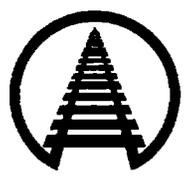


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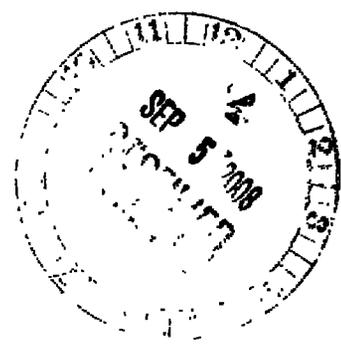


**ASSOCIATION
OF AMERICAN
RAILROADS**

John T. Gray
Senior Vice President - Policy & Economics

September 5, 2008

The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, SW.
Washington, DC 20423-0001



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Public Record

Dear Ms. Quinlan:

This submission is the AAR forecast of the fourth quarter 2008 All-Inclusive Index and Rail Cost Adjustment Factor, filed in Ex Parte No. 290 (Sub-No. 5) (2008-4) *Quarterly Rail Adjustment Factor*. The versions of RCAF-related indices covered in this filing are: the All-Inclusive Index (initiated in the second quarter 1985), the Unadjusted RCAF (produced since October 1982), the Adjusted RCAF (first published in the second quarter of 1989), and the RCAF-5 (created by the STB in its Ex Parte No. 290 (Sub-No. 7) decision served October 3, 1996). The table below summarizes the fourth quarter 2008 results on the fourth quarter 2007 base, and shows the percentage changes from the previous quarter.

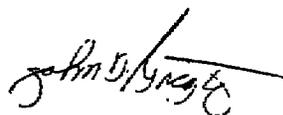
	<u>2008Q3</u>	<u>2008Q4</u>	<u>% Change</u>
All-Inclusive Index	115.6	115.5	-0.1
Preliminary RCAF	1.156	1.155	-0.1
Forecast Error Adjustment	-0.009	0.044	
RCAF (Unadjusted)	1.147	1.199	4.5
Productivity Adjustment Factor	2.1748	2.1813	
RCAF (Adjusted)	0.527	0.550	4.4
PAF-5	2.2955	2.3051	
RCAF-5	0.500	0.520	4.0

Page 2
September 5, 2008

In its October 3, 1996 decision in Ex Parte No. 290 (Sub-No. 7), *Productivity Adjustment - Implementation*, the STB noted its intent to publish, in addition to the RCAF (Unadjusted) and RCAF (Adjusted), an RCAF-5 (i.e., a calculation of the productivity adjusted RCAF values as if the agency had always used a 5-year rolling average to calculate the productivity adjustment). In response to a request by STB staff, the AAR is including a calculation of the RCAF-5 in its quarterly RCAF filing. The AAR and its members, however, do not believe the publication of a third RCAF index is required or permitted by the applicable statute (49 U.S.C. § 10708) and do not endorse its publication.

Two copies of the quarterly non-proprietary workpapers underlying this submission are filed herewith, in accordance with the ICC's order in Ex Parte No. 290 (Sub-No. 2), *Railroad Cost Recovery Procedures*, served February 8, 1990. A third copy of the working papers has been delivered to Paul Aguiar in the STB office handling this proceeding. All workpapers are available for STB inspection. Questions should be directed to me or Clyde Crimmel (202 639-2309) of this office.

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Gray". The signature is written in a cursive style with a long horizontal stroke extending to the right.

John T. Gray

Attachments

**Fourth Quarter 2008
All-Inclusive Index**

Ex Parte No. 290 (Sub-No. 5) (2008-4)

**Quarterly Rail Cost Adjustment Factor
Surface Transportation Board**

**Policy and Economics Department
Association of American Railroads**

September 5, 2008

Table of Contents

Subject	Page
Introduction	1
Index Weights	2
All-Inclusive Index - Fourth Quarter 2008	3
Forecast vs. Actual All Inclusive Index - Second Quarter 2008	4
Productivity	5
Rail Cost Adjustment Factor - Fourth Quarter 2008	6
Appendices	
A Labor	
B Fuel	
C Materials & Supplies	
D Equipment Rents	
E Depreciation	
F Interest	
G Other Expenses	
H Railroad and Union Abbreviations	

Introduction

On January 2, 1985, the Interstate Commerce Commission (ICC) [now the Surface Transportation Board (STB)] adopted the All-Inclusive Index of Railroad Costs as the basis for the Rail Cost Adjustment Factor (RCAF). The quarterly projection of railroad costs, as documented herein, employs the All-Inclusive Index as required by the regulations. Also presented in this submission is the RCAF, both Adjusted and Unadjusted, as required by the ICC in its decision in Ex Parte No. 290 (Sub-No. 4), *Rail Cost Recovery Procedures - Productivity Adjustment*, served March 24, 1989. In addition, the AAR has included (but does not endorse) the RCAF-5, which was instituted by an STB decision served October 3, 1996 in Ex Parte No. 290 (Sub-No. 7), *Productivity Adjustment - Implementation*. This quarter's projection of railroad costs is for the fourth quarter 2008.

Index Weights

In the Ex Parte No. 290 (Sub-No. 2) final rules, issued in April 1981, the Interstate Commerce Commission mandated that the weights of each major cost component be updated annually. These "external" weights are calculated using data from Schedules 410 and 210 of the R-1 annual report filed with the Surface Transportation Board by the Class I railroads. The weights are typically updated with the fourth quarter projection.

The 2007 (current) and 2006 (previous) weights are shown below. The previous (2006) weights were used for the fourth quarter of 2007 through the third quarter of 2008. Beginning with the fourth quarter of 2008, the 2007 weights are used. The weight for Fuel continued to go up as expected, increasing from 19.2 to 20.3 percent. Labor had the biggest change (possibly related to the downturn in traffic), decreasing 1.7 percentage points to 32.8 percent. All other changes were by less than 1 percentage point.

RCAF Weights		
	Previous 2006	Current 2007
Labor	34.5 %	32.8 %
Fuel	19.2	20.3
Materials & Supplies	5.0	5.0
Equipment Rents	7.8	7.2
Depreciation	10.6	11.0
Interest	2.7	2.7
Other	20.2	21.0

Reweighting of the index is accomplished by calculating both the current quarter (normally the fourth) and prior (normally the third) quarter indexes with the new weights. The relative change between the two quarters is then multiplied times the prior quarter (usually the third) *linked* index. Use of this method ensures that the weight change, by itself, does not cause a change in the level of the All-Inclusive Index.

Internal weights in the labor and equipment rents components are updated at the same time as the external weights. When these weights are changed, they are also linked using the procedure described above in order to eliminate the effect of the change in weighting.

All-Inclusive Index Fourth Quarter 2008

The components and values of the current and previous All-Inclusive Indexes are shown below. Details of the construction of each component of the index are contained in the Appendices.

	2007 Weights	Forecast		Percent Change
		Previous 2008Q3	Current 2008Q4	
1. Labor	32.8%	317.2	330.6	4.2 %
2. Fuel	20.3%	472.8	423.6	-10.4
3. M&S	5.0%	228.3	252.2	10.5
4. Equipment Rents	7.2%	199.5	207.4	4.0
5. Depreciation	11.0%	197.9	204.8	3.5
6. Interest	2.7%	90.2	88.0	-2.4
7. Other	21.0%	203.8	217.8	6.9
8. Weighted Average				
a. 1980 = 100		292.8	292.6	
b. 1980 = 100 (linked)		284.3	284.1 ¹	
c. 4Q07 = 100		115.6	115.5 ²	-0.1

Note: The 292.8 weighted average for 2008Q3 is recalculated with 2007 weights to eliminate any changes in the fourth quarter index that would be caused by changing weights. The original figure with 2006 weights is 291.8.

¹ To calculate the 1980 = 100 Linked Index:

$$\begin{aligned} \text{Index}_{80} &= (\text{Current Index} / \text{Previous Index}) * \text{the Previous Quarter Linked Index} \\ &= 292.6 \quad \text{divided by} \quad 292.8 \quad \text{times} \quad 284.3 \\ &= 284.1 \end{aligned}$$

² To calculate the 4Q07 = 100 index:

$$\begin{aligned} \text{Index}_{4Q07} &= (\text{Current Linked Index} / 4Q07 Linking Factor) * 100 \\ &= 284.1 \quad \text{divided by} \quad 245.9 \quad \text{times} \quad 100 \\ &= 115.5 \end{aligned}$$

Indexes based on other periods

4Q02 based index = 284.1 / 192.1 x 100 = 147.9
4Q97 based index = 284.1 / 173.2 x 100 = 164.0
4Q92 based index = 284.1 / 156.9 x 100 = 181.1
4Q87 based index = 284.1 / 132.2 x 100 = 214.9

Forecast vs. Actual All-Inclusive Index Second Quarter 2008

Because of data availability, the forecast error adjustment has a two-quarter lag from each filing. As shown below, the second quarter actual index of 110.5 is 4.4 index points above the forecast value of 106.1. Therefore, the forecast error adjustment for fourth quarter 2008 is 4.4 index points.

	2006 Weights	Second Quarter 2008		Amt Difference
		Forecast	Actual	
1. Labor	34.5%	313.6	313.6	
2. Fuel	19.2%	361.1	412.2	
3. M&S	5.0%	225.1	225.1	
4. Equipment Rents ¹	7.8%	196.6	199.0	
5. Depreciation	10.6%	196.9	198.5	
6. Interest	2.7%	90.2	90.2	
7. Other	20.2%	199.7	203.1	
8. Weighted Average				
a. 1980 = 100		267.8	278.6	
b. 1980 = 100 (linked)		260.9	271.6 ²	
c. 4Q07 = 100 ³		106.1	110.5	4.4

Forecast error \longrightarrow **4.4 index points**

1	2006 Weights	Second Quarter 2008	
		Forecast	Actual
Car-Hire	46.3%	181.0	181.4
Lease Rentals	53.7%	199.7	203.1
Weighted Average		191.0	193.1
Weighted Average (linked)		196.6	199.0

² Linked actual index = (actual index / previous actual index) x previous linked actual index.
 $271.6 = 278.6 / 258.8 \times 252.3$

³ The 4Q07 based indexes are 1980 based indexes divided by the 4Q07 linking factor (245.9/100).
 Other linking factors are: 4Q02 = 192.1; 4Q97 = 173.2; 4Q92 = 156.9; and 4Q87 = 132.2.

Productivity

On March 28, 2008, the Surface Transportation Board (STB) served a decision in Ex Parte 290 (Sub-No. 4) which added the year 2006 to the Productivity Adjustment Factor (PAF) and deleted the year 2001. This creates a geometric average annual productivity change for 2002 through 2006 of 1.2 percent – a 0.5 percentage point decrease from the 2001 through 2005 average of 1.7 percent. The components of this average annual value are shown on the following table in ratio format – therefore, 1.012 is the same as an increase of 1.2 percent. Productivity changes are calculated by dividing the output index by the input index. The average annual rate is calculated by multiplying each of the five productivity changes together and taking the result to the one fifth power. The quarterly productivity adjustment factors (PAF) are calculated by increasing the previous quarter's PAF by quarterly versions of the annual rate which are the fourth root of the average annual growth rate. The difference between the PAF and the PAF-5 is the timing of the 5-year productivity trend.

Comparison of Output, Input, & Productivity			
2002 - 2006			
Year	Output Index (1)	Input Index (2)	Productivity ¹ Changes (3)
2002	1.012	1.006	1.006
2003	1.039	1.020	1.019
2004	1.033	1.057	0.977
2005	1.021	0.956	1.068
2006	1.018	1.024	0.994
Average			1.012
Previous Average (2001-2005)			1.017

¹ The values shown in Column 3 are based on full float calculations and may not exactly match numbers calculated using the rounded numbers displayed in Columns 1 and 2

Calculation of PAF and PAF-5			
For 2002-2006, use fourth root of avg. productivity change = 1.0030			
For 2001-2005, use fourth root of avg. productivity change = 1.0042			
Quarter	Year	PAF	PAF-5
Q1	2008	2.1618	2.2763
Q2	2008	2.1683	2.2859
Q3	2008	2.1748	2.2955
Q4	2008	2.1813	2.3051
Q1	2009	2.1878	2.3120

2001-2005

2002-2006

Rail Cost Adjustment Factor Fourth Quarter 2008

Four RCAF values are presented in this filing. Two are not modified for productivity (Preliminary RCAF and RCAF Unadjusted), and two incorporate a productivity calculation (RCAF Adjusted and RCAF-5). The All-Inclusive Index and all four RCAF values, plus the percent change for each, are shown below. Note that the All-Inclusive Index is on a 2007Q4=100 basis.

	Previous 2008Q3	Current 2008Q4	Percent Change
All-Inclusive Index ¹	115.6	115.5	-0.1
Preliminary RCAF ²	1.156	1.155	-0.1
Forecast Error Adjustment ³	<u>-0.009</u>	<u>0.044</u>	
RCAF (Unadjusted) ⁴	1.147	1.199	4.5
Productivity Adjustment Factor ⁵	2.1748	2.1813	
RCAF (Adjusted) ⁶	0.527	0.550	4.4
PAF-5 ⁷	2.2955	2.3051	
RCAF-5 ⁸	0.500	0.520	4.0

¹ See All-Inclusive Index on page 3.

² All-Inclusive Index divided by the All-Inclusive Index in the base period (100.0).

³ The current figure is from Forecast vs. Actual All-Inclusive Index in this filing (page 4). The previous quarter figure is shown in a similar section of the previous quarter's filing.

⁴ Preliminary RCAF plus the forecast error adjustment.

⁵ See Productivity on page 5.

⁶ RCAF (Unadjusted) divided by the Productivity Adjustment Factor (PAF).

⁷ See Productivity on page 5.

⁸ RCAF (Unadjusted) divided by the PAF-5.

Appendixes

Labor

Fourth Quarter 2008

The fourth quarter 2008 Labor Index is forecast to increase 4.2 percent. New national agreements for the United Transportation Union (UTU) and the Yardmasters Department (UTU-YMD) of the United Transportation Union were added to the Index. [For a list of common railroad and union abbreviations, see Appendix H.] In addition, the Labor Rate was rebenchmarked to new wage statistics and annual report data.

Rebenchmarking: Rebenchmarking, as well as updating the internal weights (i.e., the proportion of labor costs represented by wages and supplements, respectively), is reflected each year in the fourth quarter filing. The 2007 data underlying the fourth quarter rebenchmarking are obtained from the railroads' 112-Class Wage Statistics and the railroads' Annual Report Form R-1 (including railroad revisions through August 18) to the Surface Transportation Board. The source for the wage and supplements internal weights, like the external weights, is the Annual Report Form R-1 Summary.

New National Agreements: The UTU and UTU-Yardmasters signed new national labor agreements on July 1, 2008 that affect about one fourth of the total Class I railroad employees. The agreement included retroactive wage increases back to 2005, and changed employee health & welfare contribution rates. These agreements were signed July 1, but were not added to the third quarter index because of its June 5 filing date. Highlights of the new UTU and UTU-YDM agreements, which are similar to other national agreements, are as follows:

- Cost of Living Allowances rolled into pay on and after July 1, 2005 recovered from any retroactive wage increase payments;
- Retroactive general wage increase of 2.5 percent effective July 1, 2005;
- Retroactive general wage increase of 3.0 percent effective July 1, 2006;
- Retroactive general wage increase of 3.0 percent effective July 1, 2007;
- General wage increase of 4.0 percent effective July 1, 2008 [[This is considered retroactive in the RCAF since it is being added beginning Q4.];
- General wage increase of 4.5 percent effective July 1, 2009 [Added to RCAF at that time];
- Employee Health & Welfare Cost Sharing monthly rate of \$166.25 effective retroactive to January 1, 2007;
- Future adjustments to the Cost Sharing rate in 2008, 2009, and 2010, all on January 1;
- Unlike other national agreements, a Cost of Living Allowance will be paid beginning January 1, 2011, if needed.

Wage Index

The Wage Index portion of the Labor Index increased 5.1 percent from the previous quarter. The major causes of the increase were rebenchmarking and new national agreements with the UTU and UTU-Yardmasters (including back pay).

Labor

Fourth Quarter 2008

Wage Increases: Wages are typically not increased in the fourth quarter. A few independent agreements have August increases, meaning that their third quarter average uses the increased wage rate for only two of the quarter's three months. Fourth quarter average wage rates for independent agreements with August increases are therefore slightly higher than the third quarter, causing an increase in the quarterly wage rate. All other increases in the fourth quarter wage rate were caused by either rebenchmarking or new labor agreements. Rebenchmarking caused almost half of the increase in wages, while the new UTU and UTU contracts caused much of the remaining change. Four new independent labor agreements with wage increases were also added to the Wage Index.

Lump Sums: The lump sum rate increased by 0.6 cents as one amount was completely amortized and removed, while two amounts were added. A new bonus program for a portion of one railroad's dispatchers caused about half of the increase.

Back Pay: The back pay rate jumped 34.6 cents, mostly because of the two new national UTU and UTU-Yardmaster agreements that affected about one fourth of the total Class I railroad employees. In addition, four other amounts were added relating to new independent agreements. Some of this increase was offset by the complete amortization and removal of amounts relating to last year's new national labor agreements for seven unions and several independent agreements. Three more national agreement back pay amounts are on their last quarter of amortization, and will be removed from next quarter's (2009Q1) filing.

Other: Other wages contains the amortization of profit sharing payments that the BNSF Railway makes each year to its dispatchers, yardmasters, and engineers. This amount was unchanged.

Supplements Index

The Supplements Index is forecast to increase 2.9 percent from the third quarter filing. Rebenchmarking and higher Railroad Retirement costs (relating to higher wages) were the main causes of the increase.

Health & Welfare: Rebenchmarking caused the Health & Welfare rate to increase 11.1 cents, or 2.0 percent. The fourth quarter rate was 0.6 cents higher than the rebenchmarked rate. Most of this change was caused by the new UTU and UTU-Yardmaster contracts, which caused *employee* Health & Welfare cost sharing to decrease slightly (and therefore *employer* contributions to increase slightly).

Labor

Fourth Quarter 2008

Railroad Retirement: The Railroad Retirement rate had a 4.5 percent increase caused by rebenchmarking and higher taxable wages.

Unemployment Insurance: The Unemployment Insurance rate increased slightly because of rebenchmarking.

Other: The "Other" category is a reflection of all other fringe benefits, and currently contains employer contributions to employee 401(k) accounts, plus employer contributions to employee stock plans that are recorded as fringe benefits. The decrease of 5.8 cents was caused by lower employer contributions – a previous quarter employer contribution by one railroad to an employee stock ownership plan for one union is not part of the current quarter total. Rebenchmarking had a slight positive impact.

Labor Index Calculation

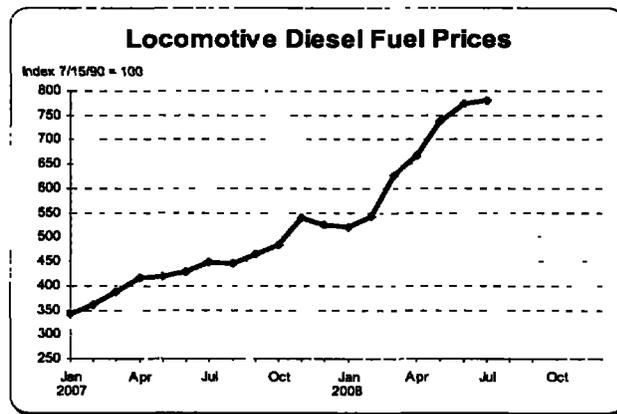
As shown in Table A-1 on the next page, the 5.1 percent increase in the Wage Index and the 2.9 percent increase in the Supplements Index combined to cause a 4.2 percent increase in the Labor Index. The linked fourth quarter 2008 index of 330.6 is determined by multiplying the third quarter linked index of 317.2 times the change between the fourth quarter labor index (344.6) and a third quarter labor index (330.6) recalculated using the original third quarter wages and supplements indexes weighted with the new 2007 weights. This method eliminates changes caused by the new weights, but captures changes caused by rebenchmarking. The purpose of the center "Updated to Reflect..." column in table A-1 is only to enable the reader to discern the impact of rebenchmarking.

Fuel Fourth Quarter 2008

The forecast for fuel is based on: (1) a survey of railroad fuel purchasing officers concerning current price and volume levels, (2) expectations of railroad purchasing officers based on their own forecast models and discussions with their major suppliers, and (3) a consensus of petroleum industry experts and general business publications.

Crude oil* prices eclipsed the \$140 mark in late June and early July before falling to a \$105 to \$115 range in August and early September. Crude oil prices were around \$109 per barrel on the morning of September 4. Heating oil** followed a pattern similar to crude oil. The cause of the crude oil price decline was thought to be related to slower economic activity worldwide, plus American consumer resistance to higher prices for gasoline that resulted in less consumption. Americans also "dodged a bullet" as the domestic oil producing facilities in the Gulf Coast appeared to withstand Labor Day Hurricane Gustav, and a feared spike in oil prices did not occur.

Locomotive diesel fuel prices (available through July) continued to ascend, but the railroads believe prices for October (Q4) will be 10.4 percent below the third quarter forecast, or 12.0 percent below the average price actually experienced in July.



Forecast Fuel Index	423.6
Change from previous quarter forecast	-10.4%
Change from previous quarter actual	-12.0%

* Diesel fuel used by locomotives is made from refined crude oil, and therefore has some price correlation.

** Heating oil and locomotive diesel fuel are part of a group of closely related products, commonly labeled as distillates, that differ mostly by their sulfur content. Because of these similarities, these fuels are produced together and have similar pricing trends.

Materials & Supplies

Fourth Quarter 2008

The Materials & Supplies index jumped 10.5 percent – the largest increase since the third quarter of 1991. The size of the increase was caused by a 13 percent average increase in prices for Metal Products, and much of that can be attributed to prices for rail. Prices for Miscellaneous Products, led by ballast and locomotive lube oil, increased by 7.4 percent. Prices for Forest Products, which is nearly all crossties, increased 5.1 percent.

2008Q4 Materials & Supplies Index = 252.2

2008Q3 Materials & Supplies Index = 228.3

Difference	23.9 basis points
	or
	10.5 %

Equipment Rents Fourth Quarter 2008

The Equipment Rents Index consists of two components – car hire and lease rentals. The methodology used to create these two components and the final Equipment Rents Index are explained below.

Car Hire

The car hire component is indexed using data from the Car Hire Accounting Rate Master (CHARM) file. Car hire rates for the forecast quarter are estimated based on data for the most recent month available. For the first quarter, December 1 of the previous year is used. For the second, third and fourth quarters; March 1, June 1, and September 1 are used, respectively. Using data retrieved from the latest CHARM file, an average rate per car is developed. Next, those average rates are grouped into car type categories to create an overall summary of car hire rates. The summary rates are then compared from quarter to quarter to determine the Car Hire Index.

Lease Rentals

The lease rentals portion of the Equipment Rents Index uses the Producer Price Index for Industrial Commodities less Fuel and Related Products and Power (PPI-LF). The Commission adopted this surrogate in its decision served March 13, 1987. The AAR uses six years of historical data to derive its forecast for the PPI-LF. The forecast is used not only for lease rentals, but also for the "Other" component of the All-Inclusive Index. Appendix G discusses the forecast in more detail.

Equipment Rent Index Calculation

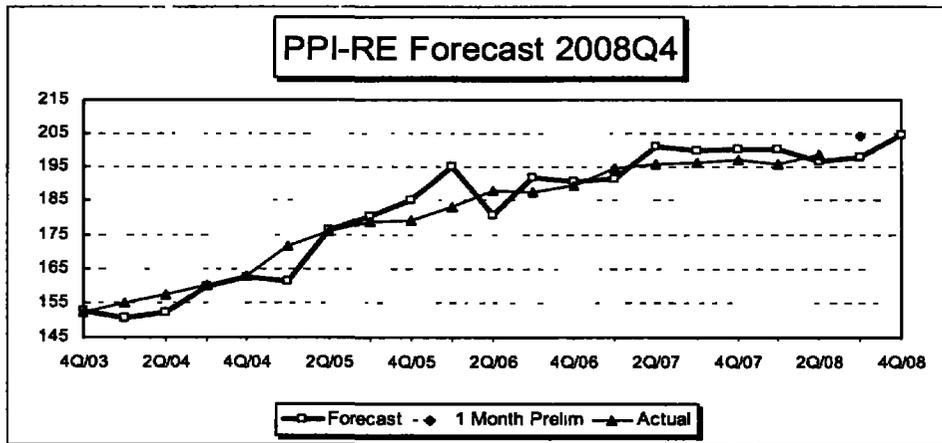
The table below calculates the Equipment Rent Index, and features new weights based on 2007. To eliminate any changes caused by the new weights, the third quarter weighted average (but not the linked value) has been recalculated using the new weights. The original third quarter weighted average using 2006 weights is 193.8. The Car Hire portion of the Index decreased 0.3 percent, because of lower rates for privately-owned cars. A 6.9 percent increase for the PPI-LF (See Appendix G) used as a proxy for Lease Rentals, combined with the 0.3 percent decrease for Car Hire, caused the Equipment Rent Index to increase 4.0 percent.

	2007 Weight	2008Q3	2008Q4	Percent Change
Car Hire	43.2%	182.3	181.7	-0.3 %
Lease Rentals	56.8%	203.8	217.8	6.9
Weighted Average		194.5	202.2	4.0
Weighted Average (Linked)		199.5	207.4	4.0

Depreciation Fourth Quarter 2008

The Producer Price Index for Railroad Equipment (PPI-RE) is used to index depreciation expense. The PPI-RE is forecast using an ARIMA (Auto-Regressive Integrated Moving Average) process where a statistical package picks the model that best fits the historical data set (see next page), and that model is then used for the forecast. The historical data set contains 6 years of monthly data (a sample size of 72), where the most recent available data point is the first month of the quarter prior to the forecast quarter. For a first quarter forecast, the most recent month of data available would be for October of the prior year. For a second quarter forecast, January would normally be the most recent period available. April and July would be the most recent months available for third and fourth quarter forecasts, respectively. The output from the forecast model is shown on page 2 of this appendix on a 1982=100 basis. The figure forecast by the model reflects monthly PPI-RE figures that jumped dramatically in June after months of little change.

Forecast of Depreciation Index (1982=100)	185.1
Forecast of Depreciation Index (1980=100)	204.8
Change from previous quarter forecast	3.5%
Change from actual first month of previous quarter	0.2%
Change from same quarter of prior year (actual)	4.0%



Depreciation Fourth Quarter 2008

**PPI INDUSTRIAL COMMODITIES LESS FUEL
AND RELATED PRODUCTS AND POWER**

Recommended model: Box-Jenkins
Forecast Model for PPIRE
ARIMA(0,1,0)*(0,0,2)

Term	Coefficient	Std. Error	t-Statistic	Significance
B[12]	-0.5168	0.0948	-5.4512	1.0000
B[24]	-0.7600	0.0526	-14.4523	1.0000

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 157.9	Standard deviation 16.83
R-square 0.9952	Adjusted R-square 0.9951
Durbin-Watson 1.593	Ljung-Box(18)=26.94 P=0.92
Forecast error 1.179	BIC 1.234
MAPE 0.004969	RMSE 1.163
MAD 0.7796	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2008-02	178.200
2008-03	177.600
2008-04	176.700
2008-05	177.700
2008-06	183.800
2008-07	184.700

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2008-08	182.345	184.640	186.935
2008-09	181.607	184.851	188.096
2008-10	180.772	184.746	188.720
2008-11	180.347	184.936	189.525
2008-12	180.436	185.567	190.698
QTR AVG	180.518	185.083	189.648

Interest Fourth Quarter 2008

The Interstate Commerce Commission, in its decision served February 28, 1989, revised the All-Inclusive Index methodology to include a specific interest component, which is to track changes in the average interest rate from year to year. The interest rate is essentially the embedded cost of debt, i.e., total interest expense divided by average total long term debt. The interest rate is calculated for the most recent year and used until the next year's figures are available. Typically in the fourth quarter filing, the interest rate is updated to the new level. The source for interest expense is Schedule 210, column b, from the R-1 annual report. The lines used from current R-1 annual reports are listed below. The source for average total debt is Schedule 200 from the R-1 annual report. The sums of data from columns b and c (ending and beginning balances) are combined and divided by 2 to compute an average balance. The line numbers are listed below. Beginning with fourth quarter 2008, the Interest Index is based on data for 2007.

Interest Expense (Schedule 210)

Line	
42	Total Fixed Charges
44	Contingent Interest
less	
22	Release of Premium on Funded Debt

Average Total Debt (Schedule 200)

Line	
30	Current Loans and Notes Payable
39	Equipment Obligations and Other Long Term Debt Due Within One Year
41	Funded Debt Unmatured - Non-Current
42	Equipment Obligations - Non-Current
43	Capitalized Lease Obligations - Non-Current
44	Debt in Default - Non-Current
45	Accounts Payable: Affiliated Companies - Non-Current
46	Unamortized Debt Premium - Non-Current

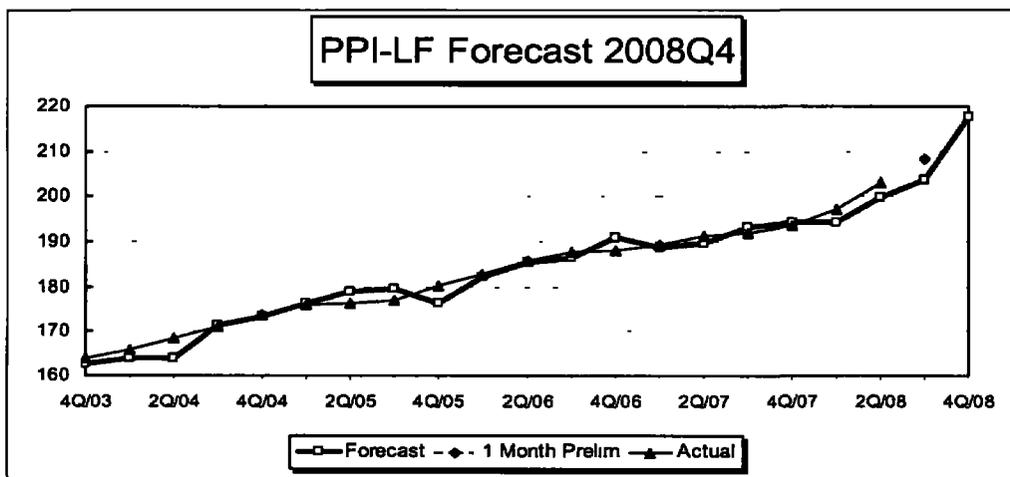
2007	Interest Rate	6.91%
1980	Interest Rate	7.85%
2008Q4	Interest Index	88.0
2008Q3	Interest Index	90.2
	Percent Change	-2.4%

Other Expenses Fourth Quarter 2008

The Producer Price Index for Industrial Commodities less Fuel and Related Products and Power (PPI-LF) is used to index purchased services, casualties and insurance, loss and damage, taxes (other than income and payroll), general and administrative expenses, and lease rentals. These expenses, when grouped together, are usually called "Other" expenses.

Like the PPI-RE, the PPI-LF is forecast using an ARIMA process on 6 years of monthly data (a sample size of 72) with the most recent available monthly data being the first month of the quarter prior to the forecast quarter. For a first quarter forecast, the most recent month of data available would be for October of the prior year. For a second quarter forecast, January would normally be the most recent month available. April and July would be the most recent months available for third and fourth quarter forecasts respectively. The output from the forecast model is shown on page 2 of this appendix for 1982=100. As shown on the graph below, recent quarterly forecasts have been too low, and this amplifies the change between forecasts. The figure forecast by the model for the fourth quarter reflects monthly PPI-LF figures that have been increasing by double-digit annual rates for most of 2008.

Forecast of Other Expense Index (1982=100)	194.3
Forecast of Other Expense Index (1980=100)	217.8
Change from previous quarter forecast	6.9%
Change from actual first month of previous quarter	4.6%
Change from same quarter of prior year (actual)	12.4%



Other Expenses Fourth Quarter 2008

**PPI INDUSTRIAL COMMODITIES LESS FUEL
AND RELATED PRODUCTS AND POWER**

Recommended model: Exponential Smoothing
 Forecast Model for PPILF
 Multiplicative Winters: Linear trend, Multiplicative seasonality
 Confidence limits proportional to indexes

Term	Coefficient	Std. Error	t-Statistic	Significance
a[1]	0.5819	0.1131	5.1458	1.0000
B[12]	0.8231	0.0539	15.2803	1.0000

Component	Smoothing Weight	Final Value
Level	0.94845	185.64
Trend	0.54489	2.1532
Seasonal	0.99988	

Seasonal Indexes

January - March	1.00073	1.00004	0.99988
April - June	0.99927	0.99990	0.99903
July - September	1.00034	1.00020	0.99955
October - December	1.00110	1.00065	0.99932

Within-Sample Statistics

Sample size 72	Number of parameters 3
Mean 159.4	Standard deviation 11.71
R-square 0.9983	Adjusted R-square 0.9983
Durbin-Watson 1.641	Ljung-Box(18)=27.59 P=0.9314
Forecast error 0.4888	BIC 0.5231
MAPE 0.002492	RMSE 0.4785
MAD 0.3996	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2008-02	175.900
2008-03	177.400
2008-04	179.000
2008-05	181.600
2008-06	183.000
2008-07	185.700

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2008-10	189.949	192.308	194.667
2008-11	191.578	194.375	197.173
2008-12	193.093	196.269	199.444
QTR AVG	191.540	194.317	197.095

Railroad and Union Abbreviations Fourth Quarter 2008

Railroads

BLE	Bessemer & Lake Erie Railroad (Part of CN's Grand Trunk Corp.)
BNSF	BNSF Railway Company
CC	Chicago, Central & Pacific (Part of CN's Grand Trunk Corp. Sometimes noted as CC&P.)
CN	Canadian National Railway (Commonly known as CN, owns Grand Trunk Corporation.)
CNGT	AAR's abbreviation for Grand Trunk Corporation (Almost all of CN's U.S. operations.)
CP	Canadian Pacific Railway (Also noted as CPR. Owns the U.S. Class I railroad Soo Line.)
CSX	CSX Transportation
DMIR	Duluth, Missabe & Iron Range Company (Part of CN's Grand Trunk Corp.)
DWP	Duluth, Winnipeg & Pacific Railway (Part of CN's Grand Trunk Corp.)
GTW	Grand Trunk Western Railroad (Part of CN's Grand Trunk Corp.)
IC	Illinois Central Railroad (Part of CN's Grand Trunk Corp.)
KCS	Kansas City Southern Railway
NS	Norfolk Southern Combined Railroad Subsidiaries (a.k.a. Norfolk Southern Railway or NS Rail)
SOO	Soo Line Railroad (Canadian Pacific Railway's western U.S. operations.)
SSAM	Sault Saint Marie Bridge Company (Part of CN's Grand Trunk Corp.)
UP	Union Pacific Railroad
WC	Wisconsin Central and subsidiaries (Part of CN's Grand Trunk Corp.)

Major Unions Involved with Railroads

ATDA	American Train Dispatchers Association
BLET	Brotherhood of Locomotive Engineers and Trainmen Division of the International Brotherhood of Teamsters
BMWED	Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters
BRS	Brotherhood of Railroad Signalmen
IAM	International Association of Machinists and Aerospace Workers
IBBM	International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers
IBEW	International Brotherhood of Electrical Workers
NCFO	National Conference of Firemen and Oilers
SMW	Sheet Metal Workers' International Association
TCU	Transportation Communication International Union
TCU-Carmen	Brotherhood of Railway Carmen Division of the Transportation Communications International Union
UTU	United Transportation Union
UTU-Yard	United Transportation Union Yardmaster Department (also noted as UTU-YMD)

Predecessor Unions (Some AAR databases use these old abbreviations.)

BLE	Brotherhood of Locomotive Engineers (predecessor to BLET)
BMWE	Brotherhood of Maintenance of Way Employees (predecessor to BMWED)
BRC	Brotherhood of Railway Carmen (predecessor to TCU-Carmen)
IBFO	International Brotherhood of Firemen and Oilers (predecessor to NCFO)

Workpapers Sent to STB for 2007 Q4 RCAF

September 5, 2007

1. Index Calculation Spreadsheet (index_calc.xls, 2 pages)
2. Summary (of ST and PFTNW Hourly Rates)
3. Taxable wages adjustment calculation
4. National Contracts spreadsheet, 2 sections (2 and 5 pages)
5. UTU and UTU-YMD new contract calculations for national contracts spreadsheet
6. National Increase Applicability and U.S. 2007 Benchmark spreadsheets
7. Wall Street Journal - 3 month Treasury Bill Rate
8. 2007/Q4 RCAF Lump Sum Amortization (3 pages)
9. 2007/Q4 RCAF Back Pay Amortization (6 pages)
10. Summary of National Back Pay for 2 National Unions
11. Back pay calculations for 2 national agreements
12. Health & Welfare worksheet (3 pages)
13. Railroad Retirement spreadsheet (5 pages)
14. Unemployment Insurance worksheet
15. 2-page SAS runs for Unemployment Insurance
16. Seven pages of information on oil prices
17. Summary of Materials & Supplies
18. Car Hire Spreadsheet (2 pages) plus source data (2 pages)
19. 5 pages of PPI-RE for Depreciation including graph, input/output, and BLS source data
20. Interest Rate Index calculation for 2007.
21. 5 pages of PPI-LF for Other (and Lease Rentals) incl. graph, input/output, BLS source data
22. Forecast Error calculation and workpapers (11 pages)



Benchmarking Data

1. 2007 RCAF Weights (8 pages)
2. Benchmarks for Supplements 2007 (2 pages)
3. Calculation of 12/31/2007 Straight Time Hourly Rate (3 pages and 4 pages)
4. Railroad Retirement & Medicare 2007 (5 pages including 3 pages from Railroad Retirement Board)
5. 2007 112-Class Wage Statistics (Summary)

Workpapers Sent to STB for 2008 Q4 RCAF

September 5, 2007

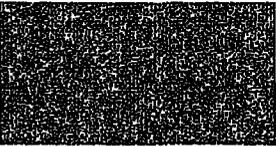
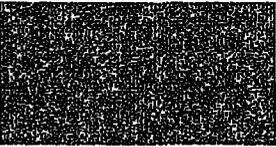
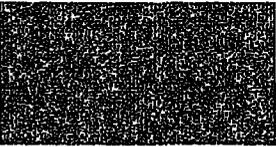
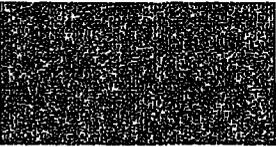
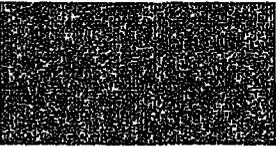
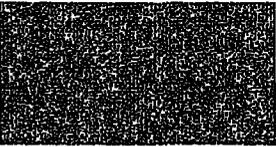
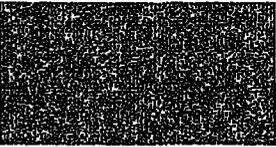
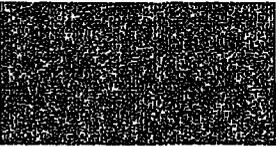
Contract pages used for wage increases, back pay, lump sums, and employee Health & Welfare cost sharing.

1. New national UTU (7 pages)
2. New national UTU-Yardmasters (6 pages)
3. New independent agreement for B&LE TCU (3 pages)
4. Independent agreement page for CSX ATDA East (only) - Bonus Program
5. New independent agreement for GTW BMW (2 pages)
6. New independent agreement for SOO Brotherhood of Railway Carmen Division of TCU (4 pages)
7. New independent agreement for SOO UTU-Yardmasters (4 pages)

RCAF All-Inclusive Index's Labor Index Based on 2007 Benchmarks

	07 Wts.	3Q/08 Original	3Q/08 Rebenchd	% Chg	4Q/08	% Chg fr. Orig	1Q/09	2Q/09	3Q/09	% Chg	% Chg
Straight Time		\$25.601	\$26.465	3.4%	\$26.873	5.0%					
PFTNW		\$6.099	\$6.003	-1.6%	\$6.143	0.7%					
Total		\$31.700	\$32.468	2.4%	\$33.016	4.2%	\$0.000	\$0.000	\$0.000		
Adjustments											
Lump Sum		\$0.116	\$0.120		\$0.122						
Back Pay		\$0.664	\$0.687		\$1.010						
Other		\$0.079	\$0.079		\$0.079						
Total Wages		\$32.559	\$33.354	2.4%	\$34.227	5.1%	\$0.000	\$0.000	\$0.000		
Pre-Tax Reduction		(\$0.965)	(\$1.027)		(\$1.020)						
Taxable Wages		\$31.594	\$32.327		\$33.207		\$0.000	\$0.000	\$0.000		
H & W		\$5.500	\$5.611	2.0%	\$5.617	2.1%					
RR Ret & Medicare		\$6.609	\$6.774	2.5%	\$6.906	4.5%					
Unemp. Insurance		\$0.195	\$0.201	3.1%	\$0.201	3.1%					
Other		\$0.136	\$0.141	3.7%	\$0.078	-42.6%					
Total		\$12.440	\$12.727	2.3%	\$12.802	2.9%	\$0.000	\$0.000	\$0.000		
Adjustments											
Total Suppl.		\$12.440	\$12.727	2.3%	\$12.802	2.9%	\$0.000	\$0.000	\$0.000		
Total Labor		\$44.999	\$46.081	2.4%	\$47.029	4.5%	\$0.000	\$0.000	\$0.000		
Wage Rate Index	0.7130	278.6	285.4	2.4%	292.9	5.1%	0.0	0.0	0.0		
Suppl Index	0.2870	459.7	470.3	2.3%	473.1	2.9%	0.0	0.0	0.0		
Total Labor Index '06 Wts.		329.1									
Total Labor Index '07 Wts.		330.6	338.5	2.4%	344.6	4.2%	0.0	0.0	0.0		
Labor Index (Linked)		317.2			330.6	4.2%	0.0	-100.0%	#DIV/0!		

All Inclusive Index and RCAF

	07 Wts	3Q/08	3Q/08 07 Wts	% Chg	4Q/08	% Chg	1Q/09	% Chg	2Q/09	% Chg	3Q/09	% Chg
Labor	0.328	317.20	317.2	0.0%	330.6	4.2%	0.0	-100.0%	#DIV/0!	--	#DIV/0!	--
Fuel	0.203	472.80	472.8	0.0%	423.6	-10.4%	--	--	#DIV/0!	--	#DIV/0!	--
M&S	0.050	228.30	228.3	0.0%	252.2	10.5%	--	--	#DIV/0!	--	#DIV/0!	--
Equip. Rents	0.072	199.50	199.5	0.0%	207.4	4.0%	0.0	-100.0%	#DIV/0!	--	#DIV/0!	--
Depreciation	0.110	197.90	197.9	0.0%	204.8	3.5%	--	--	#DIV/0!	--	#DIV/0!	--
Interest	0.027	90.20	90.2	0.0%	88.0	-2.4%	88.0	0.0%	88.0	0.0%	88.0	0.0%
Other	0.210	203.80	203.8	0.0%	217.8	6.9%	--	--	#DIV/0!	--	#DIV/0!	--
Weighted Avg.	1.000	291.80	292.8	0.3%	292.6	-0.1%	2.4	-99.2%	#DIV/0!	--	#DIV/0!	--
Linked		284.30		-0.1%	284.1	-0.1%	2.3	-99.2%	#DIV/0!	--	#DIV/0!	--
<i>Bidding Factor</i>												
10/1/80 basis	102.7	276.80		-0.1%	276.6	-0.1%	2.2	-99.2%	#DIV/0!	--	#DIV/0!	--
10/1/82	120.9	235.20		-0.1%	235.0	-0.1%	1.9	-99.2%	#DIV/0!	--	#DIV/0!	--
4Q/87	132.2	215.10		-0.1%	214.9	-0.1%	1.7	-99.2%	#DIV/0!	--	#DIV/0!	--
4Q/92	156.9	181.20		-0.1%	181.1	-0.1%	1.5	-99.2%	#DIV/0!	--	#DIV/0!	--
4Q/97	173.2	164.10		-0.1%	164.0	-0.1%	1.3	-99.2%	#DIV/0!	--	#DIV/0!	--
4Q/02	192.1	148.00		-0.1%	147.9	-0.1%	1.2	-99.2%	#DIV/0!	--	#DIV/0!	--
4Q/07 basis	245.9	115.60		-0.1%	115.5	-0.1%	0.9	-99.2%	#DIV/0!	--	#DIV/0!	--
Car Hire	0.432	182.30	182.3	0.0%	181.7	-0.3%	--	--	#DIV/0!	--	#DIV/0!	--
Lease Rents	0.568	203.80	203.8	0.0%	217.8	6.9%	0.0	--	0.0	--	0.0	--
Wghted Avg Eq Rents		193.80	194.5	0.4%	202.2	4.0%	0.0	--	0.0	--	0.0	--
Linked Equipment Rents		199.50		4.0%	207.4	4.0%	0.0	-100.0%	#DIV/0!	--	#DIV/0!	--
Preliminary RCAF		1.156		-0.09%	1.155	-0.09%	0.009	-99.2%	#DIV/0!	--	#DIV/0!	--
Forecast Error Adj.		(0.009)			0.044							
RCAF Unadjusted		1.147		4.53%	1.199	4.53%	0.009	-99.2%	#DIV/0!	--	#DIV/0!	--
PAF		2.1748		0.30%	2.1813	0.30%	#DIV/0!	--	#DIV/0!	--	#DIV/0!	--
RCAF Adjusted		0.527		4.36%	0.550	4.36%	#DIV/0!	--	#DIV/0!	--	#DIV/0!	--
PAF-5		2.2955		0.42%	2.3051	0.42%	#DIV/0!	--	#DIV/0!	--	#DIV/0!	--
RCAF-5		0.500		4.00%	0.520	4.00%	#DIV/0!	--	#DIV/0!	--	#DIV/0!	--

Hourly Rate for 2008 Q4

Straight Time and Time Paid For But Not Worked

2008Q4 Straight Time Hourly Rate (from national spreadsheet) **\$26.767**
 Rebenchmarked to 2007 Wage Statistics plus new national agreements for UTU and UTU-YMD with retro increases

Adjustments to 2007 base:

Adjustments added 2008 Q1

CN Railroads	New IC&CCP BRS, 4% for WC BRS, 3% for non-unions, \$0.16 COLA for some CCP, DMIR, IC	0.004
Dispatcher 4 (BNSF, CSX, KCS, NS)	No change	0.000
MISC. Independent BLET, Yardmasters, Dispatchers	\$0.16 COLA for CSX and UP UTU-YMD, 3% for UP ATDA (non-union)	0.005
SOO	New ATDA, IAM, IBBM and TCU contracts, \$0.16 COLA for rest except BLET	0.001

Adjustments added 2008 Q2

CN Railroads	New GTW TCU-Carmen with retroactive G W I	0.001
Dispatcher 4 (BNSF, CSX, KCS, NS)	No change	0.000
MISC. Independent BLET, Yardmasters, Dispatchers	No change	0.000
SOO	No change	0.000

Adjustments added 2008 Q3

CN Railroads	New GTW & IC IBEW, IC SMW, DMIR carmen, IC/CCP UTU w/retro GWI, rest w/various GWI	0.027
Dispatcher 4 (BNSF, CSX, KCS, NS)	4% G W I for BNSF, CSX and KCS	0.007
MISC. Independent BLET, Yardmasters, Dispatchers	New UP YMD with retro G W I, 4% for BNSF BLET, \$0.26 COLA for CSX YMD	0.045
SOO	New BRS, IBEW, NCFD and SMW with retro G W I	0.008

Adjustments added 2008 Q4

CN Railroads	New GTW BMW & BLET TCU, Adj to account for Aug G W I for GTW BLET and UTU for CCP, GTW, IC, & WC	0.006
Dispatcher 4 (BNSF, CSX, KCS, NS)	No change	0.000
MISC. Independent BLET, Yardmasters, Dispatchers	No change	0.000
SOO	New TCU-Carmen and UTU-YMD with retro G W I	0.002

Adjusted STHR Total **\$26.873**

Pay For Time Not Worked

PFTNW (from national spread sheet)		\$6.119
Ratio Adj STHR to Nat STHR	26.873 / 26.767 =	1.00396

Adjusted Pay For Time Not Worked **\$6.143**

Notes:

1. CN Railroads includes B&LE, CC&P, DMIR, DW&P, GTW, IC, and WC
2. "Dispatcher 4" was benchmarked based on 2007 Wage Statistics as independent, even though the new national ATDA contract was signed September 1, 2007.

RCAF Taxable Wages

(To Use for Railroad Retirement and Unemployment Insurance Payroll Tax Calculations)

In the RCAF calculation, Total Wages are the wages paid, while Taxable Wages are the wages on which to base payroll tax calculations. The difference is caused by pre-tax employee contributions to help pay Health & Welfare costs. This page calculates that wage rate difference.

The national agreements feature employee Health & Welfare cost sharing. Some of the independent agreements adopt the dollar amount contributed under the national agreement, and some have their own employee contribution rate such as the CN Management H&W Plan. This Cost Sharing is a pre-tax employee contribution to Health & Welfare insurance premiums paid by the employer. The employee contribution reduces employer Health & Welfare costs, while the Health & Welfare insurance premiums paid to the provider are unchanged. In the RCAF calculation, the reduction to the employer's Health & Welfare costs affect the Supplements portion of the Labor component of the index. The Taxable Wage Rate is used for Railroad Retirement and Unemployment Insurance calculations.

Reduction Calculation for 4Q/2008

U.S. ST Hours = 331,135,912
 Wage Statistics are for 2007.

Union Group	Employees	Mo. Rate	Annual \$
National BLET (BNSF, CSX, KCS, NS, UP)	28,594	(\$166.25)	(\$57,045,030.00)
National BMWE (BNSF, CSX, KCS, NS, UP)	24,164	(\$166.25)	(\$48,207,180.00)
National BRS (BNSF, CSX, KCS, NS, UP)	6,189	(\$166.25)	(\$12,347,055.00)
National IAM (BNSF, CSX, KCS, NS, UP)	6,771	(\$170.44)	(\$13,848,590.88)
National IBBM (BNSF, CSX, KCS, NS, UP)	1,025	(\$166.25)	(\$2,044,875.00)
National IBEW (BNSF, CSX, KCS, NS, UP)	5,039	(\$166.25)	(\$10,052,805.00)
National NCFO (BNSF, CSX, KCS, NS, UP)	2,461	(\$166.25)	(\$4,909,695.00)
National SMW (BNSF, CSX, KCS, NS, UP)	1,069	(\$166.25)	(\$2,132,655.00)
National TCU (BNSF, CSX, KCS, NS, UP)	7,835	(\$166.25)	(\$15,630,825.00)
National TCU-CAR (BNSF, CSX, KCS, NS, UP)	10,617	(\$166.25)	(\$21,180,915.00)
National UTU (BNSF, CSX, KCS, NS, UP)	43,923	(\$166.25)	(\$87,626,385.00)
National UTU-Yardmasters (BNSF, CSX, KCS, NS)	1,715	(\$166.25)	(\$3,421,425.00)
Indep. Dispatchers (wt avg BNSF, CSX, KCS, NS)	1,835	(\$164.92)	(\$3,631,538.40)
Independent CNGT (wt avg all 104 union categories)	5,780	(\$88.02)	(\$6,105,067.20)
Independent SOO (wt avg all 13 unions)	2,416	(\$129.27)	(\$3,747,795.84)
Independent UP (Yardmasters only)	262	(\$166.25)	(\$522,690.00)
Total Union	149,695		(\$292,454,527.32)
All Other @ \$3,762,880.60 total per month			(\$45,154,567.20)
Total			(\$337,609,094.52)

Reduction in Wage Rate Per ST Hour	-\$1.01954842
Deduct this amount from the Wage Rate	-\$1.020

National Contracts U.S.

		Straight Time Hourly Rate											Check Sum			
	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER		
Weight	0.26079	0.04507	0.18467	0.00586	0.03648	0.13922	0.06197	0.01372	0.03837	0.00602	0.02894	0.0135	0.01093	0.15445	1.00000	
2007 Avg.	21.431	22.684	23.955	22.664	24.422	21.293	22.136	18.421	21.996	20.503	23.040	32.822	27.352	42.237	344.956	
12/31/07	21.488	23.002	24.126	22.994	24.776	21.600	22.455	18.689	22.057	20.805	23.367	33.032	27.400	42.237	348.028	
1/1/08	21.640	23.002	24.126	22.994	24.776	21.600	22.455	18.689	22.209	20.805	23.367	33.032	27.476	43.504		
4/1/08	21.640	23.002	24.126	22.994	24.776	21.600	22.455	18.689	22.209	20.805	23.367	33.032	27.476	43.504		
7/1/08	21.887	23.832	24.463	23.895	25.717	22.401	23.290	19.406	22.458	21.587	24.256	33.032	27.601	43.504		
10/1/08	23.374	23.832	24.463	23.895	25.717	22.401	23.290	19.406	22.458	21.587	24.256	33.032	28.707	43.504		
1/1/09	23.374	23.832	24.463	23.895	25.717	22.401	23.290	19.406	22.458	21.587	24.256	33.032	28.707	43.504		
4/1/09	23.374	23.832	24.463	23.895	25.717	22.401	23.290	19.406	22.458	21.587	24.256	33.032	28.707	43.504		
7/1/09	23.374	23.832	24.463	23.895	25.717	22.401	23.290	19.406	22.458	21.587	24.256	33.032	28.707	43.504		

		Weighted Straight Time Hourly Rate											Total			
	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER		
2007 Avg.	5.589	1.022	4.424	0.133	0.891	2.965	1.372	0.253	0.844	0.123	0.667	0.443	0.299	6.523	25.548	
12/31/07	5.604	1.037	4.455	0.135	0.904	3.007	1.392	0.256	0.846	0.125	0.676	0.446	0.300	6.523	25.707	
1/1/08	5.644	1.037	4.455	0.135	0.904	3.007	1.392	0.256	0.852	0.125	0.676	0.446	0.300	6.719	25.949	
4/1/08	5.644	1.037	4.455	0.135	0.904	3.007	1.392	0.256	0.852	0.125	0.676	0.446	0.300	6.719	25.949	
7/1/08	5.708	1.074	4.518	0.140	0.938	3.119	1.443	0.266	0.862	0.130	0.702	0.446	0.302	6.719	26.367	
10/1/08	6.096	1.074	4.518	0.140	0.938	3.119	1.443	0.266	0.862	0.130	0.702	0.446	0.314	6.719	26.767	
1/1/09	6.096	1.074	4.518	0.140	0.938	3.119	1.443	0.266	0.862	0.130	0.702	0.446	0.314	6.719	26.767	
4/1/09	6.096	1.074	4.518	0.140	0.938	3.119	1.443	0.266	0.862	0.130	0.702	0.446	0.314	6.719	26.767	
7/1/09	6.096	1.074	4.518	0.140	0.938	3.119	1.443	0.266	0.862	0.130	0.702	0.446	0.314	6.719	26.767	

Note: The 2007 Average and 12/31/07 Straight Time Hourly Rates are the industry rates, and include all Class I railroad employees. The rates for 1/1/08 through 7/1/09 are based on the industry year-end rates updated by NATIONAL UNION wage increases using contract information. These national increases are diluted using "percent national" ratios to account for non-national union contracts. The impacts of non-national (or independent contract) increases after 2007 are not shown on this page and are handled separately.

National Contracts U.S.

Pay For Time Not Worked Hourly Rate

	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Weight
	0.26079	0.04507	0.18467	0.00586	0.03648	0.13922	0.06197	0.01372	0.03837	0.00602	0.02894	0.0135	0.01093	0.15445	1.00000
2007 Avg.	7.462	5.320	9.862	4.216	5.857	3.914	4.056	3.218	3.966	2.846	4.333	6.394	7.534	1.701	70.679
12/31/07	7.482	5.394	9.932	4.278	5.942	3.970	4.114	3.264	3.977	2.888	4.394	6.435	7.547	1.701	
1/1/08	7.535	5.394	9.932	4.278	5.942	3.970	4.114	3.264	4.005	2.888	4.394	6.435	7.568	1.752	
4/1/08	7.535	5.394	9.932	4.278	5.942	3.970	4.114	3.264	4.005	2.888	4.394	6.435	7.568	1.752	
7/1/08	7.621	5.589	10.071	4.445	6.168	4.117	4.267	3.390	4.049	2.996	4.562	6.435	7.602	1.752	
10/1/08	8.139	5.589	10.071	4.445	6.168	4.117	4.267	3.390	4.049	2.996	4.562	6.435	7.907	1.752	
1/1/09	8.139	5.589	10.071	4.445	6.168	4.117	4.267	3.390	4.049	2.996	4.562	6.435	7.907	1.752	
4/1/09	8.139	5.589	10.071	4.445	6.168	4.117	4.267	3.390	4.049	2.996	4.562	6.435	7.907	1.752	
7/1/09	8.139	5.589	10.071	4.445	6.168	4.117	4.267	3.390	4.049	2.996	4.562	6.435	7.907	1.752	

Pay For Time Not Worked Hourly Rate

	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2007 Avg.	1.946	0.240	1.821	0.025	0.214	0.545	0.251	0.044	0.152	0.017	0.125	0.086	0.082	0.263	5.812
12/31/07	1.951	0.243	1.834	0.025	0.217	0.553	0.255	0.045	0.153	0.017	0.127	0.087	0.083	0.263	5.852
1/1/08	1.965	0.243	1.834	0.025	0.217	0.553	0.255	0.045	0.154	0.017	0.127	0.087	0.083	0.271	5.875
4/1/08	1.965	0.243	1.834	0.025	0.217	0.553	0.255	0.045	0.154	0.017	0.127	0.087	0.083	0.271	5.875
7/1/08	1.986	0.252	1.860	0.026	0.225	0.573	0.264	0.046	0.155	0.018	0.132	0.087	0.083	0.271	5.981
10/1/08	2.123	0.252	1.860	0.026	0.225	0.573	0.264	0.046	0.155	0.018	0.132	0.087	0.086	0.271	6.119
1/1/09	2.123	0.252	1.860	0.026	0.225	0.573	0.264	0.046	0.155	0.018	0.132	0.087	0.086	0.271	6.119
4/1/09	2.123	0.252	1.860	0.026	0.225	0.573	0.264	0.046	0.155	0.018	0.132	0.087	0.086	0.271	6.119
7/1/09	2.123	0.252	1.860	0.026	0.225	0.573	0.264	0.046	0.155	0.018	0.132	0.087	0.086	0.271	6.119

U.S. National Contract

UTU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2007 Industry Avg.				21.43136	7.46235
12/31/07 Industry Rate				21.48796	7.48205
1/1/08		0.16000	95.081%	21.64009	7.53503
4/1/08			95.081%	21.64009	7.53503
7/1/08		0.26000	95.081%	21.88730	7.62110
10/1/08			95.081%	23.37436	8.13890
1/1/09			95.081%	23.37436	8.13890
4/1/09			95.081%	23.37436	8.13890
7/1/09			95.081%	23.37436	8.13890

New contract removes COLAs beginning 7/1/05 and adds four retro G W I

TCU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2007 Industry Avg.				22.68401	5.31991
12/31/07 Industry Rate				23.00206	5.39450
1/1/08			90.200%	23.00206	5.39450
4/1/08			90.200%	23.00206	5.39450
7/1/08	4.00%		90.200%	23.83197	5.58913
10/1/08			90.200%	23.83197	5.58913
1/1/09			90.200%	23.83197	5.58913
4/1/09			90.200%	23.83197	5.58913
7/1/09			90.200%	23.83197	5.58913

BLET

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2007 Industry Avg.				23.95489	9.86184
12/31/07 Industry Rate				24.12555	9.93210
1/1/08			34.962%	24.12555	9.93210
4/1/08			34.962%	24.12555	9.93210
7/1/08	4.00%		34.962%	24.46294	10.07100
10/1/08			34.962%	24.46294	10.07100
1/1/09			34.962%	24.46294	10.07100
4/1/09			34.962%	24.46294	10.07100
7/1/09			34.962%	24.46294	10.07100

U.S. National Contract

SMWIA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2007 Industry Avg.				22.66428	4.21647
12/31/07 Industry Rate				22.99380	4.27778
1/1/08			97.958%	22.99380	4.27778
4/1/08			97.958%	22.99380	4.27778
7/1/08	4.00%		97.958%	23.89478	4.44540
10/1/08			97.958%	23.89478	4.44540
1/1/09			97.958%	23.89478	4.44540
4/1/09			97.958%	23.89478	4.44540
7/1/09			97.958%	23.89478	4.44540

BRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2007 Industry Avg.				24.42212	5.85744
12/31/07 Industry Rate				24.77623	5.94237
1/1/08			94.910%	24.77623	5.94237
4/1/08			94.910%	24.77623	5.94237
7/1/08	4.00%		94.910%	25.71684	6.16797
10/1/08			94.910%	25.71684	6.16797
1/1/09			94.910%	25.71684	6.16797
4/1/09			94.910%	25.71684	6.16797
7/1/09			94.910%	25.71684	6.16797

BMWE

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2007 Industry Avg.				21.29321	3.91372
12/31/07 Industry Rate				21.60038	3.97018
1/1/08			92.688%	21.60038	3.97018
4/1/08			92.688%	21.60038	3.97018
7/1/08	4.00%		92.688%	22.40121	4.11738
10/1/08			92.688%	22.40121	4.11738
1/1/09			92.688%	22.40121	4.11738
4/1/09			92.688%	22.40121	4.11738
7/1/09			92.688%	22.40121	4.11738

U.S. National Contract

TCU-Carmen

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2007 Industry Avg.				22.13635	4.05604
12/31/07 Industry Rate				22.45538	4.11449
1/1/08			92.958%	22.45538	4.11449
4/1/08			92.958%	22.45538	4.11449
7/1/08	4.00%		92.958%	23.29035	4.26748
10/1/08			92.958%	23.29035	4.26748
1/1/09			92.958%	23.29035	4.26748
4/1/09			92.958%	23.29035	4.26748
7/1/09			92.958%	23.29035	4.26748

NCFO

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2007 Industry Avg.				18.42081	3.21755
12/31/07 Industry Rate				18.68946	3.26448
1/1/08			95.848%	18.68946	3.26448
4/1/08			95.848%	18.68946	3.26448
7/1/08	4.00%		95.848%	19.40599	3.38963
10/1/08			95.848%	19.40599	3.38963
1/1/09			95.848%	19.40599	3.38963
4/1/09			95.848%	19.40599	3.38963
7/1/09			95.848%	19.40599	3.38963

IAM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2007 Industry Avg.				21.99565	3.96598
12/31/07 Industry Rate				22.05664	3.97698
1/1/08		0.16000	95.500%	22.20944	4.00453
4/1/08			95.500%	22.20944	4.00453
7/1/08		0.26000	95.500%	22.45774	4.04930
10/1/08			95.500%	22.45774	4.04930
1/1/09			95.500%	22.45774	4.04930
4/1/09			95.500%	22.45774	4.04930
7/1/09			95.500%	22.45774	4.04930

U.S. National Contract

IBBM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2007 Industry Avg.				20.50257	2.84564
12/31/07 Industry Rate				20.80499	2.88762
1/1/08			93.924%	20.80499	2.88762
4/1/08			93.924%	20.80499	2.88762
7/1/08	4.00%		93.924%	21.58662	2.99611
10/1/08			93.924%	21.58662	2.99611
1/1/09			93.924%	21.58662	2.99611
4/1/09			93.924%	21.58662	2.99611
7/1/09			93.924%	21.58662	2.99611

IBEW

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2007 Industry Avg.				23.03968	4.33287
12/31/07 Industry Rate				23.36668	4.39437
1/1/08			95.185%	23.36668	4.39437
4/1/08			95.185%	23.36668	4.39437
7/1/08	4.00%		95.185%	24.25634	4.56168
10/1/08			95.185%	24.25634	4.56168
1/1/09			95.185%	24.25634	4.56168
4/1/09			95.185%	24.25634	4.56168
7/1/09			95.185%	24.25634	4.56168

ATDA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2007 Industry Avg.				32.82204	6.39405
12/31/07 Industry Rate				33.03246	6.43505
1/1/08			0.000%	33.03246	6.43505
4/1/08			0.000%	33.03246	6.43505
7/1/08			0.000%	33.03246	6.43505
10/1/08			0.000%	33.03246	6.43505
1/1/09			0.000%	33.03246	6.43505
4/1/09			0.000%	33.03246	6.43505
7/1/09			0.000%	33.03246	6.43505

Each railroad has been benchmarked as independent even though a national agreement was signed 9/1/07

YDMSTRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2007 Industry Avg.				27.35210	7.53365
12/31/07 Industry Rate				27.39953	7.54672
1/1/08		0.16000	47.905%	27.47617	7.56783
4/1/08			47.905%	27.47617	7.56783
7/1/08		0.26000	47.905%	27.60073	7.60213
10/1/08			47.905%	28.70696	7.90683
1/1/09			47.905%	28.70696	7.90683
4/1/09			47.905%	28.70696	7.90683
7/1/09			47.905%	28.70696	7.90683

New contract removes COLAs beginning 7/1/05 and adds four retro G W I

OTHER

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2007 Industry Avg.				42.23703	1.70106
12/31/07 Industry Rate				42.23703	1.70106
1/1/08	3.00%		100.000%	43.50414	1.75209
4/1/08			100.000%	43.50414	1.75209
7/1/08			100.000%	43.50414	1.75209
10/1/08			100.000%	43.50414	1.75209
1/1/09			100.000%	43.50414	1.75209
4/1/09			100.000%	43.50414	1.75209
7/1/09			100.000%	43.50414	1.75209

Check Sums

	Increase	Applicable	ST HR	PFTNW HR
2007 AVG			344.95611	70.67859
12/31/07			348.02814	
		1127.119%		
		ok matches	ok matches	ok matches
			ok matches	

Should match check sum on National Increase Applicability for U.S. Total page.

All three should match check sums on U.S. Benchmark page.

UTU Straight Time Hourly Rate

National UTU Agreement includes BNSF, CSX, KCS, NS & UP

ST Hours

Nat'l UTU ST Hrs Pd	82,110,289	from 2007 wage statistics
BLE UTU ST Hrs Pd	32,871	from 2007 wage statistics
CCP UTU ST Hrs Pd	144,252	from 2007 wage statistics
DMIR UTU ST Hrs Pd	125,089	from 2007 wage statistics
DWP UTU ST Hrs Pd	75,045	from 2007 wage statistics
GTW UTU ST Hrs Pd	534,661	from 2007 wage statistics
IC UTU ST Hrs Pd	1,381,466	from 2007 wage statistics
SOO UTU ST Hrs Pd	1,302,037	from 2007 wage statistics
WC UTU ST Hrs Pd	<u>652,185</u>	from 2007 wage statistics
Total	86,357,895	matches total for UTU

ST Hourly Rate (YearEnd2007_final.xls)

Nat'l UTU 10/1/08 STHR	\$23.35784	see BackpaySum tab
BLE UTU 12/31/07 STHR	\$29.45529	copied from YearEnd2007_final, USCalcu2 tab
CCP UTU 12/31/07 STHR	\$24.20486	copied from YearEnd2007_final, USCalcu2 tab
DMIR UTU 12/31/07 STHR	\$19.47706	copied from YearEnd2007_final, USCalcu2 tab
DWP UTU 12/31/07 STHR	\$31.03886	copied from YearEnd2007_final, USCalcu2 tab
GTW UTU 12/31/07 STHR	\$32.20223	copied from YearEnd2007_final, USCalcu2 tab
IC UTU 12/31/07 STHR	\$24.72576	copied from YearEnd2007_final, USCalcu2 tab
SOO UTU 12/31/07 STHR	\$17.24055	copied from YearEnd2007_final, USCalcu2 tab
WC UTU 12/31/07 STHR	\$26.97630	copied from YearEnd2007_final, USCalcu2 tab

ST Compensation

Nat'l UTU 10/1/07 ST\$	\$1,917,918,703.84	calculated using ST Hourly Rate x ST hours
BLE UTU 12/31/07 ST\$	\$968,225.00	calculated using ST Hourly Rate x ST hours
CCP UTU 12/31/07 ST\$	\$3,491,599.60	calculated using ST Hourly Rate x ST hours
DMIR UTU 12/31/07 ST\$	\$2,436,366.45	calculated using ST Hourly Rate x ST hours
DWP UTU 12/31/07 ST\$	\$2,329,311.00	calculated using ST Hourly Rate x ST hours
GTW UTU 12/31/07 ST\$	\$17,217,276.54	calculated using ST Hourly Rate x ST hours
IC UTU 12/31/07 ST\$	\$34,157,791.30	calculated using ST Hourly Rate x ST hours
SOO UTU 12/31/07 ST\$	\$22,447,839.85	calculated using ST Hourly Rate x ST hours
WC UTU 12/31/07 ST\$	<u>\$17,593,540.62</u>	calculated using ST Hourly Rate x ST hours
Total	\$2,018,560,654.20	

Total ST HR 10/1/08

\$23.37436

Total ST\$ divided by Total ST Hours Paid

These are the figures that go into the NatWage spreadsheet beginning with 2008Q4. They include the new national contract wage rates for UTU as of 2008Q4. Non-national agreements are at the 12/31/2007 level, and are updated independently elsewhere.

Check Nat'l 10/1/08 Rate

	UTU
12/31/2007 ST HR	\$21.37385
less COLA on 7/1/05	-\$0.15000
less COLA on 1/1/06	-\$0.31000
less COLA on 7/1/06	-\$0.01000
less COLA on 1/1/07	-\$0.15000
less COLA on 7/1/07	-\$0.10000
Plus 2.5% on 7/1/05	\$21.17019
Plus 3.0% on 7/1/06	\$21.80530
Plus 3.0% on 7/1/07	\$22.45946
Plus 4.0% on 7/1/08	\$23.35784

National Increase Applicability for U.S. Total

Year 2007	Not Part of National Agreements*																	U.S.		
	U.S. Total	ST	Hrs	Pd	CSX (E)	BLE (E)	DMIR (E)	GTW (E)	IC (E)	CCP (E)	DWP (E)	SSAM (E)	WC (E)	NS (E)	BNSF (W)	KCS (W)	SOO (W)	UP (W)	ST Hours Pd	Increase
UTU	86,357,895	--	32,871	125,089	534,661	1,381,466	144,252	75,045	652,185	--	--	--	1,302,037	--	--	--	--	82,110,289	95.081%	
TCU	14,922,715	--	13,486	128,915	249,531	512,157	1,792	27,438	114,963	--	--	--	414,190	--	--	--	--	13,460,245	90.200%	
BLET	61,150,821	11,055,703	18,569	66,117	392,869	895,334	109,763	72,215	566,881	9,863,226	15,627,322	--	3,495	--	--	--	--	21,379,350	34.962%	
SMW	1,940,955	--	0	1,752	0	34,385	0	0	123,788	--	--	--	103,451	--	--	--	--	1,901,323	97.958%	
BRS	12,079,365	--	9,722	0	101,668	234,021	29,276	12,690	954,290	--	--	--	843,827	--	--	--	--	11,464,549	94.910%	
BMWV	46,101,997	--	48,982	0	382,757	971,964	169,233	0	314,759	--	--	--	300,842	--	--	--	--	42,730,944	92.688%	
TCU-CAR	20,521,407	--	25,950	49,607	204,043	505,574	22,374	21,911	72,240	--	--	--	169,513	--	--	--	--	19,076,347	92.958%	
IBFO	4,542,603	--	1,822	0	31,471	81,293	1,792	0	49,046	--	--	--	58,495	--	--	--	--	4,353,985	95.848%	
IAM	12,707,308	--	10,561	40,554	22,918	268,044	7,511	3,634	187,180	--	--	--	111,314	--	--	--	--	12,135,527	95.500%	
IBBM	1,992,539	--	0	1,800	0	56,747	4,033	0	83,642	--	--	--	77,022	--	--	--	--	1,871,464	93.924%	
IBEW	9,594,464	--	8,371	64,191	33,143	187,180	11,278	3,680	42,359	--	--	--	111,314	--	--	--	--	9,122,948	95.185%	
ATDA	4,469,780	716,322	0	1,944	26,656	86,330	0	7,032	890,054	1,228,226	71,278	83,642	1,302,969	--	--	--	0	0.000%		
UTU-YMC	3,620,388	1,137,801	0	0	62,757	80,838	0	0	42,852	--	--	--	484,754	--	--	--	1,734,344	47.905%		
OTHER	51,143,685	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	51,143,685	100.000%	
TOTAL	331,135,912	12,909,826	170,334	479,969	2,042,474	5,298,333	501,304	223,843	2,916,459	10,753,280	16,855,548	71,278	4,640,540	1,787,723	272,485,000	1127.119%				

Sum (for proofing)

* In some cases, a railroad union is part of the national agreement but is being benchmarked as independent in anticipation of future independent agreements or because of a variation in their interpretation of the agreement.

Statistics based on AAR's 2007 112-Class Wage Statistics and knowledge of contracts as of August 2008

Percentages are full float.

ATDA (dispatchers) are independent for each railroad. Although BNSF, CSX, and KCS are participating in a national agreement, they are benchmarked as independent. NS is participating for H&W only. UP is non-union. IC & UP dispatchers are non-union, and given same increases as non-union, but handled independently

U.S. 2007 Benchmark

	From AAR 112-Class Wage Statistics & Survey						2007 Average		12/31/2007		ST Hrs.
	ST Hrs.		ST \$		PFTNW \$		Union L. Sum		Hourly Rates		Weights
UTU	86,357,895	\$1,852,772,963	\$644,432,559	\$2,006,022	\$1,850,766,941	\$21.431	\$7.462	\$21.488	0.26079		
TCU	14,922,715	342,457,005	79,387,499	3,949,964	338,507,041	22.684	5.320	23.002	0.04507		
BLET	61,150,821	1,556,216,013	603,059,765	91,354,933	1,464,861,080	23.955	9.862	24.126	0.18467		
SMWIA	1,940,955	44,000,512	8,183,988	10,161	43,990,351	22.664	4.216	22.994	0.00586		
BRS	12,079,365	295,173,634	70,754,176	169,884	295,003,750	24.422	5.857	24.776	0.03648		
BMWE	46,101,997	982,319,021	180,430,448	659,603	981,659,418	21.293	3.914	21.600	0.13922		
TCU-CAR	20,521,407	454,718,600	83,235,556	449,453	454,269,147	22.136	4.056	22.455	0.06197		
NCFO	4,542,603	83,734,823	14,616,068	56,389	83,678,434	18.421	3.218	18.689	0.01372		
IAM	12,707,308	279,543,424	50,396,963	37,868	279,505,556	21.996	3.966	22.057	0.03837		
IBBM	1,992,539	40,953,487	5,670,058	101,321	40,852,166	20.503	2.846	20.805	0.00602		
IBEW	9,584,464	220,966,214	41,528,260	143,232	220,822,982	23.040	4.333	23.367	0.02894		
ATDA	4,469,790	152,300,687	28,580,082	5,593,070	146,707,617	32.822	6.394	33.032	0.01350		
UTU-YMD	3,620,368	101,015,301	27,274,599	1,990,631	99,024,670	27.352	7.534	27.400	0.01093		
OTHER	51,143,685	2,160,157,429	86,998,315	0	2,160,157,429	42.237	1.701	42.237	0.15445		
AAR 112 Total	331,135,912	8,566,329,113	1,924,548,336	106,522,531	8,459,806,582	25.548	5.812	25.707	1.00000		
Sum (for proofing)						344.95611	70.67859	348.02814			

Year-End Figures are calculated, based on 2007 WS-112 and union contracts. In YearEnd2007_final.xls exhibited in document titled "Year-End 2007 ST Hourly Rates for U.S." The ST Hours Weights and the Hourly Rates are full float.

1.710%

Total return	Change	(10 total return (%) index)	
1307.88	1.9		Broad market
1565.56	-0.5		U.S. Corporate
1605.52	0.4		Intermediate
1745.84	-3.0		Long term
535.09	-0.1		Double-A-rate
335.79	-0.7		Triple-B-rated
189.32	2.5		High Yield Const
162.71	-5.8		Triple-C Rated
1566.53	1.9		High Yield 100
1465.35	2.9		Global High Yld
150.18	-5.6		Europe High Yld
1250.48	2.8		U.S. Agency Lend
1155.00	2.9		10-20 years
1359.01	2.3		20-plus years
1365.74	2.5		Mortgage Backed
1347.18	2.2		Ginnie Mae
787.55	2.7		Fannie Mae (F)
1277.18	2.4		Freddie Mac (G)
155.11	2.7		Mini Master M
237.22	3.1		12 year
252.01	1.9		12-22 year
233.08	1.4		22-plus year
1564.01	1.7		Yankee Lend
384.81	2.4		Global Govern
546.15	2.8		Canada
236.40	2.2		EMU
445.39	2.5		France
335.40	2.7		Germany
222.11	1.3		Japan
358.62	2.6		Netherlands
573.28	1.7		UK
413.94	1.3		Emerging M

Constrained indexes limit individual issuer concentration. EMU: Eurozone index.

Global Government Bonds

Yields and spreads over or under U.S. 10-year Treasury selected other countries; arrows indicate

Country	10-year	10-year	10-year
	Yield (%)	Spread	Spread
U.S.	4.00		
Australia	4.50	50	
Canada	4.20	20	
Germany	4.20	20	
Japan	4.70	70	
UK	4.00	0	
Switzerland	4.00	0	
France	4.00	0	
Italy	4.00	0	
Spain	4.00	0	
Portugal	4.00	0	
Belgium	4.00	0	
Netherlands	4.00	0	
Denmark	4.00	0	
Sweden	4.00	0	
Finland	4.00	0	
Poland	4.00	0	
Czech	4.00	0	
Slovak	4.00	0	
Slovenia	4.00	0	
Lithuania	4.00	0	
Latvia	4.00	0	
Estonia	4.00	0	
Hungary	4.00	0	
Romania	4.00	0	
Bulgaria	4.00	0	
Cyprus	4.00	0	
Malta	4.00	0	
Greece	4.00	0	
Ireland	4.00	0	
Portugal	4.00	0	
Spain	4.00	0	
Italy	4.00	0	
France	4.00	0	
Germany	4.00	0	
UK	4.00	0	
U.S.	4.00	0	

BORROWING BENCHMARKS

August 25, 2008

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

Index	Latest	Week ago	52-WEEK High	52-WEEK Low
U.S. consumer price index	220.0	0.5	5.6	
All items	220.0	0.5	5.6	
Core	216.0	0.2	2.5	

International rates

Country	Latest	Week ago	52-WEEK High	52-WEEK Low
U.S. 3-month T-bill	1.710	1.710	1.710	1.710
Canada	4.75	4.75	6.25	4.75
Euro zone	4.25	4.25	4.25	4.00
Japan	0.875	0.875	1.875	0.875
Switzerland	3.43	4.09	4.50	3.62
Britain	5.40	5.00	5.75	5.00
Australia	7.25	7.25	7.25	6.50
Hong Kong	5.50	5.50	8.00	5.50

Overnight repurchase

Country	Latest	Week ago	52-WEEK High	52-WEEK Low
U.S.	2.05	2.13	3.35	0.35
UK (BBA)	5.052	5.075	6.667	4.000
Euro zone	4.31	4.31	4.52	3.74

U.S. government rates

Term	Latest	Week ago	52-WEEK High	52-WEEK Low
Discount	2.25	2.25	5.75	2.25
Federal funds	2.00	1.97	5.31	1.05
Effective rate	2.1875	2.2500	4.0000	2.1250
High	1.0000	0.5000	5.3750	0.0100
Low	3.0000	0.5000	8.0000	0.0100
Offer	2.0000	1.0000	10.0000	0.0100

Treasury bill auction

Term	Latest	Week ago	52-WEEK High	52-WEEK Low
12-week	1.740	1.945	4.750	1.520
17-week	1.740	1.950	4.600	1.050
26-week	1.725	1.980	4.500	1.310

Secondary market

Instrument	Latest	Week ago	52-WEEK High	52-WEEK Low
Freddie Mac	2.5	2.5	2.5	2.5
Agency	2.5	2.5	2.5	2.5
AAA	2.5	2.5	2.5	2.5
AA	2.5	2.5	2.5	2.5
AAA	2.5	2.5	2.5	2.5
AA	2.5	2.5	2.5	2.5
AAA	2.5	2.5	2.5	2.5
AA	2.5	2.5	2.5	2.5
AAA	2.5	2.5	2.5	2.5
AA	2.5	2.5	2.5	2.5

Freddie Mac

Term	Latest	Week ago	52-WEEK High	52-WEEK Low
1-month	2.5	2.5	2.5	2.5
3-month	2.5	2.5	2.5	2.5
6-month	2.5	2.5	2.5	2.5
1-year	2.5	2.5	2.5	2.5

Bankers acceptances

Term	Latest	Week ago	52-WEEK High	52-WEEK Low
30 days	2.46	2.49	5.81	2.35
60 days	2.47	2.74	5.81	2.47
90 days	2.80	2.83	5.81	2.50
120 days	2.91	2.93	5.73	2.50
150 days	3.07	3.04	6.3	2.45
180 days	3.12	3.16	5.58	2.40

Other short-term rates

Instrument	Latest	Week ago	52-WEEK High	52-WEEK Low
Call money	3.75	3.75	7.00	2.75

Commercial paper

Term	Latest	Week ago	52-WEEK High	52-WEEK Low
30 to 41 days	2.20	2.20	2.20	2.20
42 to 51 days	2.30	2.30	2.30	2.30
52 to 59 days	2.35	2.35	2.35	2.35
60 to 69 days	2.41	2.41	2.41	2.41
70 to 89 days	2.47	2.47	2.47	2.47
90 to 105 days	2.52	2.52	2.52	2.52
106 to 119 days	2.57	2.57	2.57	2.57
120 to 149 days	2.63	2.63	2.63	2.63
150 to 179 days	2.75	2.75	2.75	2.75
180 to 239 days	2.83	2.83	2.83	2.83
240 to 270 days	2.85	2.85	2.85	2.85

Dealer commercial paper

Term	Latest	Week ago	52-WEEK High	52-WEEK Low
30 days	2.45	2.41	5.70	2.36
60 days	2.45	2.63	5.70	2.43
90 days	2.76	2.76	5.75	2.43

Euro commercial paper

Term	Latest	Week ago	52-WEEK High	52-WEEK Low
30 day	4.28	4.28	4.24	3.88
Two month	4.36	4.56	5.20	3.97
Three month	4.76	4.76	5.23	4.09
Four month	4.81	4.82	5.22	4.18
Five month	4.91	4.90	5.21	4.05
Six month	4.95	4.95	5.16	4.04

London interbank offered rate of Libor

Term	Latest	Week ago	52-WEEK High	52-WEEK Low
One month	2.47150	2.47063	5.82575	2.37875
Three month	2.41000	2.41000	5.72500	2.41888
Six month	2.4375	2.4375	5.59002	2.4685
One year	2.7250	2.7250	5.28000	2.47813

New York Funding Rate

Term	Latest	Week ago	52-WEEK High	52-WEEK Low
One month	2.490	2.490	2.490	2.490
Three month	2.450	2.450	2.450	2.450

Libor Swaps (USD)

Term	Latest	Week ago	52-WEEK High	52-WEEK Low
Two year	4.341	4.376	4.969	2.422
Three year	4.482	4.371	4.993	2.464
Five year	4.695	4.103	5.088	2.070
Ten year	4.521	4.577	5.305	2.912
20 year	4.797	4.866	5.529	4.592
30 year	4.841	4.915	5.551	4.459

Euro Libor

Term	Latest	Week ago	52-WEEK High	52-WEEK Low
One month	4.477	4.484	4.985	4.135
Three month	4.956	4.956	4.967	4.288
Six month	5.151	5.151	5.161	4.935
One year	5.312	5.301	5.433	4.286

Euro interbank offered rate (Euro)

Term	Latest	Week ago	52-WEEK High	52-WEEK Low
One month	4.484	4.485	4.947	4.136
Three month	4.965	4.963	4.970	4.388
Six month	5.161	5.159	5.167	4.293
One year	5.319	5.304	5.439	4.287

Libor

Term	Latest	Week ago	52-WEEK High	52-WEEK Low
One month	1.738	1.741	5.704	1.273
Three month	2.201	2.233	5.451	1.732
Six month	2.501	2.529	5.876	1.724
One year	2.494	2.968	5.058	1.671

Asian Dollars

Term	Latest	Week ago	52-WEEK High	52-WEEK Low
One month	2.532	2.294	5.840	2.317
Three month	2.816	2.829	5.755	2.525
Six month	3.108	3.128	5.600	2.315
One year	3.246	3.272	5.996	2.113

EMU DOLLARS

Term	Latest	Week ago	52-WEEK High	52-WEEK Low
One month	2.45	2.45	2.45	2.45
Two month	2.70	2.70	2.70	2.70
Three month	2.85	2.85	2.85	2.85
Four month	2.90	2.90	2.90	2.90
Five month	3.00	3.00	3.00	3.00
Six month	3.10	3.10	3.10	3.10

EMU DOLLARS (cont'd)

Term	Latest	Week ago	52-WEEK High	52-WEEK Low
One month	2.45	2.45	2.45	2.45
Two month	2.70	2.70	2.70	2.70
Three month	2.85	2.85	2.85	2.85

RCAF Lump Sum Amortization
2008/Q4

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hour	U.S. ST Hours	
GTW - TCU-CAR	2008Q2	2008Q2	\$90,000	0.00027	0.00109	331,135,912	2007
NS - BLET & ATDA	2008Q2	2008Q2	\$18,270,799	0.05518	0.22070	331,135,912	2007
CSX - BLET	2008Q2	2008Q2	\$20,528,547	0.06199	0.24798	331,135,912	2007
CNGT - various ²	Various	2008Q3	\$48,000	0.00014	0.00058	331,135,912	2007
BLE - TCU	2008Q3	2008Q4	\$8,000	0.00002	0.00010	331,135,912	2007
CSX - ATDA-East	2008Q1	2008Q4	\$918,238	0.00277	0.01109	331,135,912	2007
Total			\$39,863,584	0.12038			

Should be slightly less than amortized amount.

Fell out

CNGT - various ¹	Various	2007Q4	\$387,000	0.00113	0.00452	342,756,730	2006
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Interest Rate

2007/Q1	4.940
2007/Q2	5.035
2007/Q3	4.775
2007/Q4	4.600
2008/Q1	3.390
2008/Q2	2.160
2008/Q3	1.870
2008/Q4	1.710
2009/Q1	
2009/Q2	
2009/Q3	
2009/Q4	

Lump Sum Adjustment for 2008/Q4	→ 0.121763 or 0.122
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¹ DWP TCU-CAR, GTW BLET, and GTW TCU

² DMIR TCU-CAR and GTW IBEW

SCHEDULE: GTW TCU-CAR

Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00109			
2008/Q2	4	2.160	0.5400	\$0.00082	\$0.00028	\$0.00001	\$0.00027
2008/Q3	3	1.870	0.4675	\$0.00055	\$0.00028	\$0.00000	\$0.00027
2008/Q4	2	1.710	0.4275	\$0.00027	\$0.00027	\$0.00000	\$0.00027
2009/Q1	1		0.0000	\$0.00000	\$0.00027	\$0.00000	\$0.00027

SCHEDULE: NS BLET & ATDA

Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.22070			
2008/Q2	4	2.160	0.5400	\$0.16597	\$0.05592	\$0.00119	\$0.05473
2008/Q3	3	1.870	0.4675	\$0.11091	\$0.05584	\$0.00078	\$0.05507
2008/Q4	2	1.710	0.4275	\$0.05557	\$0.05581	\$0.00047	\$0.05534
2009/Q1	1		0.0000	\$0.00000	\$0.05557	\$0.00000	\$0.05557

SCHEDULE: CSX BLET

Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.24798			
2008/Q2	4	2.160	0.5400	\$0.18648	\$0.06283	\$0.00134	\$0.06149
2008/Q3	3	1.870	0.4675	\$0.12461	\$0.06274	\$0.00087	\$0.06187
2008/Q4	2	1.710	0.4275	\$0.06244	\$0.06271	\$0.00053	\$0.06217
2009/Q1	1		0.0000	\$0.00000	\$0.06244	\$0.00000	\$0.06244

SCHEDULE: CNGT various (DMIR TCU-CAR and GTW IBEW)

Added 2008Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00058			
2008/Q3	4	1.870	0.4675	\$0.00044	\$0.00015	\$0.00000	\$0.00014
2008/Q4	3	1.710	0.4275	\$0.00029	\$0.00015	\$0.00000	\$0.00014
2009/Q1	2		0.0000	\$0.00015	\$0.00015	\$0.00000	\$0.00015
2009/Q2	1		0.0000	\$0.00000	\$0.00015	\$0.00000	\$0.00015

SCHEDULE: BLE TCU

Added 2008Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00010			
2008/Q4	4	1.710	0.4275	\$0.00007	\$0.00002	\$0.00000	\$0.00002
2009/Q1	3		0.0000	\$0.00005	\$0.00002	\$0.00000	\$0.00002
2009/Q2	2		0.0000	\$0.00002	\$0.00002	\$0.00000	\$0.00002
2009/Q3	1		0.0000	\$0.00000	\$0.00002	\$0.00000	\$0.00002

SCHEDULE: CSX ATDA-East

Added 2008Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.01109			
2008/Q4	4	1.710	0.4275	\$0.00834	\$0.00280	\$0.00005	\$0.00276
2009/Q1	3		0.0000	\$0.00556	\$0.00278	\$0.00000	\$0.00278
2009/Q2	2		0.0000	\$0.00278	\$0.00278	\$0.00000	\$0.00278
2009/Q3	1		0.0000	\$0.00000	\$0.00278	\$0.00000	\$0.00278

RCAF Back Pay Amortization
2008/Q4

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hr.	U.S. ST Hours	
National 3 Unions ³	2007Q4	2008Q1	\$66,876,916	0.20196214	0.80785	331,135,912	2007
IC&CCP - BRS	2008Q1	2008Q1	\$586,106	0.00176999	0.00708	331,135,912	2007
SOO - ATDA, IAM, IBBM, TCU	2007Q4	2008Q1	\$1,236,670	0.00373463	0.01494	331,135,912	2007
UP - ATDA	2008Q2	2008Q2	\$312,309	0.00094315	0.00377	331,135,912	2007
UP - UTU-YMD	2008Q2	2008Q2	(\$21,285)	-0.00006428	-0.00026	331,135,912	2007
GTW - TCU-CAR	2008Q2	2008Q2	\$1,079,857	0.00326107	0.01304	331,135,912	2007
IC - BMW (ECS offset)	2008Q3	2008Q3	(\$236,250)	-0.00071345	-0.00285	331,135,912	2007
GTC/CN - various ⁴	Various	2008Q3	\$4,693,403	0.01417365	0.05669	331,135,912	2007
UP - UTU-YMD (new contract)	2008Q2	2008Q3	\$3,445,994	0.01040658	0.04163	331,135,912	2007
SOO - new BRS, IBEW, NCFO, SMW	2008Q2	2008Q3	\$495,002	0.00149486	0.00598	331,135,912	2007
National UTU & UTU-YMD	2008Q3	2008Q4	\$248,263,064	0.74973162	2.99893	331,135,912	2007
BNSF - ATDA	2008Q3	2008Q4	\$531,401	0.00160478	0.00642	331,135,912	2007
GTC/CN - various ⁵	2008Q3	2008Q4	\$2,310,514	0.00697754	0.02791	331,135,912	2007
GTC/CN (ECS) - various ⁶	Various	2008Q4	\$37,288	0.00011261	0.00045	331,135,912	2007
SOO - TCU-CAR & UTU-YMD	2008Q3	2008Q4	\$1,016,782	0.00307059	0.01228	331,135,912	2007
Total			\$330,627,771	0.99846546			

Should be slightly less than amortized amount

Fell out

National 7 Unions ¹	2007Q3	2007Q4	\$119,981,393	0.35004825	1.40019	342,756,730	2006
BNSF - BLET	2007Q3	2007Q4	\$15,874,984	0.04631560	0.18526	342,756,730	2006
CSX - BLET (ECS offset)	2007Q2	2007Q4	(\$243,379)	-0.00071006	-0.00284	342,756,730	2006
GTC/CN - various ²	2007Q3	2007Q4	\$8,408,734	0.02453266	0.09813	342,756,730	2006
SOO - BLET	2007Q3	2007Q4	\$1,490,393	0.00434825	0.01739	342,756,730	2006

Interest Rate

2007/Q1	4.940
2007/Q2	5.035
2007/Q3	4.775
2007/Q4	4.600
2008/Q1	3.390
2008/Q2	2.160
2008/Q3	1.870
2008/Q4	1.710
2009/Q1	
2009/Q2	
2009/Q3	
2009/Q4	

Back Pay Adjustment for 2008/Q4	→ 1.00976 or 1.010
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¹ National BLET, BMW, BRS, IBBM, NCFO, SMW, and ATDA

² DWP TCU-CAR; GTW TCU; IC&CCP BMW and UTU; and WC&SSAM UTU

³ National IBEW, TCU and TCU-CAR

⁴ DMIR TCU-CAR; GTW IBEW; IC IBEW, SMW and UTU (including CCP)

⁵ BLE TCU; GTW BME

⁶ BLE BLET and UTU; GTW ATDA and BLET

SCHEDULE: National IBEW, TCU and TCU-CAR
 Added 2008Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.80785			
2008/Q1	4	3.390	0.8475	\$0.60844	\$0.20626	\$0.00685	\$0.19941
2008/Q2	3	2.160	0.5400	\$0.40672	\$0.20501	\$0.00329	\$0.20172
2008/Q3	2	1.870	0.4675	\$0.20383	\$0.20478	\$0.00190	\$0.20288
2008/Q4	1	1.710	0.4275	\$0.00000	\$0.20470	\$0.00087	\$0.20383

SCHEDULE: IC and CCP BRS
 Added 2008Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00708			
2008/Q1	4	3.390	0.8475	\$0.00533	\$0.00181	\$0.00006	\$0.00175
2008/Q2	3	2.160	0.5400	\$0.00356	\$0.00180	\$0.00003	\$0.00177
2008/Q3	2	1.870	0.4675	\$0.00179	\$0.00179	\$0.00002	\$0.00178
2008/Q4	1	1.710	0.4275	\$0.00000	\$0.00179	\$0.00001	\$0.00179

SCHEDULE: SOO ATDA, IBBM and TCU
 Added 2008Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.01494			
2008/Q1	4	3.390	0.8475	\$0.01125	\$0.00381	\$0.00013	\$0.00369
2008/Q2	3	2.160	0.5400	\$0.00752	\$0.00379	\$0.00006	\$0.00373
2008/Q3	2	1.870	0.4675	\$0.00377	\$0.00379	\$0.00004	\$0.00375
2008/Q4	1	1.710	0.4275	\$0.00000	\$0.00379	\$0.00002	\$0.00377

SCHEDULE: UP ATDA

Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00377			
2008/Q2	4	2.160	0.5400	\$0.00284	\$0.00096	\$0.00002	\$0.00094
2008/Q3	3	1.870	0.4675	\$0.00190	\$0.00095	\$0.00001	\$0.00094
2008/Q4	2	1.710	0.4275	\$0.00095	\$0.00095	\$0.00001	\$0.00095
2009/Q1	1		0.0000	\$0.00000	\$0.00095	\$0.00000	\$0.00095

SCHEDULE: UP UTU-YMD

Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0.00026)			
2008/Q2	4	2.160	0.5400	(\$0.00019)	(\$0.00007)	(\$0.00000)	(\$0.00006)
2008/Q3	3	1.870	0.4675	(\$0.00013)	(\$0.00007)	(\$0.00000)	(\$0.00006)
2008/Q4	2	1.710	0.4275	(\$0.00006)	(\$0.00007)	(\$0.00000)	(\$0.00006)
2009/Q1	1		0.0000	\$0.00000	(\$0.00006)	\$0.00000	(\$0.00006)

SCHEDULE: GTW TCU-CAR

Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.01304			
2008/Q2	4	2.160	0.5400	\$0.00981	\$0.00331	\$0.00007	\$0.00323
2008/Q3	3	1.870	0.4675	\$0.00655	\$0.00330	\$0.00005	\$0.00325
2008/Q4	2	1.710	0.4275	\$0.00328	\$0.00330	\$0.00003	\$0.00327
2009/Q1	1		0.0000	\$0.00000	\$0.00328	\$0.00000	\$0.00328

SCHEDULE: IC BMW (ECS offset)

Added 2008Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0.00285)			
2008/Q3	4	1.870	0.4675	(\$0.00215)	(\$0.00072)	(\$0.00001)	(\$0.00071)
2008/Q4	3	1.710	0.4275	(\$0.00143)	(\$0.00072)	(\$0.00001)	(\$0.00071)
2009/Q1	2		0.0000	(\$0.00072)	(\$0.00072)	\$0.00000	(\$0.00072)
2009/Q2	1		0.0000	\$0.00000	(\$0.00072)	\$0.00000	(\$0.00072)

SCHEDULE: DMIR TCU-CAR; GTW IBEW; IC IBEW, SMW and UTU (including CCP)

Added 2008Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.05669			
2008/Q3	4	1.870	0.4675	\$0.04262	\$0.01434	\$0.00027	\$0.01407
2008/Q4	3	1.710	0.4275	\$0.02847	\$0.01433	\$0.00018	\$0.01415
2009/Q1	2		0.0000	\$0.01424	\$0.01424	\$0.00000	\$0.01424
2009/Q2	1		0.0000	\$0.00000	\$0.01424	\$0.00000	\$0.01424

SCHEDULE: UP UTU-YMD (new contract)

Added 2008Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.04163			
2008/Q3	4	1.870	0.4675	\$0.03129	\$0.01053	\$0.00019	\$0.01033
2008/Q4	3	1.710	0.4275	\$0.02091	\$0.01052	\$0.00013	\$0.01039
2009/Q1	2		0.0000	\$0.01045	\$0.01045	\$0.00000	\$0.01045
2009/Q2	1		0.0000	\$0.00000	\$0.01045	\$0.00000	\$0.01045

SCHEDULE: SOO BRS, IBEW, NCFO, SMW (new contracts)

Added 2008Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00598			
2008/Q3	4	1.870	0.4675	\$0.00450	\$0.00151	\$0.00003	\$0.00148
2008/Q4	3	1.710	0.4275	\$0.00300	\$0.00151	\$0.00002	\$0.00149
2009/Q1	2		0.0000	\$0.00150	\$0.00150	\$0.00000	\$0.00150
2009/Q2	1		0.0000	\$0.00000	\$0.00150	\$0.00000	\$0.00150

SCHEDULE: National UTU and UTU-YMD (new contracts)

Added 2008Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$2.99893			
2008/Q4	4	1.710	0.4275	\$2.25399	\$0.75776	\$0.01282	\$0.74494
2009/Q1	3		0.0000	\$1.50266	\$0.75133	\$0.00000	\$0.75133
2009/Q2	2		0.0000	\$0.75133	\$0.75133	\$0.00000	\$0.75133
2009/Q3	1		0.0000	\$0.00000	\$0.75133	\$0.00000	\$0.75133

SCHEDULE: BNSF ATDA

Added 2008Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00642			
2008/Q4	4	1.710	0.4275	\$0.00482	\$0.00162	\$0.00003	\$0.00159
2009/Q1	3		0.0000	\$0.00322	\$0.00161	\$0.00000	\$0.00161
2009/Q2	2		0.0000	\$0.00161	\$0.00161	\$0.00000	\$0.00161
2009/Q3	1		0.0000	\$0.00000	\$0.00161	\$0.00000	\$0.00161

SCHEDULE: BLE TCU and GTW BMW (new contracts)

Added 2008Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.02791			
2008/Q4	4	1.710	0.4275	\$0.02098	\$0.00705	\$0.00012	\$0.00693
2009/Q1	3		0.0000	\$0.01398	\$0.00699	\$0.00000	\$0.00699
2009/Q2	2		0.0000	\$0.00699	\$0.00699	\$0.00000	\$0.00699
2009/Q3	1		0.0000	\$0.00000	\$0.00699	\$0.00000	\$0.00699

SCHEDULE: BLE BLET and UTU; GTW BLET (ECS offset)

Added 2008Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00045			
2008/Q4	4	1.710	0.4275	\$0.00034	\$0.00011	\$0.00000	\$0.00011
2009/Q1	3		0.0000	\$0.00023	\$0.00011	\$0.00000	\$0.00011
2009/Q2	2		0.0000	\$0.00011	\$0.00011	\$0.00000	\$0.00011
2009/Q3	1		0.0000	\$0.00000	\$0.00011	\$0.00000	\$0.00011

SCHEDULE: SOO TCU-CAR and UTU-YMD (new contracts)

Added 2008Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.01228			
2008/Q4	4	1.710	0.4275	\$0.00923	\$0.00310	\$0.00005	\$0.00305
2009/Q1	3		0.0000	\$0.00615	\$0.00308	\$0.00000	\$0.00308
2009/Q2	2		0.0000	\$0.00308	\$0.00308	\$0.00000	\$0.00308
2009/Q3	1		0.0000	\$0.00000	\$0.00308	\$0.00000	\$0.00308

**Backpay for National UTU and UTU-YMD Agreements
Added to RCAF 2008Q4**

See NewContract_ UTU.xls -- BackpaySum tab	\$241,161,248.49
See NewContract_ UTU-YMD.xls -- BackpaySum tab	<u>\$7,101,815.33</u>
Total Backpay	\$248,263,063.82

NOTE: National UTU and UTU_YMD were both signed on 7/1/08.

Back Pay for National UTU Added to RCAF 2008Q4

National UTU New Contract Signed 7/1/08

ST Hours Paid	82,110,289	2007 Wage Statistics
2007 ST Hourly Rate	\$21.32385	2007 Wage Statistics
2007 PFTNW HR	\$7.48116	2007 Wage Statistics
Ratio PFTNW/STHR	0.3508352	calc. from wage statistics
STHR 12/31/2007	\$21.37385	from YearEnd2007 final including COLAs on 1/1/07 and 7/1/07
7/1/05 COLA	\$0.15000	old 2002 Agreement, Article III, Part B, Section 1 (a) and NRLC Circular
1/1/06 COLA	\$0.31000	old 2002 Agreement, Article III, Part B, Section 1 (a) and NRLC Circular
7/1/06 COLA	\$0.01000	old 2002 Agreement, Article III, Part B, Section 1 (a) and NRLC Circular
1/1/07 COLA	\$0.15000	old 2002 Agreement, Article III, Part B, Section 1 (a) and NRLC Circular
7/1/07 COLA	\$0.10000	old 2002 Agreement, Article III, Part B, Section 1 (a) and NRLC Circular
1/1/08 COLA	\$0.16000	old 2002 Agreement, Article III, Part B, Section 1 (a) and NRLC Circular
7/1/08 COLA	\$0.26000	old 2002 Agreement, Article III, Part B, Section 1 (a) and NRLC Circular
7/1/05-7/1/08 COLAs out	\$1.14000	new contract, Article III, Part A, Section 1 (7/1/05 & after COLAs removed)
7/1/05 G.W.I.	2.50%	new contract, Article I Section 1
7/1/06 G.W.I.	3.00%	new contract, Article I Section 2
7/1/07 G.W.I.	3.00%	new contract, Article I Section 3
7/1/08 G.W.I.	4.00%	new contract, Article I Section 4
1/1/07 H&W Offset	\$148.98	NRLC Circular
7/1/07 H&W Offset	\$160.33	NRLC Circular
1/1/08 H&W Offset	\$170.44	NRLC Circular
7/1/08 H&W Offset	\$170.44	NRLC Circular
2007-2008 H&W Offset	\$166.25	new contract, Article IV Part B Section 1(a) & (e)

Qtr.	Total Hourly Rate In 2008 Contract		Total Hourly Rate Paid		Difference	Wage Back Pay \$	Offset \$	Net Back Pay \$
	ST	PFTNW	ST	PFTNW				
2005Q1	20.6538	7.2461	20.6538	7.2461	0.0000	0.0	0.00	0.00
2005Q2	20.6538	7.2461	20.6538	7.2461	0.0000	0.0	0.00	0.00
2005Q3	21.1702	7.4272	20.8038	7.2987	0.4949	10,158,547.8	10,158,547.80	10,158,547.80
2005Q4	21.1702	7.4272	20.8038	7.2987	0.4949	10,158,547.8	10,158,547.80	10,158,547.80
2006Q1	21.1702	7.4272	21.1138	7.4075	0.0761	1,562,443.9	1,562,443.92	1,562,443.92
2006Q2	21.1702	7.4272	21.1138	7.4075	0.0761	1,562,443.9	1,562,443.92	1,562,443.92
2006Q3	21.8053	7.6501	21.1238	7.4110	0.9205	18,896,232.3	18,896,232.32	18,896,232.32
2006Q4	21.8053	7.6501	21.1238	7.4110	0.9205	18,896,232.3	18,896,232.32	18,896,232.32
2007Q1	21.8053	7.6501	21.2738	7.4636	0.7179	14,736,827.2	(2,275,650.6)	12,461,176.59
2007Q2	21.8053	7.6501	21.2738	7.4636	0.7179	14,736,827.2	(2,275,650.6)	12,461,176.59
2007Q3	22.4595	7.8796	21.3738	7.4987	1.4665	30,103,305.0	(\$780,072.5)	29,323,232.54
2007Q4	22.4595	7.8796	21.3738	7.4987	1.4665	30,103,305.0	(\$780,072.5)	29,323,232.54
2008Q1	22.4595	7.8796	21.5338	7.5548	1.2503	25,666,606.2	\$552,112.1	26,218,718.35
2008Q2	22.4595	7.8796	21.5338	7.5548	1.2503	25,666,606.2	\$552,112.1	26,218,718.35
2008Q3	23.3578	8.1948	21.7938	7.6460	2.1127	43,368,433.4	\$552,112.1	43,920,545.46
Total								241,161,248.49

Qtr.	H&W Employee Cost Sharing			No. of Employees			Old Contract		New Contract		Quarterly Amount	
	From	Thru		2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q3		2008Q4
2007Q1	2007Q1	2007Q2		43,923				\$148.98			\$166.25	\$2,275,650.63
2007Q2	2007Q2	2007Q3			43,923			\$160.33			\$166.25	\$780,072.48
2007Q3	2007Q3	2007Q4				43,923		\$170.44			\$166.25	-\$552,112.11
2007Q4	2007Q4	2008Q1					43,923	\$170.44			\$166.25	-\$552,112.11
2008Q1	2008Q1	2008Q2							43,923		\$166.25	
2008Q2	2008Q2	2008Q3								43,923	\$166.25	
2008Q3	2008Q3	2008Q4									\$166.25	
2008Q4	2008Q4											

Back Pay for National UTU-YMD Added to RCAF 2008Q4

National UTU-YMD New Contract Signed 7/1/08

ST Hours Paid	1,734,344	2007 Wage Statistics
2007 ST Hourly Rate	\$27.01607	2007 Wage Statistics
2007 PFTNW HR	\$6.57108	2007 Wage Statistics
Ratio PFTNW/STHR	0.2432286	calc. from wage statistics
STHR 12/31/2007	\$27.06607	from YearEnd2007_final including COLAs on 1/1/07 and 7/1/07
7/1/05 COLA	\$0.15000	old 2002 Agreement, Article III, Part B, Section 1 (a) and NRLC Circular
1/1/08 COLA	\$0.31000	old 2002 Agreement, Article III, Part B, Section 1 (a) and NRLC Circular
7/1/06 COLA	\$0.01000	old 2002 Agreement, Article III, Part B, Section 1 (a) and NRLC Circular
1/1/07 COLA	\$0.15000	old 2002 Agreement, Article III, Part B, Section 1 (a) and NRLC Circular
7/1/07 COLA	\$0.10000	old 2002 Agreement, Article III, Part B, Section 1 (a) and NRLC Circular
1/1/08 COLA	\$0.16000	old 2002 Agreement, Article III, Part B, Section 1 (a) and NRLC Circular
7/1/08 COLA	\$0.26000	old 2002 Agreement, Article III, Part B, Section 1 (a) and NRLC Circular
7/1/05-7/1/08 COLAs out	\$1.14000	new contract, Article III, Part A, Section 1 (7/1/05 & after COLAs removed)
7/1/05 G.W.I.	2.50%	new contract, Article I Section 1
7/1/06 G.W.I.	3.00%	new contract, Article I Section 2
7/1/07 G.W.I.	3.00%	new contract, Article I Section 3
7/1/08 G.W.I.	4.00%	new contract, Article I Section 4
1/1/07 H&W Offset	\$146.46	NRLC Circular
7/1/07 H&W Offset	\$156.13	NRLC Circular
1/1/08 H&W Offset	\$170.44	NRLC Circular
7/1/08 H&W Offset	\$170.44	NRLC Circular
2007-2008 H&W Offset	\$166.25	new contract, Article IV Part B Section 1(a) & (e)

Qtr.	Total Hourly Rate in 2008 Contract		Total Hourly Rate Paid		Difference	Wage Back Pay \$	Offset \$	Net Back Pay \$
	ST	PFTNW	ST	PFTNW				
2005Q1	26.3461	6.4081	26.3461	6.4081	0.0000	0.0	0.00	0.00
2005Q2	26.3461	6.4081	26.3461	6.4081	0.0000	0.0	0.00	0.00
2005Q3	27.0047	6.5683	33.5730	6.4446	0.6324	274,187.0	274,186.99	274,186.99
2005Q4	27.0047	6.5683	33.5730	6.4446	0.6324	274,187.0	274,186.99	274,186.99
2006Q1	27.0047	6.5683	33.5730	6.5200	0.2470	107,082.6	107,082.58	107,082.58
2006Q2	27.0047	6.5683	33.5730	6.5200	0.2470	107,082.6	107,082.58	107,082.58
2006Q3	27.8149	6.7654	34.5802	6.5224	1.2417	538,396.2	538,396.19	538,396.19
2006Q4	27.8149	6.7654	34.5802	6.5224	1.2417	538,396.2	538,396.19	538,396.19
2007Q1	27.8149	6.7654	34.5802	6.5589	1.0552	457,539.2	399,475.35	399,475.35
2007Q2	27.8149	6.7654	34.5802	6.5589	1.0552	457,539.2	399,475.35	399,475.35
2007Q3	28.6493	6.9683	35.6176	6.5832	1.9683	853,439.8	823,747.68	823,747.68
2007Q4	28.6493	6.9683	35.6176	6.5832	1.9683	853,439.8	823,747.68	823,747.68
2008Q1	28.6493	6.9683	35.6176	6.6222	1.7694	767,192.3	779,485.78	779,485.78
2008Q2	28.6493	6.9683	35.6176	6.6222	1.7694	767,192.3	779,485.78	779,485.78
2008Q3	29.7953	7.2471	37.0423	6.6854	2.8709	1,244,772.7	1,257,066.17	1,257,066.17
Total								<u>7,101,815.33</u>

H&W Employee Cost Sharing			No. of Old Contract		New Contract		Quarterly Amount
From	Thru	Employees	Mo. Rate	Mo. Rate	Mo. Rate	Mo. Rate	
2007Q1	2007Q2	978	\$146.46		\$166.25	\$58,063.86	
2007Q3	2007Q4	978	\$156.13		\$166.25	\$29,692.08	
2008Q1	2008Q2	978	\$170.44		\$166.25	-\$12,293.46	
2008Q3	2008Q3	978	\$170.44		\$166.25	-\$12,293.46	

2008Q4 29.7953

Health and Welfare

	Employees Receiving		Total 2007 Avg	Total 2008
	Pay 2007	Monthly Contribution 2007 Avg. 2008		
1 All Employees				
a. Group health	175,741	\$1,097.66 \$1,076.61	\$192,903,866.06	\$189,204,518.01
b. Group dental	175,741	47.14 45.72	8,284,430.74	8,034,878.52
c. Early retirement major medical	175,741	89.06 110.98	15,651,493.46	19,503,736.18
d. Group vision	175,741	10.70 10.16	1,880,428.70	1,785,528.56
2. Supplemental Sickness				
a. Signalmen	6,524	32.06 8.55	209,159.44	55,780.20
b. Shopcrafts	31,894	61.06 30.04	1,947,447.64	958,095.76
c. MOW	26,021	36.06 14.89	938,317.26	387,452.69
d. Yardmasters	2,132	41.13 33.21	87,689.16	70,803.72
3. Short-Term Disability				
a. Engineers (CSX, KCS, UP)	15,664	40.00 40.00	626,560.00	626,560.00
b. Engineers (SOO, \$40 began 2Q 2006)	494	40.00 40.00	19,760.00	19,760.00
4 Monthly Total Premiums			222,549,152.46	220,647,113.64
5. Monthly Employee Contributions To H&W				
a. National BLET (BNSF, CSX, KCS, NS, UP)	28,594	(\$156.44) (\$166.25)	(\$4,473,245.36)	(\$4,753,752.50)
b. National BMW (BNSF, CSX, KCS, NS, UP)	24,164	(\$83.13) (\$166.25)	(\$2,008,753.32)	(4,017,265.00)
c. National BRS (BNSF, CSX, KCS, NS, UP)	6,189	(\$133.13) (\$166.25)	(\$823,941.57)	(1,028,921.25)
d. National IAM (BNSF, CSX, KCS, NS, UP)	6,771	(\$127.48) (\$170.44)	(\$863,167.08)	(1,154,049.24)
e. National IBBM (BNSF, CSX, KCS, NS, UP)	1,025	(\$151.95) (\$166.25)	(\$155,748.75)	(170,406.25)
f. National IBEW (BNSF, CSX, KCS, NS, UP)	5,039	(\$154.29) (\$166.25)	(\$777,467.31)	(837,733.75)
g. National NCFO (BNSF, CSX, KCS, NS, UP)	2,461	(\$156.39) (\$166.25)	(\$384,875.79)	(409,141.25)
h. National SMW (BNSF, CSX, KCS, NS, UP)	1,069	(\$156.39) (\$166.25)	(\$167,180.91)	(177,721.25)
i. National TCU (BNSF, CSX, KCS, NS, UP)	7,835	(\$147.24) (\$166.25)	(\$1,153,625.40)	(1,302,568.75)
j. National TCU-CAR (BNSF, CSX, KCS, NS, UP)	10,617	(\$147.47) (\$166.25)	(\$1,565,688.99)	(1,765,076.25)
k. National UTU (BNSF, CSX, KCS, NS, UP)	43,923	(\$154.66) (\$166.25)	(\$6,793,131.18)	(7,302,198.75)
l. National UTU-Yardmasters (BNSF, CSX, KCS, NS)	1,715	(\$151.30) (\$166.25)	(\$259,479.50)	(285,118.75)
m. National ATDA (wt avg BNSF, KCS, NS, & CSX*)	1,835	(\$152.37) (\$164.92)	(\$279,598.95)	(302,628.20)
n. Independent CNGT (wt avg all 104 union categories)	5,780	(\$68.86) (\$88.02)	(\$398,010.80)	(508,755.60)
o. Independent SOO (weighted average all 13 unions)	2,416	(\$114.44) (\$129.27)	(\$276,487.04)	(312,316.32)
p. Independent UP (Yardmasters only)	262	(\$142.51) (\$166.25)	(\$37,337.62)	(43,557.50)
Total Major Union	149,695		(\$20,417,739.57)	(\$24,371,210.61)
All Other Employee Contributions**			(\$3,762,880.60)	(\$3,762,880.60)
6. Net Employer Monthly Payments			\$198,368,532.29	\$192,513,022.43
7. Ratio Projected Year to Base Year, Based on Net Monthly Payments				0.97048
8. H&W hourly rate for base year			\$5.788	
9. H&W hourly rate for projected quarter				\$5.617

* 70% of CSX Dispatchers participate in national agreement, remaining have independent agreement

** Mostly non-union employee contributions. The \$20,417,739.57 in major union contributions, plus \$3,762,880.60 in all other employee contributions, totals to the 12-month average of the total employee contributions reported to the AAR in its WF survey.

Health and Welfare

Employer H&W Contribution

		2007 Pd.	East	West
Supplemental Sickness Plan:		Employees		
a. Signalmen	BRS	6,524	2,855	3,669
b. Shopcrafts	Total	31,894	10,701	15,193
	IBEW	5,286	1,934	3,352
	IBBM	1,093	319	774
	TCU-Car	11,342	5,239	6,103
	IAM	7,082	2,627	4,455
	SMW	7,091	582	509
c. MOW	BMWED	26,021	9,924	16,097
d. Yardmasters	UTU-YMD	2,132	1,386	746

Short-Term Disability Contribution:

a. Engineers	Total BLET	15,664	5,787	9,877
	CSX	5,787		
	KCS	573		
	UP	9,304		
b. Engineers	SOO	494		

Sources/Notes:

Employee counts are from the 112-Class Wage Statistics. Monthly H&W premiums are from the NRLC, contracts, or the railroads. Projected quarter H&W Cost Sharing amounts are from the NRLC, union contracts, or pertinent railroads. Base year average monthly Cost Sharing amounts are from an AAR survey, NRLC, contracts, pertinent railroads. H&W hourly rate for base year benchmark is based on annual report and wage data. H&W rate for projected year is the benchmark figure updated by the ratio of projected year net payments to the base year. All Other employee contributions is the difference between total employee contributions for the base year and all known union amounts -- resulting in a non-union amount plus any adjustments caused by either opt-outs from union agreements or independent cost sharing agreements (if any) unknown to the AAR.

Health and Welfare

Employee H&W Cost Sharing

Group	Railroads	Contract Source
a. BLET	BNSF, CSX, KCS, UP NS	Article IV Part B Section 1 (b) Article IX Sections 2 & 3, same as national
b. BMW	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (b)
c. BRS	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (b)
d. IAM	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (f)
e. IBBM	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (b)
f. IBEW	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (b)
g. NCFO	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (b)
h. SMW	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (b)
i. TCU	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (b)
j. TCU-Carmen	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (b)
k. UTU	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (e)
l. UTU-YMD	BNSF, KCS, NS CSX	Article IV Part B Section 1 (e) Article IV and Side Letter #1
m. Dispatchers	BNSF, CSX, KCS, NS	Article IV Part B Section 1 (b)
n. Independent CN	all union categories incl. \$0 agmnts	
o. Independent SOO	all unions	Provided by Canadian Pacific Railway
p. Independent UP yardmasters		Article IV Part B Section 1 (b)

Railroad Retirement and Medicare

Employees Receiving Pay 175,741 (2007 Benchmark, 2006 RRB Distribution)
 Tier I Maximum 102,000 (Year = 2008)
 Tier II Maximum 75,900 (Year = 2008)
 Medicare Maximum no limit (Year = 2008)
 Tier I Tax Rate 6.20% (Year = 2008)
 Tier II Tax Rate 12.10% (Year = 2008)
 Medicare Tax Rate 1.45% (Year = 2008)

USA RCAF	Rate	Factor	RR Ret Tax	Hourly Rate
2006	\$29.465			
2007	\$30.806	1.04551	\$543,657,695	\$6.462
1Q/2008	\$31.805	1.07942	\$563,324,788	\$6.696
2Q/2008	\$31.823	1.08003	\$563,553,428	\$6.698
3Q/2008	\$32.327	1.09713	\$569,914,057	\$6.774
4Q/2008	\$33.207	1.12700	\$581,015,703	\$6.906

RR Ret Tax from RR_Retirement_07annual.xls, Hourly rate from SUPPL2007.xls

Rate = Taxable Rate

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2007	Avg Annual Earnings (2006 RRB Stats)	Estimated			Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Emgs	Tier II Tot Tax Emg	Medicare Tot Tax Emg
				Avg Annual Earnings	Avg Othly Earnings	Avg Othly Earnings						
\$0 - 21699	0.556	977	\$6,267	\$8,929	\$2,232	\$2,232	\$2,232	\$2,232	\$2,232	\$2,232	\$2,232	\$2,232
21700 - 23699	0.000	0	\$0	0	0	0	0	0	0	0	0	0
23700 - 25699	0.139	244	\$25,001	27,002	6,750	6,750	6,750	6,750	1,648,997	1,648,997	1,648,997	1,648,997
25700 - 27699	0.232	408	\$27,038	29,202	7,300	7,300	7,300	7,300	2,976,530	2,976,530	2,976,530	2,976,530
27700 - 29699	0.185	325	\$28,680	30,975	7,744	7,744	7,744	7,744	2,517,669	2,517,669	2,517,669	2,517,669
29700 - 31699	0.648	1,139	\$30,770	33,232	8,308	8,308	8,308	8,308	9,461,288	9,461,288	9,461,288	9,461,288
31700 - 33699	0.556	977	\$32,688	35,304	8,826	8,826	8,826	8,826	8,624,043	8,624,043	8,624,043	8,624,043
33700 - 35699	0.695	1,221	\$34,798	37,583	9,396	9,396	9,396	9,396	11,475,903	11,475,903	11,475,903	11,475,903
35700 - 37699	1.204	2,116	\$36,696	39,633	9,908	9,908	9,908	9,908	20,964,909	20,964,909	20,964,909	20,964,909
37700 - 39699	1.575	2,768	\$38,829	41,938	10,484	10,484	10,484	10,484	29,019,140	29,019,140	29,019,140	29,019,140
39700 - 41699	2.686	4,720	\$40,703	43,960	10,990	10,990	10,990	10,990	51,877,639	51,877,639	51,877,639	51,877,639
41700 - 43699	4.030	7,082	\$42,849	46,278	11,570	11,570	11,570	11,570	81,939,538	81,939,538	81,939,538	81,939,538
43700 - 45699	5.049	8,873	\$44,700	48,277	12,069	12,069	12,069	12,069	107,092,898	107,092,898	107,092,898	107,092,898
45700 - 47699	6.253	10,989	\$46,635	50,367	12,592	12,592	12,592	12,592	138,371,989	138,371,989	138,371,989	138,371,989
47700 - 49699	5.234	9,198	\$48,753	52,655	13,164	13,164	13,164	13,164	121,082,907	121,082,907	121,082,907	121,082,907
49700 - 51699	4.863	8,546	\$50,658	54,712	13,678	13,678	13,678	13,678	116,896,117	116,896,117	116,896,117	116,896,117
51700 - 53699	4.308	7,571	\$52,623	56,834	14,209	14,209	14,209	14,209	107,571,958	107,571,958	107,571,958	107,571,958
53700 - 55699	4.261	7,488	\$54,777	59,161	14,790	14,790	14,790	14,790	110,753,524	110,753,524	110,753,524	110,753,524
55700 - 57699	4.122	7,244	\$56,669	61,204	15,301	15,301	15,301	15,301	110,841,224	110,841,224	110,841,224	110,841,224
57700 - 59699	3.408	7,571	\$58,713	63,412	15,853	15,853	15,853	15,853	120,021,138	120,021,138	120,021,138	120,021,138
59700 - 61699	3.752	6,594	\$60,687	65,544	16,386	16,386	16,386	16,386	108,045,398	108,045,398	108,045,398	108,045,398
61700 - 63699	2.825	4,965	\$62,565	67,572	16,893	16,893	16,893	16,893	83,868,268	83,868,268	83,868,268	83,868,268
63700 - 65699	3.428	6,024	\$64,747	69,929	17,482	17,482	17,482	17,482	105,319,367	105,319,367	105,319,367	105,319,367
65700 - 67699	3.289	5,780	\$66,650	71,984	17,996	17,996	17,996	17,996	104,018,791	104,018,791	104,018,791	104,018,791
67700 - 69699	3.011	5,292	\$68,571	74,059	18,515	18,515	18,515	18,515	97,971,332	97,971,332	97,971,332	97,971,332
69700 - 71699	2.362	4,151	\$70,605	76,255	19,064	19,064	19,064	19,064	79,134,001	79,134,001	79,134,001	79,134,001
71700 - 73699	2.779	4,884	\$72,709	78,528	19,632	19,632	19,632	19,632	92,670,909	92,670,909	92,670,909	92,670,909
73700 - 75699	1.760	3,093	\$74,592	80,561	20,140	20,140	20,140	20,140	58,879,220	58,879,220	58,879,220	58,879,220
75700 - 77699	2.409	4,234	\$76,791	82,936	20,734	20,734	20,734	20,734	62,294,929	62,294,929	62,294,929	62,294,929
77700 - 79699	1.575	2,768	\$78,679	84,975	21,244	21,244	21,244	21,244	80,332,573	80,332,573	80,332,573	80,332,573
79700 - 81699	2.084	3,662	\$80,918	87,394	21,848	21,848	21,848	21,848	52,521,296	52,521,296	52,521,296	52,521,296
81700 - 83699	1.621	2,849	\$82,807	89,434	22,358	22,358	22,358	22,358	69,494,845	69,494,845	69,494,845	69,494,845
83700 - 85699	1.297	2,279	\$84,780	91,565	22,891	22,891	22,891	22,891	54,055,252	54,055,252	54,055,252	54,055,252
85700 - 87699	2.223	3,907	\$86,623	93,555	23,389	23,389	23,389	23,389	43,250,871	43,250,871	43,250,871	43,250,871
87700 - 89699	1.482	2,604	\$88,844	95,954	23,988	23,988	23,988	23,988	74,130,058	74,130,058	74,130,058	74,130,058
89700 - 91699	1.297	2,279	\$90,674	97,930	24,483	24,483	24,483	24,483	49,420,039	49,420,039	49,420,039	49,420,039
91700 - 93699	1.204	2,116	\$92,711	100,130	25,033	25,033	25,033	25,033	43,250,871	43,250,871	43,250,871	43,250,871
93700 - 95699	0.973	1,710	\$94,442	102,000	25,500	25,500	25,500	25,500	40,149,613	40,149,613	40,149,613	40,149,613
95700 - over	9.725	17,091	\$144,529	156,095	39,024	39,024	39,024	39,024	32,446,490	32,446,490	32,446,490	32,446,490
TOTAL	100.000	175,741							2,976,363,127	2,976,363,127	2,976,363,127	2,976,363,127

Total Taxable 2,976,363,127 Tax Rate 0.062
 Total Taxable 2,748,018,358 Tax Rate 0.121

City Pmt \$184,534,514 \$332,510,221 \$46,508,693

Tier I & II Medicare \$563,553,428

4Q/2008

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2007	Avg Annual Earnings (2006 RRB Stats)	Estimated Avg. Annual Earnings	Avg Qlty Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Emgs	Tier II Tot Tax Emrg	Medicare Tot Tax Emrg
\$0 - 4999	0.556	977	\$8,267	\$9,317	\$2,329	\$2,329	\$2,329	\$2,329	\$2,275,931	\$2,275,931	\$2,275,931
5000 - 9999	0.000	0	\$0	0	0	0	0	0	0	0	0
10000 - 12499	0.139	244	\$25,001	28,176	7,044	7,044	7,044	7,044	1,720,713	1,720,713	1,720,713
12500 - 14999	0.232	408	\$27,038	30,472	7,618	7,618	7,618	7,618	3,105,981	3,105,981	3,105,981
15000 - 17499	0.195	325	\$28,660	32,322	8,081	8,081	8,081	8,081	2,627,164	2,627,164	2,627,164
17500 - 19999	0.648	1,139	\$30,770	34,678	8,669	8,669	8,669	8,669	9,872,765	9,872,765	9,872,765
20000 - 22499	0.556	977	\$32,668	36,839	9,210	9,210	9,210	9,210	8,999,107	8,999,107	8,999,107
22500 - 24999	0.695	1,221	\$34,798	39,217	9,804	9,804	9,804	9,804	11,974,996	11,974,996	11,974,996
25000 - 27499	1.204	2,116	\$36,696	41,356	10,339	10,339	10,339	10,339	21,876,685	21,876,685	21,876,685
27500 - 29999	1.575	2,768	\$38,829	43,760	10,940	10,940	10,940	10,940	30,281,199	30,281,199	30,281,199
30000 - 32499	2.686	4,720	\$40,703	45,872	11,468	11,468	11,468	11,468	54,133,827	54,133,827	54,133,827
32500 - 34999	4.030	7,082	\$42,849	48,291	12,073	12,073	12,073	12,073	85,503,134	85,503,134	85,503,134
35000 - 37499	5.049	8,873	\$44,700	50,377	12,594	12,594	12,594	12,594	111,750,427	111,750,427	111,750,427
37500 - 39999	6.253	10,989	\$46,635	52,558	13,139	13,139	13,139	13,139	144,389,864	144,389,864	144,389,864
40000 - 42499	5.234	9,198	\$48,753	54,945	13,736	13,736	13,736	13,736	126,348,870	126,348,870	126,348,870
42500 - 44999	4.863	8,546	\$50,658	57,091	14,273	14,273	14,273	14,273	121,979,994	121,979,994	121,979,994
45000 - 47499	4.308	7,571	\$52,623	59,306	14,827	14,827	14,827	14,827	112,250,322	112,250,322	112,250,322
47500 - 49999	4.261	7,488	\$54,777	61,734	15,433	15,433	15,433	15,433	115,570,256	115,570,256	115,570,256
50000 - 52499	4.122	7,244	\$56,669	63,866	15,966	15,966	15,966	15,966	115,661,770	115,661,770	115,661,770
52500 - 54999	4.308	7,571	\$58,713	66,169	16,542	16,542	16,542	16,542	125,240,925	125,240,925	125,240,925
55000 - 57499	3.752	6,594	\$60,667	68,394	17,099	17,099	17,099	17,099	112,744,353	112,744,353	112,744,353
57500 - 59999	2.825	4,965	\$62,565	70,511	17,628	17,628	17,628	17,628	87,515,746	87,515,746	87,515,746
60000 - 62499	3.428	6,024	\$64,747	72,970	18,242	18,242	18,242	18,242	109,899,765	109,899,765	109,899,765
62500 - 64999	3.289	5,780	\$66,650	75,114	18,779	18,779	18,779	18,779	108,542,626	108,542,626	108,542,626
65000 - 67499	3.011	5,292	\$68,571	77,279	19,320	19,320	19,320	19,320	102,232,160	102,232,160	102,232,160
67500 - 69999	2.362	4,151	\$70,605	79,572	19,893	19,893	19,893	19,893	82,575,583	82,575,583	82,575,583
70000 - 72499	2.779	4,884	\$72,709	81,943	20,486	20,486	20,486	20,486	100,049,061	100,049,061	100,049,061
72500 - 74999	1.760	3,093	\$74,592	84,065	21,016	21,016	21,016	21,016	65,004,170	65,004,170	65,004,170
75000 - 77499	2.409	4,234	\$76,791	86,543	21,636	21,636	21,636	21,636	80,332,573	80,332,573	80,332,573
77500 - 79999	1.575	2,768	\$78,679	88,671	22,168	22,168	22,168	22,168	61,358,635	61,358,635	61,358,635
80000 - 84999	2.094	3,662	\$80,918	91,194	22,799	22,799	22,799	22,799	83,498,592	83,498,592	83,498,592
85000 - 89999	1.621	2,849	\$82,807	93,323	23,331	23,331	23,331	23,331	66,463,983	66,463,983	66,463,983
90000 - 94999	1.297	2,279	\$84,780	95,547	23,887	23,887	23,887	23,887	54,446,465	54,446,465	54,446,465
95000 - 99999	2.223	3,907	\$86,623	97,624	24,406	24,406	24,406	24,406	95,347,428	95,347,428	95,347,428
100000 - 104999	1.482	2,604	\$88,844	100,127	25,032	25,032	25,032	25,032	65,194,747	65,194,747	65,194,747
105000 - 109999	1.297	2,279	\$90,674	102,189	25,547	25,547	25,547	25,547	58,231,644	58,231,644	58,231,644
110000 - 114999	1.204	2,116	\$92,711	104,485	26,121	26,121	26,121	26,121	55,270,564	55,270,564	55,270,564
115000 - 119999	0.973	1,710	\$94,442	106,436	26,609	26,609	26,609	26,609	43,603,978	43,603,978	43,603,978
120000 - 124999	9.725	17,091	\$144,529	162,884	40,721	40,721	40,721	40,721	435,815,712	435,815,712	435,815,712
TOTAL	100.000	175,741							3,084,956,622	2,819,975,296	3,346,991,632
									0.062	0.121	0.0145
									City Pmt	\$191,267,311	\$341,217,011
									Tier I & II & Medicare		\$48,531,382
											\$581,015,703

RCAF Unemployment Insurance Tax

	<u>Unemployment Ins.</u> Tax Rate	<u>Earnings</u> Base	<u>Hourly</u> Earnings	<u>RRB</u> Sample Year	<u>Factor</u> To Update RRB Sample	<u>Avg. Ann.</u> Taxable Earnings	<u>Un. Ins.</u> Hourly Rate
			\$27.952	(2003)			
2004 Avg.	2.88%	\$13,560	\$28.151		1.007119	\$12,797.12	\$0.197
4Q/05	2.29%	\$13,800	\$29.157		1.043110	\$13,030.55	\$0.159
1Q/06	2.36%	\$14,340	\$29.277		1.047403	\$13,526.36	\$0.170
2Q/06	2.36%	\$14,340	\$29.255		1.046616	\$13,526.05	\$0.170
3Q/06	2.36%	\$14,340	\$29.302		1.048297	\$13,526.71	\$0.170
			\$28.151	(2004)			
2005 Avg.	2.29%	\$13,800	\$28.884		1.026038	\$12,810.75	\$0.162
4Q/06	2.36%	\$14,340	\$29.136		1.034990	\$13,295.94	\$0.173
1Q/07	2.47%	\$14,760	\$29.220		1.037974	\$13,670.56	\$0.186
2Q/07	2.47%	\$14,760	\$29.238		1.038613	\$13,670.92	\$0.186
3Q/07	2.47%	\$14,760	\$29.336		1.042094	\$13,672.83	\$0.186
			\$28.884	(2005)			
2006 Avg.	2.36%	\$14,340	\$29.465		1.020115	\$13,053.43	\$0.173
4Q/07	2.47%	\$14,760	\$30.476		1.055117	\$13,438.69	\$0.186
1Q/08	2.48%	\$15,360	\$31.071		1.075717	\$13,972.06	\$0.195
2Q/08	2.48%	\$15,360	\$31.090		1.076374	\$13,972.45	\$0.195
3Q/08	2.48%	\$15,360	\$31.594		1.093824	\$13,982.57	\$0.195
			\$29.465	(2006)			
2007 Avg.	2.47%	\$14,760	\$30.806		1.045512	\$13,903.99	\$0.192
3Q/08 reb.	2.48%	\$15,360	\$32.327		1.097132	\$14,473.48	\$0.201
4Q/08	2.48%	\$15,360	\$33.207		1.126998	\$14,487.09	\$0.201
1Q/09					0.000000		---
2Q/09					0.000000		---
3Q/09					0.000000		---

Note: Average Annual Taxable Earnings is calculated from the RRB 1% sample data, by multiplying the average annual earnings in the file times the "Factor", and limiting the amount to the earnings base. Thus, the annual hourly earnings used for the calculation of the Factor is for the RRB sample year, and the Factor brings the earnings in the RRB 1% sample file to the current quarter's level.

2005 rate changes from 2.28% to 2.29% because rebenchmarking to 2004 (and later) wage statistics and annual report data adds BL&E and DMIR to the railroad group.

The MEANS Procedure

Variable	N	Sum	Mean
ANUAL_US	2788	38764317.27	13903.99
QTRLY_US	2788	40390013.76	14487.09

The MEANS Procedure

Variable	N	Sum	Mean
FactorA	2788	2914.89	1.0455120
FactorQ	2788	3142.07	1.1269980
Capa	2788	41150880.00	14760.00
Capq	2788	42823680.00	15360.00

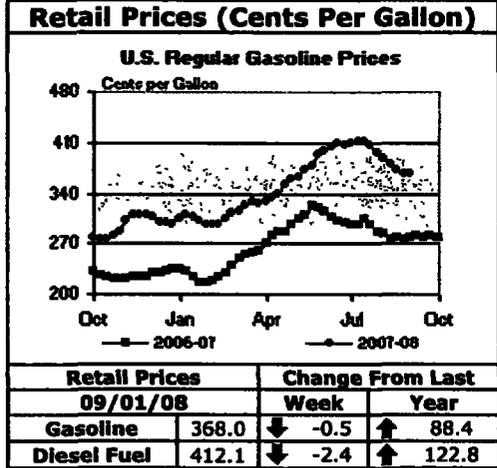
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 Analysis Text History

Summary Crude Oil Gasoline Distillate Propane

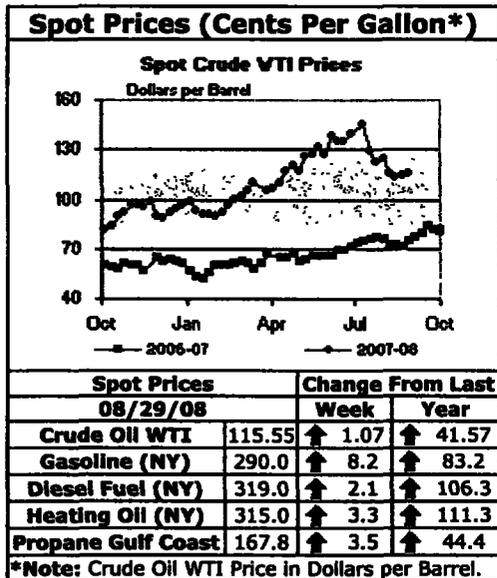
Scroll over labels below to see different charts.



Released on September 4, 2008
 (Next Release on September 10, 2008)

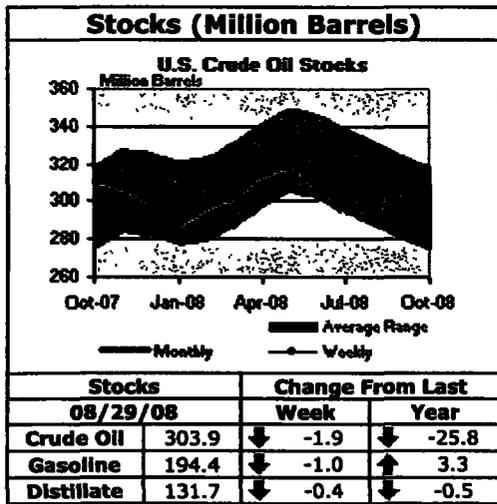
Hurricane Gustav Hits Gulf Coast with Softer Glove than Katrina/Rita

Early indications point to the petroleum supply system fairing much better after Hurricane Gustav than after the Katrina/Rita Hurricanes in 2005. However, damage assessments are not complete, power must be restored, and restarting the petroleum system takes some time. Also, it should be noted that data contained in *This Week in Petroleum* is for the week ending August 29, and may not fully reflect the impact of Hurricane Gustav. More up-to-date information on Hurricane Gustav's impact on U.S. oil infrastructure is being posted in the [Department of Energy Situation Report](#) and the [EIA Report on Hurricane Impacts on U.S. Energy](#).



In preparation for the hurricane, oil rigs in the Gulf of Mexico and many refineries in the Gulf Coast region were shut down. In addition, the Environmental Protection Agency (EPA) issued several fuel waivers to help prevent serious gasoline shortages during the evacuation and emergency preparations. With no production from the Gulf, no imports from closed terminals, and no products from shut-down refineries, several crude oil and product pipelines also were shut down or run at reduced rates through the storm and will only ramp up as supply comes back.

At the peak of Gustav preparations, shut-in Gulf of Mexico crude production totaled 1.3 million barrels per day – approximately 100 percent of the U.S. Gulf crude production. Fourteen refineries were shut down, corresponding to 2.7 million barrels per day of capacity [32 percent of Petroleum Administration for Defense District (PADD) 3 capacity and 15 percent of total U.S. capacity], while another ten refineries reduced their crude oil throughput. Even with no damage, and power fully restored, it takes time to bring a refinery back up – more than a week in many cases. As offshore production, refineries, and pipelines return to operation, the web links above will provide current operating status. As of Thursday morning (September 4), shut-in Gulf of Mexico crude production totaled 1.25 million barrels per day while 13 refineries remain shut down and 3 reduced-run refineries returned to normal operations.



Hurricane fears seemed to have contributed to a \$3 to \$5 run up-in crude oil prices in the last two weeks of August. While memories of damage from Katrina and Rita helped to fuel the increase, softening world demand and additional global refining capacity likely helped to dampen the run-up. Oil prices began to ease with the International Energy Agency (IEA) announcement of the potential availability of strategic releases, and dropped even further with the apparent relatively benign outcome of the storm on petroleum infrastructure. Earlier this week, the Department of

Propane | 52.908 |  0.867 |  -2.254 | Energy (DOE) announced that it would grant a request made by Citgo to pull 250,000 barrels from the U.S. Strategic Petroleum Reserves (SPR) for Citgo's Lake Charles, LA refinery, which was impacted by the closure of the Calcasieu Ship Channel. However, yesterday, Citgo rescinded its request after the Calcasieu Ship Channel was reopened. At the same time, DOE announced that Marathon Petroleum Company had also made a formal request for oil from the SPR for its Robinson, IL and Catlettsburg, KY refineries, which have been affected by the lack of crude oil supply coming out of the Gulf of Mexico. As of September 3, the Department of Energy was reviewing Marathon's request. In accordance with historical practice, any crude oil taken from the SPR will be repaid by that company, with interest, by adding oil back into the SPR at a later date.

Despite the temporary loss of crude oil production and refinery outages, futures prices on the New York Mercantile Exchange (NYMEX) continued to drop, closing on Wednesday, September 3, \$6.11 below the \$115.46 level seen on Friday, August 29. Gasoline (RBOB) and heating oil for October delivery also were down about 9 and 11 cents per gallon, respectively, at the close of trading on Wednesday compared to last Friday. As long as companies report no long-term damage, oil prices are not likely to spike significantly higher due to the effects of Hurricane Gustav, and may even continue the downward trend that began in mid-July as a result of perceived softening in world crude oil market fundamentals. Product prices, on the other hand, could see some temporary local increases until the refining and delivery systems are fully operational.

Average Gasoline and Diesel Prices Continue Downward Slide

The U.S. average retail price for regular gasoline fell for the eighth week in a row, with a decrease of 0.5 cent to 368 cents per gallon. The five-week downward trend in prices across every major region of the country came to an end with an increase this week in the Gulf Coast. The price on the East Coast fell by 0.3 cent to 363.1 cents per gallon. The prices within the East Coast region were mixed as prices went down 1.9 cents in New England and 3.1 cents in the Central Atlantic, but increased in the Lower Atlantic by 2.4 cents. The average price in the Midwest slid for the seventh week in a row, falling 1.4 cents to 367.3 cents per gallon. The price in the Gulf Coast showed the most dramatic change, rising 5.9 cents to 357.8 cents per gallon, reversing a six-week plunge that had shaved 45.2 cents off the price per gallon since July 14. Even with the increase, the Gulf Coast continues to have the lowest average price of any region. The price in the Rocky Mountain region continued its downward slide for the sixth consecutive week, falling an additional 2.1 cents to 381.3 cents per gallon. The West Coast price fell for the tenth week in a row, dropping another 4.7 cents to 385.9 cents per gallon. That price has plummeted 60.1 cents since its all-time high set on June 23 but is still the highest average regional price in the Nation. The California price fell a nickel to 390.5 cents per gallon.

The average U.S. retail diesel price dropped another 2.4 cents to 412.1 cents per gallon, reaching its lowest point since April 14. In each of the past seven weeks, diesel prices have fallen in every region of the Nation, with the U.S. average plunging 64.3 cents from its all-time high. Even with this continuing drop, the U.S. average price remained 122.8 cents per gallon higher than it was a year ago. The average price on the East Coast slid another 3.0 cents to 416.9 cents per gallon. The price in the Midwest remained the lowest at 406.6 cents per gallon, reflecting a drop of only 0.7 cent. The average price in the Gulf Coast fell 3.0 cents to 406.8 cents per gallon. The price in the Rocky Mountains again fell more than in any other region, dropping 4.3 cents to 418.4 cents per gallon. The West Coast price fell another 3.8 cents to 424.8 cents per gallon with California prices sliding 7.7 cents to 428.2 cents per gallon.

Propane Inventories Post Above Average August Gain

Propane stockholders boosted inventories higher by 5.7 million barrels during August, a level slightly above the most recent 5-year average of nearly 5.3 million barrels. However, during the last week of August, propane stockholders added a relatively modest 0.9 million barrels to primary supplies. These stock gains were achieved just prior to Hurricane Gustav hitting the Gulf Coast. Although Gustav did not cause the same catastrophic damage to petroleum infrastructure as did Hurricanes Katrina/Rita, the lingering effects of restarting refineries, gas processing plants' and pipelines may limit the growth in propane inventories over the next few weeks.

Strong imports contributed to boost inventories higher last week with East Coast inventories up by 0.4 million barrels, followed by a gain of 0.2 million barrels in the Gulf Coast. Midwest inventories rose by a modest 0.1 million barrels while the combined Rocky Mountain/West Coast region moved up by a similar 0.1 million barrels during this same time. Propylene non-fuel use inventories remained relatively unchanged last week, maintaining the

same 6.1 percent share to total propane/propylene inventories as reported in the prior week.

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EIA Report on Hurricane Impacts on U.S. Energy

As of Wednesday, September 3, 4:00 pm

U.S. Oil and Natural Gas Market Impacts

Prices

NYMEX Futures Prices (for October delivery)	9/3/2008	8/29/2008	change	Week Ago 8/27/2008	Year Ago 9/4/2007
WTI Crude Oil (\$/Bbl)	109.35	115.46	-6.11	118.15	75.08
Gasoline RBOB* (c/gal)	276.68	285.42	-8.74	291.72	199.10
Heating Oil (c/gal)	307.88	319.19	-11.31	328.15	207.95
Natural Gas (\$/MMBtu)	7.26	7.94	-0.68	8.61	5.63

*RBOB = Reformulated Blendstock for Oxygenate Blending (RBOB), the base gasoline that needs to be blended with some type of oxygenate, now usually ethanol, to be turned into finished reformulated gasoline (RFG). Ethanol is not blended into the gasoline mixture until just before the gasoline is shipped to the retail stations.

Petroleum

As of 12:30 pm EDT (11:30 am CDT), September 3, the Minerals Management Service was reporting that about 1.25 million barrels per day (or well over 90 percent) of the federal portion of the Gulf of Mexico's crude oil production was shut-in. As of 3:00 pm EDT (2:00 pm CDT), September 3, the Department of Energy reported that 13 refineries in the Gulf of Mexico region remain shutdown, representing 2.5 million barrels per day of capacity, while another 10 refineries had reduced their crude oil throughput. The 13 refineries that were shut down represent over 1.0 million barrels per day of gasoline output and about 700,000 barrels per day of distillate fuel output, based on recent historical data. Even without damage, shut-down refineries can take a week or more to return to normal operations. Additionally, the Department of Energy was reporting that the Capline and LoCap crude oil pipelines, the Centennial product pipeline, and the Louisiana Offshore Oil Port were all temporarily shut down. The Colonial and Plantation product pipelines, which move supply from the Gulf Coast to the East Coast, were running at reduced rates, although the Colonial pipeline is reportedly seeing improvements in supply injections into the pipeline.

However, despite the shut-in of crude oil production and refinery outages, futures prices on the New York Mercantile Exchange (NYMEX) continue to be significantly lower compared to the closing prices on Friday, August 29, before Hurricane Gustav made landfall. Compared to last Friday, crude oil for October delivery settled \$6.11 per barrel lower, while gasoline (RBOB) and heating oil were about 9 cents and 11 cents per gallon lower, respectively, at the close of trading on Wednesday. Market expectations that shut-in crude oil production and refinery outages are going to be temporary continues to keep prices down, more than compensating for any pre-hurricane price increases. Over the next few days, companies will be completing their damage assessments to petroleum infrastructure. As long as companies report no long-term damage, crude oil prices are not likely to spike significantly higher due to Hurricane Gustav. However, temporary local product supply problems could occur before refinery production and pipeline flows return to normal, which could result in increased retail prices in some areas.

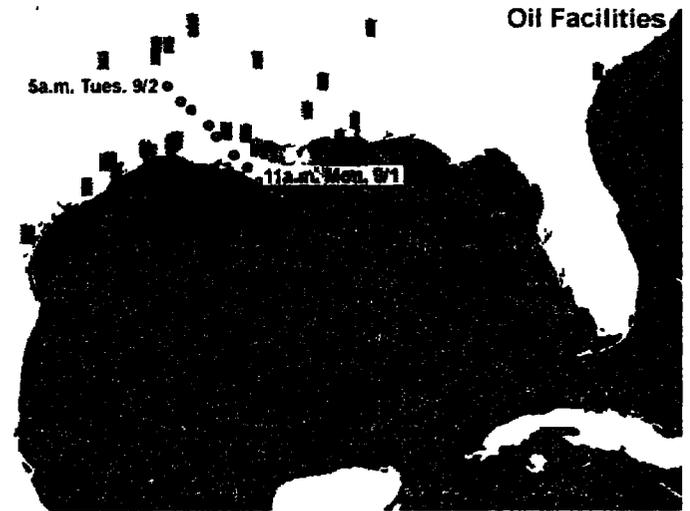
Natural Gas

As of 12:30 pm EDT (11:30 am CDT), September 3, the Minerals Management Service was reporting that nearly 6.8 billion cubic feet per day (or about 90 percent) of the federal portion of the Gulf of Mexico's natural gas production was shut-in. As of 1:30 pm EDT (12:30 pm CDT), September 3, the Department of Energy is reporting that there have been no reports of damage to pipeline or production infrastructure. As of 10:00 am EDT (9:00 am CDT), September 3, the Sabine Pipeline reports that temporary generators are supplying power to Henry Hub and that gas flow will begin later today. Pipeline compression is currently not available at Henry Hub. Henry Hub is a key point for spot and futures natural gas trading in the United States. There have been no reports of major damage to natural gas processing plant facilities. Processing plants are expected to resume operations as gas begins to flow.

Also see

- Hurricane Situation Reports from DOE's Office of Electricity Delivery & Energy Reliability
- STEO Hurricane Analysis (pdf)

Hurricane Gustav's Path
as of 0500 EDT, September 2, 2008



maps courtesy of iMapData and Penwell

Gulf of Mexico Oil & Natural Gas Facts Energy Information Administration

	Gulf of Mexico	Total U.S.	% from Gulf of Mexico
Oil (million barrels per day)			
Federal Offshore Crude Oil Production (4/08)	1.35	5.16	26.15%
Total Gulf Coast Region Refinery Capacity (as of 1/1/08)	7.41	17.59	42.12%
Natural Gas (billion cubic feet per day as of 2007)			
Federal Offshore Marketed Production	7.67	NA	NA
State Offshore Marketed Production	0.67	NA	NA
Total	8.33	54.7	15.22%

State Energy Profiles

- Louisiana
- Mississippi
- Texas

Archives

- Yesterday's Gustav Hurricane Report
- September 1, 2008 Gustav Hurricane Report
- Previous EIA Hurricane Reports

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This Week In Petroleum

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Release Schedule
 Complete History XLS
 Analysis Text History

Summary

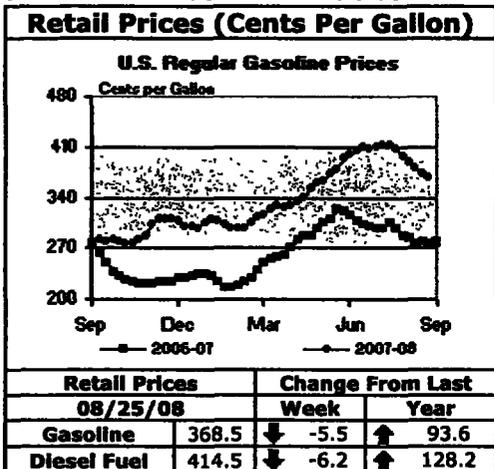
Crude Oil

Gasoline

Distillate

Propane

Scroll over labels below to see different charts.

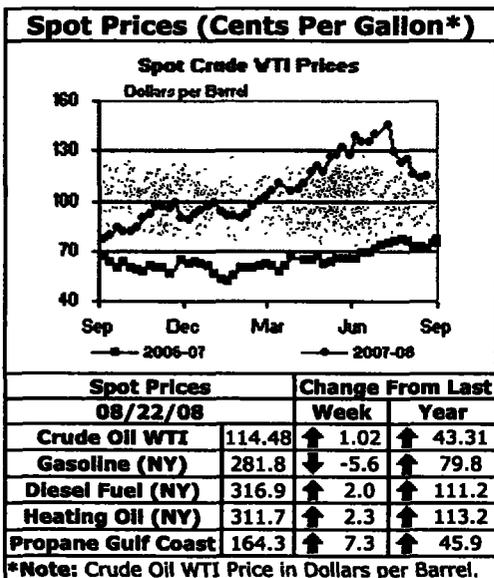
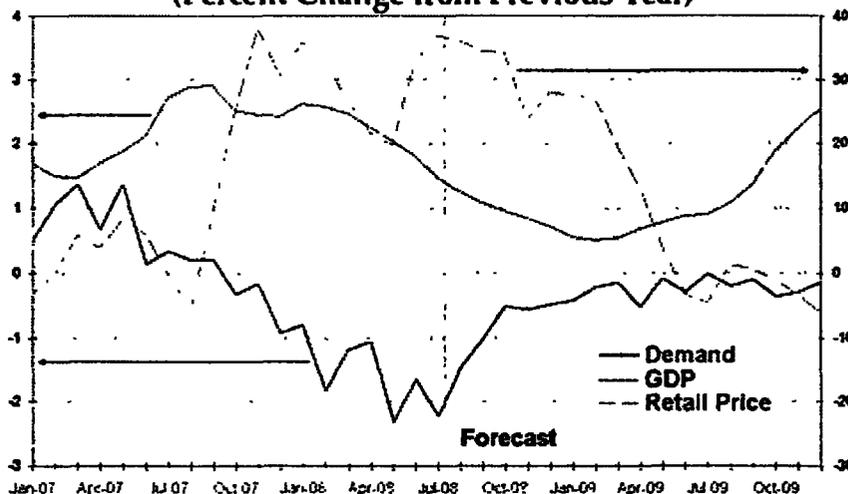


Released on August 27, 2008
 (Next Release on September 4, 2008)

Gasoline Markets Are In Low Gear

After 16 years of continuous growth, U.S. motor gasoline consumption began declining in late 2007 and is projected to continue to decline at least through the end of 2009. The decline in consumption is the result of slowing economic growth combined with the rapid increase in retail gasoline prices. The graph below shows historical and projected year-to-year changes in monthly consumption, gross domestic product and retail regular grade prices since the beginning of 2007.

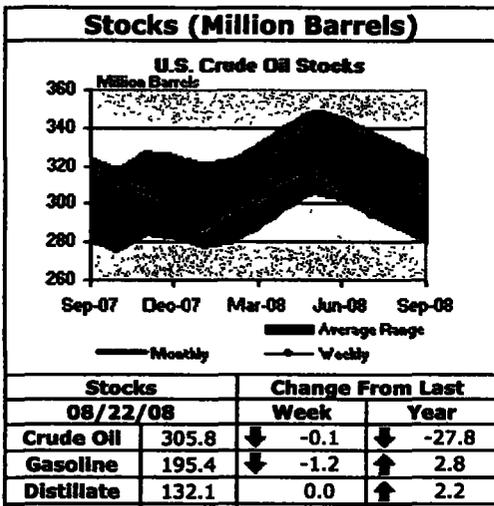
Gasoline Market Indicators*
 (Percent Change from Previous Year)



*Sources: Projections - August 2008 Short-Term Energy Outlook.
 Consumption data - Petroleum Supply Monthly/Annual data through May 2008. June and July data are estimates based on the Weekly Petroleum Status Report.

The decline in consumption began in the fourth quarter of 2007. For the first 6 months of 2008, consumption declined by over 130,000 barrels per day, or 1.5 percent from that of the previous year.

Looking to the near-term future, growth in economic activity is projected to be slow. In 2008, real gross domestic product is projected to climb by only 1.7 percent and by an anemic 1.2 percent in 2009. This assumes no additional economic stimulus package -- enactment of such a package could improve chances for more robust economic growth next year. EIA's most recent *Short Term Energy Outlook* projects a continued decline in motor gasoline consumption during the remainder of this year and



Propane | 52.041 | **↑** 1.278 | **↓** -2.259 | through 2009, albeit at a more moderate pace than that seen during the first half of this year. Motor gasoline consumption during the second half of 2008 is expected to shrink by 100,000 barrels per day, or 1.1 percent, compared to the second half of last year. Motor gasoline markets for this period as well as for 2009 could be even weaker than those currently projected if monthly gasoline data for the summer continues the demand weakness evident in the recently-released June monthly data. In 2009, motor gasoline consumption is projected to decline a further 20,000 barrels per day, or 0.2 percent, from the average consumption for 2008. But that quantity includes ethanol, whose share of the motor gasoline pool is projected to continue to rise. After adjustment for the lower energy content of ethanol, 2009 motor gasoline consumption is projected to decline 0.5 percent for the year.

Gasoline prices, which have receded from their record levels in mid-July are projected to continue to soften, but only gradually. As a result, retail regular grade prices for 2009 are still expected to average \$3.82 per gallon, up from the projected 2008 average of \$3.65 per gallon. According to preliminary U.S. Department of Transportation data, vehicle miles traveled for the first six months of 2008 were down 2.8 percent from the same period in 2007. For 2008 as a whole, EIA expects the combined effect of the slowdown in economic growth and the impact of high prices to result in a decline in vehicle miles traveled of 2.1 percent for this year. In 2009, highway activity is projected to decline a further 0.5 percent.

A contributing factor to the dampening of motor gasoline consumption is the ongoing shift to smaller vehicles. Although this shift began more than a year ago, it has accelerated in the past several months as pump prices reached record levels. The likelihood of prices remaining historically high adds to the expected continued demand for more fuel-efficient vehicles.

The recent downward trend in motor gasoline consumption also reflects an apparent increase in consumer price sensitivity. Consumer reaction to price changes during the recent era of prices higher than \$3 per gallon, however, appears to be much greater than that prior to the price run-up. While the degree of shift is subject to some uncertainty, it appears that prices well over the \$3-per-gallon level might have precipitated conservation among a broader segment of the driving public than seen in previous years. Although prices are projected to continue declining throughout the forecast interval, that decline is expected to be insufficient to induce a reversal in recent motor gasoline consumption patterns.

The price decline projected in the *Short Term Energy Outlook*, coupled with a slow economic recovery, points to continued declines in motor gasoline consumption through the end of 2009. Motor gasoline prices would have to sink much faster and to much lower levels than those projected in the *Outlook* and/or economic growth would have to be more robust than the current projection before U.S. motor gasoline consumption would likely begin to grow once again.

Gasoline and Diesel Prices Continue Downward Slide

The average retail price for regular gasoline fell once again in all regions of the country. The U.S. average price dropped 5.5 cents to 368.5 cents per gallon, a cumulative seven-week tumble of 42.9 cents from the all-time high of 411.4 cents per gallon reached July 7. The price on the East Coast sank 6.7 cents to 363.4 cents per gallon. Once again, the smallest drop of any region occurred in the Midwest, where the price dipped just 2.1 cents to 368.7 cents per gallon. The price in Gulf Coast remained the lowest of any region, plunging 8 cents to 351.9 cents per gallon. Even so, that price was still 86.7 cents higher than it was a year ago. The price in the Rocky Mountain region slid 5.4 cents to 383.4 cents per gallon. The West Coast price fell for the ninth week in a row, dropping another 7.4 cents to 390.6 cents per gallon. That price has plunged more than 55 cents since its all-time high set on June 23 but is still the highest average regional price in the nation. The average price in California fell another 8.2 cents to 395.5 cents per gallon, dipping below \$4 for the first time since May 19.

The average U.S. retail diesel price dropped another 6.2 cents to 414.5 cents per gallon. In each of the past six weeks, prices have fallen in every region, with the U.S. average plunging nearly 62 cents from its all-time high set on July 14. Even with this drop, the U.S. average price remained 128.2 cents per gallon higher than it was a year ago. The average price on the East Coast slid another 6.4 cents to 419.9 cents per gallon. The price in the Midwest remained the lowest at 407.3 cents per gallon, reflecting a drop of 5.7 cents. The average price in the Gulf Coast fell 5.8 cents, to 409.8 cents per gallon. The price in the Rocky Mountains fell more than in any other region, tumbling

9.2 cents to 422.7 cents per gallon. Nonetheless, the Rockies' cumulative six-week drop of 49.1 cents was the smallest of any region. The West Coast price retreated another 7 cents to 428.6 cents per gallon. In California, the average price fell to 435.9 cents per gallon, a drop of 6.3 cents.

Propane Inventories Continue Strong August Build

Primary stockholders continued to build propane inventories at a relatively strong pace during the third week of August, posting a 1.3 million-barrel gain that moved stocks up to an estimated 52.0 million barrels as of August 22, 2008. Inventory gains were reported in all major regions last week, leading with a 0.8 million-barrel increase in the Gulf Coast, followed with similar gains of 0.2 million barrels in the Midwest and the combined Rocky Mountain/West Coast areas. East Coast inventories rose by 0.1 million barrels during this same period. Propylene non-fuel use inventories moved up by 0.2 million barrels to account for a larger 6.1 percent share of total propane/propylene inventories from the prior week's 5.8 percent share.

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AAR MATERIALS AND SUPPLIES INDEX
Region By Composition
Third Quarter 2008
August 28, 2008

United States by Composition Category - Summary

Composition Category -----	Weight -----	Previous Quarter Index -----	Current Quarter Index -----	Relative Of Change -----
Forest Products	.1102	228.72	240.20	1.0502
Metal Products	.6389	185.68	210.60	1.1342
Miscellaneous Products	.2509	268.71	288.62	1.0741
U.S. By Composition	--	211.25	233.43	1.1050
U.S. By Composition (Linked)	--	215.14	237.73	1.1050
United States (1977=100) Linking Factor: 1.423	--	306.14	338.29	1.1050
United States (1980=100) Linking Factor: 1.061	--	228.26	252.23	1.1050

Car Hire for RCAF

RCAF (Forecast)

	1980	June 3Q/08	Sept. 4Q/08	Dec. 1Q/09	Mar. 2Q/09	June 3Q/09
RATE						
RR-OWNED TIME	31.00	67.00	67.00	--	--	--
RR-OWNED MILEAGE	4.69	7.20	7.20	--	--	--
PRIVATELY-OWNED CARS	25.47	45.75	45.57	--	--	--
AUTORACKS	47.00	49.98	51.88	--	--	--
INDEX						
RR-OWNED TIME	100.0	216.1	216.1	--	--	--
RR-OWNED MILEAGE	100.0	153.5	153.5	--	--	--
PRIVATELY-OWNED CARS	100.0	179.6	178.9	--	--	--
AUTORACKS	100.0	106.3	110.4	--	--	--
CAR HIRE INDEX (old wts) 2006	100.0	183.3	--	--	--	--
CAR HIRE INDEX (new wts) 2007	100.0	183.2	182.6	--	--	--
CAR HIRE INDEX (LINKED)	100.0	182.3	181.7	--	--	--

Note: The Car Hire Index for third quarter using *old weights* and *linked* should match that quarter's filing. The third quarter *new weights* version is used in the fourth quarter linked index calculation to ensure that the transition from old weights to new weights does not impact the linked index.

Note: Indexes are rounded, rates are full float.

RAILROAD EQUIPMENT 1/

1 PROGRAM: DPRB799
 CURRENT DATE: SEPTEMBER 01, 2008

AVERAGE RATE FOR 09/08		CAR RENTAL RATES		AUTO RACK
CAR GROUP	CAR COUNT	TIME	MILEAGE	
-VEHICULAR FLATS	9,260	130 ¢/HR	.082 \$/MILE	19 ¢/HR
ONO. OF ZERO RATED VEH. FLATS 2/	88			
-ALL OTHER CARS	657,915	67 ¢/HR	.072 \$/MILE	
ONO. OF ZERO RATED "OTHER" CARS 2/	36,153			
0	TOTAL:			
	703,416			

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:

- CAR TYPE D - LOCOMOTIVES
- CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND BOT DEVICE
- CAR TYPE U - CONTAINERS
- CAR TYPE Z - TRAILERS

0 ALL TTX EQUIPMENT (INCLUDING ABOX, RBOX AND GONX) IS SHOWN ON THE PRIVATE EQUIPMENT REPORT.
 -2/ EQUIPMENT CAN BE ZERO RATED DUE TO OWNERS SUPPLYING INCORRECT OR INSUFFICIENT INFORMATION TO THE CAR ACCOUNTING PROCESS OR CARS WITH RATE INDICATOR SIX (6). THIS EQUIPMENT IS ELIMINATED FROM THE AVERAGING PROCESS.

CAR GROUP	CAR COUNT	TIME	MILEAGE	AUTO RACK
-VEHICULAR FLATS	49,703	78 c/HR	.008 \$/MILE	58 c/HR
ONO. OF ZERO RATED VEH. FLATS 2/	100			
-COVERED HOPPERS	342,364	5 c/HR	.451 \$/MILE	
ONO. OF ZERO RATED COVERED HOPPERS 2/	13,195			
-TANKS	315,055	5 c/HR	.738 \$/MILE	
ONO. OF ZERO RATED TANKS 2/	8,884			
-ALL OTHER CARS	299,493	64 c/HR	.066 \$/MILE	
ONO. OF ZERO RATED "OTHER" CARS 2/	36,345			
TOTAL:	1,065,139			

0 1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:

- CAR TYPE D - LOCOMOTIVES
- CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND EOT DEVICE
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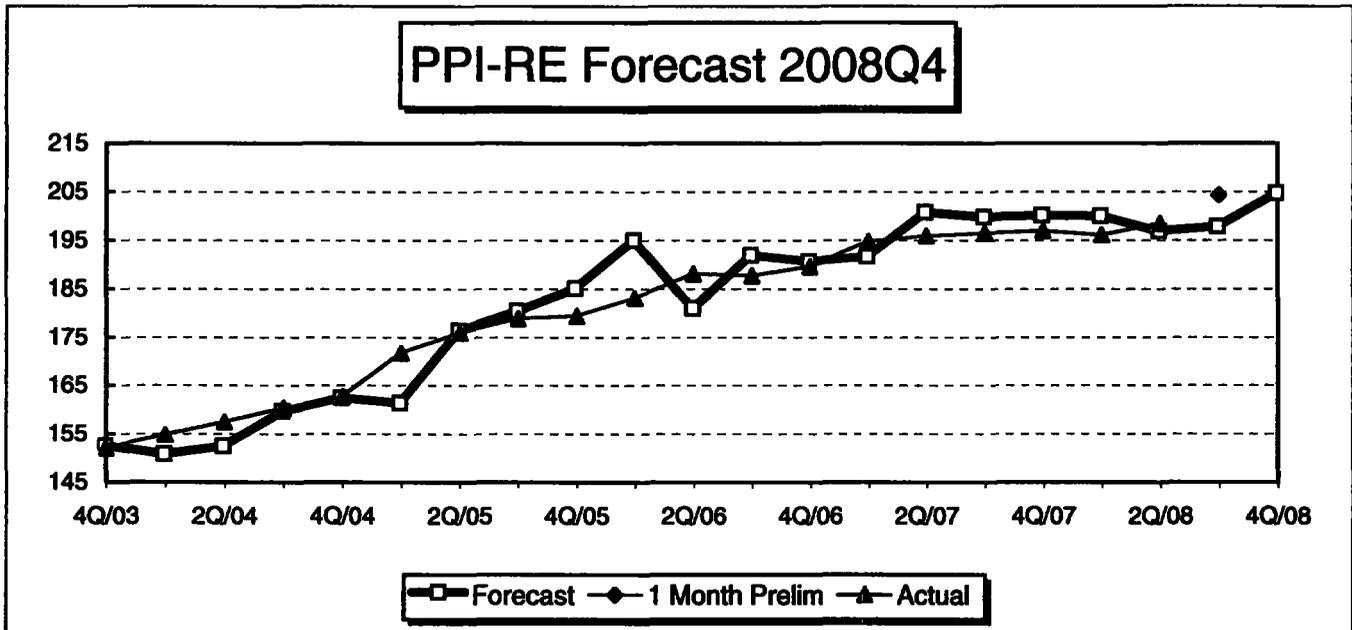
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PPI-RE Forecast (for Depreciation Component)

	Forecast	Actual	1 Month Prelim
4Q/03	152.4	152.0	
1Q/04	150.7	154.8	
2Q/04	152.3	157.5	
3Q/04	159.6	160.3	
4Q/04	162.4	162.7	
1Q/05	161.3	171.7	
2Q/05	176.3	175.9	
3Q/05	180.3	178.9	
4Q/05	185.1	179.4	
1Q/06	195.0	183.1	
2Q/06	180.9	188.1	
3Q/06	191.9	187.7	
4Q/06	190.6	189.6	
1Q/07	191.6	194.8	
2Q/07	200.9	195.9	
3Q/07	199.9	196.5	
4Q/07	200.2	197.0	
1Q/08	200.1	196.1	
2Q/08	196.9	198.5	
3Q/08	197.9		204.3
4Q/08	204.8		

1980 Base

	PPI-RE Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2008Q4						
Low	180.5	199.7	1.4%			
Midpoint	185.1	204.8	4.0%	0.2%	3.2%	3.5%
High	189.6	209.7	6.4%			



Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2008q4\5Deprec\FPre_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPIRE

 Length 72 Minimum 134.500 Maximum 184.700
 Mean 157.883 Standard deviation 16.827

Classical decomposition (multiplicative)
 Trend-cycle: 98.94% Seasonal: 0.38% Irregular: 0.68%

Choice is narrowed down to Box-Jenkins or exponential smoothing.

Box-Jenkins outperforms exponential smoothing by 2.254 to 2.762 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12.

Series is nonstationary and seasonal.

Recommended model: Box-Jenkins
 Forecast Model for PPIRE
 ARIMA(0,1,0)*(0,0,2)

Term	Coefficient	Std. Error	t-Statistic	Significance
B[12]	-0.5168	0.0948	-5.4512	1.0000
B[24]	-0.7600	0.0526	-14.4523	1.0000

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 157.9	Standard deviation 16.83
R-square 0.9952	Adjusted R-square 0.9951
Durbin-watson 1.593	Ljung-Box(18)=26.94 P=0.92
Forecast error 1.179	BIC 1.234
MAPE 0.004969	RMSE 1.163
MAD 0.7796	

Forecast Report
 Thu Aug 21 13:54:56 2008
 Box-Jenkins model for PPIRE
 Analysis of Historic Fit Set

Date	Historic
2002-08	135.000
2002-09	134.600
2002-10	134.500
2002-11	134.500
2002-12	134.500
2003-01	134.500
2003-02	135.400
2003-03	135.500
2003-04	136.000
2003-05	136.300
2003-06	136.300
2003-07	136.700
2003-08	136.500
2003-09	136.900
2003-10	137.200
2003-11	137.700
2003-12	137.300
2004-01	137.900

re_ppi.txt

2004-02 140.100
 2004-03 142.200
 2004-04 142.800
 2004-05 143.500
 2004-06 143.700
 2004-07 143.200
 2004-08 143.500
 2004-09 144.200
 2004-10 145.000
 2004-11 147.000
 2004-12 153.200
 2005-01 153.400
 2005-02 156.000
 2005-03 161.600
 2005-04 161.100
 2005-05 161.300
 2005-06 161.200
 2005-07 161.500
 2005-08 161.800
 2005-09 161.800
 2005-10 161.700
 2005-11 161.900
 2005-12 162.200
 2006-01 164.200
 2006-02 165.500
 2006-03 168.200
 2006-04 168.200
 2006-05 169.600
 2006-06 171.300
 2006-07 170.600
 2006-08 170.900
 2006-09 170.400
 2006-10 170.200
 2006-11 170.300
 2006-12 172.700
 2007-01 173.900
 2007-02 175.600
 2007-03 176.100
 2007-04 174.200
 2007-05 175.600
 2007-06 176.400
 2007-07 177.400
 2007-08 177.400
 2007-09 177.900
 2007-10 177.500
 2007-11 177.700
 2007-12 177.500
 2008-01 178.400
 2008-02 178.200
 2008-03 177.600
 2008-04 176.700
 2008-05 177.700
 2008-06 183.800
 2008-07 184.700

Forecasted values

Date	2.5 Lower	Forecast	97.5 Upper
2008-08	182.345	184.640	186.935
2008-09	181.607	184.851	188.096
2008-10	180.772	184.746	188.720

			re_ppi.txt
2008-11	180.347	184.936	189.525
2008-12	180.436	185.567	190.698
2009-01	179.990	185.611	191.231
2009-02	179.927	185.998	192.069
2009-03	178.727	185.217	191.707
2009-04	177.309	184.193	191.076
2009-05	177.373	184.629	191.885
2009-06	179.327	186.937	194.547
2009-07	179.924	187.872	195.821



Databases, Tables & Calculators by Subject

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Data extracted on: August 20, 2008 (03:44 PM)

PPI Commodity Data

Series Catalog:

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Base Date : 198200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2007	173.9	175.6	176.1	174.2	175.6	176.4	177.4	177.4	177.9	177.5	177.7	177.5	176.4
2008	178.4	178.2	177.6	176.7(p)	177.7(p)	183.8(p)	184.7(p)						

p : Preliminary. All indexes are subject to revision four months after original publication.

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Calculation of Interest Rate for RCAF

Sch. 210	2007 Col. b.
L. 42	1,170,723
L. 44	7,596
<u>-L. 22</u>	<u>4,497</u>
Tot. Interest	1,173,822

Sch. 200	(close of year) Col b.	(beg. of year) Col c.	Avg.
L. 30	32,080	8,292	
L. 39	1,490,166	689,994	
L. 41	2,107,931	2,780,635	
L. 42	1,235,558	1,069,208	
L. 43	2,168,619	1,943,276	
L. 44	0	0	
L. 45	9,771,518	10,508,192	
<u>L. 46</u>	<u>79,592</u>	<u>97,419</u>	
Tot. Debt	16,885,464	17,097,016	16,991,240.0 6.91%

Index (1980=100)

88.0

Sch. 210	1980 Col. b.
L. 44	1,015,377
L. 46	19,097
<u>-L. 22</u>	<u>413</u>
Tot. Interest	1,034,061

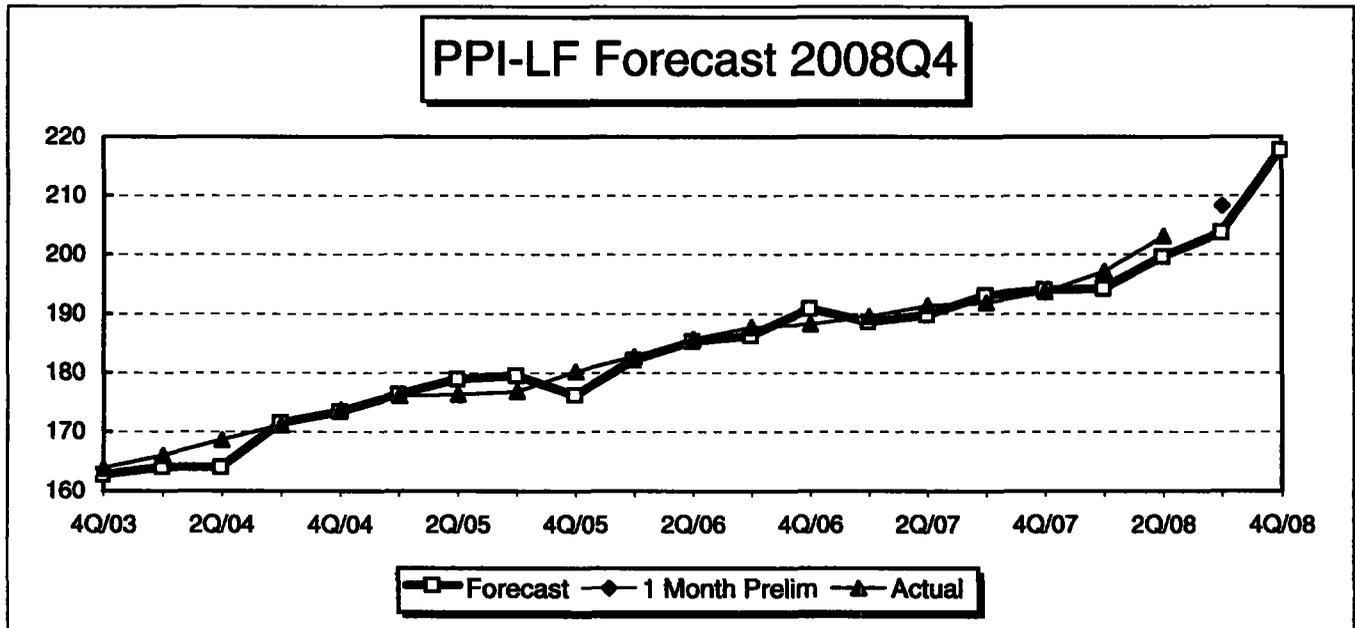
Sch. 200	Col b.	Col c.	
L. 26	56,047	40,480	
L. 34	975,151	1,016,289	
L. 36	4,459,060	4,230,627	
L. 37	6,110,818	5,461,765	
L. 38	1,477,000	1,519,719	
L. 39	207,142	207,142	
L. 40	393,362	279,509	
<u>L. 41</u>	<u>(54,679)</u>	<u>(24,481)</u>	
Tot. Debt	13,623,901	12,731,050	7.85%

PPI-LF Forecast (for Other and Lease Rentals Components)

	Forecast	Actual	1 Month Prelim
4Q/03	162.6	163.8	
1Q/04	163.9	166.0	
2Q/04	163.9	168.6	
3Q/04	171.4	171.1	
4Q/04	173.3	173.7	
1Q/05	176.3	176.0	
2Q/05	178.9	176.3	
3Q/05	179.5	176.8	
4Q/05	176.2	180.2	
1Q/06	182.1	182.7	
2Q/06	185.3	185.7	
3Q/06	186.3	187.7	
4Q/06	190.9	188.2	
1Q/07	188.6	189.5	
2Q/07	189.8	191.4	
3Q/07	193.2	191.9	
4Q/07	194.1	193.7	
1Q/08	194.3	197.1	
2Q/08	199.7	203.1	
3Q/08	203.8		208.2
4Q/08	217.8		

1980 Base

	PPI-LF Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2008Q4						
Low	191.5	214.7	10.8%			
Midpoint	194.3	217.8	12.4%	4.6%	7.2%	6.9%
High	197.1	221.0	14.1%			



1f_ppi.txt

Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2008q4\7Other\FP\1f_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPILF

Length 72 Minimum 143.000 Maximum 185.700
Mean 159.397 Standard deviation 11.715

Classical decomposition (multiplicative)
Trend-cycle: 97.98% Seasonal: 0.39% Irregular: 1.63%

Choice is narrowed down to Box-Jenkins or exponential smoothing.

Exponential smoothing outperforms Box-Jenkins by 3.651 to 4.168 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12.

Series is trended and seasonal.

Recommended model: Exponential Smoothing
Forecast Model for PPILF
Multiplicative Winters: Linear trend, Multiplicative seasonality
Confidence limits proportional to indexes

Component	Smoothing Weight	Final Value
Level	0.94845	185.64
Trend	0.54489	2.1532
Seasonal	0.99988	

Seasonal Indexes

Season	Index	Weight	Final Value
January - March	1.00073	1.00004	0.99988
April - June	0.99927	0.99990	0.99903
July - September	1.00034	1.00020	0.99955
October - December	1.00110	1.00065	0.99932

Within-Sample Statistics

Sample size 72	Number of parameters 3
Mean 159.4	Standard deviation 11.71
R-square 0.9983	Adjusted R-square 0.9983
Durbin-watson 1.641	Ljung-Box(18)=27.59 P=0.9314
Forecast error 0.4888	BIC 0.5231
MAPE 0.002492	RMSE 0.4785
MAD 0.3996	

Forecast Report
Thu Aug 21 14:07:39 2008
Exponential Smoothing model for PPILF
Analysis of Historic Fit Set

Date	Historic
2002-08	143.000
2002-09	143.200
2002-10	143.900
2002-11	143.800
2002-12	143.400
2003-01	144.000
2003-02	144.700

1f_ppi.txt

2003-03	145.300
2003-04	144.800
2003-05	144.900
2003-06	144.800
2003-07	144.600
2003-08	144.800
2003-09	145.000
2003-10	145.900
2003-11	146.100
2003-12	146.300
2004-01	147.200
2004-02	148.200
2004-03	149.100
2004-04	150.000
2004-05	150.500
2004-06	150.900
2004-07	151.500
2004-08	152.600
2004-09	153.300
2004-10	154.600
2004-11	155.000
2004-12	155.400
2005-01	156.400
2005-02	156.900
2005-03	157.400
2005-04	157.600
2005-05	157.400
2005-06	157.000
2005-07	157.300
2005-08	157.500
2005-09	158.700
2005-10	160.500
2005-11	161.000
2005-12	161.300
2006-01	162.500
2006-02	163.200
2006-03	163.800
2006-04	164.800
2006-05	166.400
2006-06	166.800
2006-07	167.100
2006-08	167.500
2006-09	167.600
2006-10	167.700
2006-11	167.800
2006-12	167.900
2007-01	168.200
2007-02	168.600
2007-03	169.400
2007-04	170.300
2007-05	170.800
2007-06	171.000
2007-07	171.400
2007-08	171.100
2007-09	171.200
2007-10	172.200
2007-11	173.100
2007-12	173.100
2008-01	174.700
2008-02	175.900
2008-03	177.400
2008-04	179.000
2008-05	181.600

1f_ppi.txt

2008-06 183.000
2008-07 185.700

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2008-08	186.802	187.828	188.853
2008-09	188.039	189.858	191.677
2008-10	189.949	192.308	194.667
2008-11	191.578	194.375	197.173
2008-12	193.093	196.269	199.444
2009-01	195.189	198.702	202.215
2009-02	196.897	200.718	204.539
2009-03	198.732	202.838	206.943
2009-04	200.494	204.865	209.237
2009-05	202.526	207.148	211.770
2009-06	204.258	209.118	213.978
2009-07	206.460	211.547	216.634



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PPI Commodity Data

Series Catalog:

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

n : Industrial commodities less fuels

base Date : 198200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2007	168.2	168.6	169.4	170.3	170.8	171.0	171.4	171.1	171.2	172.2	173.1	173.1	170.9
2008	174.7	175.9	177.4	179.0(p)	181.6(p)	183.0(p)	185.7(p)						

p : Preliminary. All indexes are subject to revision four months after original publication.

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Forecast Error Calculation

	Second Quarter 2008		Diff
	2008Q2 Forecast	2008Q2 Actual	
Labor	313.6	313.6	0.0
Fuel	361.1	412.2	51.1
M&S	225.1	225.1	0.0
Equip Rents	196.6	199.0	2.4
Depreciation	196.9	198.5	1.6
Interest	90.2	90.2	0.0
Other	199.7	203.1	3.4
Weighted Avg			
1980 = 100	267.8	278.6	calculated
1980 = 100 (linked)	260.9	271.6	calculated
4Q07 = 100	106.1	110.5	calculated
4Q02 = 100	135.8	141.4	calculated
4Q97 = 100	150.6	156.8	calculated
4Q92 = 100	166.3	173.1	calculated

* actual=forecast from 1st month of quarter
 * actual=forecast from Equipment Rents below
 PPI-RE **176.70** **177.70** **183.80** 0.9040
 * actual=forecast
 PPI-LF **179.00** **181.60** **183.00** 0.8920

Forecast Error → **4.4** **calculated**

<u>Prior Quarter</u>		
1980 = 100	261.1	258.8 ***
1980 = 100 (linked)	254.4	252.3
4Q07 = 100	103.5	102.6
4Q02 = 100	132.4	131.3
4Q97 = 100	146.9	145.7
4Q92 = 100	162.1	160.8

<u>Equipment Rents</u>		
Car Hire	181.0	181.4
Lease Rentals	199.7	203.1
Weighted Average	191.0	193.1
Linked	196.6	199.0

from UMLER equipment rents
 calculated (equals PPI-LF from above)
 calculated
 calculated

<u>Prior Quarter</u>		
Weighted Average	187.6	189.0 ***
Linked	193.1	194.8

Sum of Weights ok
 Sum of ER Wt. ok

*** if fourth quarter, weighted avg for prior needs to use new weights, linked is ok

All-Inclusive Index (Actual)

	06 Wts	3Q/07 05 Wts	3Q/07 06 Wts	% Chg.	4Q/07 06 Wts	% Chg.	1Q/08 06 Wts	% Chg.	2Q/08 06 Wts	% Chg.	3Q/08 06 Wts	% Chg.
Labor	34.5%	298.5	298.5	0.0%	307.9	3.1%	312.8	1.6%	313.6	0.3%	NA	NA
Fuel	19.2%	276.0	276.0	0.0%	298.5	8.2%	321.4	7.7%	412.2	28.3%	NA	NA
M&S	5.0%	212.6	212.6	0.0%	218.4	2.7%	218.5	0.0%	225.1	3.0%	NA	NA
Equipment Rents	7.8%	192.0	192.0	0.0%	192.9	0.5%	194.8	1.0%	199.0	2.2%	87.0	-56.3%
Depreciation	10.6%	196.5	196.5	0.0%	197.0	0.3%	196.1	-0.5%	198.5	1.2%	NA	NA
Interest	2.7%	96.9	96.9	0.0%	90.2	-6.9%	90.2	0.0%	90.2	0.0%	90.2	0.0%
Other	20.2%	191.9	191.9	0.0%	193.7	0.9%	197.1	1.8%	203.1	3.0%	NA	NA
Weighted Avg.	1.0000											
Linked		241.5	243.8	1.0%	251.9	3.3%	258.8	2.7%	278.6	7.7%	9.2	NA
10/1/80		237.7			245.6	3.3%	252.3	2.7%	271.6	7.6%	9.0	NA
10/1/82		231.5			239.1	3.3%	245.7	2.8%	264.5	7.7%	8.8	NA
4Q/87		196.6			203.1	3.3%	208.7	2.8%	224.6	7.6%	7.4	NA
4Q/92		179.8			185.8	3.3%	190.8	2.7%	205.4	7.7%	6.8	NA
4Q/97		151.5			156.5	3.3%	160.8	2.7%	173.1	7.6%	5.7	NA
4Q/02		137.2			141.8	3.4%	145.7	2.8%	156.8	7.6%	5.2	NA
4Q/07		96.7			127.9	3.4%	131.3	2.7%	141.4	7.7%	4.7	NA
Equipment Rents					99.9	3.3%	102.6	2.7%	110.5	7.7%	3.7	NA
Car Hire	46.3%	179.9	179.9	0.0%	179.6	-0.2%	179.7	0.1%	181.4	0.9%	182.2	0.4%
Lease Rentals	53.7%	191.9	191.9	0.0%	193.7	0.9%	197.1	1.8%	203.1	3.0%	0.0	NA
ER Weighted Avg	1.0000											
ER Linked		186.0	186.3	0.2%	187.2	0.5%	189.0	1.0%	193.1	2.2%	84.4	-56.3%
ER Weighted Avg		192.0			192.9	0.5%	194.8	1.0%	199.0	2.2%	87.0	-56.3%

	05 Wts	06 Wts
Impact/Check of weight change		
Labor	105,374	102,983
Fuel	41,160	52,992
Material & Supplies	9,780	10,630
Equipment Rents	15,744	14,976
Depreciation	21,812	20,829
Interest	3,004	2,616
Other	4,642	38,764
Weighted Avg	241,512	243,790
ER Weighted Avg	185,196	186,344

RCAF Fuel (Actual All-Inclusive Index)

April 2008

Average Price for Monthly Report

	April 2008 Price (1)	1/1/81 Price (2)	1/91 New	April 2008 Index 1/1/81=100 (4)	$(4) = (1) / (2) \times (3)$
			Method Linking Factors (3)		
U.S.	337.32	89.34	99.415	375.36	
East	337.05	91.56	99.435	366.04	
West	337.41	87.83	99.416	381.92	

Fuel Index on 1977 Base and 1980 Base

	April 2008	Linking Factors		April 2008 Index		$(4) = (1) \times (2)$ $(5) = (1) \times (3)$
	Index 1/1/81=100 (1)	1977=100 (2)	1980=100 (3)	1977=100 (4)	1980=100 (5)	
U.S.	375.36	2.606	1.096	978.19	411.39	
East	366.04	2.569	1.134	940.36	415.09	
West	381.92	2.639	1.067	1007.88	407.51	

Final Actual All-inclusive Index

	1980=100		April 2008 Linked Index
	April 2008 Current Index	Adjustment Factor	
U.S.	411.39	1.00192	412.18 ←
East	415.09	1.00621	417.67
West	407.51	1.00024	407.61

January	= Q1
April	= Q2
July	= Q3
October	= Q4

Car Hire for RCAF

RCAF (Actual)		1980	Aug 3Q/07	Nov 4Q/07	Feb 1Q/08	May 2Q/08	Aug 3Q/08
RATE							
	RR-OWNED TIME	31.00	67.00	67.00	67.00	67.00	67.00
	RR-OWNED MILEAGE	4.69	7.30	7.20	7.20	7.20	7.20
	PRIVATELY-OWNED CARS	25.47	44.89	44.83	44.88	45.49	45.78
	AUTORACKS	47.00	48.12	49.99	48.32	49.98	51.86
INDEX							
	RR-OWNED TIME	100.0	216.1	216.1	216.1	216.1	216.1
	RR-OWNED MILEAGE	100.0	155.7	153.5	153.5	153.5	153.5
	PRIVATELY-OWNED CARS	100.0	176.2	176.0	176.2	178.6	179.7
	AUTORACKS	100.0	102.4	106.4	102.8	106.3	110.3
	CAR HIRE INDEX (old wts)	2005	100.0	181.6	--	--	--
	CAR HIRE INDEX (new wts)	2006	100.0	181.1	180.8	180.9	182.6
	CAR HIRE INDEX (LINKED)		100.0	179.9	179.6	179.7	181.4

Note: Indexes are rounded, rates are full float.

Equipment Rents Data From UMLER

	2007												2008											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug		
Railroad Owned																								
No. of Cars	9,404	9,399	9,393	9,381	9,343	9,332	9,325	9,313	9,301	9,273	9,357	9,355	9,319	9,298	9,325	9,313	9,301	9,273	9,357	9,355	9,319	9,298		
Superstructures	16.0	17.0	17.0	18.0	18.0	18.0	17.0	18.0	18.0	18.0	18.0	18.0	18.0	19.0	17.0	18.0	18.0	18.0	18.0	18.0	18.0	19.0		
Rate	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0		
All other #1 - Time	7.2	7.3	7.3	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2		
All other #2 - Mileage																								
Privately Owned																								
No. of Cars	49,677	49,721	49,818	49,754	49,707	49,720	49,740	49,737	49,743	49,728	49,692	49,732	49,751	49,742	49,740	49,737	49,743	49,728	49,692	49,732	49,751	49,742		
Superstructures	335,397	335,992	338,292	338,566	33,760	340,654	341,287	341,973	342,902	343,835	344,344	344,228	342,056	341,934	341,287	341,973	342,902	343,835	344,344	344,228	342,056	341,934		
Covered Hoppers	294,240	294,531	297,036	298,608	299,139	300,010	301,849	303,784	305,916	307,063	308,278	312,758	314,047	314,204	301,849	303,784	305,916	307,063	308,278	312,758	314,047	314,204		
Tank Cars	289,294	289,490	290,414	289,831	290,633	291,495	292,585	292,918	294,498	295,044	297,150	296,860	297,412	299,033	292,585	292,918	294,498	295,044	297,150	296,860	297,412	299,033		
Others																								
Rate	76.0	76.0	76.0	76.0	76.0	76.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0		
Superstructures #1 - Time	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8		
Superstructures #2 - Mileage	54.0	54.0	55.0	56.0	56.0	57.0	53.0	54.0	55.0	55.0	56.0	56.0	57.0	58.0	53.0	54.0	55.0	55.0	56.0	56.0	57.0	58.0		
Superstructures #3 - Auto Rack	44.5	44.5	44.5	44.7	44.8	44.9	44.3	44.7	44.7	44.8	44.8	44.9	44.9	45.0	44.3	44.7	44.7	44.8	44.8	44.9	44.9	45.0		
Covered Hoppers #2 - Mileage	72.7	72.7	71.9	72.0	72.1	72.2	71.6	72.0	73.4	73.7	73.9	74.3	74.5	74.8	71.6	72.0	73.4	73.7	73.9	74.3	74.5	74.8		
Tank Cars #2 - Mileage	67.0	68.0	68.0	66.0	65.0	65.0	66.0	66.0	65.0	65.0	65.0	65.0	64.0	64.0	66.0	66.0	65.0	65.0	65.0	65.0	64.0	64.0		
Others #1 - Time	6.9	6.9	6.9	6.9	6.8	6.8	6.7	6.7	6.7	6.7	6.7	6.7	6.6	6.6	6.7	6.7	6.7	6.7	6.7	6.7	6.6	6.6		
Others #2 - Mileage																								
AVERAGE RATES																								
Private Superstructures	18.66	18.66	18.66	18.66	18.66	18.66	19.13	19.13	19.13	19.13	19.13	19.13	19.13	19.13	19.13	19.13	19.13	19.13	19.13	19.13	19.13	19.13		
Private Others	21.77	21.55	21.55	21.55	21.23	21.23	21.35	21.35	21.35	21.35	21.35	21.35	20.81	20.81	21.35	21.35	21.35	21.35	21.35	21.35	20.81	20.81		
Private Total	44.95	44.89	44.73	44.85	44.83	44.89	44.58	44.83	45.27	45.42	45.49	45.75	45.78	45.78	44.58	44.83	45.27	45.42	45.49	45.75	45.75	45.78		
Autotracks	47.95	48.12	48.97	49.97	49.99	50.84	47.32	48.32	49.17	49.18	49.98	49.98	51.01	51.86	47.32	48.32	49.17	49.18	49.98	49.98	51.01	51.86		

	"Old Wts" - "New Wts"	
	2005	2006
For RCAF & RCR		
RR-owned Time	0.181	0.182
RR-owned Mileage	0.089	0.097
Privately-owned Cars	0.730	0.716
Autotracks	0.000	0.005
----- Check sum	1.000	1.000

Weights for Equipment Rents (not used in Car Hire calculation)		
	2005	2006
Car Hire - U.S.	0.492	0.463
Lease Rentals - U.S.	0.508	0.537
----- Check sum	1.000	1.000

Note: The 4 bold lines are used for the Car Hire Rate, Private Total, a weighted average of the Covered Hoppers, Tank Cars, Combined Private Superstructures, and Combined Private Others rates.

1 PROGRAM: DPRB799
 CURRENT DATE: MAY

01, 2008

RAILROAD EQUIPMENT 1/

PAGE NO: 40

AVERAGE RATE FOR 05/08

CAR GROUP	CAR COUNT	TIME	MILEAGE	AUTO RACK
-VEHICULAR FLATS	9,357	130 ¢/HR	.080 \$/MILE	18 ¢/HR
ONO. OF ZERO RATED VEH. FLATS 2/	85			
-ALL OTHER CARS	665,305	67 ¢/HR	.072 \$/MILE	
ONO. OF ZERO RATED "OTHER" CARS 2/	37,266			
TOTAL:	712,013			

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:

- CAR TYPE D - LOCOMOTIVES
- CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND EOT DEVICE
- CAR TYPE U - CONTAINERS
- CAR TYPE Z - TRAILERS

0 ALL TTX EQUIPMENT (INCLUDING ABOX, RBOX AND GONX) IS SHOWN ON THE PRIVATE EQUIPMENT REPORT.

-2/ EQUIPMENT CAN BE ZERO RATED DUE TO OWNERS SUPPLYING INCORRECT OR INSUFFICIENT INFORMATION TO THE CAR ACCOUNTING PROCESS OR CARS WITH RATE INDICATOR SIX (6). THIS EQUIPMENT IS ELIMINATED FROM THE AVERAGING PROCESS.

CAR GROUP		CAR COUNT	TIME	MILEAGE	AUTO RACK

AVERAGE RATE FOR 05/08					

CAR RENTAL RATES					

-VEHICULAR FLATS		49,692	78 ¢/HR	.008 \$/MILE	56 ¢/HR
ONO. OF ZERO RATED VEH. FLATS 2/		10			
-COVERED HOPPERS		344,344	0 ¢/HR	.448 \$/MILE	
ONO. OF ZERO RATED COVERED HOPPERS 2/		11,181			
-TANKS		309,278	4 ¢/HR	.739 \$/MILE	
ONO. OF ZERO RATED TANKS 2/		8,887			
-ALL OTHER CARS		297,150	65 ¢/HR	.067 \$/MILE	
ONO. OF ZERO RATED "OTHER" CARS 2/		38,143			

0		TOTAL:		1,058,685	

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:

CAR TYPE D - LOCOMOTIVES

CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND EOT DEVICE

CAR TYPE U - CONTAINERS

CAR TYPE Z - TRAILERS

0 ALL TTX EQUIPMENT (INCLUDING ABOX, RBOX AND GONK) IS SHOWN ON THE PRIVATE EQUIPMENT REPORT.

-2/ EQUIPMENT CAN BE ZERO RATED DUE TO OWNERS SUPPLYING INCORRECT OR INSUFFICIENT INFORMATION TO THE CAR ACCOUNTING PROCESS OR CARS WITH RATE INDICATOR SIX (6). THIS EQUIPMENT IS ELIMINATED FROM THE AVERAGING PROCESS.

□

RCAF - Depreciation

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Forecast Year 2008

As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast	→	08Q1	08Q2	08Q3	08Q4
For Actual	→	07Q3	07Q4	08Q1	08Q2
January	2007	173.9	173.9	173.9	173.9
February	2007	175.6	175.6	175.6	175.6
March	2007	176.1	176.1	176.1	176.1
April	2007	174.2	174.2	174.2	174.2
May	2007	175.6	175.6	175.6	175.6
June	2007	176.4	176.4	176.4	176.4
July	2007	178.1	177.4	177.4	177.4
August	2007	177.5	177.4	177.4	177.4
September	2007	177.1	177.9	177.9	177.9
October	2007	178.3	178.3	177.5	177.5
November	2007		178.2	177.7	177.7
December	2007		177.8	177.5	177.5
January	2008		177.7	177.7	178.4
February	2008			178.1	178.2
March	2008			176.1	177.6
April	2008			176.7	176.7
May	2008				177.7
June	2008				183.8
July	2008				184.7
Actual Qtr.		177.6	178.1	177.3	179.4

1980=100

Actual Qtr.	196.5	197.0	196.1	198.5
First Mo. next qtr.	197.2	196.6	195.5	204.3

0.904 =1980


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Databases, Tables & Calculators by Subject

FONT SIZE:

Data extracted on: August 20, 2008 (03:44 PM)

PPI Commodity Data

Series Catalog:

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

n : Railroad equipment

Base Date : 198200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2007	173.9	175.6	176.1	174.2	175.6	176.4	177.4	177.4	177.9	177.5	177.7	177.5	176.4
2008	178.4	178.2	177.6	176.7(p)	177.7(p)	183.8(p)	184.7(p)						

p : Preliminary. All indexes are subject to revision four months after original publication.

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RCAF - Other

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Forecast Year 2008

As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast	→	08Q1	08Q2	08Q3	08Q4
For Actual	→	07Q3	07Q4	08Q1	08Q2
January	2007	168.2	168.2	168.2	168.2
February	2007	168.6	168.6	168.6	168.6
March	2007	169.4	169.4	169.4	169.4
April	2007	170.3	170.3	170.3	170.3
May	2007	170.8	170.8	170.8	170.8
June	2007	171.0	171.0	171.0	171.0
July	2007	171.4	171.4	171.4	171.4
August	2007	171.0	171.1	171.1	171.1
September	2007	171.2	171.2	171.2	171.2
October	2007	172.0	172.0	172.2	172.2
November	2007		173.1	173.1	173.1
December	2007		173.2	173.1	173.1
January	2008		174.6	174.6	174.7
February	2008			175.7	175.9
March	2008			177.1	177.4
April	2008			179.0	179.0
May	2008				181.6
June	2008				183.0
July	2008				185.7
Actual Qtr.		171.2	172.8	175.8	181.2

1980=100

Actual Qtr.	191.9	193.7	197.1	203.1
First Mo. next qtr.	192.8	195.7	200.7	208.2

0.892 =1980



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Databases, Tables & Calculators by Subject

FONT SIZE:

Data extracted on: August 20, 2008 (03:46 PM)

PPI Commodity Data

Series Catalog:

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Base Date : 198200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2007	168.2	168.6	169.4	170.3	170.8	171.0	171.4	171.1	171.2	172.2	173.1	173.1	170.9
2008	174.7	175.9	177.4	179.0(p)	181.6(p)	183.0(p)	185.7(p)						

p : Preliminary. All indexes are subject to revision four months after original publication.

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RCAF Weights

	U.S.	East	West	2007	2006	Amt Chg	2005	2004	2003
Labor	\$14,367,370	\$5,910,944	\$8,456,426	32.8%	34.5%	-1.7%	35.3%	36.0%	37.5%
Fuel	8,897,718	2,489,398	6,408,320	20.3%	19.2%	1.1%	16.0%	12.1%	10.6%
Mat & Sup.	2,189,201	827,017	1,362,184	5.0%	5.0%	0.0%	4.6%	4.4%	4.4%
Equip. Rents	3,158,203	760,364	2,397,839	7.2%	7.8%	-0.6%	8.2%	8.9%	9.4%
Depreciation	4,798,560	1,864,514	2,934,046	11.0%	10.6%	0.4%	11.1%	10.6%	10.7%
Interest	1,170,334	534,034	636,300	2.7%	2.7%	0.0%	3.1%	3.0%	3.2%
Other	9,189,328	3,983,742	5,205,586	21.0%	20.2%	0.8%	21.7%	25.0%	24.2%
Total	\$43,770,714	\$16,370,013	\$27,400,701	100.0%	100.0%	0.8%	100.0%	100.0%	100.0%

Check

410 620f	42,600,380
Interest	1,170,334
Total	43,770,714
	ok

Bolded number was adjusted to force rounded numbers to add to 100.0%.

	U.S.	East	West	2007	2006	Amt Chg.
Other						
Purch Service	\$5,509,228	\$2,408,569	\$3,100,659	12.6%	13.2%	-0.6%
Taxes	801,797	343,862	457,935	1.8%	1.8%	0.0%
Cas & Insurar	774,065	252,715	521,350	1.8%	2.3%	-0.5%
Loss & Dam	95,808	40,396	55,412	0.2%	0.3%	-0.1%
Gen & Admn	2,008,430	938,200	1,070,230	4.6%	2.6%	2.0%
Total	\$9,189,328	\$3,983,742	\$5,205,586	21.0%	20.1%	0.9%

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Wages				
Sch 410				
620 (b)	9,739,274	3,610,502	6,128,772	0
NS Adj	499,988	499,988	0	0
Adj Wages	10,239,262	4,110,490	6,128,772	0

Wage Supplements

Sch 410				
112 (f)	369,042	179,460	189,582	0
113 (f)	51,468	4,390	47,078	0
114 (f)	130,975	62,131	68,844	0
205 (f)	240,083	85,028	155,055	0
224 (f)	175,633	56,183	119,450	0
309 (f)	10,859	6,456	4,403	0
414 (f)	1,808,152	690,120	1,118,032	0
430 (f)	511,503	248,659	262,844	0
505 (f)	2,647	1,665	982	0
512 (f)	22,519	14,151	8,368	0
522 (f)	175,016	73,496	101,520	0
611 (f)	447,279	195,783	251,496	0
Total	3,945,176	1,617,522	2,327,654	0
NS Adj	182,932	182,932	0	0
Adj Supp	4,128,108	1,800,454	2,327,654	0

Fuel

Sch. 410				
409 (c)	8,231,373	2,262,349	5,969,024	0
409 (d)	833	256	577	0
410 (c)	0	0	0	0
410 (d)	0	0	0	0
425 (c)	665,479	226,760	438,719	0
425 (d)	33	33	0	0
426 (c)	0	0	0	0
426 (d)	0	0	0	0
Total	8,897,718	2,489,398	6,408,320	0

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Materials and Supplies				
Sch. 410				
620 (c)	11,086,053	3,316,126	7,769,927	0
less				
409 (c)	8,231,373	2,262,349	5,969,024	0
410 (c)	0	0	0	0
425 (c)	665,479	226,760	438,719	0
426 (c)	0	0	0	0
Total	2,189,201	827,017	1,362,184	0
Equipment Rents				
Sch. 410				
211 (f)	7,611	682	6,929	0
212 (f)	-20,257	-57	-20,200	0
230 (f)	2,140,028	856,499	1,283,529	0
231 (f)	-778,716	-369,465	-409,251	0
315 (f)	32,839	29,616	3,223	0
316 (f)	-17,646	-17,153	-493	0
Rents	1,363,859	500,122	863,737	0
207 (f)	844,397	84,140	760,257	0
208 (f)	-18,140	-16,629	-1,511	0
226 (f)	814,368	183,224	631,144	0
227 (f)	-19,594	-12,989	-6,605	0
311 (f)	197,465	45,762	151,703	0
312 (f)	-24,152	-23,266	-886	0
Lease	1,794,344	260,242	1,534,102	0
Total	3,158,203	760,364	2,397,839	0
Car Hire	0.432	0.658	0.360	
Lease Rentals	0.568	0.342	0.640	
Total	1.000	1.000	1.000	

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Purchased Services				
Sch. 410				
620 (d)	9,351,217	3,852,142	5,499,075	0
less				
112 (d)	0	0	0	0
113 (d)	0	0	0	0
114 (d)	0	0	0	0
115 (d)	0	0	0	0
116 (d)	0	0	0	0
117 (d)	0	0	0	0
136 (d)	0	0	0	0
137 (d)	0	0	0	0
138 (d)	0	0	0	0
205 (d)	0	0	0	0
206 (d)	0	0	0	0
207 (d)	844,397	84,140	760,257	0
208 (d)	-18,140	-16,629	-1,511	0
211 (d)	7,611	682	6,929	0
212 (d)	-20,257	-57	-20,200	0
213 (d)	0	0	0	0
224 (d)	0	0	0	0
225 (d)	0	0	0	0
226 (d)	814,368	183,224	631,144	0
227 (d)	-19,594	-12,989	-6,605	0
230 (d)	2,140,028	856,499	1,283,529	0
231 (d)	-778,716	-369,465	-409,251	0
232 (d)	0	0	0	0
309 (d)	0	0	0	0
310 (d)	0	0	0	0
311 (d)	197,465	45,762	151,703	0
312 (d)	-24,152	-23,266	-886	0
315 (d)	32,839	29,616	3,223	0
316 (d)	-17,646	-17,153	-493	0
317 (d)	0	0	0	0
409 (d)	833	256	577	0
410 (d)	0	0	0	0
412 (d)	0	0	0	0
414 (d)	0	0	0	0
415 (d)	0	0	0	0
425 (d)	33	33	0	0
426 (d)	0	0	0	0
428 (d)	0	0	0	0
430 (d)	0	0	0	0
431 (d)	0	0	0	0
504 (d)	0	0	0	0
505 (d)	0	0	0	0
511 (d)	0	0	0	0
512 (d)	0	0	0	0
513 (d)	0	0	0	0
522 (d)	0	0	0	0
523 (d)	0	0	0	0
611 (d)	0	0	0	0
612 (d)	0	0	0	0
614 (d)	0	0	0	0
615 (d)	0	0	0	0
Total	6,192,148	3,091,489	3,100,659	0
- NS Adj W	499,988	499,988	0	0
- NS Adj S	182,932	182,932	0	0
Adj Pur Ser	5,509,228	2,408,569	3,100,659	0

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Depreciation				
Sch. 410				
136 (f)	2,232,974	816,409	1,416,565	0
137 (f)	438,458	41,750	396,708	0
138 (f)	761,412	435,824	325,588	0
213 (f)	740,642	265,980	474,662	0
232 (f)	368,532	229,752	138,780	0
317 (f)	256,542	74,799	181,743	0
Total	4,798,560	1,864,514	2,934,046	0
Interest				
Sch. 210				
42 (b)	1,170,723	534,032	636,691	0
44 (b)	7,596	2	7,594	0
less				0
22(b)	4,497	0	4,497	0
Total	1,173,822	534,034	639,788	0
Sch. 410 (times ratio of freight to total)				
620 (f)	42,600,380	15,835,979	26,764,401	0
620 (h)	42,747,102	15,835,979	26,911,123	0
ratio (ff)		1.00000000	0.99454790	
Total	1,170,334	534,034	636,300	0
Note U.S. = East + West				
Taxes (other than income and payroll)				
Sch. 410				
614 (f)	593,968	237,106	356,862	0
615 (f)	207,829	106,756	101,073	0
Total	801,797	343,862	457,935	0

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Other (RCR Other, portion of RCAF Other)				
Other = Casualties & Insurance + Loss & Damage + General & Administrative				
Sch. 410				
Casualties & Insurance				
115 (f)	96,665	34,755	61,910	0
116 (f)	14,435	6,054	8,381	0
117 (f)	25,193	7,505	17,688	0
206 (f)	57,066	27,314	29,752	0
225 (f)	88,272	31,165	57,107	0
310 (f)	4,381	3,442	939	0
415 (f)	306,629	100,915	205,714	0
431 (f)	77,365	35,363	42,002	0
513 (f)	4,358	2,788	1,570	0
523 (f)	18,589	2,561	16,028	0
612 (f)	81,112	853	80,259	0
Total	774,065	252,715	521,350	0
Loss & Damage				
Sch. 410				
412 (f)	3,757	2,258	1,499	0
428 (f)	0	0	0	0
504 (f)	92,051	38,138	53,913	0
511 (f)	0	0	0	0
Total	95,808	40,396	55,412	0
General & Administrative				
Sch. 410				
620 (e)	12,423,836	5,057,209	7,366,627	0
+NS Adj S	<u>182,932</u>	<u>182,932</u>	<u>0</u>	0
620 (e) Adj	12,606,768	5,240,141	7,366,627	0
less				
W Supp Ad.	4,128,108	1,800,454	2,327,654	0
Deprec.	4,798,560	1,864,514	2,934,046	0
Taxes	801,797	343,862	457,935	0
Cas & Ins	774,065	252,715	521,350	0
Loss & D	95,808	40,396	55,412	0
(e) = (f) chk	ok			
Total G&A	2,008,430	938,200	1,070,230	0
Total Other	2,878,303	1,231,311	1,646,992	
For RCAF Other, add Purchased Services and Taxes to RCR Other.				

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Car Hire				
Sch.414				
19 (g)	860,611	416,852	443,759	0
less				
19 (d)	652,269	330,863	321,406	0
Time	208,342	85,989	122,353	0
18 (g)	102,047	64,465	37,582	0
less				
18 (d)	124,311	70,431	53,880	0
Time, A-Rk	-22,264	-5,966	-16,298	0
Time, XAR	230,606	91,955	138,651	0
19 (f)	282,028	109,332	172,696	0
less				
19 (c)	145,908	58,063	87,845	0
Mileage	136,120	51,269	84,851	0
18 (f)	0	0	0	0
less				
18 (c)	0	0	0	0
Mi, A-Rk	0	0	0	0
Mile, XAR	136,120	51,269	84,851	0
19 (e)	997,389	330,315	667,074	0
less				
19 (b)	-19,461	-19,461	0	0
Private	1,016,850	349,776	667,074	0
18 (e)	19,322	0	19,322	0
less				
18 (b)	0	0	0	0
Priv, A-Rk	19,322	0	19,322	0
Priv., XAR	997,528	349,776	647,752	0
Time, A-Rk	-22,264	-5,966	-16,298	0
Mi, A-Rk	0	0	0	0
Priv, A-Rk	19,322	0	19,322	0
Autorack	-2,942	-5,966	3,024	0

XAR means total excluding auto racks

RCR and RCAF Internal Weights

	U.S.	East	West	U.S. 2007	East 2007	West 2007	U.S. 2006	Amt Diff
Labor								
Wages	10,239,262	4,110,490	6,128,772	71.3%	69.5%	72.5%	72.1%	-0.8%
Wage Supplem	4,128,108	1,800,454	2,327,654	28.7%	30.5%	27.5%	27.9%	0.8%
Total	14,367,370	5,910,944	8,456,426	100.0%	100.0%	100.0%	100.0%	
	ok	ok	ok					

Depreciation (RCR)

Road	3,432,844	1,293,983	2,138,861	71.5%	69.4%	72.9%	72.4%	-0.9%
Locomotive	740,642	265,980	474,662	15.4%	14.3%	16.2%	14.2%	1.2%
Freight Car	368,532	229,752	138,780	7.7%	12.3%	4.7%	8.0%	-0.3%
Other Equip.	256,542	74,799	181,743	5.4%	4.0%	6.2%	5.4%	0.0%
Total	4,798,560	1,864,514	2,934,046	100.0%	100.0%	100.0%	100.0%	
Check	ok	ok	ok					

Deprec - Other (RCR)

Locomotive	740,642	265,980	474,662	66.8%	53.7%	77.4%	63.9%	2.9%
Freight Car	368,532	229,752	138,780	33.2%	46.3%	22.6%	36.1%	-2.9%
Total	1,109,174	495,732	613,442	100.0%	100.0%	100.0%	100.0%	

Equip. Rents

Car Hire	1,363,859	500,122	863,737	43.2%	65.8%	36.0%	46.3%	-3.1%
Lease Rents	1,794,344	260,242	1,534,102	56.8%	34.2%	64.0%	53.7%	3.1%
Total	3,158,203	760,364	2,397,839	100.0%	100.0%	100.0%	100.0%	
Check	ok	ok	ok					

Interest (RCR)

Road	121,442,071	49,741,009	71,701,062	81.5%	77.9%	84.3%	81.7%	-0.2%
Locomotive	17,567,102	8,108,496	9,458,606	11.8%	12.7%	11.1%	11.4%	0.4%
Freight Car	9,911,585	5,994,787	3,916,798	6.7%	9.4%	4.6%	6.9%	-0.2%
Total	148,920,758	63,844,292	85,076,466	100.0%	100.0%	100.0%	100.0%	
from Sch. 352B	ok	ok	ok					

Car Hire

RR Time excl Autork	230,606			16.9%			18.2%	-1.3%
RR Mileage excl Auto	136,120			10.0%			9.7%	0.3%
Private excl Autorack	997,528			73.3%			71.6%	1.7%
Autorack	-2,942			-0.2%			0.5%	-0.7%
Total	1,361,312			100.0%			100.0%	
from Sch. 414	ok							

Car Hire, Adjusted to eliminate negative numbers

RR Time excl Autork	230,606			16.9%			18.2%	-1.3%
RR Mileage excl Auto	136,120			10.0%			9.7%	0.3%
Private excl Autorack	997,528			73.1%			71.6%	1.5%
Autorack	0			0.0%			0.5%	-0.5%
Total	1,364,254			100.0%			100.0%	

Note: These numbers are all rounded to 3 digits after the decimal or 1 digit after the decimal for a percentage. In the event that the rounded percentages do not sum to 100.0%, the number that is closest to rounding in the other direction will be changed to force a 100.0% total. The number is identified by a bold font.

Benchmarks for Supplements 2007

Fringe Benefits (\$000)

From R-1 annual report Schedule 410, Column (h)

Line	Fringe Benefits Description	U.S.	East	West
112	Way & Structure - Running	\$373,616	\$179,460	\$194,156
113	Way & Structure - Switching	51,769	4,390	47,379
114	Way & Structure - Other	131,554	62,131	69,423
205	Equipment - Locomotives	241,714	85,028	156,686
224	Equipment - Freight Cars	175,633	56,183	119,450
309	Equipment - Other Equipment	15,326	6,456	8,870
414	Transportation - Train Operations	1,816,526	690,120	1,126,406
430	Transportation - Yard	512,718	248,659	264,059
505	Transportation - Train & Yard Common	2,647	1,665	982
512	Transportation - Specialized Service	22,519	14,151	8,368
522	Transportation - Administrative Support	176,744	73,496	103,248
611	General & Administrative	448,751	195,783	252,968
	NS Adj for Amount in Purchased Svc.	182,932	182,932	
Total Fringe Benefits		\$4,152,449	\$1,800,454	\$2,351,995

Division of Fringe Benefits (\$000)

From R-1 annual report Schedule 450 and AAR survey.

Line	Description	U.S.	East	West
Note 1	Health & Welfare	\$1,916,717	\$907,569	\$1,009,148
5&6	Railroad Retirement & Medicare	2,139,939	836,111	1,303,828
7	Supplemental Annuities	0	0	0
8	Unemployment Insurance	63,453	29,470	33,983
Note 2	Other Fringe Benefits	32,340	27,304	5,036

Note 1

Health & Welfare is Total Fringe Benefits less Railroad Retirement, Medicare, Supplemental Annuities, Unemployment Insurance, and Other Fringe Benefits

Note 2

Other Fringe Benefits is 401(k) matches and employer contributions to employee stock plans. Information is provided by the railroads to the AAR and used in RCAF filings each quarter. No benchmark hourly rate is needed

Hours from 2007 112-Class Wage Statistics

	U.S.	East	West
Total Straight Time Paid Hours	331,135,912	130,490,598	200,645,314

Hourly Rate Benchmarks for 2007

	U.S.	East	West
Health & Welfare	\$5.788	\$6.955	\$5.030
Railroad Retirement & Medicare	\$6.462	\$6.407	\$6.498
Supplemental Annuities [not used]	\$0.000	\$0.000	\$0.000
Unemployment Insurance	\$0.192	\$0.226	\$0.169

Benchmarks for Supplements 2007 -- Comparison to Prior Year

Hourly Rate Benchmarks for 2007	U.S.	East	West
Health & Welfare	\$5.788	\$6.955	\$5.030
Railroad Retirement & Medicare	\$6.462	\$6.407	\$6.498
Unemployment Insurance	\$0.192	\$0.226	\$0.169

Hourly Rate Benchmarks for 2006	U.S.	East	West
Health & Welfare	\$5.322	\$6.612	\$4.529
Railroad Retirement & Medicare	\$6.293	\$6.421	\$6.214
Unemployment Insurance	\$0.173	\$0.196	\$0.159

Amount of Difference 2007 Less 2006	U.S.	East	West
Health & Welfare	\$0.466	\$0.343	\$0.501
Railroad Retirement & Medicare	\$0.169	(\$0.013)	\$0.284
Unemployment Insurance	\$0.019	\$0.030	\$0.010

Percent Difference 2007 Divided By 2006	U.S.	East	West
Health & Welfare	8.8%	5.2%	11.1%
Railroad Retirement & Medicare	2.7%	-0.2%	4.6%
Unemployment Insurance	10.8%	15.3%	6.6%

Possible Causes of Changes

Health & Welfare Premiums	Higher
Change in Taxable Wages	4.6%
Railroad Retirement Tier II Tax Rate	Lower
Unemployment Insurance Tax Rate	Higher

	As of 12/31/2007					
	2007 ST Hrs Pd	ST HR	ST\$ (excl ULS)	Total ST\$ (excl ULS)	Total ST Hours	ST Hourly Rate
BLE ATDA	0	\$0.000	\$0.0			
BNSF ATDA	1,228,226	\$34.435	\$42,294,139.1			
CCP ATDA	0	\$0.000	\$0.0			
CSX ATDA	716,322	\$34.564	\$24,758,723.6			
DMIR ATDA	1,944	\$33.000	\$64,152.0			
DWP ATDA	7,032	\$33.084	\$232,646.0			
GTW ATDA	26,656	\$33.613	\$895,991.0			
IC ATDA	86,330	\$35.206	\$3,039,292.0			
KCS ATDA	71,279	\$32.130	\$2,290,177.1			
NS ATDA	890,054	\$27.276	\$24,276,782.0			
SOO ATDA	83,642	\$30.071	\$2,515,233.6			
UP ATDA	1,302,969	\$34.410	\$44,835,408.0			
WC ATDA	55,336	\$44.196	\$2,445,608.0			
zNat'l ATDA	0	\$0.000	\$0.0	\$147,648,152.4	4,469,790.0	\$33.03246
BLE BLET	18,569	\$33.084	\$614,343.0			
BNSF BLET	15,627,322	\$20.656	\$322,790,896.7			
CCP BLET	109,763	\$28.337	\$3,110,390.0			
CSX BLET	11,055,703	\$23.380	\$258,482,818.0			
DMIR BLET	66,117	\$23.853	\$1,577,069.0			
DWP BLET	72,215	\$34.293	\$2,476,437.0			
GTW BLET	392,869	\$35.609	\$13,989,558.7			
IC BLET	898,334	\$29.484	\$26,486,090.0			
NS BLET	9,863,226	\$24.410	\$240,759,897.0			
SOO BLET	1,100,472	\$21.659	\$23,834,595.8			
WC BLET	566,881	\$25.461	\$14,433,535.0			
zNat'l BLET	21,379,350	\$26.509	\$566,741,737.4	\$1,475,297,367.6	61,150,821.0	\$24.12555
BLE BMWE	48,982	\$19.455	\$952,949.0			
CCP BMWE	169,233	\$22.264	\$3,767,785.7			
DMIR BMWE	0	\$0.000	0.0			
DWP BMWE	0	\$0.000	0.0			
GTW BMWE	382,757	\$19.861	\$7,601,964.0			
IC BMWE	971,964	\$21.994	\$21,377,788.0			
SOO BMWE	843,827	\$19.343	\$16,321,969.7			
WC BMWE	954,290	\$20.379	\$19,447,343.7			
zNat'l BMWE	42,730,944	\$21.679	\$926,350,668.7	\$995,820,468.8	46,101,997.0	\$21.60038
BLE BRS	9,722	\$22.557	\$219,298.0			
CCP BRS	29,276	\$25.437	\$744,695.1			
DMIR BRS	0	\$0.000	0.0			
DWP BRS	12,890	\$28.300	\$364,786.4			
GTW BRS	101,668	\$24.034	\$2,443,495.9			
IC BRS	234,021	\$24.952	\$5,839,367.3			
SOO BRS	103,451	\$21.872	\$2,262,628.6			
WC BRS	123,788	\$27.804	\$3,441,754.0			
zNat'l BRS	11,464,549	\$24.769	\$283,965,093.0	\$299,281,118.2	12,079,365.0	\$24.77623
BLE IAM	10,561	\$21.608	\$228,205.4			
CCP IAM	7,511	\$22.893	\$171,949.1			
DMIR IAM	40,554	\$22.483	\$911,774.3			
DWP IAM	3,634	\$23.123	\$84,027.7			
GTW IAM	22,918	\$22.942	\$525,773.9			
IC IAM	268,044	\$22.976	\$6,158,583.1			
SOO IAM	169,513	\$22.807	\$3,866,045.4			
WC IAM	49,046	\$17.606	\$863,527.6			
zNat'l IAM	12,135,527	\$22.040	\$267,470,598.4	\$280,280,484.9	12,707,308.0	\$22.05664
BLE IBBM	0	\$0.000	0.0			
CCP IBBM	4,033	\$19.199	\$77,431.0			
DMIR IBBM	1,800	\$23.695	\$42,650.1			
DWP IBBM	0	\$0.000	0.0			
GTW IBBM	0	\$0.000	0.0			

		As of 12/31/2007					
		2007	ST	ST\$	Total ST\$	Total ST	ST Hourly
		ST Hrs Pd	HR	(excl ULS)	(excl ULS)	Hours	Rate
IC	IBBM	56,747	\$22.795	1,293,551.1			
SOO	IBBM	58,495	\$26.198	1,532,437.0			
WC	IBBM	0	\$0.000	0.0			
zNat'l	IBBM	1,871,464	\$20.577	38,508,679.0	\$41,454,748.3	1,992,539.0	\$20.80499
BLE	IBEW	8,371	\$22.295	186,634.0			
CCP	IBEW	11,278	\$23.561	265,724.0			
DMIR	IBEW	64,191	\$23.733	1,523,427.0			
DWP	IBEW	3,680	\$30.708	113,005.7			
GTW	IBEW	33,143	\$25.501	845,166.2			
IC	IBEW	187,180	\$22.566	4,223,938.0			
SOO	IBEW	111,314	\$22.975	2,557,443.7			
WC	IBEW	42,359	\$23.933	1,013,777.0			
zNat'l	IBEW	9,122,948	\$23.373	213,228,007.2	\$223,957,122.9	9,584,464.0	\$23.36668
BLE	NCFO	1,822	\$19.853	36,171.8			
CCP	NCFO	1,792	\$19.050	34,137.1			
DMIR	NCFO	0	\$0.000	0.0			
DWP	NCFO	0	\$0.000	0.0			
GTW	NCFO	31,471	\$19.475	612,911.9			
IC	NCFO	81,293	\$19.093	1,552,135.9			
SOO	NCFO	72,240	\$18.685	1,349,772.0			
WC	NCFO	0	0	0.0			
zNat'l	NCFO	4,353,985	\$18.676	81,313,650.4	\$84,898,779.1	4,542,603.0	\$18.68946
zNat'l	OTHER	51,143,685	\$42.237	2,160,157,429.0	\$2,160,157,429.0	51,143,685	\$42.23703
BLE	SMW	0	\$0.000	0.0			
CCP	SMW	0	\$0.000	0.0			
DMIR	SMW	1,752	\$23.348	40,905.7			
DWP	SMW	0	\$0.000	0.0			
GTW	SMW	0	\$0.000	0.0			
IC	SMW	34,385	\$22.229	764,330.3			
SOO	SMW	3,495	\$22.101	77,241.8			
WC	SMW	0	0	0.0			
zNat'l	SMW	1,901,323	\$23.009	43,747,462.0	\$44,629,939.7	1,940,955.0	\$22.99380
BLE	TCU	13,486	\$23.051	310,867.0			
CCP	TCU	1,792	\$21.431	38,404.0			
DMIR	TCU	128,915	\$21.261	2,740,878.0			
DWP	TCU	27,436	\$23.958	657,307.0			
GTW	TCU	249,531	\$24.451	6,101,387.2			
IC	TCU	512,157	\$23.868	12,224,014.9			
SOO	TCU	414,190	\$23.724	9,826,225.4			
WC	TCU	114,963	\$27.282	3,136,442.0			
zNat'l	TCU	13,460,245	\$22.898	308,217,686.1	\$343,253,211.5	14,922,715.0	\$23.00206
BLE	TCU-CAR	25,950	\$22.738	590,051.0			
CCP	TCU-CAR	22,374	\$23.500	525,782.0			
DMIR	TCU-CAR	49,607	\$21.929	1,087,831.0			
DWP	TCU-CAR	21,911	\$23.445	513,710.2			
GTW	TCU-CAR	204,043	\$20.707	4,225,082.0			
IC	TCU-CAR	505,574	\$23.323	11,791,251.3			
SOO	TCU-CAR	300,842	\$21.253	6,393,841.1			
WC	TCU-CAR	314,759	\$15.689	4,938,302.0			
zNat'l	TCU-CAR	19,076,347	\$22.580	430,750,171.8	\$460,816,022.4	20,521,407.0	\$22.45538
BLE	UTU	32,871	\$29.455	968,225.0			
CCP	UTU	144,252	\$24.205	3,491,599.6			
DMIR	UTU	125,089	\$19.477	2,436,366.5			
DWP	UTU	75,045	\$31.039	2,329,311.0			
GTW	UTU	534,661	\$32.202	17,217,276.5			
IC	UTU	1,381,466	\$24.726	34,157,791.3			
SOO	UTU	1,302,037	\$17.241	22,447,839.9			
WC	UTU	652,185	\$26.976	17,593,540.6			

	As of 12/31/2007					
	2007 ST Hrs Pd	ST HR	ST\$ (excl ULS)	Total ST\$ (excl ULS)	Total ST Hours	ST Hourly Rate
zNat'l UTU	82,110,289	\$21.374	1,755,012,770.5	\$1,855,654,720.8	86,357,895.0	\$21.48796
BLE UTU-YMD	0	\$0.000	0.0			
CCP UTU-YMD	0	\$0.000	0.0			
CSX UTU-YMD	1,137,801	\$25.318	28,807,154.1			
DMIR UTU-YMD	0	\$0.000	0.0			
DWP UTU-YMD	0	\$0.000	0.0			
GTW UTU-YMD	62,757	\$29.913	1,877,262.0			
IC UTU-YMD	80,838	\$30.441	2,460,781.0			
SOO UTU-YMD	77,022	\$29.083	2,240,023.1			
UP UTU-YMD	484,754	\$32.078	15,549,955.7			
WC UTU-YMD	42,852	\$30.788	1,319,308.0			
zNat'l UTU-YMD	1,734,344	\$27.066	46,941,882.2	\$99,196,366.1	3,620,368.0	\$27.39953
Sum	331,135,912	\$2,659,227	8,512,345,931.570	8,512,345,931.570	331,135,912.0	348.02814
Total	331,135,912	\$2,659,227				

Calculations To Get Year-End 2007 ST Hourly Rates (Highly Confidential)

	2007		Full Float 2007 Avg.		Full Float		2007		Increases During Year		Full Float		Check		
	ST Hrs Pd	ST-UJS	PFTNW	ST-UnionLS	PFTNW	Note	Q1 \$	Q1 %	Q3 \$	Q3 %	12/31/2006	1/1/2007	12/31/2007	Avg.	Diff.
zNat UTU	82,110,289	21,324	7,481	1,750,907,256	614,279,913		\$0.15		\$0.10	3.00%	\$21,124	\$21,274	\$21,374	21,324	0.000
zNat TCU	13,460,245	22,565	5,435	303,729,079	73,159,326					3.00%	\$22,231	\$22,231	\$22,898	22,565	0.000
zNat BLET	21,379,350	26,123	6,473	558,488,217	138,383,094					3.00%	\$25,737	\$25,737	\$26,509	26,123	0.000
zNat SMW	1,901,323	22,674	4,242	43,110,363	8,065,464					3.00%	\$22,339	\$22,339	\$23,009	22,674	0.000
zNat BRS	11,464,549	24,408	5,992	279,829,679	68,697,655					3.00%	\$24,048	\$24,048	\$24,769	24,408	0.000
zNat BMWE	42,730,944	21,363	4,000	912,860,125	170,907,314		\$0.47			3.00%	\$20,577	\$21,047	\$21,679	21,363	0.000
zNat TCU-CAR	19,076,347	22,251	4,138	424,477,111	78,929,224					3.00%	\$21,923	\$21,923	\$22,580	22,251	0.000
zNat IBFO	4,353,985	18,404	3,264	80,129,471	14,209,990					3.00%	\$18,132	\$18,132	\$18,676	18,404	0.000
zNat IAM	12,135,527	21,990	4,011	266,863,822	48,675,376		\$0.15		\$0.10	3.00%	\$21,790	\$21,940	\$22,040	21,990	0.000
zNat IBBM	1,871,464	20,277	2,826	37,947,873	5,288,072					3.00%	\$19,977	\$19,977	\$20,577	20,277	0.000
zNat IBEW	9,122,948	23,032	4,375	210,122,745	39,915,444					3.00%	\$22,692	\$22,692	\$23,373	23,032	0.000
zNat ATDA	0	0.000	0.000	0	0					3.00%	\$0.000	\$0.000	\$0.000	0.000	0.000
zNat UTU-YMD	1,734,344	27,016	6,571	46,855,165	11,396,514		\$0.15		\$0.10	3.00%	\$26,816	\$26,966	\$27,066	27,016	0.000
zNat OTHER	51,143,685	42,237	1,701	2,160,157,429	86,988,315		\$0.01			3.00%	\$42,227	\$42,237	\$42,237	42,237	0.000
CSX BLET	11,055,703	23,380	12,456	258,482,818	137,705,708			3.00%			\$22,699	\$23,380	\$23,380	23,380	0.000
CSX UTU-YMD	1,137,801	25,268	10,942	28,750,284	12,450,349		\$0.15		\$0.10	3.00%	\$25,068	\$25,218	\$25,318	25,268	0.000
CSX ATDA	716,322	34,208	16,302	24,504,104	11,677,611					2.10%	\$33,853	\$33,853	\$34,564	34,208	0.000
NS BLET	9,863,226	24,410	7,087	240,759,897	69,899,021			2.00%			\$23,931	\$24,410	\$24,410	24,410	0.000
NS ATDA	890,054	27,276	4,595	24,276,782	4,036,743		\$0.00				\$27,276	\$27,276	\$27,276	27,276	0.000
GTW UTU	534,661	31,655	9,631	16,924,750	5,149,102					3.00%	\$31,264	\$31,264	\$32,202	31,655	0.000
GTW TCU	249,531	24,095	5,854	6,012,532	1,460,875					3.00%	\$23,739	\$23,739	\$24,451	24,095	0.000
GTW BLET	392,869	35,004	13,779	13,751,872	5,413,329					3.00%	\$34,572	\$34,572	\$35,609	35,004	0.000
GTW SMW	0	0.000	0.000	0	0		\$0.00				\$0.000	\$0.000	\$0.000	0.000	0.000
GTW BRS	101,668	23,684	3,255	2,407,911	330,951					3.00%	\$23,334	\$23,334	\$24,034	23,684	0.000
GTW BMWE	382,757	19,861	2,734	7,601,964	1,046,645		\$0.00				\$19,861	\$19,861	\$19,861	19,861	0.000
GTW TCU-CAR	204,043	20,707	4,076	4,225,082	831,756		\$0.00				\$20,707	\$20,707	\$20,707	20,707	0.000
GTW IBFO	31,471	19,192	3,286	603,986	103,419					3.00%	\$18,908	\$18,908	\$19,475	19,192	0.000
GTW IAM	22,918	22,607	3,568	518,117	81,766					3.00%	\$22,273	\$22,273	\$22,942	22,607	0.000
GTW IBBM	0	0.000	0.000	0	0		\$0.00				\$0.000	\$0.000	\$0.000	0.000	0.000
GTW IBEW	33,143	25,129	3,517	832,858	116,549					3.00%	\$24,758	\$24,758	\$25,501	25,129	0.000
GTW ATDA	26,656	33,613	13,999	895,991	373,160		\$0.00				\$33,613	\$33,613	\$33,613	33,613	0.000
GTW UTU-YMD	62,757	29,913	9,536	1,877,262	598,476			3.00%			\$29,042	\$29,913	\$29,913	29,913	0.000
IC UTU	1,361,466	24,876	5,483	34,088,718	7,573,834		\$0.15		\$0.10	3.00%	\$24,476	\$24,626	\$24,726	24,876	0.000
IC TCU	512,157	23,818	3,519	12,198,407	1,802,035		\$0.15		\$0.10	3.00%	\$23,618	\$23,768	\$23,868	23,818	0.000
IC BLET	898,334	29,184	6,836	25,486,090	6,142,437.0		\$0.00				\$28,484	\$29,484	\$29,484	29,484	0.000
IC SMW	34,385	22,179	2,863	762,611	98,445		\$0.15		\$0.10	3.00%	\$21,979	\$22,129	\$22,229	22,179	0.000
IC BRS	234,921	21,569	3,926	5,754,928	760,076					3.00%	\$24,228	\$24,228	\$24,952	24,569	0.000
IC BMWE	971,961	21,574	2,950	21,066,481	2,844,426					3.00%	\$21,354	\$21,354	\$21,974	21,574	0.000
IC TCU-CAR	505,574	22,983	2,782	11,619,534	1,406,366					3.00%	\$22,643	\$22,643	\$23,323	22,983	0.000
IC IBFO	87,281	19,815	1,574	429,532	74,655					3.00%	\$18,537	\$18,537	\$19,083	18,815	0.000
IC IAM	268,044	22,641	2,824	6,068,895	756,908					3.00%	\$22,307	\$22,307	\$22,976	22,641	0.000

Calculations To Get Year-End 2007 ST Hourly Rates (Highly Confidential)

	2007		Full Float 2007 Avg.		(Check by Calculating) 2007		Note	Increases During Year			Straight Time Hourly Rate		Full Float		Check		
	ST Hrs Pd	ST-UJS	PFTNW	ST-UnionLS	PFTNW	ST-UnionLS		Q1 \$	Q1 %	Q3 \$	Q3 %	12/31/2006	1/1/2007	12/31/2007	1/1/2007	Avg.	Diff.
IC IBBM	56,747	22,463	2,137	1,274,713	121,277					3.00%	\$22,131	\$22,131	\$22,795	\$22,131	22,463	0,000	
IC IBEW	187,180	22,516	4,206	4,214,579	787,277		\$0.15	\$0.10			\$22,316	\$22,466	\$22,566	\$22,466	22,516	0,000	
IC ATDA	86,330	35,206	3,786	3,039,292	326,877	Y	\$0.01				\$35,196	\$35,206	\$35,206	\$35,206	35,206	0,000	
IC UTU-YMD	80,838	30,441	9,302	2,460,781	751,931	Y	\$0.01				\$30,431	\$30,441	\$30,441	\$30,441	30,441	0,000	
BLE TCU	13,486	23,051	4,255	310,867	57,378	X	\$0.01				\$23,041	\$23,051	\$23,051	\$23,051	23,051	0,000	
BLE SMW	0	0,000	0,000	0	0	X	\$0.01				\$0,000	\$0,000	\$0,000	\$0,000	0,000	0,000	
BLE BRS	9,722	22,557	1,727	219,298	16,791	X	\$0.01				\$22,547	\$22,557	\$22,557	\$22,557	22,557	0,000	
BLE BMWE	48,982	19,455	2,847	952,949	139,445	X	\$0.01				\$19,445	\$19,455	\$19,455	\$19,455	19,455	0,000	
BLE TCU-CAR	25,950	22,738	3,292	590,051	85,418	X	\$0.01				\$22,728	\$22,738	\$22,738	\$22,738	22,738	0,000	
BLE IBFO	1,822	19,564	3,285	35,645	5,985					3.00%	\$19,275	\$19,275	\$19,853	\$19,564	19,564	0,000	
BLE IAM	10,561	21,294	2,400	224,882	25,350					3.00%	\$20,979	\$20,979	\$21,608	\$21,294	21,294	0,000	
BLE IBBM	0	0,000	0,000	0	0	X	\$0.01				\$0,000	\$0,000	\$0,000	\$0,000	0,000	0,000	
BLE IBEW	8,371	22,295	5,448	186,634	45,802	X	\$0.01				\$22,285	\$22,295	\$22,295	\$22,295	22,295	0,000	
BLE ATDA	0	0,000	0,000	0	0	X	\$0.01				\$0,000	\$0,000	\$0,000	\$0,000	0,000	0,000	
BLE UTU-YMD	0	0,000	0,000	0	0	X	\$0.01				\$0,000	\$0,000	\$0,000	\$0,000	0,000	0,000	
CCP UTU	144,252	24,155	5,775	3,484,387	833,117		\$0.15	\$0.10			\$23,955	\$24,105	\$24,205	\$24,155	24,155	0,000	
CCP TCU	1,792	21,431	3,362	38,404	6,024	NX	\$0.01				\$21,421	\$21,431	\$21,431	\$21,431	21,431	0,000	
CCP BLET	109,763	28,337	7,444	3,110,390	817,108	D	\$0.00				\$28,337	\$28,337	\$28,337	\$28,337	28,337	0,000	
CCP SMW	0	0,000	0,000	0	0	X	\$0.01				\$0,000	\$0,000	\$0,000	\$0,000	0,000	0,000	
CCP BRS	29,276	25,097	3,177	733,850	81,217					3.00%	\$24,896	\$24,896	\$25,437	\$25,097	25,097	0,000	
CCP BMWE	180,233	21,840	2,837	3,712,915	480,174					3.00%	\$21,615	\$21,615	\$22,264	\$21,840	21,840	0,000	
CCP TCU-CAR	22,374	23,157	3,164	518,125	70,788					3.00%	\$22,815	\$22,815	\$23,500	\$23,157	23,157	0,000	
CCP IBFO	1,792	18,772	3,194	33,840	5,723					3.00%	\$18,495	\$18,495	\$19,050	\$18,772	18,772	0,000	
CCP IAM	7,511	22,560	4,026	169,445	30,238					3.00%	\$22,226	\$22,226	\$22,893	\$22,560	22,560	0,000	
CCP IBBM	4,033	19,199	0,674	77,431	2,719	X	\$0.01				\$19,189	\$19,199	\$19,199	\$19,199	19,199	0,000	
CCP IBEW	11,278	23,561	5,369	265,724	60,557	X	\$0.01				\$23,551	\$23,561	\$23,561	\$23,561	23,561	0,000	
CCP ATDA	0	0,000	0,000	0	0	X	\$0.01				\$0,000	\$0,000	\$0,000	\$0,000	0,000	0,000	
CCP UTU-YMD	0	0,000	0,000	0	0	Y	\$0.01				\$0,000	\$0,000	\$0,000	\$0,000	0,000	0,000	
DMIR UTU	125,089	19,427	11,955	2,430,112	1,495,385	NX	\$0.15	\$0.10			\$19,227	\$19,377	\$19,477	\$19,427	19,427	0,000	
DMIR TCU	128,915	21,261	4,229	2,740,878	545,177	NX	\$0.01				\$21,251	\$21,261	\$21,261	\$21,261	21,261	0,000	
DMIR BLET	66,117	23,853	16,482	1,577,069	1,089,726	NX	\$0.01				\$23,843	\$23,853	\$23,853	\$23,853	23,853	0,000	
DMIR SMW	1,752	23,008	3,495	40,310	6,124					3.00%	\$22,668	\$22,668	\$23,348	\$23,008	23,008	0,000	
DMIR BRS	0	0,000	0,000	0	0	X	\$0.01				\$0,000	\$0,000	\$0,000	\$0,000	0,000	0,000	
DMIR BMWE	0	0,000	0,000	0	0					3.00%	\$0,000	\$0,000	\$0,000	\$0,000	0,000	0,000	
DMIR TCU-CAR	49,607	21,929	3,713	1,087,831	184,194	NX	\$0.01				\$21,919	\$21,929	\$21,929	\$21,929	21,929	0,000	
DMIR IBFO	0	0,000	0,000	0	0					3.00%	\$0,000	\$0,000	\$0,000	\$0,000	0,000	0,000	
DMIR IAM	40,554	22,156	3,839	898,496	159,751					3.00%	\$21,828	\$21,828	\$22,483	\$22,156	22,156	0,000	
DMIR IBBM	1,800	23,349	3,873	42,029	6,971					3.00%	\$23,004	\$23,004	\$23,695	\$23,349	23,349	0,000	
DMIR IBEW	64,191	23,733	2,749	1,523,427	176,432	X	\$0.01				\$23,723	\$23,733	\$23,733	\$23,733	23,733	0,000	

Calculations To Get Year-End 2007 ST Hourly Rates (Highly Confidential)

	2007		(Check by Calculating)		Note	Increases During Year		Full Float		Check	
	ST Hrs Pd	2007 Avg.	ST-UnionLS	PFTNW		Q1 \$	Q3 %	Q1 %	Q3 \$		12/31/2006
SOO IBEW	111,314	22,925	2,551,878	275,496		\$0.15	\$0.10	\$22,725	\$22,875	22,925	0.000
SOO ATDA	83,642	29,633	2,478,604	500,917			3.00%	\$29,196	\$29,196	29,633	0.000
SOO UTU-YMD	77,022	29,033	2,236,172	400,698		\$0.15	\$0.10	\$28,833	\$28,983	29,033	0.000
UP ATDA	1,302,969	34,410	44,835,408	35,286 Y		\$0.01		\$34,400	\$34,410	34,410	0.000
UP UTU-YMD	484,754	32,028	15,525,718	1,628,661		\$0.15	\$0.10	\$31,828	\$31,978	32,028	0.000
	331,135,912	2,641,28	8,459,806,582	1,924,548,336		3,760	0.110	1,950	\$2,617,504	\$2,659,227	2,641,276

OK Match (These are merely check sums)

Same contract: BMW for WC, DMIR, DW&P.
 Same contract: IAM in CNUS: BLE, CCP, DMIR, DWP, GTW, IC, WC.
 DWP's engineers are UTU, not BLET. DWP's dispatchers are TCU, not ATDA.
 BLE's engineers are UTU, not BLET.

Notes:
 D = Difficult to access
 X = No info, treat as non-union
 Y = Non-Union
 NX = national in old nat agreement, not in new
 nx = national in old nat agmt, not in new 2008 agmt

Railroad Retirement and Medicare

Empl Rcvg Pay	175,741	AAR's 2007 112-Class Summary
Tier I Maximum	97,500	from RRB for 2007
Tier II Maximum	72,600	from RRB for 2007
Medicare Max.	no limit	
Tier I Tax Rate	6.20%	
Tier II Tax Rate	12.10%	from RRB for 2007
Medicare Rate	1.45%	

(Informational only)

USA	ST+PFTNW	Rate	Factor	RR Ret Tax
2006		\$29,465		
2007		\$30,806	1.04551	\$543,657,695

Hourly Rate

6.462

Hourly rate from SUPPL2007

RCAF and RC. S. Final Annual

Railroad Retirement and Medicare, USA for RCAF and RCR Final Annual

Annual Earnings Groups	Percent of Total Employees	2007 Employees	2007 Receiving Pay	2006 RRB Stats	Avg Annual Earnings	Est Avg Ann Earnings	Avg Ctlly Earnings	Tier I		Tier II		Medicare Taxable	Tot Tax Emgs	2007 Tot Tax Emg	Medicare Tot Tax Emg	
								2007 Taxable	2007 Taxable	2007 Taxable	2007 Taxable					
\$0 - 21699	0.556	977	0	\$8,267	\$8,643	\$2,161	\$2,161	\$2,161	\$2,161	\$2,161	\$2,161	\$2,161	\$2,111,372	\$2,111,372	\$2,111,372	\$2,111,372
21700 - 23699	0.000	0	0	\$0	\$0	0	0	0	0	0	0	0	0	0	0	0
23700 - 25699	0.139	244	408	\$25,001	\$26,139	6,535	6,535	6,535	6,535	6,535	6,535	6,535	1,596,299	1,596,299	1,596,299	1,596,299
25700 - 27699	0.232	408	325	\$27,038	\$28,269	7,067	7,067	7,067	7,067	7,067	7,067	7,067	2,881,406	2,881,406	2,881,406	2,881,406
27700 - 29699	0.185	325	1,139	\$28,680	\$29,985	7,496	7,496	7,496	7,496	7,496	7,496	7,496	2,437,209	2,437,209	2,437,209	2,437,209
29700 - 31699	0.648	1,139	977	\$30,770	\$32,170	8,043	8,043	8,043	8,043	8,043	8,043	8,043	9,158,924	9,158,924	9,158,924	9,158,924
31700 - 33699	0.556	977	1,221	\$32,688	\$34,176	8,544	8,544	8,544	8,544	8,544	8,544	8,544	8,348,436	8,348,436	8,348,436	8,348,436
33700 - 35699	0.695	1,221	2,116	\$34,798	\$36,382	9,095	9,095	9,095	9,095	9,095	9,095	9,095	11,109,156	11,109,156	11,109,156	11,109,156
35700 - 37699	1.204	2,116	2,768	\$36,696	\$38,366	9,592	9,592	9,592	9,592	9,592	9,592	9,592	20,294,912	20,294,912	20,294,912	20,294,912
37700 - 39699	1.575	2,768	4,720	\$38,829	\$40,596	10,149	10,149	10,149	10,149	10,149	10,149	10,149	28,091,746	28,091,746	28,091,746	28,091,746
39700 - 41699	2.686	4,720	7,082	\$40,703	\$42,555	10,639	10,639	10,639	10,639	10,639	10,639	10,639	50,219,733	50,219,733	50,219,733	50,219,733
41700 - 43699	4.030	7,082	8,873	\$42,849	\$44,799	11,200	11,200	11,200	11,200	11,200	11,200	11,200	79,320,913	79,320,913	79,320,913	79,320,913
43700 - 45699	5.049	8,873	10,989	\$44,700	\$46,734	11,684	11,684	11,684	11,684	11,684	11,684	11,684	103,670,421	103,670,421	103,670,421	103,670,421
45700 - 47699	6.253	10,989	9,198	\$46,635	\$48,757	12,189	12,189	12,189	12,189	12,189	12,189	12,189	133,949,895	133,949,895	133,949,895	133,949,895
47700 - 49699	5.234	9,198	8,546	\$48,753	\$50,972	12,743	12,743	12,743	12,743	12,743	12,743	12,743	117,213,337	117,213,337	117,213,337	117,213,337
49700 - 51699	4.863	8,546	7,571	\$50,658	\$52,964	13,241	13,241	13,241	13,241	13,241	13,241	13,241	113,160,349	113,160,349	113,160,349	113,160,349
51700 - 53699	4.308	7,571	7,488	\$52,623	\$55,018	13,754	13,754	13,754	13,754	13,754	13,754	13,754	104,134,171	104,134,171	104,134,171	104,134,171
53700 - 55699	4.261	7,488	7,571	\$54,777	\$57,270	14,317	14,317	14,317	14,317	14,317	14,317	14,317	107,214,061	107,214,061	107,214,061	107,214,061
55700 - 57699	4.122	7,571	6,594	\$56,669	\$59,248	14,812	14,812	14,812	14,812	14,812	14,812	14,812	107,298,958	107,298,958	107,298,958	107,298,958
57700 - 59699	4.308	6,594	4,965	\$58,713	\$61,385	15,346	15,346	15,346	15,346	15,346	15,346	15,346	116,185,501	116,185,501	116,185,501	116,185,501
59700 - 61699	3.752	4,965	4,024	\$60,687	\$63,449	15,862	15,862	15,862	15,862	15,862	15,862	15,862	104,592,481	104,592,481	104,592,481	104,592,481
61700 - 63699	2.825	4,024	3,428	\$62,565	\$65,412	16,353	16,353	16,353	16,353	16,353	16,353	16,353	81,188,005	81,188,005	81,188,005	81,188,005
63700 - 65699	3.428	3,428	3,093	\$64,747	\$67,694	16,923	16,923	16,923	16,923	16,923	16,923	16,923	101,953,569	101,953,569	101,953,569	101,953,569
65700 - 67699	3.289	3,093	2,279	\$66,650	\$69,683	17,421	17,421	17,421	17,421	17,421	17,421	17,421	100,694,557	100,694,557	100,694,557	100,694,557
67700 - 69699	3.011	2,279	2,362	\$68,571	\$71,692	17,923	17,923	17,923	17,923	17,923	17,923	17,923	94,840,363	94,840,363	94,840,363	94,840,363
69700 - 71699	2.362	2,362	2,779	\$70,605	\$73,818	18,455	18,455	18,455	18,455	18,455	18,455	18,455	76,605,036	76,605,036	76,605,036	76,605,036
71700 - 73699	2.779	2,779	2,409	\$72,709	\$76,018	19,005	19,005	19,005	19,005	19,005	19,005	19,005	88,641,739	88,641,739	88,641,739	88,641,739
73700 - 75699	1.760	2,409	2,084	\$74,592	\$77,987	19,497	19,497	19,497	19,497	19,497	19,497	19,497	60,304,107	60,304,107	60,304,107	60,304,107
75700 - 77699	2.084	2,084	1,575	\$76,791	\$80,286	20,071	20,071	20,071	20,071	20,071	20,071	20,071	56,922,158	56,922,158	56,922,158	56,922,158
77700 - 79699	1.575	1,575	1,297	\$78,679	\$82,260	20,565	20,565	20,565	20,565	20,565	20,565	20,565	66,473,330	66,473,330	66,473,330	66,473,330
79700 - 81699	2.084	1,297	1,621	\$80,918	\$84,601	21,150	21,150	21,150	21,150	21,150	21,150	21,150	77,461,307	77,461,307	77,461,307	77,461,307
81700 - 83699	1.621	1,297	2,279	\$82,780	\$86,576	21,644	21,644	21,644	21,644	21,644	21,644	21,644	61,658,369	61,658,369	61,658,369	61,658,369
83700 - 85699	1.297	2,279	2,223	\$84,780	\$88,638	22,160	22,160	22,160	22,160	22,160	22,160	22,160	51,705,023	51,705,023	51,705,023	51,705,023
85700 - 87699	2.223	2,223	1,482	\$86,623	\$90,565	22,641	22,641	22,641	22,641	22,641	22,641	22,641	41,370,398	41,370,398	41,370,398	41,370,398
87700 - 89699	1.482	1,482	2,279	\$88,844	\$92,887	23,222	23,222	23,222	23,222	23,222	23,222	23,222	70,907,012	70,907,012	70,907,012	70,907,012
89700 - 91699	1.297	2,279	1,204	\$90,674	\$94,801	23,700	23,700	23,700	23,700	23,700	23,700	23,700	47,271,341	47,271,341	47,271,341	47,271,341
91700 - 93699	1.204	1,204	1,170	\$92,711	\$96,930	24,233	24,233	24,233	24,233	24,233	24,233	24,233	38,403,978	38,403,978	38,403,978	38,403,978
93700 - 95699	0.973	1,170	8,725	\$94,442	\$98,740	24,685	24,685	24,685	24,685	24,685	24,685	24,685	31,035,773	31,035,773	31,035,773	31,035,773
95700 - over	8.725	17,091	100,000	\$144,529	\$151,107	24,375	24,375	24,375	24,375	24,375	24,375	24,375	416,588,549	416,588,549	416,588,549	416,588,549
TOTAL		175,741	100,000										\$2,875,414,927	\$2,647,600,021	\$3,104,990,827	\$3,104,990,827

Sources: (a) rb_earnings_distribution.sas and rbsmpl06.txt [Year 2006 data]

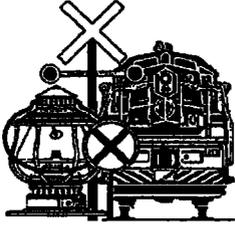
RR_Retirement_07annual.xls

RRB 2006 EARNINGS DATA

Annual Salary Range	Number of Employees	Gross Salary	Group		Cumulative Employees	Cumulative Salary	Average Salary (Group)	Average Salary (Cumulative)	Cumulative % Total Employment
			Employment % Total	Employment					
\$ 0 TO \$21,699	12	\$99,206	0.556	0.556	12	\$99,206	\$8,267	\$8,267	0.556
\$23,700 TO \$25,699	3	\$75,002	0.139	0.139	15	\$174,208	\$25,001	\$11,614	0.695
\$25,700 TO \$27,699	5	\$135,188	0.232	0.232	20	\$309,396	\$27,038	\$15,470	0.926
\$27,700 TO \$29,699	4	\$114,721	0.185	0.185	24	\$424,117	\$28,680	\$17,672	1.112
\$29,700 TO \$31,699	14	\$430,773	0.648	0.648	38	\$854,890	\$30,770	\$22,497	1.760
\$31,700 TO \$33,699	12	\$392,256	0.556	0.556	50	\$1,247,146	\$32,688	\$24,943	2.316
\$33,700 TO \$35,699	15	\$521,977	0.695	0.695	65	\$1,769,123	\$34,798	\$27,217	3.011
\$35,700 TO \$37,699	26	\$954,083	1.204	1.204	91	\$2,723,206	\$36,696	\$29,925	4.215
\$37,700 TO \$39,699	34	\$1,320,183	1.575	1.575	125	\$4,043,389	\$38,829	\$32,347	5.790
\$39,700 TO \$41,699	58	\$2,360,790	2.686	2.686	183	\$6,404,179	\$40,703	\$34,996	8.476
\$41,700 TO \$43,699	87	\$3,727,881	4.030	4.030	270	\$10,132,060	\$42,849	\$37,526	12.506
\$43,700 TO \$45,699	109	\$4,872,342	5.049	5.049	379	\$15,004,402	\$44,700	\$39,589	17.554
\$45,700 TO \$47,699	135	\$6,295,659	6.253	6.253	514	\$21,300,061	\$46,635	\$41,440	23.807
\$47,700 TO \$49,699	113	\$5,509,059	5.234	5.234	627	\$26,809,120	\$48,753	\$42,758	29.041
\$49,700 TO \$51,699	105	\$5,319,100	4.863	4.863	732	\$32,128,220	\$50,658	\$43,891	33.905
\$51,700 TO \$53,699	93	\$4,893,921	4.308	4.308	825	\$37,022,141	\$52,623	\$44,875	38.212
\$53,700 TO \$55,699	92	\$5,039,499	4.261	4.261	917	\$42,061,640	\$54,777	\$45,869	42.473
\$55,700 TO \$57,699	89	\$5,043,576	4.122	4.122	1,006	\$47,105,216	\$56,669	\$46,824	46.596
\$57,700 TO \$59,699	93	\$5,460,296	4.308	4.308	1,099	\$52,565,512	\$58,713	\$47,830	50.903
\$59,700 TO \$61,699	81	\$4,915,626	3.752	3.752	1,180	\$57,481,138	\$60,687	\$48,713	54.655
\$61,700 TO \$63,699	61	\$3,816,476	2.825	2.825	1,241	\$61,297,614	\$62,565	\$49,394	57.480
\$63,700 TO \$65,699	74	\$4,791,306	3.428	3.428	1,315	\$66,088,920	\$64,747	\$50,258	60.908
\$65,700 TO \$67,699	71	\$4,732,170	3.289	3.289	1,386	\$70,821,090	\$66,650	\$51,097	64.196
\$67,700 TO \$69,699	65	\$4,457,086	3.011	3.011	1,451	\$75,278,176	\$68,571	\$51,880	67.207
\$69,700 TO \$71,699	51	\$3,600,867	2.362	2.362	1,502	\$78,879,043	\$70,605	\$52,516	69.569

RRB 2006 EARNINGS DATA

Annual Salary Range	Number of Employees	Gross Salary	Group		Cumulative Employees	Cumulative Salary	Average Salary (Cumulative)	Cumulative % Total Employment
			Average Salary (Group)	% Total Employment				
\$71,700 TO \$73,699	60	\$4,362,539	\$72,709	2.779	1,562	\$83,241,582	\$53,292	72.348
\$73,700 TO \$75,699	38	\$2,634,481	\$74,592	1.760	1,600	\$86,076,063	\$53,798	74.108
\$75,700 TO \$77,699	52	\$3,993,110	\$76,791	2.409	1,652	\$90,069,173	\$54,521	76.517
\$77,700 TO \$79,699	34	\$2,675,072	\$78,679	1.575	1,686	\$92,744,245	\$55,008	78.092
\$79,700 TO \$81,699	45	\$3,641,320	\$80,918	2.084	1,731	\$96,385,565	\$55,682	80.176
\$81,700 TO \$83,699	35	\$2,898,238	\$82,807	1.621	1,766	\$99,283,803	\$56,220	81.797
\$83,700 TO \$85,699	28	\$2,373,837	\$84,780	1.297	1,794	\$101,657,640	\$56,665	83.094
\$85,700 TO \$87,699	48	\$4,157,899	\$86,623	2.223	1,842	\$105,815,539	\$57,446	85.317
\$87,700 TO \$89,699	32	\$2,843,009	\$88,844	1.482	1,874	\$108,658,548	\$57,982	86.799
\$89,700 TO \$91,699	28	\$2,538,871	\$90,674	1.297	1,902	\$111,197,419	\$58,463	88.096
\$91,700 TO \$93,699	26	\$2,410,488	\$92,711	1.204	1,928	\$113,607,907	\$58,925	89.301
\$93,700 TO \$95,699	21	\$1,983,283	\$94,442	0.973	1,949	\$115,591,190	\$59,308	90.273
\$95,700 AND OVER	210	\$30,351,139	\$144529	9.727	2,159	\$145,942,329	\$67,597	100.000
TOTAL	2,159	\$145,942,329	\$67,597	100.000	2,159	\$145,942,329	\$67,597	100.000



RRB News

U.S. Railroad Retirement Board

Public Affairs 844 North Rush Street Chicago, Illinois 60611-2092

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No. 07-11

For Immediate Release
December 2007

Year 2008 Railroad Retirement and Unemployment Insurance Taxes

The amounts of compensation subject to railroad retirement tier I and tier II payroll taxes will increase in 2008. However, the tier I tax rate on employees and employers remains unchanged. Under the Railroad Retirement and Survivors' Improvement Act of 2001, tier II tax rates are determined annually by an average account benefits ratio. Based on this ratio, the tier II tax rates on employees and employers will remain at their 2007 level in 2008. Railroad unemployment insurance tax rates paid by employers will continue to include a 1.5 percent surcharge in 2008.

Tier I and Medicare Tax.—The railroad retirement tier I payroll tax rate on covered rail employees and employers for the year 2008 remains at 7.65 percent. The railroad retirement tier I tax rate is the same as the social security tax, and for withholding and reporting purposes is divided into 6.20 percent for retirement and 1.45 percent for Medicare hospital insurance. The maximum amount of an employee's earnings subject to the 6.20 percent rate will increase to \$102,000 in 2008 from \$97,500 in 2007, but there is no maximum on earnings subject to the 1.45 percent Medicare rate. The increase in the amount of earnings subject to railroad retirement and social security taxes is based on indexing to increases in average national wages.

Tier II Tax.—The railroad retirement tier II tax rate on employees will remain at 3.9 percent in 2008, and the rate on employers will remain at 12.1 percent. The maximum amount of earnings subject to railroad retirement tier II taxes, however, will increase to \$75,900 in 2008 from \$72,600 in 2007. Tier II tax rates under the 2001 Railroad Retirement and Survivors' Improvement Act are based on an average account benefits ratio reflecting railroad retirement fund levels. Depending on this ratio, the tier II tax rate for employers can range between 8.2 percent and 22.1 percent, while the tier II rate for employees can be between 0 percent and 4.9 percent.

(More)

AAR 2007 Final Wage Statistics U.S.

Union	Employees	Straight Time		PFTNW	Union Lump
	Paid	Hours	Comp.	Comp.	Sums
UTU	45,856	86,357,895	\$1,852,772,963	\$644,432,559	\$2,006,022
TCU	8,672	14,922,715	342,457,005	79,387,499	3,949,964
BLET	30,047	61,150,821	1,556,216,013	603,059,765	91,354,933
SMW	1,091	1,940,955	44,000,512	8,183,988	10,161
BRS	6,524	12,079,365	295,173,634	70,754,176	169,884
BMWE	26,021	46,101,997	982,319,021	180,430,448	659,603
TCU-CAR	11,342	20,521,407	454,718,600	83,235,556	449,453
NCFO	2,563	4,542,603	83,734,823	14,616,068	56,389
IAM	7,082	12,707,308	279,543,424	50,396,963	37,868
IBBM	1,093	1,992,539	40,953,487	5,670,058	101,321
IBEW	5,286	9,584,464	220,966,214	41,528,260	143,232
ATDA	2,612	4,469,790	152,300,687	28,580,082	5,593,070
UTU-YMD	2,132	3,620,368	101,015,301	27,274,599	1,990,631
OTHER	25,420	51,143,685	2,160,157,429	86,998,315	
Total	175,741	331,135,912	\$8,566,329,113	\$1,924,548,336	\$106,522,531
ST Comp less Union Lump Sums			\$8,459,806,582		

Checks

OK Match	OK Match	OK Match	OK Match
Total including non-union			\$367,718,938



Case No. A-13369
Document "A"

MEDIATION AGREEMENT

THIS AGREEMENT, made this 1st day of July, 2008, by and between the participating carriers listed in Exhibit A, attached hereto and made a part hereof, and represented by the National Carriers' Conference Committee, and the employees (other than Yardmasters) of such carriers shown thereon and represented by the United Transportation Union, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase (for other than Dining Car Stewards)

(a) Effective July 1, 2005, all standard basic daily rates of pay for employees represented by the United Transportation Union in effect on June 30, 2005 shall be increased by two-and-one-half (2-1/2) percent.

(b) In computing the increase for enginemen under paragraph (a) above, two-and-one-half (2-1/2) percent shall be applied to the standard basic daily rates of pay applicable in the following weight-on-drivers brackets, and the amounts so produced shall be added to each standard basic daily rate of pay:

Passenger	- 600,000 and less than 650,000 pounds
Freight	- 950,000 and less than 1,000,000 pounds (through freight rates)
Yard Engineers	- Less than 500,000 pounds

Yard Firemen - Less than 500,000 pounds
(separate computation covering five- day
rates and other than five-day rates)

Section 2 - Second General Wage Increase (for other than Dining Car
Stewards)

Effective July 1, 2006, all standard basic daily rates of pay in effect on
June 30, 2006 for employees represented by the United Transportation Union
shall be increased by three (3) percent, computed and applied in the same
manner prescribed in Section 1(b) above.

Section 3 - Third General Wage Increase (for other than Dining Car
Stewards)

Effective July 1, 2007, all standard basic daily rates of pay in effect on
June 30, 2007 for employees represented by the United Transportation Union
shall be increased by three (3) percent, computed and applied in the same
manner prescribed in Section 1(b) above.

Section 4 - Fourth General Wage Increase (for other than Dining Car
Stewards)

Effective July 1, 2008, all standard basic daily rates of pay in effect on
June 30, 2008 for employees represented by the United Transportation Union
shall be increased by four (4) percent, computed and applied in the same
manner prescribed in Section 1(b) above.

Section 5 - Fifth General Wage Increase (for other than Dining Car
Stewards)

Effective July 1, 2009, all standard basic daily rates of pay in effect on
June 30, 2009 for employees represented by the United Transportation Union

to special increase of "an additional \$.40" to standard basic through freight rates of pay are set forth in Appendix 1 which is a part of this Agreement.

(k) Other than standard rates:

(i) Existing basic daily rates of pay other than standard shall be changed, effective as of the dates specified in Sections 1, 2, 3, 4, and 5 hereof, by the same respective percentages as set forth therein, computed and applied in the same manner as the standard rates were determined.

(ii) The existing differential of \$6.00 per basic day in passenger, freight, and yard service, and 6¢ per mile for miles in excess of the number of miles encompassed in the basic day, currently payable to engineers working without firemen, shall be maintained and applied in the same manner as the local freight differential.

(iii) Daily rates of pay, other than standard, of engineers, firemen, conductors, brakemen and flagmen employed in local freight service, or on road switchers, roustabout runs, mine runs, or in other miscellaneous service, on runs of miles equal to or less than the number encompassed in the basic day, which are therefore paid on a daily basis without a mileage component, shall be increased as of the effective dates specified in Sections 1, 2, 3, 4, and 5 hereof, by the same respective percentages as set forth therein, computed and applied in the same manner as provided in paragraph (k)(i) above.

(l) Any cost-of-living allowance amounts rolled in to basic rates of pay on or after July 1, 2005 pursuant to Article III, Part B of the August 20, 2002 National UTU Agreement (Document "A") ("2002 UTU Agreement"), as amended, (or any local counterpart agreement provision) shall be excluded

before application of the general wage increases provided for in this Article I and eliminated from basic rates of pay after application of such increases.

(m) Trip Rates established pursuant to Article V of the 2002 UTU Agreement shall be adjusted by application of the general wage increases provided for in this Article I, in the manner set forth in Article V, Part B, Section 4(c)(1) of that Agreement, subject to subsection (l) above.

Section 8 - General Wage Increases for Dining Car Stewards

(a) Effective July 1, 2005, all basic monthly rates of pay in effect on June 30, 2005 for dining car stewards represented by the United Transportation Union shall be increased by two-and-one-half (2-1/2) percent.

(b) Effective July 1, 2006 all basic monthly rates of pay in effect on June 30, 2006 for dining car stewards represented by the United Transportation Union shall be increased by three (3) percent.

(c) Effective July 1, 2007, all basic monthly rates of pay in effect on June 30, 2007 for dining car stewards represented by the United Transportation Union shall be increased by three (3) percent.

(d) Effective July 1, 2008, all basic monthly rates of pay in effect on June 30, 2008 for dining car stewards represented by the United Transportation Union shall be increased by four (4) percent.

(e) Effective July 1, 2009, all basic monthly rates of pay in effect on June 30, 2009 for dining car stewards represented by the United Transportation Union shall be increased by four-and-one-half (4-1/2) percent.

ARTICLE II - OPTIONAL ALTERNATIVE COMPENSATION PROGRAM

Section 1

A carrier or organization may propose alternative compensation arrangements for consideration by the other party. Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401(k) plans. The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate representatives.

Section 2

The parties understand that neither the carrier nor the organization may be compelled to offer any alternative compensation arrangement, and, conversely, neither the carrier nor the organization may be compelled to agree to any proposal made under this Article.

ARTICLE III - COST-OF-LIVING PAYMENTS

Part A - Cost-of-Living Payments Under August 20, 2002 Agreement

Section 1

Article III, Part B, of the August 20, 2002 National UTU Agreement, as amended by the November 6, 2003 National UTU Supplemental Agreement, shall be eliminated effective on the date of this Agreement. All cost-of-living allowance payments made under that 2002 Agreement to employees for periods on and after July 1, 2005 shall be recovered from any retroactive wage increase payments made under Article I of this Agreement.

and CHCB coverage shall no longer have a choice, but shall be enrolled in the MMCP. This subsection is not intended to have any application to employees covered by this Agreement who reside in any geographic area where MMCP is not offered as of the date of such Agreement. Mandatory enrollment in MMCP for such employees shall be governed exclusively by Part A, Section 2(b) of this Article.

(i) The design changes contained in this Section, with the exception of subsection (h) above, shall become effective on the date of this Agreement or as soon thereafter as practicable. Subsection (h) shall become effective as soon as practicable.

Part B - Employee Sharing of Cost of H&W Plans Through 2010

Section 1 - Monthly Employee Cost-Sharing Contributions

(a) Effective January 1, 2007, each employee covered by this Agreement shall contribute to the Plan, for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents, a monthly cost-sharing contribution in an amount equal to 15% of the Carriers' Monthly Payment Rate for 2007.

(b) The employee monthly cost-sharing contribution amount shall be adjusted, effective January 1, 2008, so as to equal 15% of the Carriers' Monthly Payment Rate for 2008 and, effective January 1, 2009, so as to equal 15% of the Carriers' Monthly Payment Rate for 2009.

(c) Effective January 1, 2010, the employee monthly cost-sharing contribution amount shall be adjusted to be the lesser of:

- (1) 15% of the Carriers' Monthly Payment Rate for 2010, or
- (2) \$200.00 or the January 1, 2009 employee monthly cost-sharing contribution amount, whichever is greater.

(d) For purposes of subsections (a) through (c) above, the "Carriers' Monthly Payment Rate" for any year shall mean the sum of what the carriers' monthly payments to —

- (1) the Plan for foreign-to-occupation employee and dependent health benefits, employee life insurance benefits and employee accidental death and dismemberment insurance benefits,
- (2) the Dental Plan for employee and dependent dental benefits, and
- (3) the Vision Plan for employee and dependent vision benefits,

would have been during that year, per non-hospital association road employee, in the absence of any employee contributions to such Plans.

(e) The Carriers' Monthly Payment Rate for the calendar years 2007 and 2008, respectively, has been determined to be \$1,108.34. The Employee Monthly Cost-Sharing Contribution Amount for 2007 and for 2008, respectively, has been determined to be \$166.25.

Case No. A-13369
Document "B"
(Yardmasters)

MEDIATION AGREEMENT

THIS AGREEMENT, made this 1st day of July, 2008, by and between the participating carriers listed in Exhibit A, attached hereto and made a part hereof, and represented by the National Carriers' Conference Committee, and the employees of such carriers shown thereon and represented by the Yardmasters Department, United Transportation Union, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

Effective July 1, 2005, all standard basic daily rates of pay for employees covered by this Agreement in effect on June 30, 2005 shall be increased by two-and-one-half (2-1/2) percent.

Section 2 - Second General Wage Increase

Effective July 1, 2006, all standard basic daily rates of pay in effect on June 30, 2006 for employees covered by this Agreement shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 3 - Third General Wage Increase

Effective July 1, 2007, all standard basic daily rates of pay in effect on June 30, 2007 for employees covered by this Agreement shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 4 - Fourth General Wage Increase

Effective July 1, 2008, all standard basic daily rates of pay in effect on June 30, 2008 for employees covered by this Agreement shall be increased by four (4) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 5 - Fifth General Wage Increase

Effective July 1, 2009, all standard basic daily rates of pay in effect on June 30, 2009 for employees covered by this Agreement shall be increased by four-and-one-half (4-1/2) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 6 - Application of Wage Increases

Special allowances not included in fixed daily, weekly or monthly rates of pay for all services rendered, and arbitraries representing duplicate time payments will not be increased.

Section 7 - COLA Payments

Any cost-of-living allowance amounts rolled in to basic rates of pay on or after July 1, 2005 pursuant to Article III, Part B of the August 20, 2002 National UTU Agreement (Document "B"), as amended, (or any local

counterpart provision), shall be excluded before application of the general wage increases provided for in this Article I and eliminated from basic rates of pay after application of such increases.

ARTICLE II - OPTIONAL ALTERNATIVE COMPENSATION PROGRAM

Section 1

A carrier or organization may propose alternative compensation arrangements for consideration by the other party. Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401(k) plans. The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate representatives.

Section 2

The parties understand that neither the carrier nor the organization may be compelled to offer any alternative compensation arrangement, and, conversely, neither the carrier nor the organization may be compelled to agree to any proposal made under this Article.

ARTICLE III - COST-OF-LIVING PAYMENTS

Part A - Cost-of-Living Payments Under August 20, 2002 Agreement

Section 1.

Article III, Part B, of the August 20, 2002 National UTU Agreement (Document "B"), as amended by the November 6, 2003 National UTU Supplemental Agreement, shall be eliminated effective on the date of this

Agreement. All cost-of-living allowance payments made under that 2002 Agreement to employees for periods on and after July 1, 2005 shall be recovered from any retroactive wage increase payments made under Article I of this Agreement.

Section 2

Any local counterpart to the above-referenced Article III, Part B that is in effect on a carrier party to this Agreement shall be amended in the same manner as provided in Section 1.

Part B - Cost-of-Living Allowance and Adjustments Thereto on and after January 1, 2011

Section 1 - Cost-of-Living Allowance and Effective Dates of Adjustments

(a) A cost-of-living allowance shall be payable in the manner set forth in and subject to the provisions of this Part, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost-of-living allowance shall be payable effective January 1, 2011 based, subject to paragraph (b), on the CPI for September 2010 as compared with the CPI for March 2010. Such allowance, and further cost-of-living adjustments thereto which shall become effective as described below, shall be based on the change in the CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (b)(iii), according to the formula set forth in paragraph (c).

this Agreement who choose coverage under the MMCP in all areas where the MMCP is made available under the Plan and throughout the United States for selection by such employees who choose coverage under the CHCB.

(h) Plan Participants and their beneficiaries who live in an area where, as of the date of this Agreement, they may choose between MMCP and CHCB coverage shall no longer have a choice, but shall be enrolled in the MMCP. This subsection is not intended to have any application to employees covered by this Agreement who reside in any geographic area where MMCP is not offered as of the date of such Agreement. Mandatory enrollment in MMCP for such employees shall be governed exclusively by Part A, Section 2(b) of this Article.

(i) The design changes contained in this Section, with the exception of subsection (h) above, shall become effective on the date of this Agreement or as soon thereafter as practicable. Subsection (h) shall become effective as soon as practicable.

Part B - Employee Sharing of Cost of H&W Plans Through 2010

Section 1 - Monthly Employee Cost-Sharing Contributions

(a) Effective January 1, 2007, each employee covered by this Agreement shall contribute to the Plan, for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents, a monthly cost-sharing contribution in an amount equal to 15% of the Carriers' Monthly Payment Rate for 2007.

(b) The employee monthly cost-sharing contribution amount shall be adjusted, effective January 1, 2008, so as to equal 15% of the Carriers' Monthly Payment Rate for 2008 and, effective January 1, 2009, so as to equal 15% of the Carriers' Monthly Payment Rate for 2009.

(c) Effective January 1, 2010, the employee monthly cost-sharing contribution amount shall be adjusted to be the lesser of:

- (1) 15% of the Carrier's Monthly Payment Rate for 2010, or
- (2) \$200.00 or the January 1, 2009 employee monthly cost-sharing contribution amount, whichever is greater.

(d) For purposes of subsections (a) through (c) above, the "Carriers' Monthly Payment Rate" for any year shall mean the sum of what the carriers' monthly payments to —

- (1) the Plan for foreign-to-occupation employee and dependent health benefits, employee life insurance benefits and employee accidental death and dismemberment insurance benefits,
- (2) the Dental Plan for employee and dependent dental benefits, and
- (3) the Vision Plan for employee and dependent vision benefits,

would have been during that year, per non-hospital association road employee, in the absence of any employee contributions to such Plans.

(e) The Carriers' Monthly Payment Rate for the calendar years 2007 and 2008, respectively, has been determined to be \$1,108.34. The Employee Monthly Cost-Sharing Contribution Amount for 2007 and for 2008, respectively, has been determined to be \$166.25.

AGREEMENT BETWEEN

**BESSEMER AND LAKE ERIE RAILROAD COMPANY (B&LE)
AND
THE ALLIED SERVICES DIVISION/TRANSPORTATION COMMUNICATIONS
INTERNATIONAL UNION (TCU)**

IT IS AGREED:

ARTICLE I - RATES OF PAY

- A. Effective July 1, 2005, all rates of pay in effect on June 30, 2005 are increased by three percent (3%).
- B. Effective July 1, 2006, all rates of pay in effect on June 30, 2006 are increased by three percent (3%).
- C. Effective July 1, 2007, all rates of pay in effect on June 30, 2007 are increased by three percent (3%).
- D. Effective July 1, 2008, all rates of pay in effect on June 30, 2008 are increased by four percent (4%).
- E. Effective July 1, 2009, all rates of pay in effect on June 30, 2009 are increased by three percent (3%).
- F. Rates of pay resulting from the application of A through E, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

**ARTICLE II - COST-OF-LIVING ALLOWANCE AND ADJUSTMENTS THERETO
AFTER JANUARY 1, 2010**

Section 1 - Cost of Living Allowance and Effective Dates of Adjustments

- (a) A cost-of-living allowance will be payable in the manner set forth in and subject to the provisions of this Article, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the BLS CPI. The first such cost-of-living allowance shall be payable effective July 1, 2010, based, subject to paragraph (d), on the BLS CPI for September 2009, as compared with the BLS CPI for March 2010. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

hours per day, the increase will be determined by the number of hours required to be paid for by the rules agreement.

- (c) In making calculations under this Article, fraction of a cent shall be rounded to the nearest whole cent; fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

Section 3 - Elimination of Previous Cost-of-Living Provisions

This Article replaces any previous cost-of-living provision in effect prior to the effective date of this agreement, and the arrangements set forth in this Article shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act. Any payments due or paid under previous provisions shall expire as of the effective date of this agreement and shall be counted toward any pay due under the provisions of Article I.

ARTICLE III - HEALTH & WELFARE

- A. Effective June 1, 2008, all TCU/B&LE Health and Welfare plans are cancelled in their entirety and all employees subject to this agreement and their dependents will be covered by the Railroad Employees National Health and Welfare Plans, The Railroad Employees National Early Retirement Major Medical Benefit Plan, the Railroad Employees National Dental Plan, and the Railroad Employees National Vision Plan, as negotiated nationally and including all subsequent amendments, excluding cost sharing, in effect between the National Carriers' Conference Committee and the Transportation Communications International Union.
- B. The amount of employee cost sharing for health and welfare plans shall be one hundred dollars (\$100.00) per month effective January 1, 2007. This amount shall remain fixed and not subject to change except in accordance with Article XII of this agreement.

ARTICLE IV – PENSION PLAN

Effective upon signing of this agreement:

- A. The Bessemer Non-Contributory Pension Plan will be closed to new participants.
- B. Effective July 1, 2011, employees presently participating in the Bessemer Non-Contributory Pension Plan will have their service frozen for purposed of calculating their accrued benefits. Future service will continue to be accumulated for eligibility purposes only. Future salary growth will be considered in the calculation of the pension benefit payable upon retirement or other termination of employment.

ARTICLE IX - VACATIONS

- A. Effective January 1, 2009, employees entitled to two (2) or more weeks of vacation may split up to two (2) weeks of their vacations into single increment days, one or more days at a time.
- B. Such vacation days may be taken upon two (2) days advance notice, consistent with the needs of service.
- B. Employees must use their single increment days between January 1 and November 15. Any unused days as of November 15 will be paid for in lieu of vacation.
- C. Paragraphs 1(a) and (b) of the National Vacation Agreement, as subsequently amended, are modified as follows: An annual vacation will be granted to employees who render compensated service on not less than one hundred (100) days during the preceding calendar year.

ARTICLE X - ENTRY RATES

Effective June 1, 2008, Rule 52-1 is eliminated in its entirety.

ARTICLE XI - GRIEVANCE RESOLUTION/BONUS

- A. Within sixty (60) days of the date of this agreement, all employees in active service on positions covered by this agreement will be paid one thousand dollars (\$1000) each, subject to applicable payroll deductions.
- B. Upon payment of the amount indicated in paragraph (A), all claims and grievances, other than those involving disciplinary action based on an occurrence prior to the effective date of this Agreement are considered resolved without prejudice to the position of either party and with the understanding that such settlements will not be cited by either party in any future case, nor used by either party to allege that the other has agreed to a particular practice.

Bonus Program

The Parties agree that CSXT East Train Dispatchers will be eligible for a bonus payment under the Bonus Program established in this Agreement for the periods and on the basis set forth below:

Section 1

(a) Effective January 1, 2007 and payable in 2008 train dispatchers will be eligible for a bonus up to a maximum of ten percent (10%) of their dispatcher earnings in 2007, calculated in accordance with Section 2 below, except that train dispatchers who achieve a train dispatcher seniority date between the effective date of this Agreement and December 31, 2007 will be eligible for this bonus up to a maximum of six percent (6%) of their 2007 earnings, calculated in accordance with Section 2 below. Train dispatchers who have not achieved a train dispatcher seniority date by December 31, 2007 will not be eligible for this bonus.

(b) Effective January 1, 2008 and payable in 2009 train dispatchers will be eligible for a bonus up to a maximum of eleven percent (11%) of their dispatcher earnings in 2008, calculated in accordance with Section 2 below, except that train dispatchers who achieve a train dispatcher seniority date between the effective date of this Agreement and December 31, 2008 will be eligible for this bonus up to a maximum of seven percent (7%) of their 2008 earnings, calculated in accordance with Section 2 below. Train dispatchers who have not achieved a train dispatcher seniority date by December 31, 2008 will not be eligible for this bonus.

(c) Effective January 1, 2009 and payable in 2010, train dispatchers will be eligible for a bonus up to a maximum of twelve percent (12%) of their dispatcher earnings in 2009, calculated in accordance with Section 2 below, except that train dispatchers who achieve a train dispatcher seniority date between the effective date of this Agreement and December 31, 2009 will be eligible for this bonus up to a maximum of eight percent (8%) of their 2009 earnings, calculated in accordance with Section 2 below. Train dispatchers who have not achieved a train dispatcher seniority date by December 31, 2009 will not be eligible for this bonus.

(d) If the ATDA does not exercise its right to cancel participation in the Bonus Program under Section 5(c) below, all train dispatchers will be eligible, effective January 1, 2010 and annually thereafter, for a bonus up to a maximum of 12% of their dispatcher earnings in that year, payable in the following year, calculated in accordance with Section 2 below, except that train dispatchers who achieve a train dispatcher seniority date on or after January 1, 2010 will be eligible in 2010 for this bonus up to a maximum of eight percent (8%) of their dispatcher earnings in 2010, calculated in accordance with Section 2 below, with a one percent (1%) increase in that level each subsequent year until they reach a maximum level of twelve percent (12%). Train dispatchers who achieve a train dispatcher seniority date by December 31 of a year after 2010 will also be eligible for a bonus up to a maximum of eight percent (8%) of their dispatcher earnings in that year, calculated in accordance with Section 2, below, with a one percent (1%) increase in that level each subsequent year until they reach a maximum level of twelve percent (12%). As indicated in Section 1(a)-(c) above, a train dispatcher will not be eligible for a bonus for any year in which the train dispatcher has not achieved a train dispatcher seniority date by December 31 of that year (see Side Letter 11).

**AGREEMENT BETWEEN
 GRAND TRUNK WESTERN RAILROAD
 DETROIT AND TOLEDO SHORE LINE RAILROAD
 DETROIT TOLEDO AND IRONTON RAILROAD
 AND
 THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES**

ARTICLE I – RATES OF PAY:

- A. Effective January 1, 2005, all rates in effect on December 31, 2004, will be increased by 3%.
- B. Effective January 1, 2006, all rates in effect on December 31, 2005, will be increased by 3%.
- C. Effective January 1, 2007, all rates in effect on December 31, 2006, will be increased by 3%.
- D. Effective January 1, 2008, all rates in effect on December 31, 2007, with the exceptions listed below, will be increased by 4%.
 - a. Effective January 1, 2008 the rates applicable to GTW, DT&I and DTSL, shall apply as follows:

All Foremen, except Production Foremen (B&B, Track, Section, Shop, W. Equip)	\$24.13
All Assistant Foreman, except Production (B&B, Track, Section, Shop, W. Equip)	\$22.69
Production Foremen, Extra Gang Foreman	\$24.81 (20 or more employees) \$24.26 (fewer than 20 employees)
Track Inspector, Patrol Foreman	\$24.26
Asst Production Foremen (Extra Gang Assistant Foreman)	\$23.44
Work Equipment Maintainer, Serviceman, Shop Machineman, Mechanic Truck Driver, Cat Repairman	\$23.17
Class #3 Machine Operators	\$20.97
All Welders, Track, B&B, Work Equip, Shop	\$24.13
All Welder Helpers, Grinders	\$22.17
B&B Carpenters 1 st & 2 nd Class, Painters 1 st & 2 nd Class	\$23.17
Bridgetender, Bridgeman	\$21.28
Trackman	\$20.42

- E. Effective January 1, 2009, all rates in effect on December 31, 2008, will be increased by 3%.

ARTICLE II – 401(k):

- A. Effective as soon as practicable, employees covered by this Agreement will be eligible to participate in the Illinois Central Union 401(k) Plan.
- B. Under this plan, for the first four percent (4%) of an employee's salary contributed, the company will contribute \$0.25 for each \$1.00 contributed by the employee.
- C. The employee may contribute an amount above the 4% with no company participation, subject to the applicable IRS limits.
- D. Contributions to existing GTW, DTI or DTSL 401(k) plans will be transferred to the IC 401(k) plan as soon as legally permissible.

ARTICLE III – HEALTH & WELFARE:

- A. All employees subject to this Agreement and their eligible dependents will be covered by the Railroad Employees' National Health and Welfare Plan as amended effective July 1, 2007 by the Brotherhood of Maintenance of Way Employees Division/IBT (BMWED) and will have continued coverage under the Railroad Employees' National Early Retirement Benefit Plan, the Railroad Employees' National Dental Plan, the Railroad Employees' National Vision Plan, and the Supplemental Sickness Benefit Plan covering Maintenance of Way employees, including all subsequent amendments, excluding cost sharing, in effect between the National Carriers' Conference Committee and the BMWED.
- B. Effective January 1, 2008 all employees will contribute \$23.08 per week towards cost sharing in accordance with National Plan rules.

ARTICLE IV – STARTING TIMES:

Effective upon signing, the starting time for mobile gangs may begin any time between 6:00 AM and 11:00 AM, from April 1 to October 15 of each year.

ARTICLE V – ENTRY RATES/RATE PROGRESSION:

Effective upon signing, Entry Rate provisions will no longer apply to employees covered by this agreement.

ARTICLE VI – PER DIEM/ALLOWANCES:

Effective on the following dates, the listed per diem payments and allowances will be increased to:

	Rule 16(i)	Rule 16(j)	Rule 16(k)
Effective upon signing	\$63.00 and \$35.00	\$4.75	\$37.00
January 1, 2009	\$65.00 and \$36.00	\$4.95	\$39.00

MEMORANDUM OF AGREEMENT
BETWEEN THE
SOO LINE RAILROAD COMPANY
AND THE
BROTHERHOOD OF RAILWAY CARMEN – DIVISION OF TCIU

In consideration of the National Settlement reached with the National Carriers Conference Committee (NCCC)/Brotherhood of Railway Carmen – Division of TCIU (BRC) on July 21, 2007, and BRC's cooperation in facilitating the return of Soo Line Railroad Company's (Soo) BRC represented employees to The Railroad Employee's National Health & Welfare Plans, the parties have agreed:

ARTICLE I – WAGES

Section 1 – First General Wage Increase

On July 1, 2005, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two-and-one-half (2 ½) percent applied so as to give effect to the increase in pay irrespective of the method of payment.

Section 2 - General Wage Increase Effective July 1, 2006

On July 1, 2006, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in amount of three (3) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 3 - General Wage Increase Effective July 1, 2007

On July 1, 2007, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 4 - General Wage Increase Effective July 1, 2008

On July 1, 2008, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of four (4) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 5 - General Wage Increase Effective July 1, 2009

On July 1, 2009, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of four and one-half (4-1/2) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 6 - Application of Wage Increases

(a) Daily Rates

Add the appropriate percent to the existing daily rates of pay.

(b) Disposition of Fractions

Rates of pay resulting from the application of General Wage Increases under this Agreement, which end in fractions of a cent shall be rounded to the nearest whole cent, fractions less than one-half shall be dropped, and fractions of one-half cent or more shall be increased to the nearest full cent.

(c) Application of Wage Increase

The increase in wages provided for in this Agreement shall be applied in accordance with the wages or working conditions in effect between Soo and BRC. Special allowances not included in rates of pay for all services rendered, will not be increased. Overtime hours will be computed in accordance with Soo schedules for all overtime hours paid.

Section 7 - COLA Payments

Any cost of living allowance amounts rolled in to basic rates of pay on or after July 1, 2005 pursuant to Article II, Part B of the November 1, 2004, Soo/BRC Agreement shall be excluded before application of the general wage increase provided for in this Section 1 and eliminated from basic rates of pay after application of such increases.

ARTICLE II - COST OF LIVING ALLOWANCE PAYMENTS

Article II, Part B of the November 1, 2004, Soo/BRC Agreement shall be eliminated effective on the date of this settlement. All cost of living allowance payments made under that Agreement to employees for periods on and after July 1, 2005 shall be recovered from any retroactive wage increase payments made under Article I of this Agreement.

ARTICLE III - HEALTH AND WELFARE

Section 1 - Transition from Soo Plan to National Plan

(a) Effective August 1, 2008, or as soon thereafter as administratively practicable, Soo employees represented by BRC will be covered by The Railroad Employees National Health & Welfare Plan (including Life and AD&D), the Railroad Employee's National Dental Plan, and the Railroad Employees National Vision Plan (collectively referred to herein as the National Plan), plus the Railroad Employee's National Early Retirement Benefit Plan, as modified by Article IV, Part A of the NCCC/BRC July 21, 2007 Agreement.

(b) It is understood that this National Plan will be modified to include all subsequent amendments, and applicable cost sharing adjustments that are negotiated by NCCC/BRC.

Section 2 – Employee Cost Sharing of Cost of H&W Plan

(a) Effective January 1, 2007, each employee covered by this Agreement shall contribute to the cost of the National Plan in the amount of \$166.25 Per Employee Per Month (PEPM). This amount will be adjusted in accord with the NCCC/BRC Agreement of July 21, 2007.

(b) Employee cost sharing contributions already paid in 2007 and 2008 will offset the above PEPM amounts.

(c) Once the Soo Carmen are in the National Plan, all subsequent employee contributions will be based on National Plan costs and calculated in accord with the NCCC/BRC Agreement of July 21, 2007.

Section 3 – Pre-Tax Contributions

Employee cost-sharing contributions made pursuant to this Article shall be made on a pre-tax basis pursuant to the existing Section 125 cafeteria plan, to the extent applicable.

Section 4 – Retroactive Contributions

Retroactive employee cost-sharing contributions payable for the period on or after January 1, 2007, shall be offset against any retroactive wage payments provided to the affected employee under Article I of this Agreement, provided, however, there shall be no such offset for any month for which the affected employee was not obligated to make a cost-sharing contribution

Section 5 – Prospective Contributions

For months subsequent to the retroactive period covered by Section 4, employee cost-sharing contributions will be made for the employee by Soo. Soo shall deduct the amount of such employee contribution from the employee's wages and retain the amounts deducted as reimbursement for the employee contributions that the employer had made for the employee.

Soo TCU-Carmen

May 29, 2008

Side Letter No. 9

Mr. Raymond Grygiel, Int'l Representative
Brotherhood of Railway Carmen – Division TCIU
8501 W. Edelweiss Drive
Palos Park, IL 60464

Re: Revisions & Update to Collective Bargaining Agreement

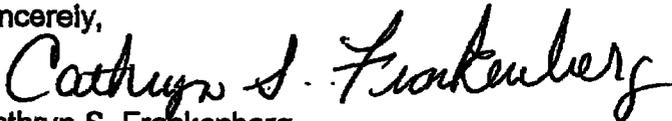
Dear Mr. Grygiel:

This confirms our mutual commitments to update and revise the BRC labor agreement dated August 1, 1988, including all appendices, amendments, and side letters. The parties will meet to revise and update existing rules to reflect existing agreed working conditions and practices on the property. The parties will meet every sixty (60) days, or more frequently by mutual agreement, with the intent of completing this process by December 31, 2008.

The parties also agree, as of the Effective Date of this Agreement, that Soo is permitted to use persons other than Carmen for the performance of shifted load adjustments and load transfers without the presence of Carmen and without additional notice to, or claim by, the BRC. The parties also agree that the appropriate rules in the current working agreement will be revised to reflect the change in the preceding sentence.

In consideration for these changes, which should result in improved productivity, the Soo will agree to an increase of \$.37 per hour to the journeyman rate of pay as of the effective date of this Agreement.

Sincerely,



Cathryn S. Frankenberg
AVP Labor Relations & Human Resources – US

I concur:



Raymond Grygiel, Int'l Representative, BRC

Effective Date: June 30, 2008

MEMORANDUM OF AGREEMENT
BETWEEN THE
SOO LINE RAILROAD COMPANY
AND THE
UNITED TRANSPORTATION UNION - YARDMASTER DEPARTMENT

In accordance with Side Letter No. 23 to the March 8, 2005 Agreement between Soo Line Railroad Company (Soo) and the United Transportation Union - Yardmaster Department (UTU-Y) and in consideration of UTU-Y's cooperation in facilitating the return of Soo's UTU-Y represented employees to The Railroad Employee's National Health & Welfare Plans, at the earliest practicable date:

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

Effective July 1, 2005, all standard basic daily rates of pay for employees covered by this Agreement in effect on June 30, 2005, shall be increased by two and one-half (2-1/2) percent.

Section 2 - General Wage Increase Effective July 1, 2006

Effective July 1, 2006, all standard basic daily rates of pay in effect on June 30, 2006, for employees covered by this Agreement shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 3 - General Wage Increase Effective July 1, 2007

Effective July 1, 2007, all standard basic daily rates of pay in effect on June 30, 2007, for employees covered by this Agreement shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 4 - General Wage Increase Effective July 1, 2008

Effective July 1, 2008, all standard basic daily rates of pay in effect on June 30, 2008, for employees covered by this Agreement shall be increased by four (4) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 5 - General Wage Increase Effective July 1, 2009

Effective July 1, 2009, all standard basic daily rates of pay in effect on June 30, 2009, for employees covered by this Agreement shall be increased by four and one-half (4.5) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 6 - Application of Wage Increases

Special allowances not included in fixed daily or monthly rates of pay for all services rendered, and arbitraries representing duplicate time will not be increased.

Section 7 - COLA Payments

Any cost-of-living allowance amounts rolled into basic rates of pay on or after July 1, 2005 pursuant to Article II, Part B of the March 8, 2005, Soo/UTU-Y Agreement shall be excluded before application of the general wage increases provided for in this Article I and eliminated from basic rates of pay after application of such increases.

ARTICLE II - COST OF LIVING ALLOWANCE PAYMENTS

Part A - Cost-of-Living Payments under March 8, 2005, Agreement

Article II, Part B of the March 8, 2005, Soo/UTU-Y Agreement shall be eliminated effective on the date of this Agreement. All cost-of-living allowance payments made under that 2005 Agreement to employees for periods on or after July 1, 2005, shall be recovered from any retroactive wage increase payments made under Article I of this Agreement.

Part B - Cost-of-Living Allowance and Adjustments Thereto on and after January 1, 2011

Section 1 - Cost-of-Living Allowance and Effective Dates of Adjustments

- (a) A cost-of-living allowance shall be payable in the manner set forth in and subject to the provisions of this Part, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost-of-living allowance shall be payable effective January 1, 2011 based, subject to paragraph (b), on the CPI for September 2010 as compared with the CPI for March 2010. Such allowance, and further cost-of-living adjustments thereto which shall become effective as described below, shall be based on the change in the CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (b)(iii), according to the formula set forth in paragraph (c).

Measurement Periods

<u>Base Month</u>	<u>Measurement Month</u>	<u>Effective Date of Adjustment</u>
March 2010	September 2010	January 1, 2011

Section 3 – Application of Cost-of-Living Allowances

The cost-of-living allowance provided for by Section 1 of this Part B will be payable as provided in Section 2 and will be applied as set forth herein:

- (a) Each one cent per hour of cost-of-living allowance will be treated as an increase of 8 cents in the basis daily rates of pay produced by application of Article I of this Agreement.
- (b) Each one cent per hour cost-of-living allowance will be treated as an increase of \$2.00 in the basic monthly rates of pay produced by application of the general wage increase provisions of Article I of this Agreement.

Section 4 – Continuation of Part B

The arrangements set forth in this Part B shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act.

ARTICLE III – HEALTH AND WELFARE**Part A – Transition from Soo Plan to National Plan**

- (a) Effective July 1, 2008, or as soon thereafter as administratively practicable, Soo employees represented by UTU-Y will be covered by The Railroad Employees National Health & Welfare Plan (including Life and AD&D), the Railroad Employee's National Dental Plan, and the Railroad Employees National Vision Plan (collectively referred to herein as the National Plan), plus the Railroad Employee's National Early Retirement Benefit Plan.
- (b) It is understood that the National Plan will be modified to include all subsequent plan design amendments and changes as provided in the resolution of NCCC and UTU-Y respective November 1, 2004, Section 6 notices (hereinafter Notices), as delineated in Appendix 1, attached hereto.

Part B – Employee Sharing of Cost of H&W Plans Through 2010**Section 1 – Monthly Employee Cost-Sharing Contribution**

- (a) From January 1, 2007, through December 31, 2008, each employee covered by this Agreement shall contribute to the cost of the Soo Plan or National Plan, whichever is applicable, in the amount of \$166.25 Per Employee Per Month (PEPM).

- (b) Once the Soo yardmasters are in the National Plan, all subsequent employee cost-sharing contributions will be based on the applicable terms of the NCCC/UTU National Agreement that resolved the Notices referenced in Part A, Section (b) above, as delineated in Appendix 1, attached hereto.

Section 2 – Pre-Tax Contributions

Employee cost-sharing contributions made pursuant to this Article shall be made on a pre-tax basis pursuant to Section 125 cafeteria plan to the extent applicable.

Section 3 – Retroactive Contributions

Retroactive employee cost-sharing contributions payable for the period on or after January 1, 2007, shall be offset against any retroactive wage payments provided to the affected employee under Article I of this Agreement, provided, however, there shall be no such offset for any month for which the affected employee was not obligated to make a cost-sharing contribution.

Section 4 – Prospective Contributions

For months subsequent to the retroactive period covered by Section 3, employee cost-sharing contributions will be made for the employee by Soo. Soo shall deduct the amount of such employee contributions from the employee's wages and retain the amounts so deducted as reimbursement for the employee contributions that Soo had made for the employee.

ARTICLE IV – DUES CHECK-OFF AGREEMENTS

Existing dues check-off agreements between UTU and Soo shall be amended on the date of this Agreement to provide that all payments by Soo shall be transmitted to the offices of the UTU International Secretary-Treasurer.

ARTICLE V – GENERAL PROVISIONS

Section 1 – Effect of This Agreement

- (a) The purpose of this Agreement is to delineate the terms and conditions applicable to UTU-Y represented yardmasters on Soo in accordance with the commitments in Side Letter No. 23 to the Soo/UTU-Y March 8, 2005, Agreement.
- (b) The parties to this Agreement shall not serve nor progress and notice or proposal prior to November 1, 2009 (not to become effective before January 1, 2010), or as otherwise agreed upon by NCCC/UTU-Y in the final resolutions of their respective Notices (as defined herein).