12.4	13.4	13.5	13.0	52.3	14.2	14.7			28.9				
	• General merchandise	20.2	19.7	22.0	21.8	83.7	23.4	25.1	24.8	24.4	97.7	24.9	26.1			51.0				
	• Intermodal	5.9	6.4	6.6	7.0	25.9	7.5	8.2	8.1	8.2	32.0	8.1	8.8			16.9				
	• Total	39.5	37.5	40.6	40.9	158.5	43.3	46.7	46.4	45.6	182.0	47.2	49.6			96.8				
	• Revenue (dollars) per thousand RTMs:																			
	• Coal	\$ 44.79	\$ 44.97	\$ 47.75	\$ 47.88	\$ 46.32	\$ 50.83	\$ 51.68	\$ 52.66	\$ 52.72	\$ 51.99	\$ 57.46	\$ 60.48			\$ 59.00				
	• General merchandise	\$ 48.35	\$ 49.63	\$ 49.95	\$ 51.50	\$ 49.89	\$ 51.24	\$ 51.22	\$ 51.69	\$ 50.58	\$ 51.18	\$ 53.07	\$ 54.81			\$ 53.97				
	• Intermodal	\$ 61.83	\$ 57.90	\$ 58.55	\$ 57.80	\$ 58.93	\$ 54.73	\$ 55.05	\$ 57.28	\$ 57.68	\$ 56.21	\$ 59.83	\$ 61.63			\$ 60.77				
	• Total	\$ 49.16	\$ 49.62	\$ 50.71	\$ 51.51	\$ 50.27	\$ 51.73	\$ 52.02	\$ 52.95	\$ 52.46	\$ 52.30	\$ 55.56	\$ 57.70			\$ 56.66				
	• Gross ton miles (GTMs) (in billions)	74.1	70.5	76.5	78.8	299.9	80.7	87.1	86.9	85.6	340.3	87.8	90.7			178.5				
	• Revenue ton miles (RTMs) (in billions)	39.5	37.5	40.6	40.9	158.5	43.3	46.7	46.4	45.6	182.0	47.2	49.6			96.8				
	• Railroad employees (average)	29,597	27,987	27,514	27,595	28,173	27,646	27,875	28,238	28,882	28,160	29,446	29,825			29,636				
	• Total operating expenses (dollars) per thousand GTMs	\$ 21.06	\$ 19.71	\$ 19.60	\$ 19.78	\$ 20.03	\$ 20.85	\$ 19.48	\$ 19.68	\$ 20.44	\$ 20.10	\$ 23.00	\$ 21.95			\$ 22.47				
	• Compensation and benefits (dollars) per thousand GTMs	\$ 8.62	\$ 7.82	\$ 7.81	\$ 7.79	\$ 8.01	\$ 8.66	\$ 7.69	\$ 7.83	\$ 7.70	\$ 7.96	\$ 8.71	\$ 8.15			\$ 8.42				
	• Total operating expenses (dollars) per thousand RTMs	\$ 39.47	\$ 37.11	\$ 36.89	\$ 38.08	\$ 37.89	\$ 38.90	\$ 36.33	\$ 36.86	\$ 38.38	\$ 37.59	\$ 42.83	\$ 40.08			\$ 41.42				
	• Compensation and benefits (dollars) per thousand RTMs	\$ 16.17	\$ 14.72	\$ 14.70	\$ 14.99	\$ 15.15	\$ 16.16	\$ 14.34	\$ 14.66	\$ 14.45	\$ 14.88	\$ 16.22	\$ 14.88			\$ 15.53				
14	Total operating revenues (\$ in thousands) per employee	\$ 65.6	\$ 66.4	\$ 75.0	\$ 76.3	\$ 282.9	\$ 81.0	\$ 87.2	\$ 87.0	\$ 82.8	\$ 337.9	\$ 89.0	\$ 96.1			\$ 185.1				
15	Total operating expenses (\$ in thousands) per employee	\$ 52.7	\$ 49.6	\$ 54.6	\$ 56.4	\$ 213.2	\$ 60.9	\$ 60.9	\$ 60.6	\$ 60.6	\$ 242.9	\$ 68.6	\$ 66.8			\$ 135.3				
	• GTMs (thousands) per employee	2,503	2,518	2,783	2,853	10,643	2,920	3,125	3,076	2,964	12,085	2,983	3,041			6,024				
14	RTMs (thousands) per employee	1,335	1,337	1,479	1,482	5,627	1,565	1,676	1,643	1,579	6,462	1,602	1,665			3,267				
14	Carloads per employee	49.2	50.5	55.3	56.8	211.5	57.3	61.7	62.1	59.2	240.2	58.1	59.9			118.0				
14	RTMs (thousands) per mile of road operated	1,897	1,812	1,970	1,982	7,661	2,104	2,303	2,287	2,257	8,949	2,337	2,466			4,803				
15	Total operating expenses (dollars) per carload	\$ 1,072	\$ 984	\$ 986	\$ 993	\$ 1,008	\$ 1,063	\$ 987	\$ 976	\$ 1,024	\$ 1,011	\$ 1,180	\$ 1,114			\$ 1,147				
	• Compensation and benefits (dollars) per carload	\$ 439	\$ 390	\$ 393	\$ 391	\$ 403	\$ 442	\$ 390	\$ 388	\$ 386	\$ 400	\$ 447	\$ 414			\$ 430				
	• RTMs (in thousands) per carload	27.2	26.5	26.7	26.1	26.6	27.3	27.2	26.5	26.7	26.9	27.6	27.8			27.7				
	• Locomotive diesel fuel consumed (in thousands of gallons)	105,372	90,471	95,025	101,673	392,541	110,430	106,527	108,308	114,894	440,159	122,226	116,873			239,099				
	• Average price (dollars) per gallon of locomotive diesel fuel	\$ 1.387	\$ 1.545	\$ 1.848	\$ 1.984	\$ 1.690	\$ 2.130	\$ 2.242	\$ 2.185	\$ 2.456	\$ 2.256	\$ 2.883	\$ 3.258			\$ 3.066				
	• RTMs per gallon of fuel consumed	375	414	428	402	404	392	439	428	397	413	386	425			405				
15	GTMs (in thousands) per train hour	83.4	85.7	88.6	88.2	86.5	85.3	87.8	87.4	89.4	87.5	87.6	88.6			88.1				
15	RTMs (in thousands) per train hour	44.5	45.5	47.1	45.8	45.7	45.7	47.1	46.7	47.6	46.8	47.0	48.5			47.8				
	• Percent of loaded-to-total car miles	56.5	57.3	57.9	58.6	57.6	58.2	58.3	58.4	58.7	58.4	58.4	58.3			58.4				
	• Total new crossties installed (in thousands)	695	813	731	471	2,710	557	703	625	676	2,561	653	675			1,328				
	• Total track miles of rail laid (miles)	83	116	131	104	434	101	104	118	99	422	94	122			216				

Second Quarter 2011

Quarterly Financial Review

