

MINNESOTA · REVENUE

Certification by Railroad Company

In order for our office to process the Annual Report of Railroad Companies certification must accompany the report when it is submitted.

The report as submitted represents the system-wide railroad property that is owned and leased by the company, as well as that portion within Minnesota. The information contained in this report relates to the following company:

_____ on the second day of January of assessment year
Company Name

_____ Names of all other Railroads included in this report

_____ submission, the company agrees to provide the information promptly and in the requested format.

Initial
Here

_____ Name of Authorized Company Representative

_____ Title of Company Representative

_____ Signature of Authorized Company Representative

Company Representative's Email Address: _____

I certify that I am the above named officer of said company, and that I have the authority to sign this form on behalf of the taxpayer. I have examined the electronic file, accompanying schedules, and statements. To the best of my knowledge and belief, the report is true and complete for the year stated.

Making false statements on this return is against the law. Minnesota Statutes 609.41 states that anyone giving false information in order to avoid or reduce the tax obligation is subject to a fine of up to \$3,000 and/or up to one year in prison.

** The company representative must be a company President, Vice President, General Superintendent, Auditor, Tax Agent, or some other general officer of the reporting railroad company, who is authorized by the railroad company to file this report.*

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Annual Report of Railroad Companies

Schedule A - List of Required Reports

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Assessment as of January 2, _____

Each railroad that is required to be assessed under the provisions of **Minnesota Statute § 270.80 through § 270.87** shall file annually with the Commissioner of Revenue the following reports:

- 1)** Annual Report to the Surface Transportation Board (if no report is filed with the Surface Transportation Board, submit *Schedule 210*, or current income statement, and balance sheet)
- 2)** State Statistics Report to the Minnesota Department of Transportation
- 3)** Annual Report to Stockholders
- 4)** 10-K Report to the Securities and Exchange Commission

Please do not round any numbers in this document or report them by the thousandths. We want to be consistent in each report and this is the easiest way to allow for consistency.

Annual Report of Railroad Companies

Schedule B - Allocation Information

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Assessment as of January 2, _____

Complete the following allocation information. We will use this information to allocate your unit value to Minnesota.

	Amount	Information Source
Minnesota Miles of Track	0.00	_____
Total System Miles of Track	0.00	_____
Minnesota Ton Miles of Revenue Freight	0	_____
Total System Ton Miles of Revenue Freight	0	_____
Minnesota Gross Transportation Revenue	\$0	_____
Total System Gross Transportation Revenue	\$0	_____
Minnesota Cost of Road Property	\$0	_____
Total System Cost of Road Property	\$0	_____

Annual Report of Railroad Companies
 Schedule C - Personal Property Information

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Assessment as of January 2, _____

Personal property is not subject to property tax in Minnesota. List the gross amount of personal property in Minnesota in each account applicable to your company. Personal property will not be considered when calculating obsolescence. Personal property will be removed at a percentage after the unit value has been calculated.

If you have personal property in accounts other than those listed below, provide an additional schedule detailing the personal property and which account it is included in.

	Gross Amount in Minnesota	Information Source
ACCT 23 Coal and Ore Wharves	0	<u>Additional Schedule Required</u>
ACCT 26 Communications Systems	0	<u>Additional Schedule Required</u>
Computer & Word Processing		
ACCT 26 Equip.	0	<u>Additional Schedule Required</u>
ACCT 27 Signals and Interlockers	0	_____
ACCT 37 Roadway Machines	0	_____
ACCT 44 Shop Machinery	0	_____
ACCT 44 Shop Machinery	0	_____
ACCT 45 Power Plant Machinery	0	_____
ACCT 90 C.W.I.P. Personalty	0	<u>Additional Schedule Required</u>
Total Cost of Road Property in Minnesota	0	_____
Construction Work in Progress in Minnesota	0	_____
General Expenditures in Minnesota	0	_____
Minnesota Car and Locomotive Miles		_____

System Car and Locomotive Miles

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Schedule D - Supplemental Information

0

Assessment as of January 2, _____

1) Cost of Locally Assessed Property included in Schedule 330

(Attach a separate company schedule)

0

2) Property Leased From Others:

A Equipment

i Total Original Cost + Capital Improvements

0

ii Total Accrued Depreciation

0

B Office Buildings

i Total Cost of Operating Portion + Capital Improvements

0

ii Accrued Depreciation of Operating Portion + Capital Improvem

0

iii Percent Operating

0.00%

3) Obsolescence Information:

(System Totals)

A Ton Miles of Freight

0.00

B Miles of Road Operated

0.00

C Net Income Before Deferred and Federal Taxes

0

D Total Gross Revenues

0

Annual Report of Railroad Companies

Schedule E - Apportionment Information

0

Assessment as of January 2, _____

Provide the following information related to allocation of costs to Minnesota.

Costs allocated to Minnesota in the following accounts:

		Gross Amount	Depreciation
STB ACCT 3	Grading	<u>0</u>	<u>0</u>
STB ACCT 8	Ties	<u>0</u>	<u>0</u>
STB ACCT 9	Rails	<u>0</u>	<u>0</u>
STB ACCT 10	Other Track Material	<u>0</u>	<u>0</u>
STB ACCT 11	Ballast	<u>0</u>	<u>0</u>
STB ACCT 12	Track Laying and Surfacing	<u>0</u>	<u>0</u>

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Schedule 330, System Costs and Accumulated Depreciation

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Assessment as of January 2, _____

ACCT	Account Description	Total Investment	Accumulated Depreciation	Book Value
2	Land for transportation purposes			\$0
3	Grading			0
4	Other right-of-way			0
5	Tunnels and subways			0
6	Bridges, trestles, and culverts			0
7	Elevated structures			0
8	Ties			0
9	Rails and other track material			0
11	Ballast			0
13	Fences, snowsheds, and signs			0
16	Station and office buildings			0
17	Roadway buildings			0
18	Water stations			0
19	Fuel stations			0
20	Shops and enginehouses			0
22	Storage warehouses			0
23	Wharves and docks			0
24	Coal and ore wharves			0
25	TOFC/COFC terminals			0
26	Communication systems			0
27	Signals and interlockers			0
29	Power plants			0
31	Power-transmission systems			0
35	Miscellaneous structures			0
37	Roadway machines			0
39	Public improvements; construction			0
44	Shop machinery			0
45	Power-plant machinery			0
	Other lease/rentals			0
Total Expenditures for Road		\$0	\$0	\$0

52	Locomotives			\$0
53	Freight-train cars			0
54	Passenger-train cars			0
55	Highway revenue equipment			0
56	Floating equipment			0
57	Work equipment			0
58	Miscellaneous equipment			0
59	Computer systems & word processing equipment			0
Total Expenditures of Equipment		\$0	\$0	\$0

76	Interest during construction			\$0
80	Other elements of investment			\$0
90	Construction in progress			0

Total		\$0	\$0	\$0
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Accounts 26, 27, 31, 37, 44, and 45 qualify as personal property. If there are other accounts that include personal

property, a supplemental schedule of the personal property and the account it is included in is required.

Annual Report of Railroad Companies

Income Statement

Similar to Schedule 210 submitted to the Surface Transportation Board by Class I Railroads

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Assessment as of January 2, _____

I. Ordinary Items

Line No	Acct #	Railway Operating Income	Year ____
1	101 Freight		_____
2	102 Passenger		_____
3	103 Passenger - related		_____
4	104 Switching		_____
5	105 Water transfers		_____
6	106 Demurrage		_____
7	110 Incidental		_____
8	121 Joint facility - credit		_____
9	122 Joint facility - debit		_____
10	501 Railway operating revenues (exclusive of transfers from government authorities)		_____
11	502 Railway operating revenues (amortization of deferred transfers from government authorities)		_____
12	503 Railway operating revenues (amortization of deferred transfers from government authorities)		_____
13	Total Railway Operating Revenues (lines 10-12)		_____
14	531 Railway operating expenses		_____
15	Net Revenue from Railway Operation		_____
II. Other Income			
16	506 Revenues from property used in other than carrier operations		_____
17	510 Miscellaneous rent income		_____
18	512 Separately operated properties - profit		_____
19	513 Dividend income		_____
20	514 Interest income		_____
21	516 Income from sinking and other funds		_____
22	517 Release of premiums on funded debt		_____
23	518 Reimbursements received under contracts and agreements		_____
24	519 Miscellaneous income		_____
	Income from affiliated companies:		_____
25	Dividends		_____
26	Equity in undistributed earnings (losses)		_____
27	Total Other Income (lines 16-26)		_____
28	Total Income (lines 15, 27)		_____
III. Miscellaneous Deductions From Income			
29	534 Expenses of property used in other than carrier operations		_____
30	535 Taxes on property used in other than carrier operations		_____
31	543 Miscellaneous rent expense		_____
32	544 Miscellaneous taxes		_____
33	545 Separately operated properties - loss		_____
34	549 Maintenance of investment organization		_____
35	550 Income transferred under contracts and agreements		_____
36	551 Miscellaneous income charges		_____
37	553 Uncollectible accounts		_____

38 **Total Miscellaneous deductions** _____
 39 **Income available for fixed charges** _____

IV. Fixed Charges

546 Interest on funded debt:
 40 (a) Fixed interest not in default _____
 41 (b) Interest in default _____
 42 547 Interest on unfunded debt _____
 43 548 Amortization of discount on funded debt _____
 44 **Total fixed charges (lines 40 through 43)** _____
 45 **Income after fixed charges (line 39 minus line 44)** _____

V. Other Deductions

46 546 Interest on funded debt: (c) Contingent interest _____

VI. Unusual or Infrequent Items

555 Unusual or infrequent items (debt) credit _____
 47 **Income (loss from continuing operations (before income taxes))** _____

VII. Provision for Income Taxes

556 Income taxes on ordinary income
 48 Federal income taxes _____
 49 State income taxes _____
 50 Other income taxes _____
 51 557 Provision for deferred taxes _____
 52 **Total Provisions for Income Taxes (lines 48 through 51)** _____
 53 **Income from continuing operations (line 47 minus 52)** _____

VIII. Discontinued Operations

54 560 Income or loss from operations of discontinued segments (less applicable income taxes of \$ _____)
 55 562 Gain or loss on disposal of discontinued segments (less applicable income taxes of \$ _____)
 56 **Income (loss) before extraordinary items (lines 53 through 55)** _____

IX. Extraordinary Items and Accounting Changes

57 570 Extraordinary items (net) _____
 58 590 Income taxes on extraordinary items _____
 59 591 Provision for deferred taxes - extraordinary items _____
 60 **Total extraordinary items (lines 57 through 59)** _____
 61 592 Cumulative effect of changes in accounting principles (less applicable income taxes of \$ _____)
 62 **Net income (loss) (lines 56 + 60 + 61)** _____

1 Reconciliation of net railway operating income (NROI):

62 Net revenues from railway operations _____
 63 556 Income taxes on ordinary income _____
 64 557 Provision for deferred income tax _____
 65 560 Taxes applicable to income or loss on disposal of discontinued segments _____
 66 562 Taxes applicable to gain or loss on disposal of discontinued segments _____
 67 Income from lease of road and equipment (formerly account 509) _____
 68 Rent for leased roads and equipment (formerly account 542) _____



Annual Report of Railroad Companies

Stock and Debt Schedule

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Assessment as of January 2, _____

If the railroad meets the following qualifications, complete this schedule:

- A. The stock of the railroad must be traded on either the New York or American Stock Exchange.
- B. The stock of the railroad must be traded or have a rating by either Standard and Poor's or Moody's
- C. If the railroad is part of a diversified company, the value of the railroad portion of the total stock price must be able to be separated on an earnings basis using the following method:

0 is wholly owned by _____
(Parent Company)

1.	Net Earnings of Parent Company		0
2.	Net Earnings of Unit Railroad		0
3.	January 2.		0
4.	Shares of Common Stock of Parent Company		0
5.	Shares of Preferred Stock		0
6.	Rate and Face Value of Bonds of Parent Company	Rate Face Value	0
7.	Net Revenue from Railway Operations of Unit		0
8.	Income Available for Fixed Charges of Unit		0

Stock and Debt Explanation

See Minnesota Rules, Chapter 8106 for further information.

The stock and debt approach to value is based on the accounting principle: assets = liabilities + equity. Therefore, when the value of a company's liabilities (debt) is found and this added to the worth of its stock, a value can be established for its assets (property).

This approach is limited to those railroads meeting the following qualifications:

- A. The stock of the railroad must be traded on either the New York or American Stock Exchange.
- B. The stock of the railroad must be traded or have a rating by either Standard and Poor's or Moody's
- C. If the railroad is part of a diversified company, the value of the railroad portion of the total stock price must be able to be separated on an earnings basis using the following method:

XYZ Railroad

XYZ Railroad is wholly owned by ABC Industries Inc.

Net Earnings of ABC Industries	\$XXX,XXX
Net Earnings of XYZ Railroad	\$XXX,XXX
Percent of XYZ net earnings to total conglomerate earnings	XX%
Value of share of ABC Industries Stock	\$XX.XX
XYZ Railroad portion of stock value	\$XX.XX

The value of share of stock is determined by averaging the month-end stock prices for the 12 months

immediately preceding the assessment date of January 2.

XYZ Railroad

Shares of Common Stock issued	XXX,XXX
Average price for preceding year	\$XX.XX
Shares multiplied by price	<u>\$XXX,XXX.XX</u>
Shares of Preferred Stock	XXX,XXX
Average price for preceding year	\$XX.XX
Shares multiplied by price	<u>\$XXX,XXX.XX</u>
Rate and face value of bonds	
Average price for class of bonds for preceding year	\$XXX,XXX
Value of bonds multiplied by price	<u>XX%</u>
	<u>\$XXX,XXX</u>
Gross Stock and Debt Indicator of Value	\$XXX,XXX,XXX

After the gross stock and debt indicator of value has been computed, an allowance will be made for the effect, if any of revenue from other than railway operations included in this indicator of value. This allowance shall be based on the ratio of a five-year average of net revenue from railway operations, as determined by the STB, to similar five-year average of income available for fixed charges, as determined by the STB. The five-year average will be the most recent five years preceding the assessment date. An example of this computation is as follows:

XYZ Railroad Company

Year	Net Revenue from Railway Operations	Income Available for Fixed Charges
....	\$XXX,XXX	\$XXX,XXX
Total	<u>\$XXX,XXX</u>	<u>\$XXX,XXX</u>
Average	\$XXX,XXX	\$XXX,XXX
Ratio	Net Revenue Average / Fixed Income Average	X.X%

Gross Stock and Debt Indicator of Value	\$XXX,XXX,XXX
Ratio of Operating to Noncarrier Earnings	X.X%
Net Stock and Debt Indicator of Value	<u><u>\$XXX,XXX</u></u>

The stock and debt indicator of value computed in accordance with this part will bear a weighting of 25

percent of the total unit value of the railroad's property, except in the case of bankrupt railroads, railroads in bankruptcy proceedings, or railroads with no income to be capitalized, as provided for in subpart 6. If no stock and debt indicator of value is computed, the weighting of 25 percent which would have been applied to this indicator of value will be placed on the cost indicator of value.