

Quarterly Financial Review




Fourth Quarter 2008



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

Norfolk Southern Railway System



-  NS Lines & Rights
-  NS Trackage/Haulage Rights
-  Conrail Shared Assets Areas

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The accompanying unaudited interim financial statements should be read in conjunction with: (a) the 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.

Consolidated Statements of Income

Three Months Ended Dec. 31,

(\$ millions except per share)

	2008	2007
Railway operating revenues:		
Coal	\$ 798	\$ 601
General merchandise (note 2)	1,224	1,357
Intermodal	480	496
Total railway operating revenues	2,502	2,454
Railway operating expenses:		
Compensation and benefits	609	623
Purchased services and rents	405	396
Fuel	269	353
Depreciation	206	197
Materials and other	200	199
Total railway operating expenses	1,689	1,768
Income from railway operations	813	686
Other income — net	18	34
Interest expense on debt	112	108
Income before income taxes	719	612
Provision for income taxes:		
Current	158	107
Deferred	109	106
Total income taxes	267	213
Net income	\$ 452	\$ 399
Earnings per share:		
Basic	\$ 1.23	\$ 1.04
Diluted	\$ 1.21	\$ 1.02
Weighted average shares outstanding (millions) (note 4):		
Basic	365.8	381.6
Diluted	372.4	389.9

Notes to Consolidated Financial Statements

1. Coal Revenues

Third quarter 2008 includes \$22 million related to a coal customer's 2008 contracted volume shortfall and a nonrecurring effect related to the implementation of NS' new export coal billing system.

2. Contract Settlement

Fourth quarter 2007 automotive revenue includes \$26 million related to a contract settlement.

3. Labor Agreement

2008 includes \$31 million for lump-sum payments (including payroll taxes) due under a new labor agreement with the Brotherhood of Locomotive Engineers and Trainmen (BLET).

4. Stock Repurchase Program

In March 2007, NS' Board of Directors amended the stock repurchase program that was authorized in November 2005 so as to increase the number of shares of NS common stock that may be repurchased from 50 million to 75 million. In addition, the term of the program was shortened from December 31, 2015 to December 31, 2010. During 2008, NS purchased and retired 19.4 million shares of common stock at a cost of \$1.1 billion. Since inception of the stock repurchase program in 2006, NS has repurchased and retired 64.7 million shares at a total cost of \$3.3 billion.

Consolidated Statements of Income

Years Ended Dec. 31,
(S millions except per share)

	2008	2007
Railway operating revenues:		
Coal (note 1)	\$ 3,111	\$ 2,315
General merchandise (note 2)	5,492	5,196
Intermodal	2,058	1,921
Total railway operating revenues	10,661	9,432
Railway operating expenses:		
Compensation and benefits (note 3)	2,684	2,552
Purchased services and rents	1,599	1,551
Fuel	1,638	1,169
Depreciation	804	775
Materials and other	852	800
Total railway operating expenses	7,577	6,847
Income from railway operations	3,084	2,585
Other income — net	110	93
Interest expense on debt	444	441
Income before income taxes	2,750	2,237
Provision for income taxes:		
Current	744	648
Deferred	290	125
Total income taxes	1,034	773
Net income	\$ 1,716	\$ 1,464
Earnings per share:		
Basic	\$ 4.60	\$ 3.74
Diluted	\$ 4.52	\$ 3.68
Weighted average shares outstanding (millions) (note 4):		
Basic	372.3	389.6
Diluted	380.0	397.8

Consolidated Balance Sheets

As of December 31,
(\$ millions)

	2008	2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 618	\$ 206
Accounts receivable — net	870	942
Materials and supplies	194	176
Deferred income taxes	149	190
Other current assets	168	161
Total current assets	<u>1,999</u>	<u>1,675</u>
Investments	1,779	1,974
Properties less accumulated depreciation	22,247	21,583
Other assets	272	912
Total assets	<u>\$ 26,297</u>	<u>\$ 26,144</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,140	\$ 1,139
Income and other taxes	261	203
Other current liabilities	220	237
Current maturities of long-term debt	484	369
Total current liabilities	<u>2,105</u>	<u>1,948</u>
Long-term debt	6,183	5,999
Other liabilities	2,046	2,039
Deferred income taxes	6,366	6,431
Total liabilities	<u>16,700</u>	<u>16,417</u>
Stockholders' equity:		
Common stock \$1.00 per share par value, 1,350,000,000 shares authorized; outstanding 366,233,106 and 379,297,891 shares, respectively, net of treasury shares	368	380
Additional paid-in capital	1,680	1,466
Accumulated other comprehensive loss	(952)	(399)
Retained income	8,501	8,280
Total stockholders' equity	<u>9,597</u>	<u>9,727</u>
Total liabilities and stockholders' equity	<u>\$ 26,297</u>	<u>\$ 26,144</u>

Consolidated Statements of Cash Flows

Years Ended December 31,
(S millions)

	2008	2007
Cash flows from operating activities:		
Net income	\$ 1,716	\$ 1,464
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	815	786
Deferred income taxes	290	125
Gains and losses on properties and investments	(29)	(51)
Changes in assets and liabilities affecting operations:		
Accounts receivable	269	30
Materials and supplies	(18)	(25)
Other current assets	(8)	(17)
Current liabilities other than debt	(262)	38
Other — net	(58)	(17)
Net cash provided by operating activities	<u>2,715</u>	<u>2,333</u>
Cash flows from investing activities:		
Property additions	(1,558)	(1,341)
Property sales and other transactions	109	124
Investments, including short-term	(86)	(635)
Investment sales and other transactions	307	827
Net cash used in investing activities	<u>(1,228)</u>	<u>(1,025)</u>
Cash flows from financing activities:		
Dividends	(456)	(377)
Common stock issued — net	229	183
Purchase and retirement of common stock (note 4)	(1,128)	(1,196)
Proceeds from borrowings	1,425	250
Debt repayments	(1,145)	(489)
Net cash used in financing activities	<u>(1,075)</u>	<u>(1,629)</u>
Net increase (decrease) in cash and cash equivalents	412	(321)
Cash and cash equivalents:		
At beginning of year	<u>206</u>	<u>527</u>
At end of year	<u>\$ 618</u>	<u>\$ 206</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for:		
Interest (net of amounts capitalized)	\$ 421	\$ 441
Income taxes (net of refunds)	\$ 615	\$ 603

Consolidated Financial Information

2006

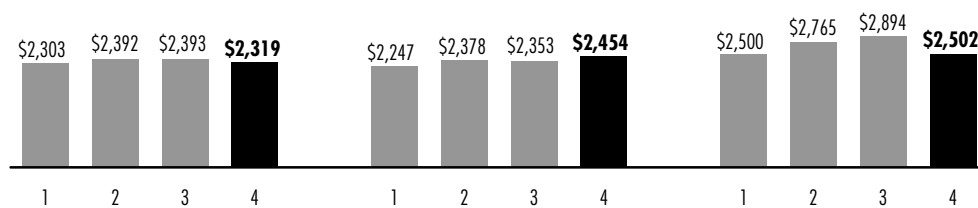
2007

2008

Railway Operating Revenues

(\$ millions)

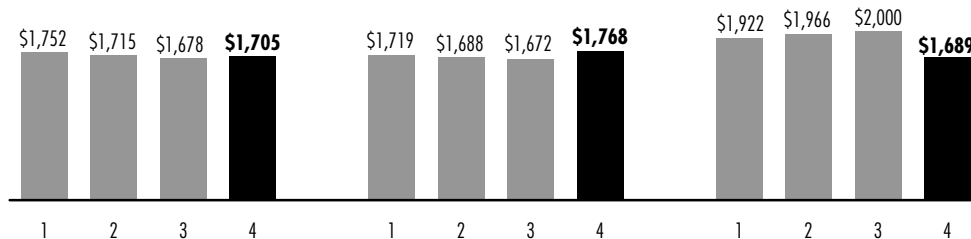
(see page 16 for details)



Railway Operating Expenses

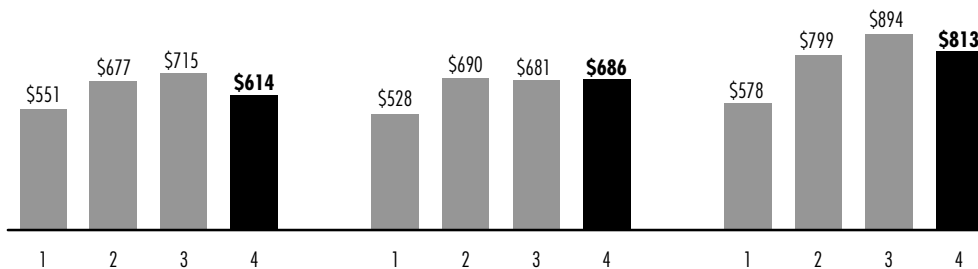
(\$ millions)

(see page 16 for details)



Income from Railway Operations

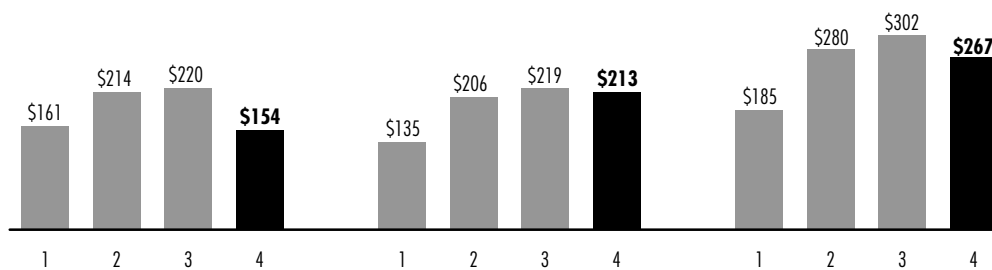
(\$ millions)



Income Taxes

(\$ millions)

(see page 16 for details)



Consolidated Financial Information

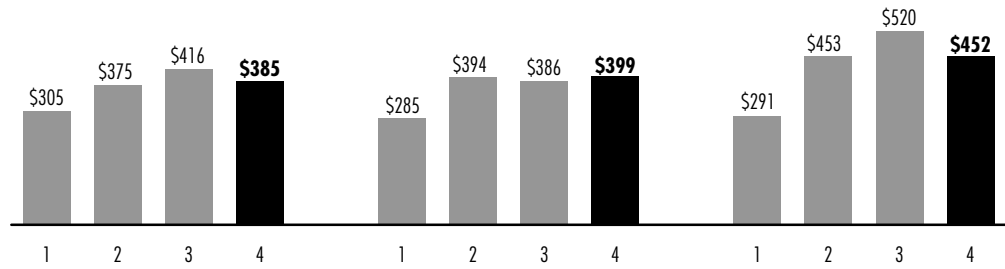
2006

2007

2008

Net Income

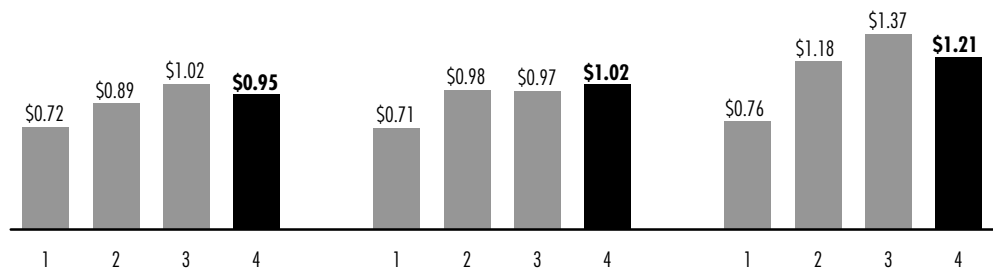
(\$ millions)



Earnings per Share

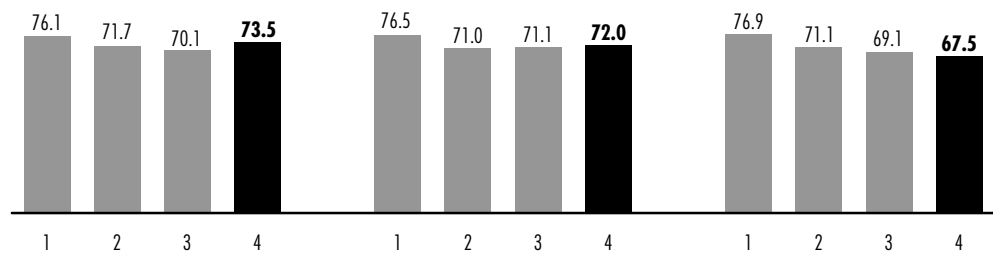
(dollars)

— Diluted



Railway Operating Ratio

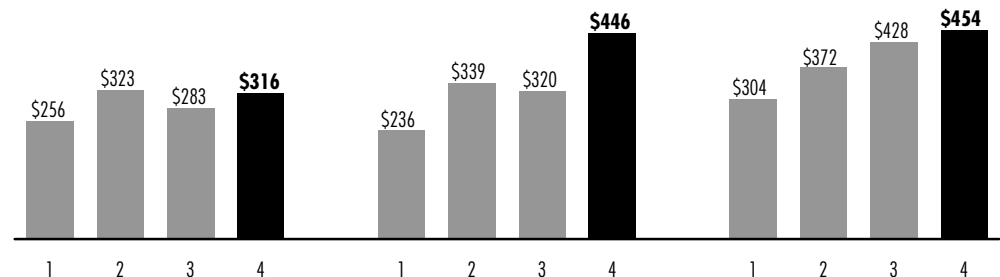
(percent)



Capital Expenditures

(\$ millions)

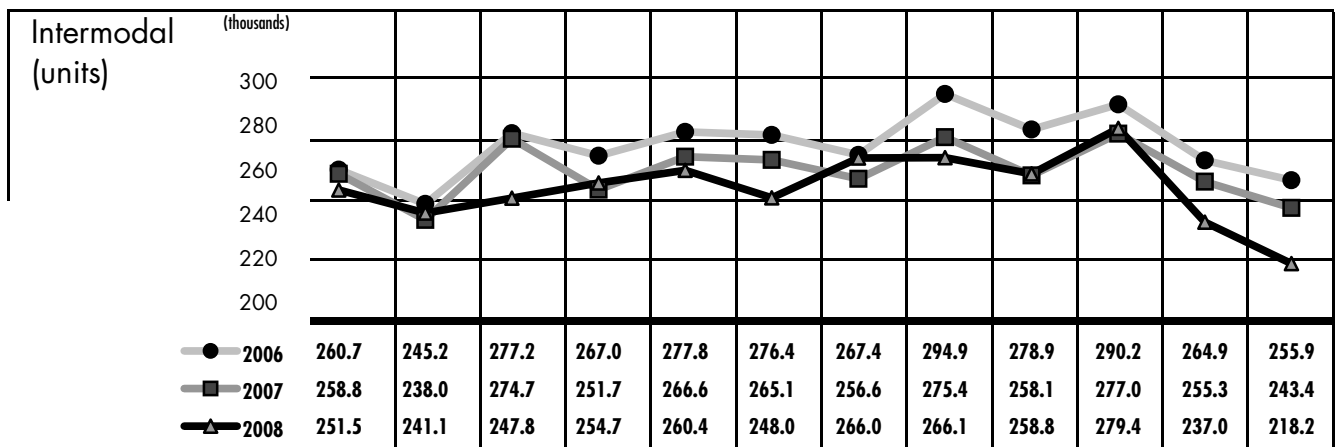
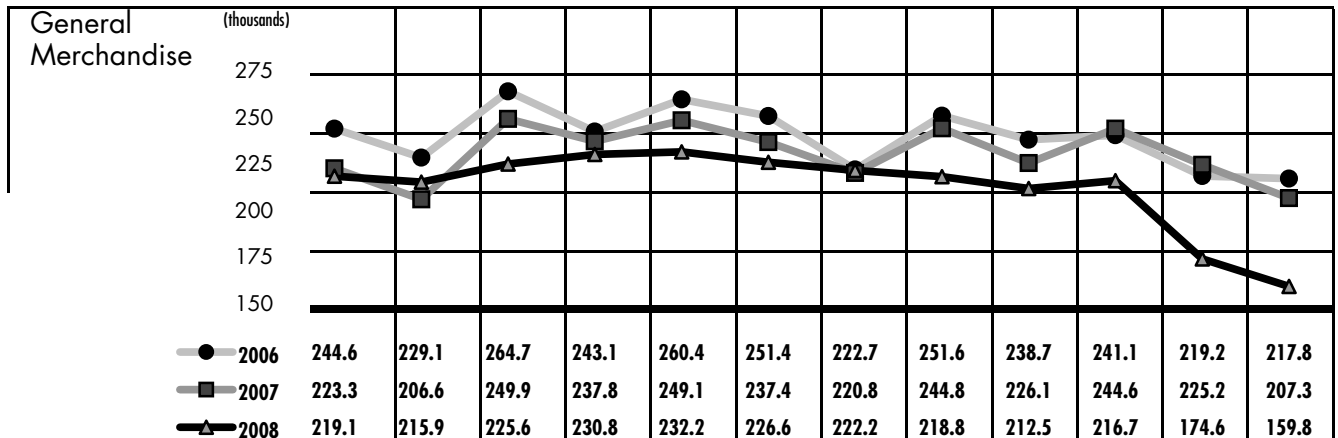
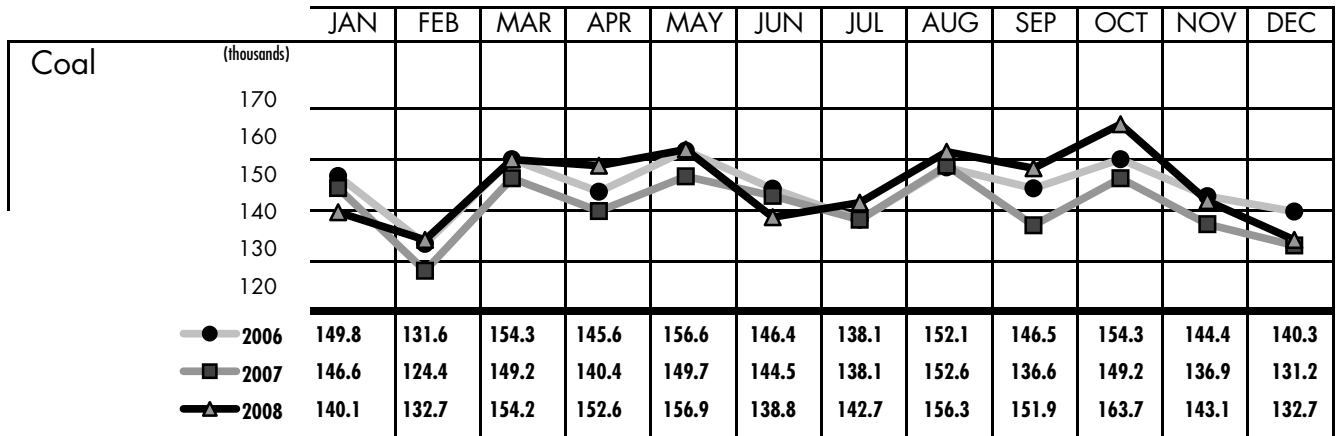
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Railway Operating Revenues Yield Analysis

Commodity and Period	Revenues			Carloads			Revenue Yield		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
First Quarter									
	(\$ millions)			(thousands)			(\$ per carload)		
Coal	\$ 559	\$ 557	\$ 662	435.7	420.2	427.0	\$ 1,282	\$ 1,326	\$ 1,551
Agriculture/consumer/gov't	264	241	299	149.9	146.7	152.1	1,760	1,644	1,968
Metals and construction	279	275	305	208.6	185.6	186.5	1,341	1,480	1,636
Paper/clay/forest	214	211	215	118.4	109.3	100.2	1,806	1,936	2,139
Chemicals	259	274	305	107.3	105.7	102.2	2,415	2,587	2,986
Automotive	262	227	228	154.2	132.5	119.6	1,697	1,717	1,908
General merchandise	1,278	1,228	1,352	738.4	679.8	660.6	1,731	1,807	2,047
Intermodal	466	462	486	783.1	771.5	740.4	595	598	656
Total	\$ 2,303	\$ 2,247	\$ 2,500	1,957.2	1,871.5	1,828.0	\$ 1,176	\$ 1,201	\$ 1,367
Second Quarter									
Coal	\$ 584	\$ 579	\$ 775	448.6	434.6	448.3	\$ 1,304	\$ 1,332	\$ 1,729
Agriculture/consumer/gov't	239	254	326	146.1	148.9	156.6	1,638	1,701	2,077
Metals and construction	304	298	352	222.6	209.8	210.4	1,362	1,423	1,675
Paper/clay/forest	224	216	231	118.8	109.0	102.4	1,889	1,981	2,261
Chemicals	268	297	322	107.6	109.7	103.9	2,495	2,712	3,095
Automotive	276	255	227	159.8	146.9	116.3	1,726	1,733	1,954
General merchandise	1,311	1,320	1,458	754.9	724.3	689.6	1,737	1,822	2,115
Intermodal	497	479	532	821.2	783.4	763.1	605	611	698
Total	\$ 2,392	\$ 2,378	\$ 2,765	2,024.7	1,942.3	1,901.0	\$ 1,182	\$ 1,224	\$ 1,455
Third Quarter									
Coal	\$ 595	\$ 578	\$ 876	436.7	427.3	450.9	\$ 1,362	\$ 1,353	\$ 1,941
Agriculture/consumer/gov't	239	264	338	147.9	151.4	158.6	1,617	1,747	2,136
Metals and construction	316	287	357	219.1	200.3	203.7	1,441	1,433	1,752
Paper/clay/forest	231	222	241	117.6	108.5	101.5	1,964	2,045	2,376
Chemicals	286	297	337	109.1	108.0	103.0	2,612	2,748	3,275
Automotive	211	221	185	119.3	123.5	86.7	1,774	1,784	2,125
General merchandise	1,283	1,291	1,458	713.0	691.7	653.5	1,799	1,866	2,232
Intermodal	515	484	560	841.2	790.1	790.9	614	612	708
Total	\$ 2,393	\$ 2,353	\$ 2,894	1,990.9	1,909.1	1,895.3	\$ 1,202	\$ 1,232	\$ 1,527
Fourth Quarter									
Coal	\$ 592	\$ 601	\$ 798	439.0	417.3	439.5	\$ 1,349	\$ 1,441	\$ 1,817
Agriculture/consumer/gov't	252	288	319	150.2	154.5	145.1	1,677	1,861	2,193
Metals and construction	269	289	237	185.0	187.9	141.8	1,455	1,540	1,672
Paper/clay/forest	222	211	211	111.9	101.3	90.0	1,982	2,084	2,349
Chemicals	266	298	274	102.4	103.3	84.6	2,599	2,886	3,234
Automotive	225	271	183	128.6	130.1	89.6	1,752	2,084	2,049
General merchandise	1,234	1,357	1,224	678.1	677.1	551.1	1,820	2,005	2,221
Intermodal	493	496	480	811.0	775.7	734.6	607	640	653
Total	\$ 2,319	\$ 2,454	\$ 2,502	1,928.1	1,870.1	1,725.2	\$ 1,203	\$ 1,313	\$ 1,450
Year									
Coal	\$ 2,330	\$ 2,315	\$ 3,111	1,760.0	1,699.4	1,765.7	\$ 1,324	\$ 1,363	\$ 1,762
Agriculture/consumer/gov't	994	1,047	1,282	594.1	601.5	612.4	1,673	1,740	2,093
Metals and construction	1,168	1,149	1,251	835.3	783.6	742.4	1,398	1,467	1,686
Paper/clay/forest	891	860	898	466.7	428.1	394.1	1,909	2,010	2,280
Chemicals	1,079	1,166	1,238	426.4	426.7	393.7	2,530	2,732	3,144
Automotive	974	974	823	561.9	533.0	412.2	1,734	1,827	1,997
General merchandise	5,106	5,196	5,492	2,884.4	2,772.9	2,554.8	1,770	1,874	2,150
Intermodal	1,971	1,921	2,058	3,256.5	3,120.7	3,029.0	605	615	679
Total	\$ 9,407	\$ 9,432	\$ 10,661	7,900.9	7,593.0	7,349.5	\$ 1,191	\$ 1,242	\$ 1,451

Monthly Railway Carloadings



Railway Operating Revenues Variance Analysis

Fourth Quarter
2008 vs. 2007

(\$ millions)

	Coal		General Merchandise		Intermodal		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Revenues Variance due to:								
Volume	\$ 32	5%	\$ (253)	(19%)	\$ (26)	(5%)	\$ (190)	(8%)
Revenue per unit/mix	\$ 165	26%	\$ 120	11%	\$ 10	2%	\$ 238	10%
	<u>\$ 197</u>	33%	<u>\$ (133)</u>	(10%)	<u>\$ (16)</u>	(3%)	<u>\$ 48</u>	2%

Year
2008 vs. 2007

Revenue Variance due to:								
Volume	\$ 90	4%	\$ (409)	(8%)	\$ (56)	(3%)	\$ (302)	(3%)
Revenue per unit/mix	\$ 706	29%	\$ 705	15%	\$ 193	10%	\$ 1,531	17%
	<u>\$ 796</u>	34%	<u>\$ 296</u>	6%	<u>\$ 137</u>	7%	<u>\$ 1,229</u>	13%

Coal, Coke and Iron Ore Tonnage by Market

Fourth Quarter
(tons in thousands)

	2006		2007		2008	
	Tons	Change vs. 2005	Tons	Change vs. 2006	Tons	Change vs. 2007
Utility	37,075	6%	34,976	(6%)	36,862	5%
Export	3,389	13%	4,192	24%	4,833	15%
Domestic metallurgical	4,915	(3%)	4,315	(12%)	4,652	8%
Industrial	2,395	4%	2,382	(1%)	2,123	(11%)
	<u>47,774</u>	5%	<u>45,865</u>	(4%)	<u>48,470</u>	6%

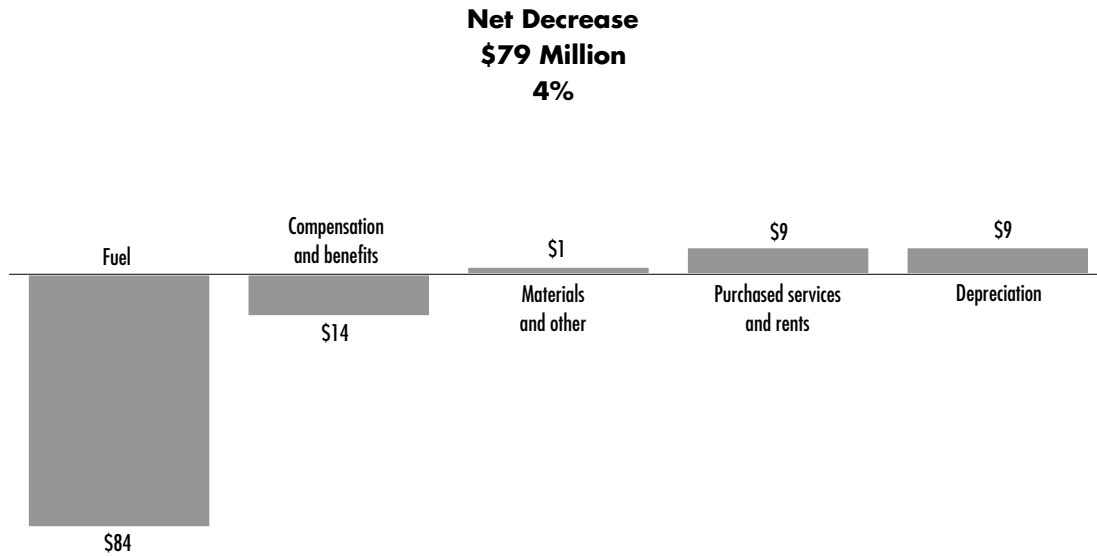
Year

Utility	148,078	4%	142,734	(4%)	144,440	1%
Export	12,409	(15%)	15,564	25%	23,069	48%
Domestic metallurgical	20,878	4%	17,873	(14%)	18,155	2%
Industrial	9,202	(3%)	9,794	6%	8,553	(13%)
	<u>190,567</u>	2%	<u>185,965</u>	(2%)	<u>194,217</u>	4%

Railway Operating Expenses Variance Analysis

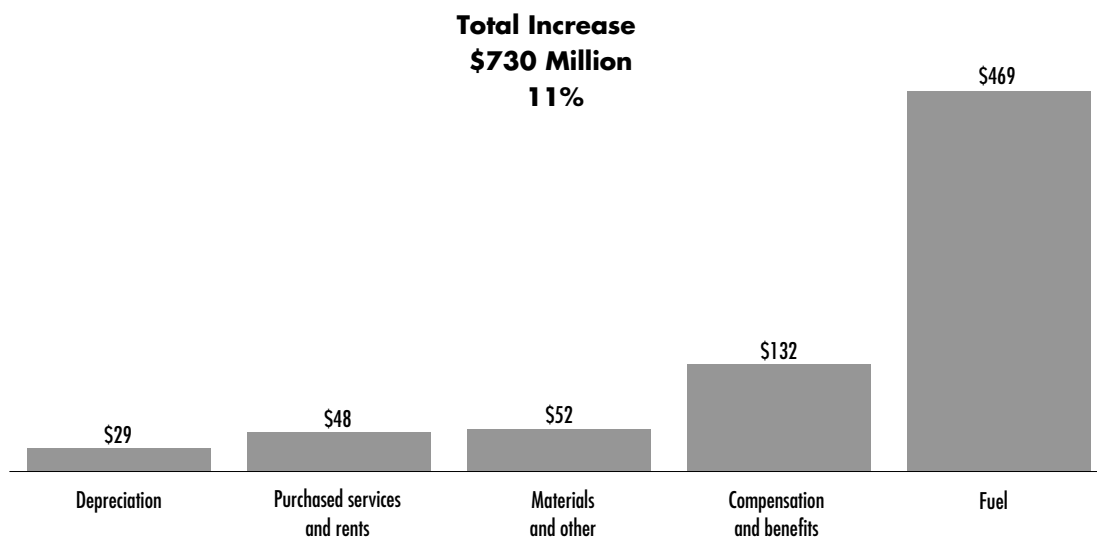
Fourth Quarter
2008 vs. 2007

(S millions)
Amount of change

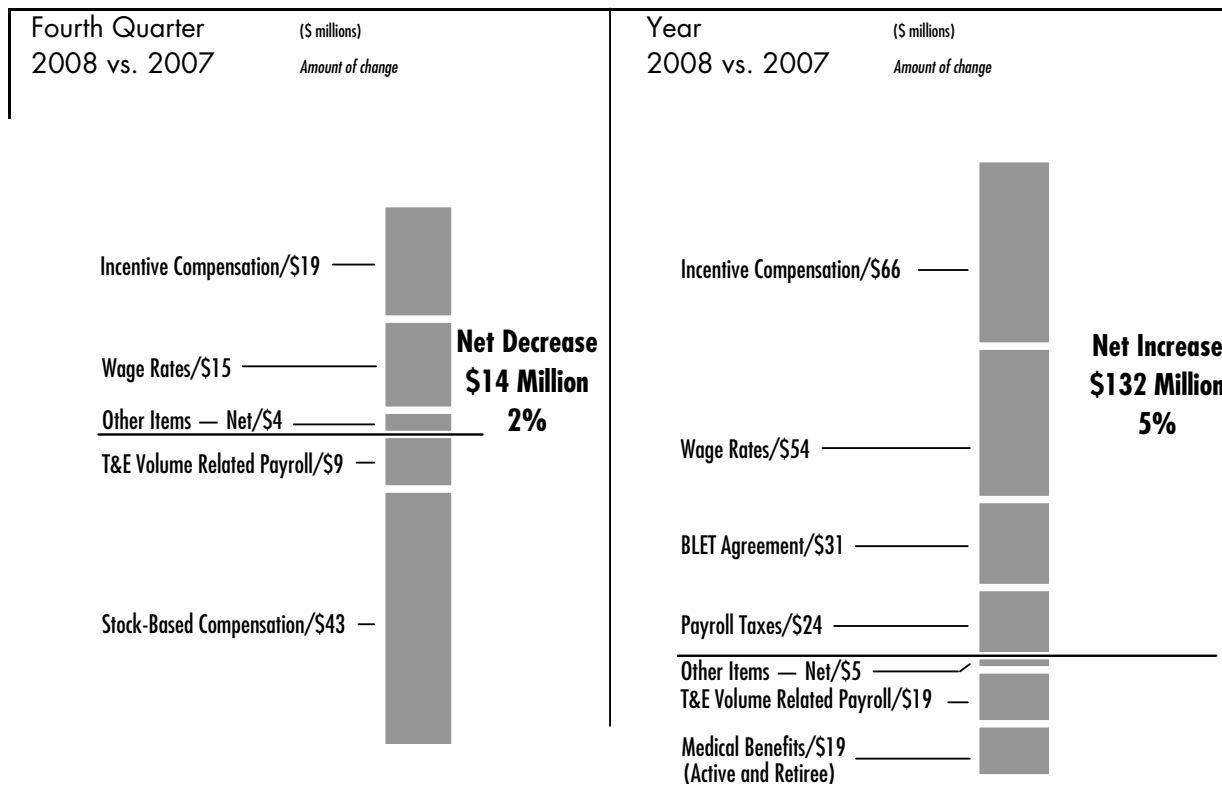


Year
2008 vs. 2007

(S millions)
Amount of change



Compensation and Benefits Expense Analysis



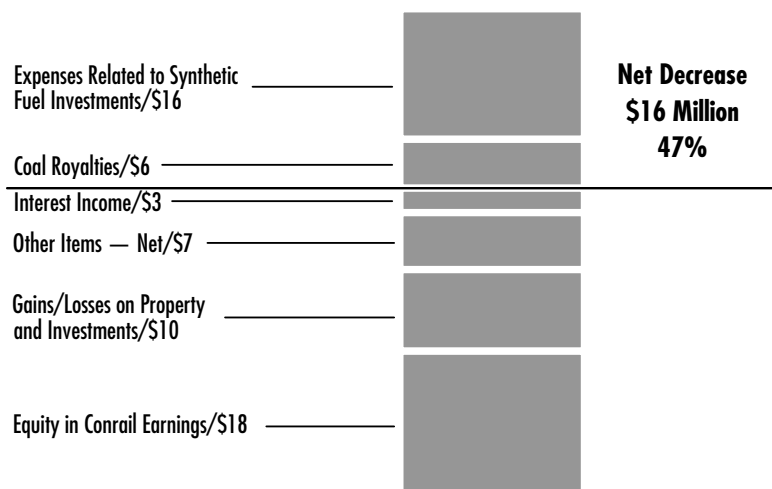
Fuel Expense Analysis



Other Income — Net Analysis

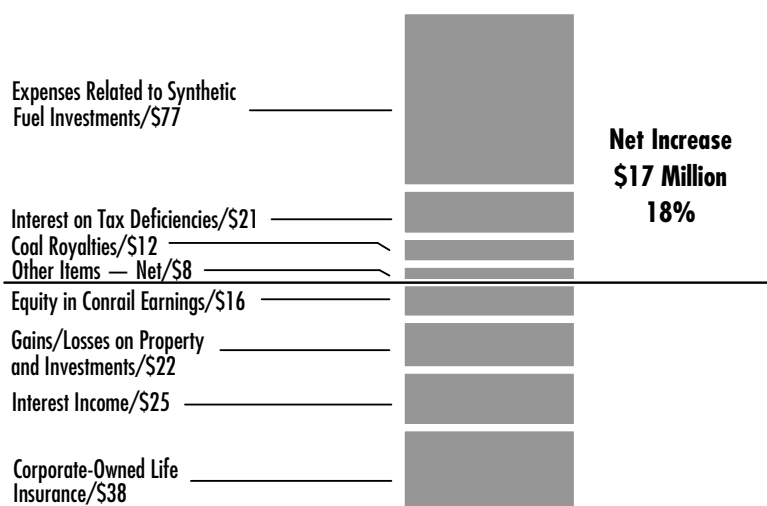
Fourth Quarter
2008 vs. 2007

(\$ millions)
Amount of change



Year
2008 vs. 2007

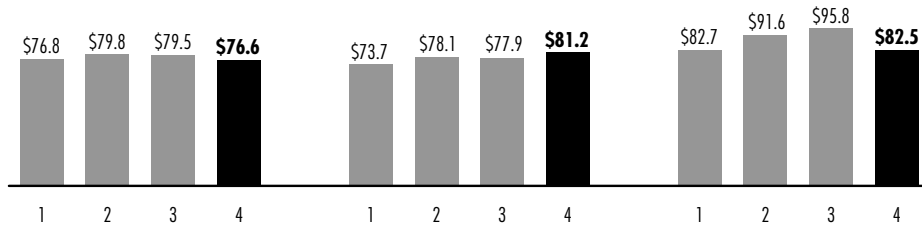
(\$ millions)
Amount of change



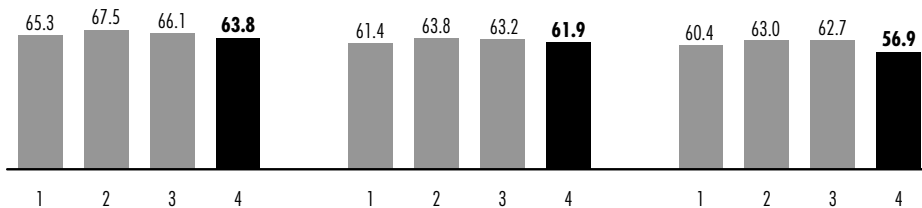
Productivity Measures

2006
2007
2008

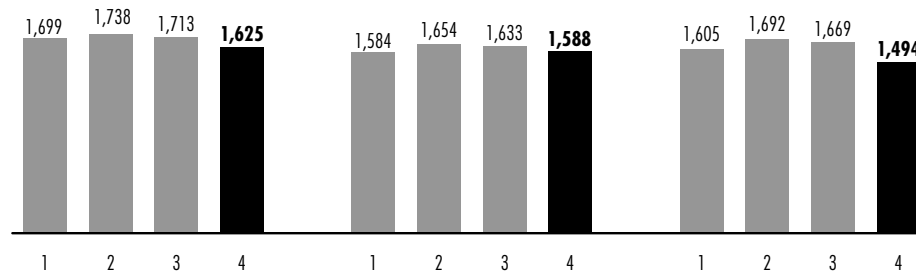
Operating Revenues per Employee
(\$ thousands)



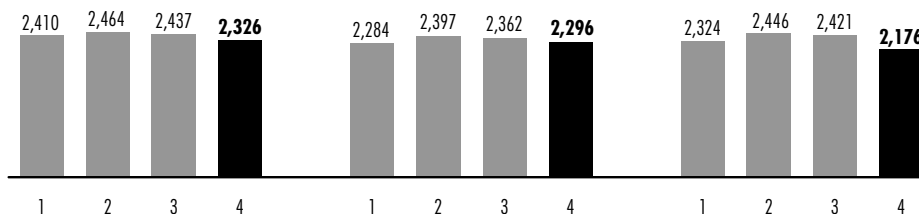
Carloads per Employee



Revenue Ton Miles per Employee
(thousands)



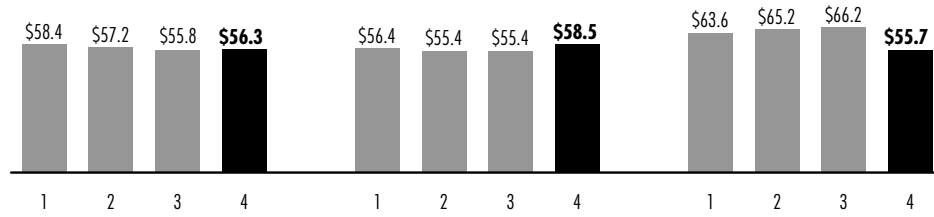
Revenue Ton Miles per Mile of Road Operated
(thousands)



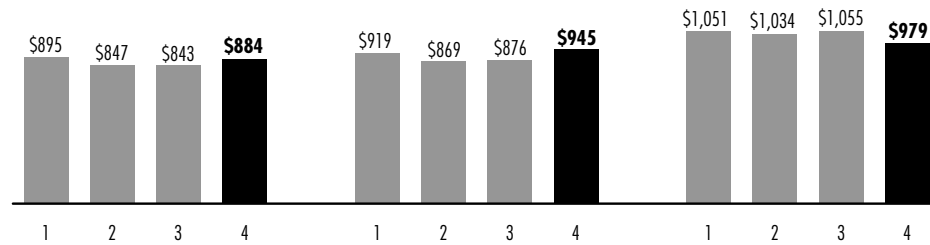
Productivity Measures

2006
2007
2008

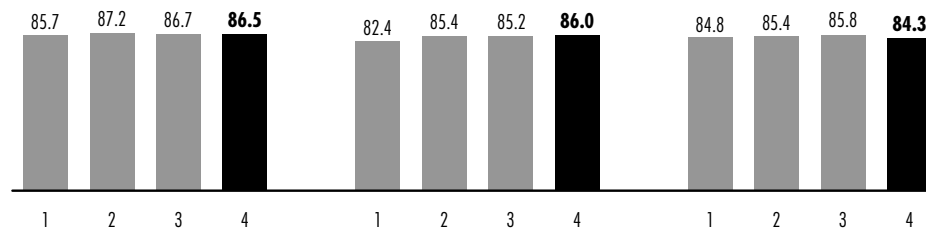
Operating Expenses per Employee (\$ thousands)



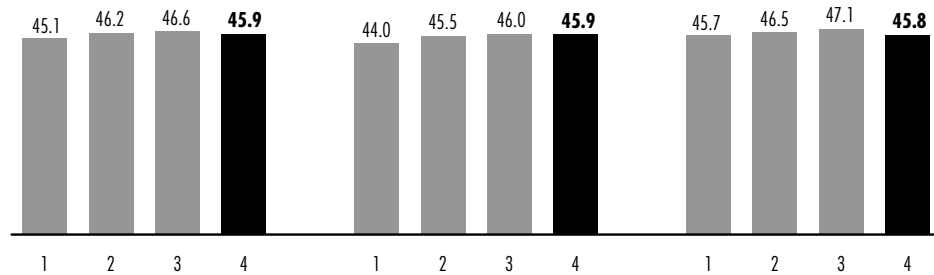
Operating Expenses per Carload (dollars)



Gross Ton Miles per Train Hour (thousands)



Revenue Ton Miles per Train Hour (thousands)



Financial, Traffic and Operating Statistics

Consolidated Financial Data

(\$ millions — except as noted)

- No corresponding charts for this data.

Page	Item	2006				
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
6	Railway operating revenues:					
8	Coal (note 1)	\$ 559	\$ 584	\$ 595	\$ 592	\$ 2,330
8	General merchandise (note 2)	1,278	1,311	1,283	1,234	5,106
8	Intermodal	466	497	515	493	1,971
6	Total railway operating revenues	\$ 2,303	\$ 2,392	\$ 2,393	\$ 2,319	\$ 9,407
6	Railway operating expenses:					
•	Compensation and benefits (note 3)	\$ 721	\$ 637	\$ 624	\$ 655	\$ 2,637
•	Purchased services	284	286	288	307	1,165
•	Equipment rents	107	106	106	94	413
•	Fuel	260	291	288	256	1,095
•	Depreciation	183	182	186	187	738
•	Materials	88	85	83	90	346
•	Casualties and other claims	53	65	50	52	220
•	Other	56	63	53	64	236
6	Total railway operating expenses	\$ 1,752	\$ 1,715	\$ 1,678	\$ 1,705	\$ 6,850
6	Income from railway operations	\$ 551	\$ 677	\$ 715	\$ 614	\$ 2,557
•	Other income (expense)	\$ (85)	\$ (88)	\$ (79)	\$ (75)	\$ (327)
•	Income before income taxes	\$ 466	\$ 589	\$ 636	\$ 539	\$ 2,230
•	Income taxes — current	\$ 162	\$ 240	\$ 235	\$ 120	\$ 757
•	Income taxes — deferred	(1)	(26)	(15)	34	(8)
6	Total income taxes	\$ 161	\$ 214	\$ 220	\$ 154	\$ 749
7	Net income	\$ 305	\$ 375	\$ 416	\$ 385	\$ 1,481
7	Earnings per share - diluted (dollars)	\$ 0.72	\$ 0.89	\$ 1.02	\$ 0.95	\$ 3.57
7	Railway operating ratio	76.1	71.7	70.1	73.5	72.8
7	Capital expenditures:					
•	Equipment	\$ 109	\$ 124	\$ 77	\$ 112	\$ 422
•	Road	147	199	206	204	756
7	Total capital expenditures	\$ 256	\$ 323	\$ 283	\$ 316	\$ 1,178
•	Cash, cash equivalents and short-term investments	\$ 1,542	\$ 1,535	\$ 803	\$ 918	\$ 918
•	Total debt, excluding notes payable to Conrail	\$ 6,898	\$ 6,865	\$ 6,625	\$ 6,600	\$ 6,600
•	Debt-to-total capitalization (percent)	41.5	40.8	40.9	40.7	40.7
•	Weighted average shares outstanding - diluted (millions)	421.8	422.8	409.9	404.3	414.7

Note 1 Third quarter 2008 includes \$22 million related to a coal customer's 2008 contracted volume shortfall and a nonrecurring effect related to the implementation of NS' new export coal billing system.

Note 2 Fourth quarter 2007 automotive revenue includes \$26 million related to a contract settlement.

Note 3 First quarter 2006 includes expense related to effects from the implementation of Statement of Financial Accounting Standards, No. 123(R), "Share-Based Payment." 2008 includes \$31 million for lump-sum payments (including payroll taxes) due under a new labor agreement with the BLET.

2007					2008				
First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
\$ 557	\$ 579	\$ 578	\$ 601	\$ 2,315	\$ 662	\$ 775	\$ 876	\$ 798	\$ 3,111
1,228	1,320	1,291	1,357	5,196	1,352	1,458	1,458	1,224	5,492
462	479	484	496	1,921	486	532	560	480	2,058
\$ 2,247	\$ 2,378	\$ 2,353	\$ 2,454	\$ 9,432	\$ 2,500	\$ 2,765	\$ 2,894	\$ 2,502	\$ 10,661
\$ 681	\$ 629	\$ 619	\$ 623	\$ 2,552	\$ 705	\$ 662	\$ 708	\$ 609	\$ 2,684
289	283	294	306	1,172	283	310	332	317	1,242
95	97	97	90	379	92	90	87	88	357
248	279	289	353	1,169	404	491	474	269	1,638
192	192	194	197	775	198	199	201	206	804
89	91	88	91	359	101	96	96	87	380
52	46	33	40	171	65	42	34	39	180
73	71	58	68	270	74	76	68	74	292
\$ 1,719	\$ 1,688	\$ 1,672	\$ 1,768	\$ 6,847	\$ 1,922	\$ 1,966	\$ 2,000	\$ 1,689	\$ 7,577
\$ 528	\$ 690	\$ 681	\$ 686	\$ 2,585	\$ 578	\$ 799	\$ 894	\$ 813	\$ 3,084
\$ (108)	\$ (90)	\$ (76)	\$ (74)	\$ (348)	\$ (102)	\$ (66)	\$ (72)	\$ (94)	\$ (334)
\$ 420	\$ 600	\$ 605	\$ 612	\$ 2,237	\$ 476	\$ 733	\$ 822	\$ 719	\$ 2,750
\$ 138	\$ 225	\$ 178	\$ 107	\$ 648	\$ 160	\$ 242	\$ 184	\$ 158	\$ 744
(3)	(19)	41	106	125	25	38	118	109	290
\$ 135	\$ 206	\$ 219	\$ 213	\$ 773	\$ 185	\$ 280	\$ 302	\$ 267	\$ 1,034
\$ 285	\$ 394	\$ 386	\$ 399	\$ 1,464	\$ 291	\$ 453	\$ 520	\$ 452	\$ 1,716
\$ 0.71	\$ 0.98	\$ 0.97	\$ 1.02	\$ 3.68	\$ 0.76	\$ 1.18	\$ 1.37	\$ 1.21	\$ 4.52
76.5	71.0	71.1	72.0	72.6	76.9	71.1	69.1	67.5	71.1
\$ 72	\$ 131	\$ 79	\$ 165	\$ 447	\$ 98	\$ 115	\$ 160	\$ 115	\$ 488
164	208	241	281	894	206	257	268	339	1,070
\$ 236	\$ 339	\$ 320	\$ 446	\$ 1,341	\$ 304	\$ 372	\$ 428	\$ 454	\$ 1,558
\$ 844	\$ 492	\$ 418	\$ 206	\$ 206	\$ 364	\$ 454	\$ 557	\$ 618	\$ 618
\$ 6,533	\$ 6,164	\$ 6,147	\$ 6,368	\$ 6,368	\$ 6,493	\$ 6,489	\$ 6,471	\$ 6,667	\$ 6,667
40.4	38.3	38.4	39.6	39.6	40.0	39.4	39.2	41.0	41.0
402.3	401.7	397.4	389.9	397.8	383.9	383.5	380.5	372.4	380.0

Financial, Traffic and Operating Statistics

Traffic and Operating Statistics		2006				
Page	Item	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
	• No corresponding charts for this data.					
8	Railway carloads (thousands):					
8	Coal	435.7	448.6	436.7	439.0	1,760.0
8	General merchandise	738.4	754.9	713.0	678.1	2,884.4
8	Intermodal	783.1	821.2	841.2	811.0	3,256.5
8	Total railway carloads	1,957.2	2,024.7	1,990.9	1,928.1	7,900.9
	• Revenue ton miles (RTMs) (billions):					
	• Coal	14.7	15.2	15.2	14.8	59.9
	• General merchandise	28.6	29.0	28.4	26.8	112.8
	• Intermodal	7.7	7.9	7.9	7.6	31.1
	• Total	51.0	52.1	51.5	49.2	203.8
	• Revenue (dollars) per thousand RTMs:					
	• Coal	\$ 38.10	\$ 38.34	\$ 39.24	\$ 39.85	\$ 38.88
	• General merchandise	\$ 44.77	\$ 45.23	\$ 45.05	\$ 46.15	\$ 45.28
	• Intermodal	\$ 60.19	\$ 63.09	\$ 65.17	\$ 64.99	\$ 63.36
	• Total	\$ 45.19	\$ 45.91	\$ 46.42	\$ 47.15	\$ 46.16
	• Gross ton miles (GTMs) (billions)	96.7	98.5	96.0	92.8	384.0
	• Revenue ton miles (RTMs) (billions)	51.0	52.1	51.5	49.2	203.8
	• Railroad employees (average)	29,986	29,984	30,097	30,251	30,079
	• Total operating expenses (dollars) per thousand GTMs	\$ 18.11	\$ 17.42	\$ 17.48	\$ 18.38	\$ 17.84
	• Compensation and benefits (dollars) per thousand GTMs	\$ 7.45	\$ 6.47	\$ 6.50	\$ 7.06	\$ 6.87
	• Total operating expenses (dollars) per thousand RTMs	\$ 34.38	\$ 32.92	\$ 32.55	\$ 34.67	\$ 33.61
	• Compensation and benefits (dollars) per thousand RTMs	\$ 14.15	\$ 12.23	\$ 12.11	\$ 13.32	\$ 12.94
14	Total operating revenues (\$ thousands) per employee	\$ 76.8	\$ 79.8	\$ 79.5	\$ 76.6	\$ 312.7
15	Total operating expenses (\$ thousands) per employee	\$ 58.4	\$ 57.2	\$ 55.8	\$ 56.3	\$ 227.7
	• GTMs (thousands) per employee	3,226	3,284	3,190	3,065	12,765
14	RTMs (thousands) per employee	1,699	1,738	1,713	1,625	6,775
14	Carloads per employee	65.3	67.5	66.1	63.8	262.7
14	RTMs (thousands) per mile of road operated	2,410	2,464	2,437	2,326	9,637
15	Total operating expenses (dollars) per carload	\$ 895	\$ 847	\$ 843	\$ 884	\$ 867
	• Compensation and benefits (dollars) per carload	\$ 368	\$ 315	\$ 313	\$ 340	\$ 334
	• RTMs (thousands) per carload	26.0	25.7	25.9	25.5	25.8
	• Locomotive diesel fuel consumed (thousands of gallons)	137,439	129,264	124,153	127,927	518,783
	• Average price (dollars) per gallon of locomotive diesel fuel	\$ 1.680	\$ 2.014	\$ 2.071	\$ 1.783	\$ 1.882
	• RTMs per gallon of fuel consumed	371	403	415	384	393
15	GTMs (thousands) per train hour	85.7	87.2	86.7	86.5	86.5
15	RTMs (thousands) per train hour	45.1	46.2	46.6	45.9	45.9
	• Percent of loaded-to-total car miles	58.6	58.5	58.4	58.1	58.4
	• Total new cross-ties installed (thousands)	621	804	663	576	2,664
	• Total track miles of rail laid (miles)	81	114	65	67	327

2007					2008				
First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
420.2	434.6	427.3	417.3	1,699.4	427.0	448.3	450.9	439.5	1,765.7
679.8	724.3	691.7	677.1	2,772.9	660.6	689.6	653.5	551.1	2,554.8
771.5	783.4	790.1	775.7	3,120.7	740.4	763.1	790.9	734.6	3,029.0
1,871.5	1,942.3	1,909.1	1,870.1	7,593.0	1,828.0	1,901.0	1,895.3	1,725.2	7,349.5
14.3	15.2	14.6	14.1	58.2	15.0	16.0	15.8	15.3	62.1
26.9	28.1	27.7	26.9	109.6	26.7	27.9	27.3	23.0	104.9
7.1	7.0	7.1	7.0	28.2	6.8	7.1	7.4	7.0	28.3
48.3	50.3	49.4	48.0	196.0	48.5	51.0	50.5	45.3	195.3
\$ 38.88	\$ 38.15	\$ 39.63	\$ 42.68	\$ 39.80	\$ 44.13	\$ 48.41	\$ 55.42	\$ 52.18	\$ 50.09
\$ 45.73	\$ 46.86	\$ 46.56	\$ 50.49	\$ 47.40	\$ 50.57	\$ 52.22	\$ 53.52	\$ 53.10	\$ 52.33
\$ 64.97	\$ 68.34	\$ 68.84	\$ 70.78	\$ 68.22	\$ 71.36	\$ 74.81	\$ 75.86	\$ 68.76	\$ 72.76
\$ 46.53	\$ 47.22	\$ 47.69	\$ 51.16	\$ 48.13	\$ 51.50	\$ 54.17	\$ 57.39	\$ 55.20	\$ 54.58
90.5	94.5	91.5	89.9	366.4	90.1	93.7	91.8	83.5	359.1
48.3	50.3	49.4	48.0	196.0	48.5	51.0	50.5	45.3	195.3
30,484	30,438	30,219	30,204	30,336	30,240	30,170	30,214	30,339	30,241
\$ 19.00	\$ 17.87	\$ 18.27	\$ 19.67	\$ 18.69	\$ 21.34	\$ 20.98	\$ 21.79	\$ 20.22	\$ 21.10
\$ 7.53	\$ 6.66	\$ 6.76	\$ 6.93	\$ 6.97	\$ 7.83	\$ 7.06	\$ 7.71	\$ 7.29	\$ 7.47
\$ 35.60	\$ 33.52	\$ 33.88	\$ 36.86	\$ 34.94	\$ 39.59	\$ 38.52	\$ 39.66	\$ 37.26	\$ 38.79
\$ 14.10	\$ 12.49	\$ 12.54	\$ 12.99	\$ 13.02	\$ 14.52	\$ 12.97	\$ 14.04	\$ 13.44	\$ 13.74
\$ 73.7	\$ 78.1	\$ 77.9	\$ 81.2	\$ 310.9	\$ 82.7	\$ 91.6	\$ 95.8	\$ 82.5	\$ 352.5
\$ 56.4	\$ 55.4	\$ 55.4	\$ 58.5	\$ 225.7	\$ 63.6	\$ 65.2	\$ 66.2	\$ 55.7	\$ 250.6
2,968	3,104	3,029	2,976	12,077	2,979	3,107	3,038	2,753	11,875
1,584	1,654	1,633	1,588	6,459	1,605	1,692	1,669	1,494	6,460
61.4	63.8	63.2	61.9	250.3	60.4	63.0	62.7	56.9	243.0
2,284	2,397	2,362	2,296	9,339	2,324	2,446	2,421	2,176	9,366
\$ 919	\$ 869	\$ 876	\$ 945	\$ 902	\$ 1,051	\$ 1,034	\$ 1,055	\$ 979	\$ 1,031
\$ 364	\$ 324	\$ 324	\$ 333	\$ 336	\$ 386	\$ 348	\$ 374	\$ 353	\$ 365
25.8	25.9	25.8	25.6	25.8	26.6	26.9	26.6	26.3	26.6
129,472	125,461	118,037	124,654	497,624	130,167	123,066	117,733	111,589	482,555
\$ 1.694	\$ 1.979	\$ 2.184	\$ 2.558	\$ 2.099	\$ 2.788	\$ 3.584	\$ 3.588	\$ 2.190	\$ 3.048
373	401	418	385	394	373	415	428	406	405
82.4	85.4	85.2	86.0	84.7	84.8	85.4	85.8	84.3	85.1
44.0	45.5	46.0	45.9	45.3	45.7	46.5	47.1	45.8	46.3
58.1	57.7	57.4	58.0	57.8	57.9	58.1	57.5	57.0	57.7
632	705	762	552	2,651	523	818	761	599	2,701
116	92	98	95	401	120	144	100	95	459

Fourth Quarter 2008

Quarterly Financial Review