

ASSOCIATION  
OF AMERICAN  
RAILROADS

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June 5, 2014

236155

The Honorable Cynthia T. Brown  
Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E Street, SW  
Washington, DC 20423-0001

ENTERED  
Office of Proceedings  
June 5, 2014  
Part of  
Public Record

Dear Ms. Brown:

This submission is the AAR forecast of the third quarter 2014 All-Inclusive Index and Rail Cost Adjustment Factor, filed in Ex Parte No. 290 (Sub-No. 5) (2014-3) *Quarterly Rail Cost Adjustment Factor*. The versions of RCAF-related indices covered in this filing are: the All-Inclusive Index (initiated in the second quarter of 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 third quarter 2014 results on the fourth quarter 2012 base, revised in the 2014Q1 filing, and shows the percentage changes from the previous quarter.

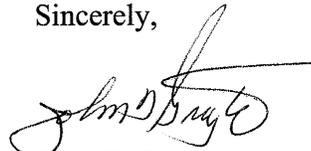
	<u>2014Q2</u>	<u>2014Q3</u>	<u>% Change</u>
All-Inclusive Index	99.7	99.5	-0.2
Preliminary RCAF	0.997	0.995	-0.2
Forecast Error Adjustment	-0.022	-0.010	
RCAF (Unadjusted)	0.975	0.985	1.0
Productivity Adjustment Factor	2.3168	2.3226	
RCAF (Adjusted)	0.421	0.424	0.7
PAF-5	2.4534	2.4588	
RCAF-5	0.397	0.401	1.0

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.

On May 23, 2014, the AAR received revisions to data used for the 2013Q3 and 2012Q3 RCAFs. Indexes have been recalculated to incorporate all changes. See Appendix AA for more detail. Appendix AC shows the recalculations, and Appendix AD summarizes changes for the RCAF. No revisions to any RCAF were larger than 0.001.

Our quarterly non-proprietary work papers underlying this submission are e-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. We have notified Paul Aguiar, in the STB office handling this proceeding, of our plan to e-file the submission and non-proprietary work papers. A second copy of the submission and non-proprietary work papers, plus selected highly confidential work papers, will be hand-delivered to a member of Mr. Aguiar's Data Collection and Auditing Team. All work papers are available for STB inspection. Questions should be directed to me or Clyde Crimmel (202 639-2309) of this office.

Sincerely,



John T. Gray

Attachments

**Third Quarter 2014  
All-Inclusive Index**

**Ex Parte No. 290 (Sub-No. 5) (2014-3)**

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

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

**June 5, 2014**

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## 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 third quarter 2014.

During May 2014, the AAR received revisions to data used for the 2013Q3 and 2012Q3 RCAFs. Indices have been recalculated. See Appendix AA for more information, and Appendix AD for a summary of the changes to the RCAF.

## 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.

In a decision (Docket No. FD 35506) served July 25, 2013, the Surface Transportation Board ordered BNSF Railway to "refile its R-1 report for 2010, 2011, and 2012...." In addition, Union Pacific Railroad revised its interest expense for years 2010 through 2012 during the same month. The BNSF revisions became available in late October 2013. The revisions caused changes to the weights used by the RCAF's All-Inclusive Index. Weights for all three years were revised in the 2014Q1 filing. The STB approved the revised weights in its December 20, 2013, decision. An additional railroad revised its 2011 and 2012 annual report during February and March 2014. The revisions did not affect the rounded version of 2011 weights, but caused small changes in the 2012 weights (shown below) in Q2. No changes were made to weights in the 2014Q3 submission.

<b>Weights for RCAF's All-Inclusive Index</b>		
	Old 2012	Rev Q2 2012
Labor	31.3 %	31.2 %
Fuel	22.4	22.3
Materials & Supplies	4.9	4.9
Equipment Rents	5.6	5.6
Depreciation	11.9	11.9
Interest	2.0	2.0
Other	<u>21.9</u>	<u>22.1</u>
Total	100.0	100.0

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 Third Quarter 2014

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.

	2012 Weights	Forecast		Percent Change
		Previous 2014Q2	Current 2014Q3	
1. Labor	31.2%	388.1 *	395.4	1.9 %
2. Fuel	22.3%	386.2	375.9	-2.7
3. M&S	4.9%	274.8	271.2	-1.3
4. Equipment Rents	5.6%	212.6	212.2	-0.2
5. Depreciation	11.9%	216.9	217.1	0.1
6. Interest	2.0%	76.6	76.6	0.0
7. Other	22.1%	225.2	222.9	-1.0
8. Weighted Average				
a. 1980 = 100		309.7	309.0	
b. 1980 = 100 (linked)		296.8	296.1 <sup>1</sup>	
c. 4Q12 = 100		99.7	99.5 <sup>2</sup>	-0.2

\* Although a small revision was made to the health & welfare portion of the 2014Q2 Labor Index, the index continued to round to 388.1.

$$\begin{aligned}
 {}^1 \text{ Index80} &= (\text{Current Index} / \text{Previous Index}) * \text{the Previous Quarter Linked Index} \\
 &= (309.0 / 309.7) \times 296.8 \\
 &= 296.1
 \end{aligned}$$

<sup>2</sup> To calculate the 4Q12 = 100 index:

$$\begin{aligned}
 \text{Index4Q12} &= (\text{Current Linked Index} / \text{4Q12 Basing Factor}) * 100 \\
 &= 296.1 \text{ divided by } 297.6 \text{ times } 100 \\
 &= 99.5
 \end{aligned}$$

Indexes based on other periods:

- 4Q07 based index = 296.1 / 245.9 x 100 = 120.4
- 4Q02 based index = 296.1 / 192.1 x 100 = 154.1
- 4Q97 based index = 296.1 / 173.2 x 100 = 171.0
- 4Q92 based index = 296.1 / 156.9 x 100 = 188.7
- 4Q87 based index = 296.1 / 132.2 x 100 = 224.0

## Forecast vs. Actual All-Inclusive Index First Quarter 2014

Because of data availability, the forecast error adjustment has a two-quarter lag from each filing. As shown below, the first quarter actual index of 97.5 is 1.0 index points below the forecast value of 98.5. Therefore, the forecast error adjustment for third quarter 2014 is -1.0 index points.

	2012 Weights	First Quarter 2014		Amt Difference
		Forecast	Actual	
1. Labor	31.2%	386.2	386.2	
2. Fuel	22.3%	377.9	367.4	
3. M&S	4.9%	265.9	265.9	
4. Equipment Rents <sup>1</sup>	5.6%	208.7	209.7	
5. Depreciation	11.9%	217.8	216.9	
6. Interest	2.0%	76.6	76.6	
7. Other	22.1%	220.5	221.2	
8. Weighted Average				
a. 1980 = 100		305.7	303.4	
b. 1980 = 100 (linked)		293.0	290.2 <sup>2</sup>	
c. 4Q12 = 100 <sup>3</sup>		98.5	97.5	-1.0

**Forecast error**      **—————▶ -1.0 index points**

**Note:**

The Q1 forecast is the revised version (weights only, no components changed) found in Appendix AA of 2014Q2 RCAF submission filed March 18, 2014. A small May 2014 revision made to health & welfare had no impact on the Labor Index for 2014Q1.

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1	2012 Weights	First Quarter 2014	
		Forecast	Actual
Car-Hire	48.2%	180.6	181.3
Lease Rentals	51.8%	220.5	221.2
Weighted Average		201.3	202.0
Weighted Average (linked)		208.7	209.7

<sup>2</sup> Linked actual index = (actual index / previous actual index) x previous linked actual index.  

$$290.2 = 303.4 / 304.6 \times 291.3$$

<sup>3</sup> The 4Q12 based indexes are 1980 based indexes divided by the 4Q12 basing factor (297.6/100). Other basing factors are: 4Q07 = 245.9; 4Q02 = 192.1; 4Q97 = 173.2; 4Q92 = 156.9; and 4Q87 = 132.2.

# Productivity

On March 4, 2014, the Surface Transportation Board (STB) served a decision in Ex Parte 290 (Sub-No. 4) which added the year 2012 to the Productivity Adjustment Factor (PAF) and removed the year 2007. This creates a geometric average annual productivity change, for the five-year period 2008 through 2012, of 1.0 percent per year. The components of this average annual value are shown on the following table in ratio format – therefore, 1.010 is the same as an increase of 1.0 percent.

Productivity changes are calculated by multiplying each of the five productivity changes together and taking the result to the one-fifth power. The productivity adjustment factors (PAF) for each quarter are calculated by increasing the previous quarter's PAF by quarterly versions of the annual rate, which are the fourth root of the geometric average annual growth rate. The difference between the PAF and the PAF-5 is the timing of the five-year productivity trend.

<b>Comparison of Output, Input, &amp; Productivity</b>			
<b>2008 - 2012</b>			
Year	Output Index (1)	Input Index (2)	Productivity <sup>1</sup> Changes (3)
2008	0.990	0.970	1.021
2009	0.847	0.861	0.984
2010	1.109	1.070	1.037
2011	1.041	1.039	1.001
2012	1.007	0.999	1.008
<b>Average</b>			<b>1.010</b>
Previous Average (2007-2011)			1.009

<sup>1</sup> 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.

<b>Calculation of PAF and PAF-5</b>			
For 2008-2012, use fourth root of avg. productivity change = 1.0025			
For 2007-2011, use fourth root of avg. productivity change = 1.0022			
Quarter	Year	PAF	PAF-5
Q1	2014	2.3110	2.4480
Q2	2014	2.3168	2.4534
Q3	2014	2.3226	2.4588
Q4	2014	2.3284	2.4642
Q1	2015	2.3342	2.4704

## Rail Cost Adjustment Factor

### Third Quarter 2014

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, beginning with 2013Q1, the All-Inclusive Index is on a 2012Q4=100 basis. **In this 2014Q3 filing, revisions were made back to 2012Q3. See Appendices AA and AC for more information. RCAF revisions are listed in Appendix AD.**

	Previous 2014Q2	Current 2014Q3	Percent Change
All-Inclusive Index <sup>1</sup>	99.7	99.5	-0.2
Preliminary RCAF <sup>2</sup>	0.997	0.995	-0.2
Forecast Error Adjustment <sup>3</sup>	<u>-0.022</u>	<u>-0.010</u>	
RCAF (Unadjusted) <sup>4</sup>	0.975	0.985	1.0
Productivity Adjustment Factor <sup>5</sup>	<u>2.3168</u>	<u>2.3226</u>	
RCAF (Adjusted) <sup>6</sup>	0.421	0.424	0.7
PAF-5 <sup>7</sup>	2.4534	2.4588	
RCAF-5 <sup>8</sup>	0.397	0.401	1.0

<sup>1</sup> See All-Inclusive Index on page 3.

<sup>2</sup> All-Inclusive Index divided by the All-Inclusive Index in the base period (100.0).

<sup>3</sup> 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.

<sup>4</sup> Preliminary RCAF plus the forecast error adjustment.

<sup>5</sup> See Productivity on page 5.

<sup>6</sup> RCAF (Unadjusted) divided by the Productivity Adjustment Factor (PAF).

<sup>7</sup> See Productivity on page 5.

<sup>8</sup> RCAF (Unadjusted) divided by the PAF-5.

# Appendixes

## Labor

### Third Quarter 2014

The third quarter 2014 Labor Index is forecast to increase 1.9 percent from the previous quarter. Much of the increase was caused by general wage increases scheduled for July for most unions.

#### Wage Rate Index

The Wage Rate Index portion of the Labor Index increased 2.3 percent. The major change was a general wage increase effective July 1.

**Wage Increases:** Most unions in the national agreements will receive a 3.8 percent general wage increase effective July 1. UTU and UTU-Yardmasters will receive a 3.5 percent general wage increase. Most independent labor agreements follow the same pattern.

**Lump Sums:** The third quarter lump sum rate increased by one tenth of one cent, as five new labor agreements (affecting a small number of employees) had provisions for a lump sum payment.

**Back Pay:** The third quarter back pay rate increased 7.3 cents, caused mostly by 7 new labor agreements that contained retroactive wage increases.

**Other:** In wages, "Other" contains the amortization of incentive payments that a railroad makes each year to its dispatchers, yardmasters, and engineers. The previous year's payment is now completely amortized, and has been replaced with this year's payment. This year's payment, made in early 2014, has a substantially lower payout rate compared to the previous year, and this caused the 7.1 cent decrease.

#### Supplements Index

The Supplements Index increased 1.3 percent because of higher employer 401(k) matches and an increase in Railroad Retirement taxes corresponding with the increase in taxable wages.

**Health & Welfare:** The Health & Welfare rate decreased slightly (0.7 cents) from the previous quarter, which has been revised slightly. New labor agreements, with higher employee health & welfare cost sharing, caused the railroad contributions to go down.

**Railroad Retirement:** The Railroad Retirement rate increased 1.7 percent. The increase was caused by higher taxable earnings related to general wage increases scheduled for July.

**Unemployment Insurance:** The Unemployment Insurance rate was unchanged for the third quarter. Despite higher taxable earnings for Q3, taxable earnings in the prior quarter were already beyond the maximum taxable amount.

## **Labor**

### **Third Quarter 2014**

***Other:*** The "Other" category is a reflection of all other fringe benefits, and currently contains known employer contributions to employee 401(k) accounts and employer contributions to employee stock plans that are recorded as fringe benefits. For the third quarter, the rate increased 8.1 cents mostly because of an annual employer 401(k) contribution to certain union employees.

#### **Labor Index Calculation**

As shown in Table A-1 on the next page, the 2.3 percent increase in the Wage Rate Index and the 1.3 percent increase in the Supplements Index combined to cause a 1.9 percent increase in the Labor Index. The linked third quarter 2014 Labor Index is 395.4.

## Labor Third Quarter 2014

**Table A-1 Labor Index**

	2014Q2	2014Q3	Change	
			Percent	Amount
<u>Base Wage</u> – Straight Time & Pay For Time Not Worked	\$38.739	\$39.639	2.3%	\$0.900
Adjustments:				
Lump Sum	0.315	0.316	0.3%	\$0.001
Back Pay	0.020	0.093	365.0%	\$0.073
Other	0.208	0.137	-34.1%	-\$0.071
<b>Total Wages</b>	<u>39.282</u>	<u>40.185</u>	2.3%	\$0.903
Health & Welfare Benefits	7.618 r	7.611	-0.1%	-\$0.007
RR Retirement & Medicare	7.767	7.896	1.7%	\$0.129
Unemployment Insurance	0.059	0.059	0.0%	\$0.000
Other	0.182	0.263	44.5%	\$0.081
<b>Total Supplements</b>	<u>\$15.626 r</u>	<u>\$15.829</u>	1.3%	\$0.203
Total Labor (as info only)	\$54.908 r	\$56.014		
<b>Wage Index<sup>1</sup></b>	336.2	343.9	2.3%	
<b>Supplements Index<sup>2</sup></b>	577.5 r	585.0	1.3%	
Total labor Index, 2012 Weights <sup>3</sup>	410.5 r	418.2		
<b>Labor Index (linked)<sup>4</sup></b>	<b>388.1</b>	<b>395.4</b>	1.9%	

Note: Labor data have been revised, although the 2014Q2 linked index rounds to the same number. See Appendix AA for more information.

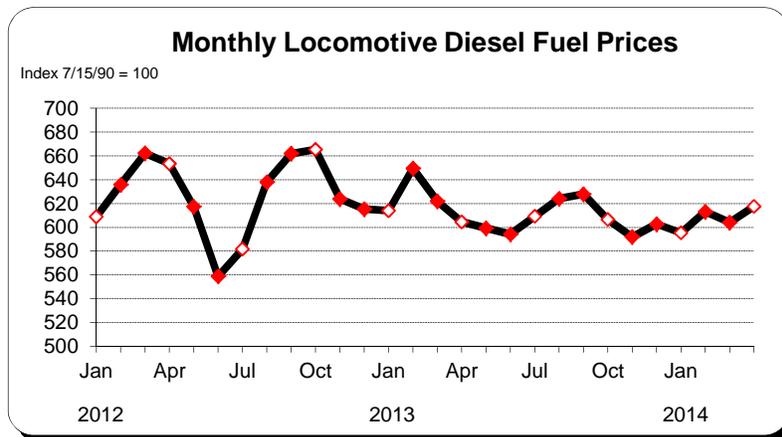
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<sup>1</sup> 1980 wage rate \$11.685  
<sup>2</sup> 1980 supplements rate \$2.706  
<sup>3</sup> 2012 weights: wages, supplements 69.2% 30.8%  
<sup>4</sup> 2014Q3 linked Index = 2014Q2 linked x (2014Q3 / 2014Q2)  
= 388.1 x 418.2 / 410.5

## Fuel Third Quarter 2014

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. Fuel purchases are assumed to remain in inventory for 30 days before the fuel is consumed (and therefore expensed). Therefore, prices paid in the first month of each quarter are for fuel expensed in the second (or middle) month of the quarter, and the middle month is used to represent each quarter.

Locomotive diesel fuel prices increased in April. The chart below shows the AAR's Monthly Locomotive Diesel Fuel Price Index from January 2012 through April 2014.



While the latest average prices for locomotive diesel fuel are available only through April 2014, data through most of May are available for related fuel types. Weekly crude oil\* futures prices were rising in May. However, impacts from the fuel supply side may put downward pressure on prices. Crude exports for May were rising sharply because of increased domestic production, and crude oil stocks were near the top of their typical range. Because of the supply side pressure, railroads believe prices for July 2014 (Q3) will be 2.7 percent lower than the second quarter forecast (represented by April 2014), and 1.4 percent lower than the average price actually paid in April.

Forecast Fuel Index (1980 = 100)	375.9
Change from previous quarter forecast	-2.7%
Change from previous quarter actual	-1.4%

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

## Materials & Supplies

### Third Quarter 2014

The third quarter 2014 Materials & Supplies Index decreased 1.3 percent from the previous quarter. The change was caused by a decrease in average prices for Miscellaneous Products, partially offset by increases in prices for Forest Products. Averages for Metal Products had little change.

2014Q3 Materials & Supplies Index = 271.2

2014Q2 Materials & Supplies Index = 274.8

Difference	-3.6 basis points
	or
	-1.3 %

## Equipment Rents Third Quarter 2014

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 active freight cars using 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 Rents Index Calculation

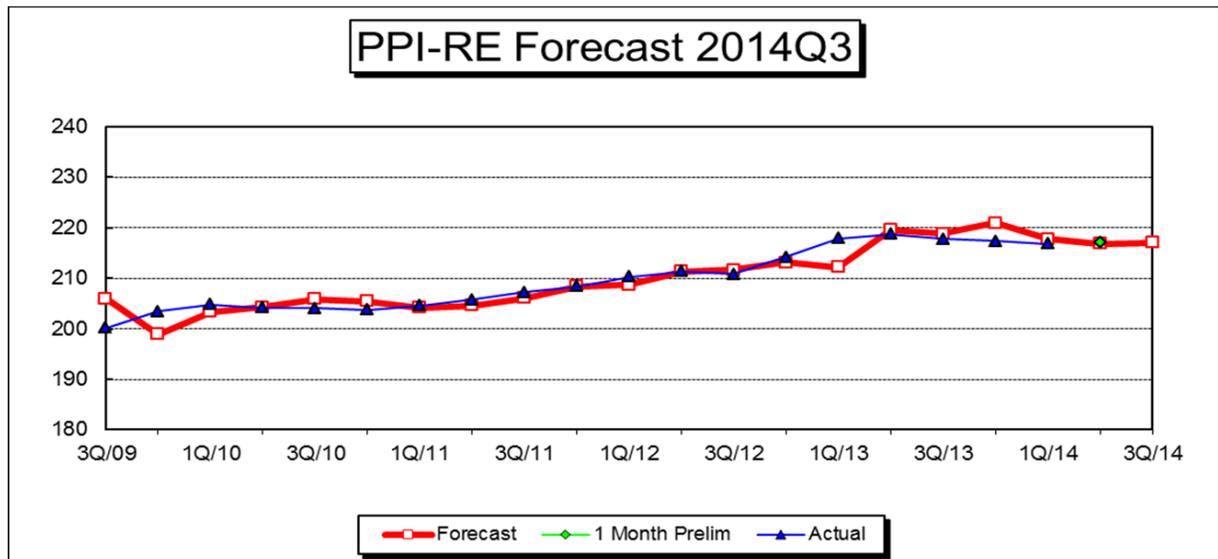
The table below calculates the Equipment Rent Index, which decreased 0.2 percent. The third quarter Car Hire portion of the Index increased 0.9 percent, caused mostly by increases for privately-owned cars. A 1.0 percent decrease for the projected PPI-LF (see Appendix G) used as a proxy for Lease Rentals, combined with the 0.9 percent increase for Car Hire, caused the Equipment Rent Index to decrease 0.2 percent.

	2012 Weight	2014Q2	2014Q3	Percent Change
Car Hire	48.2%	183.5	185.1	0.9 %
Lease Rentals	51.8%	225.2	222.9	-1.0
Weighted Average		205.1	204.7	-0.2
Weighted Average (Linked)		212.6	212.2	-0.2

## Depreciation Third Quarter 2014

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 PPI-RE figures that have been up and down during recent months.

Forecast of Depreciation Index (1982=100)	196.3
Forecast of Depreciation Index (1980=100)	217.1
Change from previous quarter forecast	0.1%
Change from actual first month of previous quarter	0.0%
Change from same quarter of prior year (actual)	-0.3%



## Depreciation Third Quarter 2014

### PPI RAILROAD EQUIPMENT

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

#### Within-Sample Statistics

Sample size 72	Number of parameters 0
Mean 187.8	Standard deviation 5.618
R-square 0.9558	Adjusted R-square 0.9564
Durbin-Watson 2.379	Ljung-Box(18)=22.92 P=0.8062
Forecast error 1.173	BIC 1.173
MAPE 0.003843	RMSE 1.173
MAD 0.7264	

#### Actual Values for the Most Recent 6 Periods:

Date	Actual
2013-11	195.200
2013-12	196.900
2014-01	196.100
2014-02	195.500
2014-03	196.800
2014-04	196.300

#### Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2014-05	193.985	196.300	198.615
2014-06	193.025	196.300	199.575
2014-07	192.290	196.300	200.310
2014-08	191.669	196.300	200.931
2014-09	191.123	196.300	201.477
<b>QTR AVG</b>	191.694	196.300	200.906

## Interest Third Quarter 2014

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.

The current Interest Index is based on revised 2012 annual report data submitted by 2 railroads during the Summer and Fall of 2013. Annual report revisions received from a third railroad in February and March 2014 had no impact on this calculation.

### 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

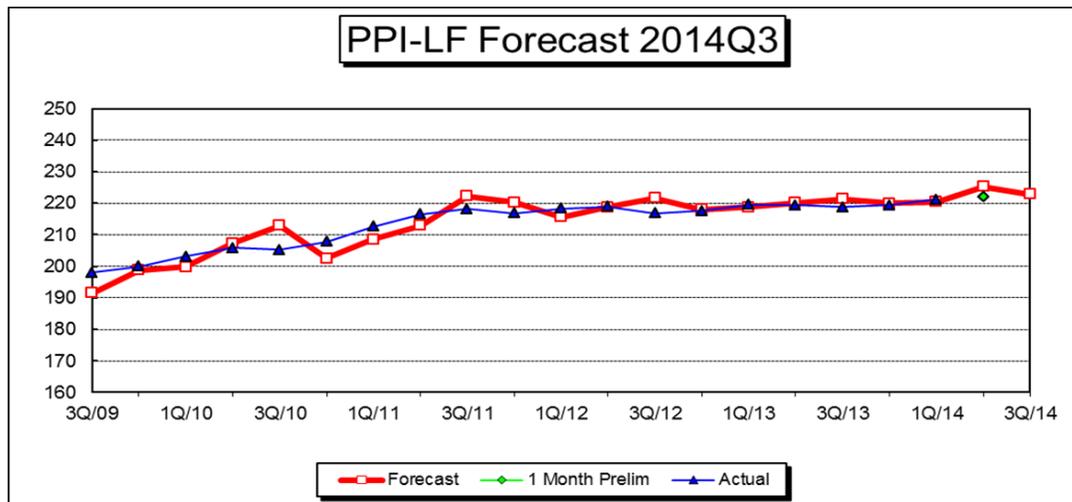
2012	Interest Rate	6.01%
1980	Interest Rate	7.85%
<b>2014Q3</b>	<b>Interest Index</b>	<b>76.6</b>
2014Q2	Interest Index	76.6
	Percent Change	0.0%

## Other Expenses Third Quarter 2014

The Producer Price Index for Industrial Commodities less Fuels 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. Although recent monthly PPI-LF figures have been increasing, the figure forecast by the model is down from a previous quarter forecast that was probably too high.

Forecast of Other Expense Index (1982=100)	198.8
Forecast of Other Expense Index (1980=100)	222.9
Change from previous quarter forecast	-1.0%
Change from actual first month of previous quarter	0.5%
Change from same quarter of prior year (actual)	1.9%



## Other Expenses Third Quarter 2014

### PPI INDUSTRIAL COMMODITIES LESS FUELS AND RELATED PRODUCTS AND POWER

Recommended model: Box-Jenkins

Forecast Model for PPILF

ARIMA(1,1,0)

Term	Coefficient	Std. Error	t-Statistic	Significance
a[1]	0.7279	0.0797	9.1323	1.0000

#### *Within-Sample Statistics*

Sample size 72	Number of parameters 1
Mean 188.4	Standard deviation 7.513
R-square 0.9908	Adjusted R-square 0.9908
Durbin-Watson 1.674	Ljung-Box(18)=19.19 P=0.62
Forecast error 0.7201	BIC 0.7366
MAPE 0.00278	RMSE 0.7151
MAD 0.5215	

#### *Actual Values for the Most Recent 6 Periods:*

Date	Actual
2013-11	195.500
2013-12	195.900
2014-01	196.900
2014-02	197.600
2014-03	197.400
2014-04	197.900

#### *Forecasted Values*

Date	2.5 Lower	Forecast	97.5 Upper
2014-05	196.853	198.264	199.675
2014-06	195.711	198.529	201.347
2014-07	194.468	198.722	202.975
2014-08	193.204	198.862	204.520
2014-09	191.961	198.964	205.967
<b>QTR AVG</b>	<b>193.211</b>	<b>198.849</b>	<b>204.487</b>

## Railroad and Union Abbreviations

### Third Quarter 2014

#### *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 (Also noted as CPR. Owns the U.S. Class I railroad Soo Line.)
CPSL	AAR's abbreviation for Soo Line Corporation (CP's U.S. operations including SOO, D&H, and DME.)
CSX	CSX Transportation
D&H	Delaware & Hudson (Canadian Pacific's U.S. operations, included beginning 2011Q4.)
DME	Dakota, Minnesota & Eastern (Canadian Pacific's U.S. operations, included beginning 2011Q4.)
EJE	Elgin, Joliet & Eastern 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 (the largest of Canadian Pacific's U.S. operations.)
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 Div. 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)

## Revisions to RCAF Data Third Quarter 2014

*During May 2014, one railroad sent revisions to data used in the 2012Q3 and 2013Q3 Rail Cost Adjustment Factors.*

On May 23, 2014, one railroad revised fringe benefit data used by the AAR to calculate the Other Supplements portion of the Labor Index. The revised numbers were more-than double the numbers originally reported, and directly affected Total Supplements for 2012Q3 and 2013Q3. In addition, the revisions caused changes in the 2012 benchmark for health & welfare. (Benchmarks using 2013 data will not be used until September 2014.) The revised benchmark caused small decreases for health & welfare in all quarters that have used a 2012 benchmark: 2013Q4, 2014Q1, and 2014Q2.

The revisions caused the 2012Q3 Labor Index to change, which causes the linked versions of following quarters to change even when they contained no revised data. (For example, a 5 percent increase in an index of 100.00 results in an index of 105.00, while a 5 percent increase in an index of 101.00 results in an index of 106.05.) A total of 6 Labor Indices in the All-Inclusive Index were revised, while changes to 2 quarters were small enough to have no impact.

Appendix AB calculates the Labor Index, All-Inclusive Index, RCAF, and Forecast Error Adjustment *prior to* the May revisions. Appendix AC uses the same spreadsheet to recalculate the RCAF *after* the May revisions, including recalculations of Labor and the Forecast Error Adjustment. Appendix AD is a summary table that shows the RCAF changes caused by the May revisions. Despite the revisions affecting 8 Labor Indexes, the RCAF changed very little.

**Labor Index Before May 2014 Revisions**

	<b>Weights</b>				2010	2010	2010	2010	2011	2011	2011	2011	2012	2012	2012
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2012Q1</b>	<b>2012Q2</b>	<b>2012Q2r</b>	<b>2012Q3</b>	<b>2012Q4</b>	<b>2013Q1</b>	<b>2013Q2</b>	<b>2013Q3</b>	<b>2013Q4</b>	<b>2014Q1</b>	<b>2014Q2</b>
Straight Time					\$28.627	\$28.896	\$28.896	\$29.794	\$29.902	\$30.313	\$30.317	\$30.866	\$31.500	\$31.853	\$31.865
PFTNW					\$7.006	\$7.060	\$7.060	\$7.288	\$7.265	\$7.298	\$7.292	\$7.440	\$6.844	\$6.871	\$6.874
<b>Total</b>					<b>\$35.633</b>	<b>\$35.956</b>	<b>\$35.956</b>	<b>\$37.082</b>	<b>\$37.167</b>	<b>\$37.611</b>	<b>\$37.609</b>	<b>\$38.306</b>	<b>\$38.344</b>	<b>\$38.724</b>	<b>\$38.739</b>
Adjustments															
Lump Sum					\$0.226	\$0.414	\$0.414	\$0.446	\$0.446	\$0.446	\$0.278	\$0.244	\$0.217	\$0.214	\$0.315
Back Pay					\$0.347	\$0.707	\$0.707	\$1.092	\$1.060	\$0.780	\$0.324	(\$0.044)	(\$0.063)	(\$0.077)	\$0.020
Other					\$0.195	\$0.195	\$0.195	\$0.128	\$0.121	\$0.121	\$0.121	\$0.213	\$0.208	\$0.208	\$0.208
<b>Total Wages</b>					<b>\$36.401</b>	<b>\$37.272</b>	<b>\$37.272</b>	<b>\$38.748</b>	<b>\$38.794</b>	<b>\$38.958</b>	<b>\$38.332</b>	<b>\$38.719</b>	<b>\$38.706</b>	<b>\$39.069</b>	<b>\$39.282</b>
H & W					\$8.642	\$8.642	\$8.642	\$8.068	\$7.969	\$7.863	\$7.862	\$8.062	\$8.080	\$7.623	\$7.623
RR Ret & Medicare					\$7.228	\$7.363	\$7.363	\$7.588	\$7.709	\$7.988	\$7.893	\$7.952	\$7.613	\$7.736	\$7.767
Unemp. Insurance					\$0.433	\$0.433	\$0.433	\$0.434	\$0.431	\$0.059	\$0.059	\$0.059	\$0.057	\$0.059	\$0.059
Other					\$0.134	\$0.133	\$0.133	\$0.219	\$0.107	\$0.146	\$0.122	\$0.155	\$0.103	\$0.147	\$0.182
<b>Total Supplements</b>					<b>\$16.437</b>	<b>\$16.571</b>	<b>\$16.571</b>	<b>\$16.309</b>	<b>\$16.216</b>	<b>\$16.056</b>	<b>\$15.936</b>	<b>\$16.228</b>	<b>\$15.853</b>	<b>\$15.565</b>	<b>\$15.631</b>
Total Labor (as info only)					\$52.838	\$53.843	\$53.843	\$55.057	\$55.010	\$55.014	\$54.268	\$54.947	\$54.559	\$54.634	\$54.913
Wage Rate Index	70.1%	69.7%	68.3%	69.2%	311.5	319.0	319.0	331.6	332.0	333.4	328.0	331.4	331.2	334.4	336.2
Supplements Index	<u>29.9%</u>	<u>30.3%</u>	<u>31.7%</u>	<u>30.8%</u>	607.4	612.4	612.4	602.7	599.3	593.3	588.9	599.7	585.8	575.2	577.6
	100.0%	100.0%	100.0%	100.0%											
Total Labor Index					401.2	407.9	407.9	413.7	416.7	415.8	410.7	416.5	409.6	408.6	410.6
Total Labor New Wts								417.5				414.0			
<b>Labor Index (Linked)</b>					<b>380.4</b>	<b>386.8</b>	<b>386.8</b>	<b>392.3</b>	<b>391.5</b>	<b>390.7</b>	<b>385.9</b>	<b>391.3</b>	<b>387.1</b>	<b>386.2</b>	<b>388.1</b>

**All Inclusive Index  
Before May 2014 Revisions**

	<b>Weights</b>				2010	2010	2010	2010	2011	2011	2011	2011	2012	2012	2012
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2012Q1</b>	<b>2012Q2</b>	<b>2012Q2r</b>	<b>2012Q3</b>	<b>2012Q4</b>	<b>2013Q1</b>	<b>2013Q2</b>	<b>2013Q3</b>	<b>2013Q4</b>	<b>2014Q1</b>	<b>2014Q2</b>
Labor	34.7%	33.4%	31.4%	31.2%	380.4	386.8	386.8	392.3	391.5	390.7	385.9	391.3	387.1	386.2	388.1
Fuel	14.9%	18.1%	22.6%	22.3%	387.7	409.4	409.4	353.4	403.3	396.5	404.3	375.6	399.6	377.9	386.2
M&S	5.1%	5.0%	5.1%	4.9%	263.7	274.1	274.0	274.8	266.1	263.4	261.0	264.2	261.4	265.9	274.8
Equip. Rents	7.1%	6.2%	5.6%	5.6%	203.5	204.9	204.9	205.8	205.8	206.7	207.0	208.0	207.7	208.7	212.6
Depreciation	13.9%	12.7%	11.5%	11.9%	208.7	211.4	211.4	211.7	213.2	212.2	219.6	218.9	221.0	217.8	216.9
Interest	3.0%	2.9%	2.3%	2.0%	91.2	91.2	91.2	91.2	87.3	87.3	87.3	87.3	76.6	76.6	76.6
Other	<u>21.3%</u>	<u>21.7%</u>	<u>21.5%</u>	<u>22.1%</u>	215.6	218.8	218.8	221.6	218.0	218.8	220.2	221.4	220.0	220.5	225.2
	100.0%	100.0%	100.0%	100.0%											
Weighted Avg.					299.0	306.7	306.7	299.1	312.6	310.8	312.1	307.7	310.8	305.7	309.7
Weighted Avg New Wts								302.7				307.2			
Linked					<b>289.5</b>	<b>297.0</b>	<b>297.0</b>	<b>289.6</b>	<b>299.1</b>	<b>297.4</b>	<b>298.6</b>	<b>294.4</b>	<b>297.9</b>	<b>293.0</b>	<b>296.8</b>
10/1/80 basis	102.7				281.9	289.2	289.2	282.0	291.2	289.6	290.7	286.7	290.1	285.3	289.0
10/1/82	120.9				239.5	245.7	245.7	239.5	247.4	246.0	247.0	243.5	246.4	242.3	245.5
4Q/87	132.2				219.0	224.7	224.7	219.1	226.2	225.0	225.9	222.7	225.3	221.6	224.5
4Q/92	156.9				184.5	189.3	189.3	184.6	190.6	189.5	190.3	187.6	189.9	186.7	189.2
4Q/97	173.2				167.1	171.5	171.5	167.2	172.7	171.7	172.4	170.0	172.0	169.2	171.4
4Q/02	192.1				150.7	154.6	154.6	150.8	155.7	154.8	155.4	153.3	155.1	152.5	154.5
4Q/07	245.9				117.7	120.8	120.8	117.8	121.6	120.9	121.4	119.7	121.1	119.2	120.7
4Q/12 basis	297.6				97.3	99.8	99.8	97.3	100.5	99.9	100.3	98.9	100.1	98.5	99.7
Car Hire	42.2%	46.0%	48.7%	48.2%	175.5	174.8	174.8	173.6	177.3	178.4	177.4	178.3	179.1	180.6	183.5
Lease Rents	<u>57.8%</u>	<u>54.0%</u>	<u>51.3%</u>	<u>51.8%</u>	<u>215.6</u>	<u>218.8</u>	<u>218.8</u>	<u>221.6</u>	<u>218.0</u>	<u>218.8</u>	<u>220.2</u>	<u>221.4</u>	<u>220.0</u>	<u>220.5</u>	<u>225.2</u>
	100.0%	100.0%	100.0%	100.0%											
Wtd Avg Eq Rents					197.2	198.6	198.6	199.5	198.2	199.1	199.4	200.4	200.3	201.3	205.1
New Wtd Avg Eq Rents								198.2				200.6			
Linked Equipment Rents					203.5	204.9	204.9	205.8	205.8	206.7	207.0	208.0	207.7	208.7	212.6

**Rail Cost Adjustment Factor  
Before May 2014 Revisions**

**RCAF 4Q/07 basis**

Quarter used to calculate forecast error adjustment -->	2011Q3	2011Q4	2012Q1	2012Q2	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4
Actual	117.9	116.2	117.1	120.2	117.5	122.0	119.4	118.3	119.2	118.5
Forecast	<u>118.6</u>	<u>118.3</u>	<u>117.7</u>	<u>120.8</u>	<u>117.8</u>	<u>121.6</u>	<u>120.9</u>	<u>121.4</u>	<u>119.7</u>	<u>121.1</u>
Difference	-0.7	-2.1	-0.6	-0.6	-0.3	0.4	-1.5	-3.1	-0.5	-2.6
<b>RCAF Quarter --&gt;</b>	<b>2012Q1</b>	<b>2012Q2</b>	<b>2012Q3</b>	<b>2012Q4</b>	<b>2013Q1</b>	<b>2013Q2</b>	<b>2013Q3</b>	<b>2013Q4</b>	<b>2014Q1</b>	<b>2014Q2</b>
Preliminary RCAF	1.177	1.208	1.178	1.216	1.209	1.214	1.197	1.211	1.192	1.207
Forecast Error Adj.	<u>(0.007)</u>	<u>(0.021)</u>	<u>(0.006)</u>	<u>(0.006)</u>	<u>(0.003)</u>	<u>0.004</u>	<u>(0.015)</u>	<u>(0.031)</u>	<u>(0.005)</u>	<u>(0.026)</u>
RCAF Unadjusted	<b>1.170</b>	<b>1.187</b>	<b>1.172</b>	<b>1.210</b>	<b>1.206</b>	<b>1.218</b>	<b>1.182</b>	<b>1.180</b>	<b>1.187</b>	<b>1.181</b>
PAF	2.2724	2.2769	2.2815	2.2861	2.2907	2.2957	2.3008	2.3059	2.3110	2.3168
RCAF Adjusted	<b>0.515</b>	<b>0.521</b>	<b>0.514</b>	<b>0.529</b>	<b>0.526</b>	<b>0.531</b>	<b>0.514</b>	<b>0.512</b>	<b>0.514</b>	<b>0.510</b>
PAF-5	2.3978	2.4062	2.4146	2.4231	2.4279	2.4328	2.4377	2.4426	2.4480	2.4534
RCAF-5	<b>0.488</b>	<b>0.493</b>	<b>0.485</b>	<b>0.499</b>	<b>0.497</b>	<b>0.501</b>	<b>0.485</b>	<b>0.483</b>	<b>0.485</b>	<b>0.481</b>

**RCAF 4Q/12 basis**

Quarter used to calculate forecast error adjustment -->	2011Q3	2011Q4	2012Q1	2012Q2	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4
Actual	97.4	96.0	96.8	99.3	97.1	100.8	98.7	97.7	98.5	97.9
Forecast	<u>98.0</u>	<u>97.8</u>	<u>97.3</u>	<u>99.8</u>	<u>97.3</u>	<u>100.5</u>	<u>99.9</u>	<u>100.3</u>	<u>98.9</u>	<u>100.1</u>
Difference	-0.6	-1.8	-0.5	-0.5	-0.2	0.3	-1.2	-2.6	-0.4	-2.2
<b>RCAF Quarter --&gt;</b>	<b>2012Q1</b>	<b>2012Q2</b>	<b>2012Q3</b>	<b>2012Q4</b>	<b>2013Q1</b>	<b>2013Q2</b>	<b>2013Q3</b>	<b>2013Q4</b>	<b>2014Q1</b>	<b>2014Q2</b>
Preliminary RCAF	0.973	0.998	0.973	1.005	0.999	1.003	0.989	1.001	0.985	0.997
Forecast Error Adj.	<u>(0.006)</u>	<u>(0.018)</u>	<u>(0.005)</u>	<u>(0.005)</u>	<u>(0.002)</u>	<u>0.003</u>	<u>(0.012)</u>	<u>(0.026)</u>	<u>(0.004)</u>	<u>(0.022)</u>
RCAF Unadjusted	<b>0.967</b>	<b>0.980</b>	<b>0.968</b>	<b>1.000</b>	<b>0.997</b>	<b>1.006</b>	<b>0.977</b>	<b>0.975</b>	<b>0.981</b>	<b>0.975</b>
PAF	2.2724	2.2769	2.2815	2.2861	2.2907	2.2957	2.3008	2.3059	2.3110	2.3168
RCAF Adjusted	<b>0.426</b>	<b>0.430</b>	<b>0.424</b>	<b>0.437</b>	<b>0.435</b>	<b>0.438</b>	<b>0.425</b>	<b>0.423</b>	<b>0.424</b>	<b>0.421</b>
PAF-5	2.3978	2.4062	2.4146	2.4231	2.4279	2.4328	2.4377	2.4426	2.4480	2.4534
RCAF-5	<b>0.403</b>	<b>0.407</b>	<b>0.401</b>	<b>0.413</b>	<b>0.411</b>	<b>0.414</b>	<b>0.401</b>	<b>0.399</b>	<b>0.401</b>	<b>0.397</b>

**All-Inclusive Index - Actual Before Revisions  
(for Forecast Error Adjustment Calculation)**

Actual	Weights				2010	2010	2010	2011	2011	2011	2011	2011	2012
	2009	2010	2011	2012	2012Q1	2012Q2	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	
Labor	34.7%	33.4%	31.4%	31.2%	380.4	386.8	392.3	391.5	390.7	385.9	391.3	387.1	
Fuel	14.9%	18.1%	22.6%	22.3%	375.7	403.2	359.0	410.6	378.8	373.1	376.0	374.3	
M&S	5.1%	5.0%	5.1%	4.9%	263.6	274.0	274.8	266.1	263.4	261.0	264.2	261.4	
Equip. Rents	7.1%	6.2%	5.6%	5.6%	205.3	204.3	203.7	206.1	207.6	207.0	207.6	208.0	
Depreciation	13.9%	12.7%	11.5%	11.9%	210.3	211.4	210.8	214.2	217.9	218.8	217.8	217.4	
Interest	3.0%	2.9%	2.3%	2.0%	91.2	91.2	91.2	87.3	87.3	87.3	87.3	76.6	
Other	21.3%	21.7%	21.5%	22.1%	218.3	218.9	216.8	217.6	219.5	219.4	218.8	219.4	
Weighted Avg.	100.0%	100.0%	100.0%	100.0%	297.7	305.5	298.8	314.3	307.6	304.7	307.0	304.6	
Weighted Avg New Wts Linked							302.7				306.5		
					288.0	295.5	289.0	300.1	293.7	290.9	293.1	291.3	
10/1/80 basis	102.7				280.4	287.7	281.4	292.2	286.0	283.3	285.4	283.6	
10/1/82	120.9				238.2	244.4	239.0	248.2	242.9	240.6	242.4	240.9	
4Q/87	132.2				217.9	223.5	218.6	227.0	222.2	220.0	221.7	220.3	
4Q/92	156.9				183.6	188.3	184.2	191.3	187.2	185.4	186.8	185.7	
4Q/97	173.2				166.3	170.6	166.9	173.3	169.6	168.0	169.2	168.2	
4Q/02	192.1				149.9	153.8	150.4	156.2	152.9	151.4	152.6	151.6	
4Q/07	245.9				117.1	120.2	117.5	122.0	119.4	118.3	119.2	118.5	
4Q/12 basis	297.6				96.8	99.3	97.1	100.8	98.7	97.7	98.5	97.9	
Car Hire	42.2%	46.0%	48.7%	48.2%	176.2	173.3	174.3	178.1	179.1	178.0	179.7	179.9	
Lease Rents	57.8%	54.0%	51.3%	51.8%	218.3	218.9	216.8	217.6	219.5	219.4	218.8	219.4	
	100.0%	100.0%	100.0%	100.0%									
Wtd Avg Eq Rents					198.9	197.9	197.3	198.4	199.8	199.2	199.8	200.4	
New Wtd Avg Eq Rents							196.1				200.0		
Linked Equipment Rents					205.3	204.3	203.7	206.1	207.6	207.0	207.6	208.0	

Labor Index with May 2014 Revisions

	Weights				2010	2010	2010	2010	2011	2011	2011	2011	2012	2012	2012
	2009	2010	2011	2012	2012Q1	2012Q2	2012Q2r	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2
Straight Time					\$28.627	\$28.896	\$28.896	\$29.794	\$29.902	\$30.313	\$30.317	\$30.866	\$31.500	\$31.853	\$31.865
PFTNW					\$7.006	\$7.060	\$7.060	\$7.288	\$7.265	\$7.298	\$7.292	\$7.440	\$6.844	\$6.871	\$6.874
<b>Total</b>					<b>\$35.633</b>	<b>\$35.956</b>	<b>\$35.956</b>	<b>\$37.082</b>	<b>\$37.167</b>	<b>\$37.611</b>	<b>\$37.609</b>	<b>\$38.306</b>	<b>\$38.344</b>	<b>\$38.724</b>	<b>\$38.739</b>
Adjustments															
Lump Sum					\$0.226	\$0.414	\$0.414	\$0.446	\$0.446	\$0.446	\$0.278	\$0.244	\$0.217	\$0.214	\$0.315
Back Pay					\$0.347	\$0.707	\$0.707	\$1.092	\$1.060	\$0.780	\$0.324	(\$0.044)	(\$0.063)	(\$0.077)	\$0.020
Other					\$0.195	\$0.195	\$0.195	\$0.128	\$0.121	\$0.121	\$0.121	\$0.213	\$0.208	\$0.208	\$0.208
<b>Total Wages</b>					<b>\$36.401</b>	<b>\$37.272</b>	<b>\$37.272</b>	<b>\$38.748</b>	<b>\$38.794</b>	<b>\$38.958</b>	<b>\$38.332</b>	<b>\$38.719</b>	<b>\$38.706</b>	<b>\$39.069</b>	<b>\$39.282</b>
H & W					\$8.642	\$8.642	\$8.642	\$8.068	\$7.969	\$7.863	\$7.862	\$8.062	\$8.075	\$7.618	\$7.618
RR Ret & Medicare					\$7.228	\$7.363	\$7.363	\$7.588	\$7.709	\$7.988	\$7.893	\$7.952	\$7.613	\$7.736	\$7.767
Unemp. Insurance					\$0.433	\$0.433	\$0.433	\$0.434	\$0.431	\$0.059	\$0.059	\$0.059	\$0.057	\$0.059	\$0.059
Other					\$0.134	\$0.133	\$0.133	\$0.242	\$0.107	\$0.146	\$0.122	\$0.177	\$0.103	\$0.147	\$0.182
<b>Total Supplements</b>					<b>\$16.437</b>	<b>\$16.571</b>	<b>\$16.571</b>	<b>\$16.332</b>	<b>\$16.216</b>	<b>\$16.056</b>	<b>\$15.936</b>	<b>\$16.250</b>	<b>\$15.848</b>	<b>\$15.560</b>	<b>\$15.626</b>
Total Labor (as info only)					\$52.838	\$53.843	\$53.843	\$55.080	\$55.010	\$55.014	\$54.268	\$54.969	\$54.554	\$54.629	\$54.908
Wage Rate Index	70.1%	69.7%	68.3%	69.2%	311.5	319.0	319.0	331.6	332.0	333.4	328.0	331.4	331.2	334.4	336.2
Supplements Index	<u>29.9%</u>	<u>30.3%</u>	<u>31.7%</u>	<u>30.8%</u>	607.4	612.4	612.4	603.5	599.3	593.3	588.9	600.5	585.7	575.0	577.5
	100.0%	100.0%	100.0%	100.0%											
Total Labor Index					401.2	407.9	407.9	414.0	416.7	415.8	410.7	416.7	409.6	408.5	410.5
Total Labor New Wts								417.8				414.3			
<b>Labor Index (Linked)</b>					<b>380.4</b>	<b>386.8</b>	<b>386.8</b>	<b>392.6</b>	<b>391.6</b>	<b>390.8</b>	<b>386.0</b>	<b>391.6</b>	<b>387.2</b>	<b>386.2</b>	<b>388.1</b>

All Inclusive Index with May 2014 Revisions

	Weights				2010	2010	2010	2010	2011	2011	2011	2011	2012	2012	2012
	2009	2010	2011	2012	2012Q1	2012Q2	2012Q2r	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2
Labor	34.7%	33.4%	31.4%	31.2%	380.4	386.8	386.8	392.6	391.6	390.8	386.0	391.6	387.2	386.2	388.1
Fuel	14.9%	18.1%	22.6%	22.3%	387.7	409.4	409.4	353.4	403.3	396.5	404.3	375.6	399.6	377.9	386.2
M&S	5.1%	5.0%	5.1%	4.9%	263.7	274.1	274.0	274.8	266.1	263.4	261.0	264.2	261.4	265.9	274.8
Equip. Rents	7.1%	6.2%	5.6%	5.6%	203.5	204.9	204.9	205.8	205.8	206.7	207.0	208.0	207.7	208.7	212.6
Depreciation	13.9%	12.7%	11.5%	11.9%	208.7	211.4	211.4	211.7	213.2	212.2	219.6	218.9	221.0	217.8	216.9
Interest	3.0%	2.9%	2.3%	2.0%	91.2	91.2	91.2	91.2	87.3	87.3	87.3	87.3	76.6	76.6	76.6
Other	<u>21.3%</u>	<u>21.7%</u>	<u>21.5%</u>	<u>22.1%</u>	215.6	218.8	218.8	221.6	218.0	218.8	220.2	221.4	220.0	220.5	225.2
	100.0%	100.0%	100.0%	100.0%											
Weighted Avg.					299.0	306.7	306.7	299.2	312.6	310.8	312.1	307.8	310.8	305.7	309.7
Weighted Avg New Wts								302.8				307.3			
Linked					289.5	297.0	297.0	289.7	299.1	297.4	298.6	294.5	297.9	293.0	296.8
10/1/80 basis	102.7				281.9	289.2	289.2	282.1	291.2	289.6	290.7	286.8	290.1	285.3	289.0
10/1/82	120.9				239.5	245.7	245.7	239.6	247.4	246.0	247.0	243.6	246.4	242.3	245.5
4Q/87	132.2				219.0	224.7	224.7	219.1	226.2	225.0	225.9	222.8	225.3	221.6	224.5
4Q/92	156.9				184.5	189.3	189.3	184.6	190.6	189.5	190.3	187.7	189.9	186.7	189.2
4Q/97	173.2				167.1	171.5	171.5	167.3	172.7	171.7	172.4	170.0	172.0	169.2	171.4
4Q/02	192.1				150.7	154.6	154.6	150.8	155.7	154.8	155.4	153.3	155.1	152.5	154.5
4Q/07	245.9				117.7	120.8	120.8	117.8	121.6	120.9	121.4	119.8	121.1	119.2	120.7
4Q/12 basis	297.6				97.3	99.8	99.8	97.3	100.5	99.9	100.3	99.0	100.1	98.5	99.7
Car Hire	42.2%	46.0%	48.7%	48.2%	175.5	174.8	174.8	173.6	177.3	178.4	177.4	178.3	179.1	180.6	183.5
Lease Rents	<u>57.8%</u>	<u>54.0%</u>	<u>51.3%</u>	<u>51.8%</u>	<u>215.6</u>	<u>218.8</u>	<u>218.8</u>	<u>221.6</u>	<u>218.0</u>	<u>218.8</u>	<u>220.2</u>	<u>221.4</u>	<u>220.0</u>	<u>220.5</u>	<u>225.2</u>
	100.0%	100.0%	100.0%	100.0%											
Wtd Avg Eq Rents					197.2	198.6	198.6	199.5	198.2	199.1	199.4	200.4	200.3	201.3	205.1
New Wtd Avg Eq Rents								198.2				200.6			
Linked Equipment Rents					203.5	204.9	204.9	205.8	205.8	206.7	207.0	208.0	207.7	208.7	212.6

RCAF with May 2014 Revisions

RCAF 4Q/07 basis

Quarter used to calculate forecast error adjustment -->	2011Q3	2011Q4	2012Q1	2012Q2	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4				
Actual	No changes prior to 2012Q3. Figures should match Appendix AC of 2014Q1 filing for those quarters.				117.9	116.2	117.1	120.2	117.6	122.0	119.4	118.3	119.2	118.5
Forecast					<u>118.6</u>	<u>118.3</u>	<u>117.7</u>	<u>120.8</u>	<u>117.8</u>	<u>121.6</u>	<u>120.9</u>	<u>121.4</u>	<u>119.8</u>	<u>121.1</u>
Difference					-0.7	-2.1	-0.6	-0.6	-0.2	0.4	-1.5	-3.1	-0.6	-2.6
<b>RCAF Quarter --&gt;</b>	<b>2012Q1</b>	<b>2012Q2</b>	<b>2012Q3</b>	<b>2012Q4</b>	<b>2013Q1</b>	<b>2013Q2</b>	<b>2013Q3</b>	<b>2013Q4</b>	<b>2014Q1</b>	<b>2014Q2</b>				
Preliminary RCAF	1.177	1.208	1.178	1.216	1.209	1.214	1.198	1.211	1.192	1.207				
Forecast Error Adj.	<u>(0.007)</u>	<u>(0.021)</u>	<u>(0.006)</u>	<u>(0.006)</u>	<u>(0.002)</u>	<u>0.004</u>	<u>(0.015)</u>	<u>(0.031)</u>	<u>(0.006)</u>	<u>(0.026)</u>				
RCAF Unadjusted	<b>1.170</b>	<b>1.187</b>	<b>1.172</b>	<b>1.210</b>	<b>1.207</b>	<b>1.218</b>	<b>1.183</b>	<b>1.180</b>	<b>1.186</b>	<b>1.181</b>				
PAF	2.2724	2.2769	2.2815	2.2861	2.2907	2.2957	2.3008	2.3059	2.3110	2.3168				
RCAF Adjusted	<b>0.515</b>	<b>0.521</b>	<b>0.514</b>	<b>0.529</b>	<b>0.527</b>	<b>0.531</b>	<b>0.514</b>	<b>0.512</b>	<b>0.513</b>	<b>0.510</b>				
PAF-5	2.3978	2.4062	2.4146	2.4231	2.4279	2.4328	2.4377	2.4426	2.4480	2.4534				
RCAF-5	<b>0.488</b>	<b>0.493</b>	<b>0.485</b>	<b>0.499</b>	<b>0.497</b>	<b>0.501</b>	<b>0.485</b>	<b>0.483</b>	<b>0.484</b>	<b>0.481</b>				

RCAF 4Q/12 basis

Quarter used to calculate forecast error adjustment -->	2011Q3	2011Q4	2012Q1	2012Q2	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4				
Actual	No changes prior to 2012Q3. Figures should match Appendix AC of 2014Q1 filing for those quarters.				97.4	96.0	96.8	99.3	97.1	100.8	98.7	97.8	98.5	97.9
Forecast					<u>98.0</u>	<u>97.8</u>	<u>97.3</u>	<u>99.8</u>	<u>97.3</u>	<u>100.5</u>	<u>99.9</u>	<u>100.3</u>	<u>99.0</u>	<u>100.1</u>
Difference					-0.6	-1.8	-0.5	-0.5	-0.2	0.3	-1.2	-2.5	-0.5	-2.2
<b>RCAF Quarter --&gt;</b>	<b>2012Q1</b>	<b>2012Q2</b>	<b>2012Q3</b>	<b>2012Q4</b>	<b>2013Q1</b>	<b>2013Q2</b>	<b>2013Q3</b>	<b>2013Q4</b>	<b>2014Q1</b>	<b>2014Q2</b>				
Preliminary RCAF	0.973	0.998	0.973	1.005	0.999	1.003	0.990	1.001	0.985	0.997				
Forecast Error Adj.	<u>(0.006)</u>	<u>(0.018)</u>	<u>(0.005)</u>	<u>(0.005)</u>	<u>(0.002)</u>	<u>0.003</u>	<u>(0.012)</u>	<u>(0.025)</u>	<u>(0.005)</u>	<u>(0.022)</u>				
RCAF Unadjusted	<b>0.967</b>	<b>0.980</b>	<b>0.968</b>	<b>1.000</b>	<b>0.997</b>	<b>1.006</b>	<b>0.978</b>	<b>0.976</b>	<b>0.980</b>	<b>0.975</b>				
PAF	2.2724	2.2769	2.2815	2.2861	2.2907	2.2957	2.3008	2.3059	2.3110	2.3168				
RCAF Adjusted	<b>0.426</b>	<b>0.430</b>	<b>0.424</b>	<b>0.437</b>	<b>0.435</b>	<b>0.438</b>	<b>0.425</b>	<b>0.423</b>	<b>0.424</b>	<b>0.421</b>				
PAF-5	2.3978	2.4062	2.4146	2.4231	2.4279	2.4328	2.4377	2.4426	2.4480	2.4534				
RCAF-5	<b>0.403</b>	<b>0.407</b>	<b>0.401</b>	<b>0.413</b>	<b>0.411</b>	<b>0.414</b>	<b>0.401</b>	<b>0.400</b>	<b>0.400</b>	<b>0.397</b>				

**A-I Index with May 2014 Revisions - Actual  
(for Forecast Error Adjustment Calculation)**

Actual	Weights				2010	2010	2010	2011	2011	2011	2011	2011	2012
	2009	2010	2011	2012	2012Q1	2012Q2	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	
Labor	34.7%	33.4%	31.4%	31.2%	380.4	386.8	392.6	391.6	390.8	386.0	391.6	387.2	
Fuel	14.9%	18.1%	22.6%	22.3%	375.7	403.2	359.0	410.6	378.8	373.1	376.0	374.3	
M&S	5.1%	5.0%	5.1%	4.9%	263.6	274.0	274.8	266.1	263.4	261.0	264.2	261.4	
Equip. Rents	7.1%	6.2%	5.6%	5.6%	205.3	204.3	203.7	206.1	207.6	207.0	207.6	208.0	
Depreciation	13.9%	12.7%	11.5%	11.9%	210.3	211.4	210.8	214.2	217.9	218.8	217.8	217.4	
Interest	3.0%	2.9%	2.3%	2.0%	91.2	91.2	91.2	87.3	87.3	87.3	87.3	76.6	
Other	21.3%	21.7%	21.5%	22.1%	218.3	218.9	216.8	217.6	219.5	219.4	218.8	219.4	
Weighted Avg.	100.0%	100.0%	100.0%	100.0%	297.7	305.5	298.9	314.3	307.6	304.8	307.1	304.6	
Weighted Avg New Wts Linked					288.0	295.5	289.1	300.1	293.7	291.0	293.2	291.3	
10/1/80 basis	102.7				280.4	287.7	281.5	292.2	286.0	283.3	285.5	283.6	
10/1/82	120.9				238.2	244.4	239.1	248.2	242.9	240.7	242.5	240.9	
4Q/87	132.2				217.9	223.5	218.7	227.0	222.2	220.1	221.8	220.3	
4Q/92	156.9				183.6	188.3	184.3	191.3	187.2	185.5	186.9	185.7	
4Q/97	173.2				166.3	170.6	166.9	173.3	169.6	168.0	169.3	168.2	
4Q/02	192.1				149.9	153.8	150.5	156.2	152.9	151.5	152.6	151.6	
4Q/07	245.9				117.1	120.2	117.6	122.0	119.4	118.3	119.2	118.5	
4Q/12 basis	297.6				96.8	99.3	97.1	100.8	98.7	97.8	98.5	97.9	
Car Hire	42.2%	46.0%	48.7%	48.2%	176.2	173.3	174.3	178.1	179.1	178.0	179.7	179.9	
Lease Rents	57.8%	54.0%	51.3%	51.8%	218.3	218.9	216.8	217.6	219.5	219.4	218.8	219.4	
	100.0%	100.0%	100.0%	100.0%									
Wtd Avg Eq Rents					198.9	197.9	197.3	198.4	199.8	199.2	199.8	200.4	
New Wtd Avg Eq Rents							196.1				200.0		
Linked Equipment Rents					205.3	204.3	203.7	206.1	207.6	207.0	207.6	208.0	

## Summary of RCAF Corrections

	PAF	PAF-5	Before May 2014 Revisions			Corrected with May 2014 Revisions			Difference		
			RCAF Unadj.	RCAF Adj.	RCAF-5	RCAF Unadj.	RCAF Adj.	RCAF RCAF-5	RCAF Unadj.	RCAF Adj.	RCAF-5
<b>2007Q4=100</b>											
2012Q3	2.2815	2.4146	1.172	0.514	0.485	1.172	0.514	0.485	0.000	0.000	0.000
2012Q4	2.2861	2.4231	1.210	0.529	0.499	1.210	0.529	0.499	0.000	0.000	0.000
<b>2012Q4=100</b>											
2013Q1	2.2907	2.4279	0.997	0.435	0.411	0.997	0.435	0.411	0.000	0.000	0.000
2013Q2	2.2957	2.4328	1.006	0.438	0.414	1.006	0.438	0.414	0.000	0.000	0.000
2013Q3	2.3008	2.4377	0.977	0.425	0.401	0.978	0.425	0.401	0.001	0.000	0.000
2013Q4	2.3059	2.4426	0.975	0.423	0.399	0.976	0.423	0.400	0.001	0.000	0.001
2014Q1	2.3110	2.4480	0.981	0.424	0.401	0.980	0.424	0.400	-0.001	0.000	-0.001
2014Q2	2.3168	2.4534	0.975	0.421	0.397	0.975	0.421	0.397	0.000	0.000	0.000
<b>Restated to 2012Q4=100 for comparison purposes</b>											
2012Q3	2.2815	2.4146	0.968	0.424	0.401	0.968	0.424	0.401	0.000	0.000	0.000
2012Q4	2.2861	2.4231	1.000	0.437	0.413	1.000	0.437	0.413	0.000	0.000	0.000

# AAR Workpapers Sent to STB for 2014 Q3 RCAF

June 5, 2014

1. Index Calculation Spreadsheet (index\_calc.xls, 2 pages)
2. Summary of ST and PFTNW Hourly Rates (Summary.xls)
3. RCAF Taxable Wages adjustment calculation (TaxableRate.xls)
4. National Contracts spreadsheet, 2 sections (2 and 5 pages )
5. Copies of relevant pages of 13 national agreements for wage increases in national contracts spreadsheet
6. Wall Street Journal - 13 week Treasury Bill Rate from latest auction (a.k.a. 3-Mo. T-Bill)
7. 2014/Q3 RCAF Lump Sum Amortization summary, public version (1 page)
8. 2014/Q3 RCAF Back Pay Amortization summary, public version (1 page)
9. Health & Welfare worksheet (1 page)
10. Railroad Retirement spreadsheet (5 pages)
11. Unemployment Insurance worksheet (1 page)
12. 2-page SAS run for Q3 Unemployment Insurance
13. Energy Information Administration's This Week in Petroleum, total of 4 pages.
14. Summary of Materials & Supplies (one page)
15. Car Hire Spreadsheet (2 pages) plus source data page for June 2014
16. 4 pages of PPI-RE for Depreciation including graph, input/output, and BLS source data
17. 4 pages of PPI-LF for Other (and Lease Rentals) incl. graph, input/output, BLS source data
18. Forecast Error calc. and workpapers (10 pages: calc, index actual, fuel, 3 car hire, 2 deprec, 2 other)

### RCAF All-Inclusive Index's Labor Index Based on 2012 Benchmarks Including Data Revised in 2014Q3 filing

Includes all revisions through May 2014. Highlighted numbers herein reflect May 2014 revisions.

	12 Wts.	3Q/13	3Q/13	% Chg	4Q/13	% Chg	1Q/14	% Chg	2Q/14	% Chg	3Q/14	% Chg
		As Info Only										
Straight Time		\$30.866	\$31.499	2.1%	\$31.500	2.1%	\$31.853	1.1%	\$31.865	0.0%	\$32.585	2.3%
PFTNW		\$7.440	\$6.844	-8.0%	\$6.844	-8.0%	\$6.871	0.4%	\$6.874	0.0%	\$7.054	2.6%
<b>Total</b>		<b>\$38.306</b>	<b>\$38.343</b>	<b>0.1%</b>	<b>\$38.344</b>	<b>0.1%</b>	<b>\$38.724</b>	<b>1.0%</b>	<b>\$38.739</b>	<b>0.0%</b>	<b>\$39.639</b>	<b>2.3%</b>
Adjustments												
Lump Sum		\$0.244	\$0.239		\$0.217		\$0.214		\$0.315		\$0.316	
Back Pay		(\$0.044)	(\$0.043)		(\$0.063)		(\$0.077)		\$0.020		\$0.093	
Other		\$0.213	\$0.208		\$0.208		\$0.208		\$0.208		\$0.137	
<b>Total Wages</b>		<b>\$38.719</b>	<b>\$38.747</b>	<b>0.1%</b>	<b>\$38.706</b>	<b>0.0%</b>	<b>\$39.069</b>	<b>0.9%</b>	<b>\$39.282</b>	<b>0.5%</b>	<b>\$40.185</b>	<b>2.3%</b>
Pre-Tax Reduction		(\$1.187)	(\$1.160)		(\$1.161)		(\$1.161)		(\$1.161)		(\$1.169)	
<b>Taxable Wages</b>		<b>\$37.532</b>	<b>\$37.587</b>		<b>\$37.545</b>		<b>\$37.908</b>		<b>\$38.121</b>		<b>\$39.016</b>	
H & W		\$8.062	\$8.080	0.2%	\$8.075	0.2%	\$7.618	-5.7%	\$7.618	0.0%	\$7.611	-0.1%
RR Ret & Medicare		\$7.952	\$7.619	-4.2%	\$7.613	-4.3%	\$7.736	1.6%	\$7.767	0.4%	\$7.896	1.7%
Unemp. Insurance		\$0.059	\$0.057	-3.4%	\$0.057	-3.4%	\$0.059	3.5%	\$0.059	0.0%	\$0.059	0.0%
Other		\$0.177	\$0.173	-2.3%	\$0.103	-41.8%	\$0.147	42.7%	\$0.182	23.8%	\$0.263	44.5%
<b>Total</b>		<b>\$16.250</b>	<b>\$15.929</b>	<b>-2.0%</b>	<b>\$15.848</b>	<b>-2.5%</b>	<b>\$15.560</b>	<b>-1.8%</b>	<b>\$15.626</b>	<b>0.4%</b>	<b>\$15.829</b>	<b>1.3%</b>
Adjustments												
<b>Total Supplements</b>		<b>\$16.250</b>	<b>\$15.929</b>	<b>-2.0%</b>	<b>\$15.848</b>	<b>-2.5%</b>	<b>\$15.560</b>	<b>-1.8%</b>	<b>\$15.626</b>	<b>0.4%</b>	<b>\$15.829</b>	<b>1.3%</b>
<b>Total Labor</b>		<b>\$54.969</b>	<b>\$54.676</b>	<b>-0.5%</b>	<b>\$54.554</b>	<b>-0.8%</b>	<b>\$54.629</b>	<b>0.1%</b>	<b>\$54.908</b>	<b>0.5%</b>	<b>\$56.014</b>	<b>2.0%</b>
Wage Rate Index	0.6920	331.4	331.6	0.1%	331.2	-0.1%	334.4	1.0%	336.2	0.5%	343.9	2.3%
Supplements Index	0.3080	600.5	588.7	-2.0%	585.7	-2.5%	575.0	-1.8%	577.5	0.4%	585.0	1.3%
Total Labor Index '11 Wts.		416.7										
Total Labor Index '12 Wts.		414.3	410.8	-0.8%	409.6	-1.1%	408.5	-0.3%	410.5	0.5%	418.2	1.9%
<b>Labor Index (Linked)</b>		<b>391.6</b>			<b>387.2</b>	<b>-1.1%</b>	<b>386.2</b>	<b>-0.3%</b>	<b>388.1</b>	<b>0.5%</b>	<b>395.4</b>	<b>1.9%</b>

**All Inclusive Index and RCAF including May 2014 revisions.**

Includes all revisions through May 2014. Highlighted numbers herein reflect May 2014 revisions.

	12 Wts	3Q/13	12 Wts 3Q/13	% Chg	4Q/13	% Chg	1Q/14	% Chg	2Q/14	% Chg	3Q/14	% Chg
Labor	0.312	391.60	391.6	0.0%	387.2	-1.1%	386.2	-0.3%	388.1	0.5%	395.4	1.9%
Fuel	0.223	375.60	375.6	0.0%	399.6	6.4%	377.9	-5.4%	386.2	2.2%	375.9	-2.7%
M&S	0.049	264.20	264.2	0.0%	261.4	-1.1%	265.9	1.7%	274.8	3.3%	271.2	-1.3%
Equip. Rents	0.056	208.00	208.0	0.0%	207.7	-0.1%	208.7	0.5%	212.6	1.9%	212.2	-0.2%
Depreciation	0.119	218.90	218.9	0.0%	221.0	1.0%	217.8	-1.4%	216.9	-0.4%	217.1	0.1%
Interest	0.020	87.30	87.3	0.0%	76.6	-12.3%	76.6	0.0%	76.6	0.0%	76.6	0.0%
Other	0.221	221.40	221.4	0.0%	220.0	-0.6%	220.5	0.2%	225.2	2.1%	222.9	-1.0%
Weighted Avg. Linked	1.000	307.80	307.3	-0.2%	310.8	1.1%	305.7	-1.6%	309.7	1.3%	309.0	-0.2%
		294.50			297.9	1.2%	293.0	-1.6%	296.8	1.3%	296.1	-0.2%
	Basing Factor											
10/1/80 basis	102.7	286.8			290.1	1.2%	285.3	-1.7%	289.0	1.3%	288.3	-0.2%
10/1/82	120.9	243.6			246.4	1.1%	242.3	-1.7%	245.5	1.3%	244.9	-0.2%
4Q/87	132.2	222.8			225.3	1.1%	221.6	-1.6%	224.5	1.3%	224.0	-0.2%
4Q/92	156.9	187.7			189.9	1.2%	186.7	-1.7%	189.2	1.3%	188.7	-0.3%
4Q/97	173.2	170.0			172.0	1.2%	169.2	-1.6%	171.4	1.3%	171.0	-0.2%
4Q/02	192.1	153.3			155.1	1.2%	152.5	-1.7%	154.5	1.3%	154.1	-0.3%
4Q/07	245.9	119.8			121.1	1.1%	119.2	-1.6%	120.7	1.3%	120.4	-0.2%
4Q/12 basis	297.6	99.0			100.1	1.1%	98.5	-1.6%	99.7	1.2%	99.5	-0.2%
Car Hire	0.482	178.30	178.3	0.0%	179.1	0.4%	180.6	0.8%	183.5	1.6%	185.1	0.9%
Lease Rents	0.518	221.40	221.4	0.0%	220.0	-0.6%	220.5	0.2%	225.2	2.1%	222.9	-1.0%
Wghted Avg Eq Rents		200.40	200.6	0.1%	200.3	-0.1%	201.3	0.5%	205.1	1.9%	204.7	-0.2%
Linked Equipment Rents		208.00			207.7	-0.1%	208.7	0.5%	212.6	1.9%	212.2	-0.2%
Preliminary RCAF		0.990			1.001	1.11%	0.985	-1.6%	0.997	1.2%	0.995	-0.2%
Forecast Error Adj.		(0.012)			(0.025)		(0.005)		(0.022)		(0.010)	
RCAF Unadjusted		0.978			0.976	-0.20%	0.980	0.4%	0.975	-0.5%	0.985	1.0%
PAF		2.3008			2.3059	0.22%	2.3110	0.22%	2.3168	0.25%	2.3226	0.3%
RCAF Adjusted		0.425			0.423	-0.47%	0.424	0.2%	0.421	-0.7%	0.424	0.7%
PAF-5		2.4377			2.4426	0.20%	2.4480	0.22%	2.4534	0.22%	2.4588	0.22%
RCAF-5		0.401			0.400	-0.25%	0.400	0.0%	0.397	-0.7%	0.401	1.0%

# Hourly Rate for 2014 Q3

## Straight Time and Time Paid For But Not Worked

2014Q3 Straight Time Hourly Rate (from national spreadsheet)

\$32.148

**Adjustments to 2012 base:**

**Adjustments added 2013 Q1**

CN Railroads	WC BRS 3% GWI; some unions \$0.09 COLA; WC & EJE UTU 2.97%; non-unions 4.3%	0.005
Misc. Indep ATDA, BLET, UTU, YMD	BNSF BLET 2.5% GWI; CSX ATDA-East & BLET 3%, UTU-CSRA 2%; UP ATDA (non-union) 4.3%	0.079
Soo Corp.	DME BLET 2.81% GWI; DME UTU 2.87%; some unions 3%; non-unions 4.3%	0.003

**Adjustments added 2013 Q2**

CN Railroads	No change	0.000
Misc. Indep ATDA, BLET, UTU, YMD	No change	0.000
Soo Corp.	1 major union new contract with retro GWIs	0.005

**Adjustments added 2013 Q3**

CN Railroads	3% GWI for most unions; \$0.05 COLA for some other unions	0.010
Misc. Indep ATDA, BLET, UTU, YMD	2% GWI for NS BLET; 3% GWI for some other unions	0.076
Soo Corp.	3% GWI for most DH unions	0.002

**Adjustments added 2013 Q4**

CN Railroads	2 new contracts with retro GWIs	0.001
Misc. Indep ATDA, BLET, UTU, YMD	No change	0.000
Soo Corp.	No change	0.000

**Adjustments added 2014 Q1**

CN Railroads	\$0.06 COLA for some unions; WC BRS 3.8%; WC&EJE UTU 3%; non-union 3%	0.005
Misc. Indep ATDA, BLET, UTU, YMD	3% for BNSF BLET, CSX ATDA-East & BLET, UP ATDA(non-union); 2% for CSX-CSRA UTU	0.087
Soo Corp.	2% for most DME unions; 0.99% for DME BLET & UTU	0.002

**Adjustments added 2014 Q2**

CN Railroads	No change	0.000
Misc. Indep ATDA, BLET, UTU, YMD	One agreement with 4 wage increases.	0.012
Soo Corp.	No change	0.000

**Adjustments added 2014 Q3**

CN Railroads	3.8% GWI for most unions (3.5% for UTU and UTU-YMD); \$0.10 COLA for some other unions	0.055
Misc. Indep ATDA, BLET, UTU, YMD	3.8% for CSX ATDA-South & UP BLET; 3.5% for CSX UTU & UP UTU-Y; 2% for NS BLET	0.093
Soo Corp.	3.8% GWI for some unions (3.5% for UTU and UTU-YMD)	0.002

**Adjusted STHR Total**

**\$32.585**

**Pay For Time Not Worked**

PFTNW (from national spreadsheet)			\$6.959
Ratio Adj STHR to Nat STHR	32.585 /	32.148	= 1.01359

**Adjusted Pay For Time Not Worked**

**\$7.054**

**Notes:**

1. CN Railroads includes B&LE, CC&P, DMIR, DW&P, EJE, GTW, IC, and WC. Although DMIR and DW&P were consolidated effective January 1, 2012, some of the employees of those former railroads still have separate labor agreements.
2. The Miscellaneous group consists of independent (for wages) BLET, dispatchers, UTU and yardmasters.
3. Soo Corp. includes DH and DME only, since Soo Line participates in national agreements.

## 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 3Q/2014

U.S. ST Hours = 312,795,753  
 Wage Statistics are for 2012.

Union Group	Employees	Mo. Rate	Annual \$
National BLET (BNSF, CSX, KCS, NS, SOO, UP)	26,136	(\$198.00)	(\$62,099,136.00)
National BMWE (BNSF, CSX, KCS, NS, SOO, UP)	24,199	(\$198.00)	(\$57,496,824.00)
National BRS (BNSF, CSX, KCS, NS, SOO, UP)	7,213	(\$198.00)	(\$17,138,088.00)
National IAM (BNSF, CSX, KCS, NS, SOO, UP)	6,831	(\$198.00)	(\$16,230,456.00)
National IBBM (BNSF, CSX, KCS, NS, SOO, UP)	1,166	(\$198.00)	(\$2,770,416.00)
National IBEW (BNSF, CSX, KCS, NS, SOO, UP)	5,520	(\$198.00)	(\$13,115,520.00)
National NCFO (BNSF, CSX, KCS, NS, SOO, UP)	2,379	(\$198.00)	(\$5,652,504.00)
National SMW (BNSF, CSX, KCS, NS, SOO, UP)	1,010	(\$198.00)	(\$2,399,760.00)
National TCU (BNSF, CSX, KCS, NS, SOO, UP)	5,939	(\$198.00)	(\$14,111,064.00)
National TCU-CAR (BNSF, CSX, KCS, NS, SOO, UP)	9,444	(\$198.00)	(\$22,438,944.00)
National UTU (BNSF, CSX, KCS, NS, SOO, UP)	40,207	(\$198.00)	(\$95,531,832.00)
Yardmasters (BNSF, CSX, KCS, NS, SOO, UP)	1,878	(\$198.00)	(\$4,462,128.00)
National ATDA (wt. avg. BNSF, CSX, KCS, NS, SOO)	1,881	(\$198.00)	(\$4,469,256.00)
Independent CNGT (wt avg all union categories)	6,069	(\$196.22)	(\$14,290,310.16)
Independent SLC (wt avg all DH & DME union categories)	1,387	(\$174.25)	(\$2,900,217.00)
<b>Total Union</b>	<b>141,259</b>		<b>(\$335,106,455.16)</b>
<b>All Other @ \$2,540,103.13 total per month</b>			<b>(\$30,481,237.56)</b>
<b>Total</b>			<b>(\$365,587,692.72)</b>

Reduction in Wage Rate Per ST Hour	-\$1.16877448
Deduct this amount from the Wage Rate	<b>-\$1.169</b>

## National Contracts U.S.

### Straight Time Hourly Rate

	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Check Sum
Weight	0.23472	0.03638	0.17236	0.0059	0.04558	0.14670	0.05816	0.0141	0.04072	0.00689	0.03297	0.01484	0.00929	0.18138	1.00000
2012 Avg.	25.369	25.897	29.146	26.460	28.052	24.543	26.553	22.006	27.038	24.250	27.180	36.220	42.690	45.559	410.963
12/31/12	25.689	26.437	29.408	27.017	28.631	25.031	27.110	22.468	27.604	24.759	27.749	36.590	43.300	45.559	417.351
1/1/13	25.689	26.437	29.408	27.017	28.631	25.031	27.110	22.468	27.604	24.759	27.749	36.590	43.300	47.518	
4/1/13	25.689	26.437	29.408	27.017	28.631	25.031	27.110	22.468	27.604	24.759	27.749	36.590	43.300	47.518	
7/1/13	26.308	27.154	29.445	27.815	29.447	25.731	27.879	23.122	28.403	25.476	28.552	36.930	44.418	47.518	
10/1/13	26.308	27.154	29.445	27.815	29.447	25.731	27.879	23.122	28.403	25.476	28.552	36.930	44.418	47.518	
1/1/14	26.308	27.154	29.445	27.815	29.447	25.731	27.879	23.122	28.403	25.476	28.552	36.930	44.418	48.943	
4/1/14	26.308	27.154	29.445	27.815	29.447	25.731	27.879	23.122	28.403	25.476	28.552	36.930	44.418	48.943	
7/1/14	27.047	28.086	29.491	28.855	30.511	26.642	28.882	23.975	29.444	25.476	29.598	37.364	45.757	48.943	

### Weighted Straight Time Hourly Rate

	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2012 Avg.	5.955	0.942	5.024	0.156	1.279	3.601	1.544	0.310	1.101	0.167	0.896	0.537	0.396	8.263	30.172
12/31/12	6.030	0.962	5.069	0.159	1.305	3.672	1.577	0.317	1.124	0.171	0.915	0.543	0.402	8.263	30.508
1/1/13	6.030	0.962	5.069	0.159	1.305	3.672	1.577	0.317	1.124	0.171	0.915	0.543	0.402	8.619	30.864
4/1/13	6.030	0.962	5.069	0.159	1.305	3.672	1.577	0.317	1.124	0.171	0.915	0.543	0.402	8.619	30.864
7/1/13	6.175	0.988	5.075	0.164	1.342	3.775	1.622	0.326	1.157	0.176	0.941	0.548	0.412	8.619	31.319
10/1/13	6.175	0.988	5.075	0.164	1.342	3.775	1.622	0.326	1.157	0.176	0.941	0.548	0.412	8.619	31.319
1/1/14	6.175	0.988	5.075	0.164	1.342	3.775	1.622	0.326	1.157	0.176	0.941	0.548	0.412	8.877	31.578
4/1/14	6.175	0.988	5.075	0.164	1.342	3.775	1.622	0.326	1.157	0.176	0.941	0.548	0.412	8.877	31.578
7/1/14	6.349	1.022	5.083	0.170	1.391	3.909	1.680	0.338	1.199	0.176	0.976	0.554	0.425	8.877	32.148

Note: The 2012 Average and 12/31/12 Straight Time Hourly Rates are the industry rates, and include all Class I railroad employees. The rates for 1/1/13 through 7/1/14 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 2012 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	Check Sum
Weight	0.23472	0.03638	0.17236	0.0059	0.04558	0.14670	0.05816	0.0141	0.04072	0.00689	0.03297	0.01484	0.00929	0.18138	1.00000
2012 Avg.	10.487	4.473	10.825	3.943	6.503	4.735	4.019	3.031	4.508	3.311	4.806	6.938	9.733	1.374	78.687
12/31/12	10.619	4.567	10.922	4.026	6.637	4.829	4.103	3.095	4.603	3.381	4.907	7.009	9.872	1.374	
1/1/13	10.619	4.567	10.922	4.026	6.637	4.829	4.103	3.095	4.603	3.381	4.907	7.009	9.872	1.433	
4/1/13	10.619	4.567	10.922	4.026	6.637	4.829	4.103	3.095	4.603	3.381	4.907	7.009	9.872	1.433	
7/1/13	10.875	4.691	10.936	4.145	6.826	4.964	4.220	3.185	4.736	3.479	5.049	7.074	10.127	1.433	
10/1/13	10.875	4.691	10.936	4.145	6.826	4.964	4.220	3.185	4.736	3.479	5.049	7.074	10.127	1.433	
1/1/14	10.875	4.691	10.936	4.145	6.826	4.964	4.220	3.185	4.736	3.479	5.049	7.074	10.127	1.476	
4/1/14	10.875	4.691	10.936	4.145	6.826	4.964	4.220	3.185	4.736	3.479	5.049	7.074	10.127	1.476	
7/1/14	11.181	4.852	10.953	4.300	7.073	5.140	4.371	3.302	4.909	3.479	5.234	7.157	10.432	1.476	

### Pay For Time Not Worked Hourly Rate

	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2012 Avg.	2.462	0.163	1.866	0.023	0.296	0.695	0.234	0.043	0.184	0.023	0.158	0.103	0.090	0.249	6.588
12/31/12	2.493	0.166	1.883	0.024	0.303	0.708	0.239	0.044	0.187	0.023	0.162	0.104	0.092	0.249	6.676
1/1/13	2.493	0.166	1.883	0.024	0.303	0.708	0.239	0.044	0.187	0.023	0.162	0.104	0.092	0.260	6.686
4/1/13	2.493	0.166	1.883	0.024	0.303	0.708	0.239	0.044	0.187	0.023	0.162	0.104	0.092	0.260	6.686
7/1/13	2.553	0.171	1.885	0.024	0.311	0.728	0.245	0.045	0.193	0.024	0.166	0.105	0.094	0.260	6.805
10/1/13	2.553	0.171	1.885	0.024	0.311	0.728	0.245	0.045	0.193	0.024	0.166	0.105	0.094	0.260	6.805
1/1/14	2.553	0.171	1.885	0.024	0.311	0.728	0.245	0.045	0.193	0.024	0.166	0.105	0.094	0.268	6.812
4/1/14	2.553	0.171	1.885	0.024	0.311	0.728	0.245	0.045	0.193	0.024	0.166	0.105	0.094	0.268	6.812
7/1/14	2.624	0.177	1.888	0.025	0.322	0.754	0.254	0.047	0.200	0.024	0.173	0.106	0.097	0.268	6.959

**U.S. National Contract**

**UTU**

	<b>Percentage Increase</b>	<b>Cents Increase</b>	<b>Applicable</b>	<b>ST HR</b>	<b>PFTNW HR</b>
2012 Industry Avg.				25.36938	10.48708
12/31/12 Industry Rate				25.68872	10.61908
1/1/13			80.316%	25.68872	10.61908
4/1/13			80.316%	25.68872	10.61908
7/1/13	3.00%		80.316%	26.30769	10.87495
10/1/13			80.316%	26.30769	10.87495
1/1/14			80.316%	26.30769	10.87495
4/1/14			80.316%	26.30769	10.87495
7/1/14	3.50%		80.316%	27.04722	11.18065

**TCU**

	<b>Percentage Increase</b>	<b>Cents Increase</b>	<b>Applicable</b>	<b>ST HR</b>	<b>PFTNW HR</b>
2012 Industry Avg.				25.89660	4.47341
12/31/12 Industry Rate				26.43724	4.56680
1/1/13			90.331%	26.43724	4.56680
4/1/13			90.331%	26.43724	4.56680
7/1/13	3.00%		90.331%	27.15367	4.69056
10/1/13			90.331%	27.15367	4.69056
1/1/14			90.331%	27.15367	4.69056
4/1/14			90.331%	27.15367	4.69056
7/1/14	3.80%		90.331%	28.08575	4.85156

**BLET**

	<b>Percentage Increase</b>	<b>Cents Increase</b>	<b>Applicable</b>	<b>ST HR</b>	<b>PFTNW HR</b>
2012 Industry Avg.				29.14585	10.82496
12/31/12 Industry Rate				29.40780	10.92225
1/1/13			4.173%	29.40780	10.92225
4/1/13			4.173%	29.40780	10.92225
7/1/13	3.00%		4.173%	29.44462	10.93593
10/1/13			4.173%	29.44462	10.93593
1/1/14			4.173%	29.44462	10.93593
4/1/14			4.173%	29.44462	10.93593
7/1/14	3.80%		4.173%	29.49131	10.95327

**U.S. National Contract**

**SMWIA**

	<b>Percentage Increase</b>	<b>Cents Increase</b>	<b>Applicable</b>	<b>ST HR</b>	<b>PFTNW HR</b>
2012 Industry Avg.				26.46037	3.94323
12/31/12 Industry Rate				27.01729	4.02623
1/1/13			98.381%	27.01729	4.02623
4/1/13			98.381%	27.01729	4.02623
7/1/13	3.00%		98.381%	27.81469	4.14506
10/1/13			98.381%	27.81469	4.14506
1/1/14			98.381%	27.81469	4.14506
4/1/14			98.381%	27.81469	4.14506
7/1/14	3.80%		98.381%	28.85453	4.30002

**BRS**

	<b>Percentage Increase</b>	<b>Cents Increase</b>	<b>Applicable</b>	<b>ST HR</b>	<b>PFTNW HR</b>
2012 Industry Avg.				28.05236	6.50298
12/31/12 Industry Rate				28.63062	6.63703
1/1/13			95.070%	28.63062	6.63703
4/1/13			95.070%	28.63062	6.63703
7/1/13	3.00%		95.070%	29.44720	6.82633
10/1/13			95.070%	29.44720	6.82633
1/1/14			95.070%	29.44720	6.82633
4/1/14			95.070%	29.44720	6.82633
7/1/14	3.80%		95.070%	30.51103	7.07294

**BMWE**

	<b>Percentage Increase</b>	<b>Cents Increase</b>	<b>Applicable</b>	<b>ST HR</b>	<b>PFTNW HR</b>
2012 Industry Avg.				24.54267	4.73507
12/31/12 Industry Rate				25.03071	4.82923
1/1/13			93.229%	25.03071	4.82923
4/1/13			93.229%	25.03071	4.82923
7/1/13	3.00%		93.229%	25.73079	4.96429
10/1/13			93.229%	25.73079	4.96429
1/1/14			93.229%	25.73079	4.96429
4/1/14			93.229%	25.73079	4.96429
7/1/14	3.80%		93.229%	26.64235	5.14016

**U.S. National Contract**

**TCU-Carmen**

	<b>Percentage Increase</b>	<b>Cents Increase</b>	<b>Applicable</b>	<b>ST HR</b>	<b>PFTNW HR</b>
2012 Industry Avg.				26.55256	4.01887
12/31/12 Industry Rate				27.10956	4.10317
1/1/13			94.656%	27.10956	4.10317
4/1/13			94.656%	27.10956	4.10317
7/1/13	3.00%		94.656%	27.87939	4.21969
10/1/13			94.656%	27.87939	4.21969
1/1/14			94.656%	27.87939	4.21969
4/1/14			94.656%	27.87939	4.21969
7/1/14	3.80%		94.656%	28.88219	4.37147

**NCFO**

	<b>Percentage Increase</b>	<b>Cents Increase</b>	<b>Applicable</b>	<b>ST HR</b>	<b>PFTNW HR</b>
2012 Industry Avg.				22.00623	3.03093
12/31/12 Industry Rate				22.46779	3.09450
1/1/13			97.102%	22.46779	3.09450
4/1/13			97.102%	22.46779	3.09450
7/1/13	3.00%		97.102%	23.12229	3.18465
10/1/13			97.102%	23.12229	3.18465
1/1/14			97.102%	23.12229	3.18465
4/1/14			97.102%	23.12229	3.18465
7/1/14	3.80%		97.102%	23.97548	3.30216

**IAM**

	<b>Percentage Increase</b>	<b>Cents Increase</b>	<b>Applicable</b>	<b>ST HR</b>	<b>PFTNW HR</b>
2012 Industry Avg.				27.03849	4.50822
12/31/12 Industry Rate				27.60432	4.60257
1/1/13			96.451%	27.60432	4.60257
4/1/13			96.451%	27.60432	4.60257
7/1/13	3.00%		96.451%	28.40306	4.73574
10/1/13			96.451%	28.40306	4.73574
1/1/14			96.451%	28.40306	4.73574
4/1/14			96.451%	28.40306	4.73574
7/1/14	3.80%		96.451%	29.44408	4.90932

**U.S. National Contract**

**IBBM**

	<b>Percentage Increase</b>	<b>Cents Increase</b>	<b>Applicable</b>	<b>ST HR</b>	<b>PFTNW HR</b>
2012 Industry Avg.				24.24951	3.31150
12/31/12 Industry Rate				24.75925	3.38111
1/1/13			96.438%	24.75925	3.38111
4/1/13			96.438%	24.75925	3.38111
7/1/13	3.00%		96.438%	25.47558	3.47893
10/1/13			96.438%	25.47558	3.47893
1/1/14			96.438%	25.47558	3.47893
4/1/14			96.438%	25.47558	3.47893
7/1/14			96.438%	25.47558	3.47893

**IBEW**

	<b>Percentage Increase</b>	<b>Cents Increase</b>	<b>Applicable</b>	<b>ST HR</b>	<b>PFTNW HR</b>
2012 Industry Avg.				27.17995	4.80630
12/31/12 Industry Rate				27.74915	4.90695
1/1/13			96.429%	27.74915	4.90695
4/1/13			96.429%	27.74915	4.90695
7/1/13	3.00%		96.429%	28.55189	5.04890
10/1/13			96.429%	28.55189	5.04890
1/1/14			96.429%	28.55189	5.04890
4/1/14			96.429%	28.55189	5.04890
7/1/14	3.80%		96.429%	29.59811	5.23391

**ATDA**

	<b>Percentage Increase</b>	<b>Cents Increase</b>	<b>Applicable</b>	<b>ST HR</b>	<b>PFTNW HR</b>
2012 Industry Avg.				36.21964	6.93784
12/31/12 Industry Rate				36.59012	7.00880
1/1/13			30.955%	36.59012	7.00880
4/1/13			30.955%	36.59012	7.00880
7/1/13	3.00%		30.955%	36.92991	7.07389
10/1/13			30.955%	36.92991	7.07389
1/1/14			30.955%	36.92991	7.07389
4/1/14			30.955%	36.92991	7.07389
7/1/14	3.80%		30.955%	37.36431	7.15710

YDMSTRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2012 Industry Avg.				42.69019	9.73260
12/31/12 Industry Rate				43.29963	9.87154
1/1/13			86.102%	43.29963	9.87154
4/1/13			86.102%	43.29963	9.87154
7/1/13	3.00%		86.102%	44.41809	10.12653
10/1/13			86.102%	44.41809	10.12653
1/1/14			86.102%	44.41809	10.12653
4/1/14			86.102%	44.41809	10.12653
7/1/14	3.50%		86.102%	45.75666	10.43170

OTHER

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2012 Industry Avg.				45.55873	1.37422
12/31/12 Industry Rate				45.55873	1.37422
1/1/13	4.30%		100.000%	47.51776	1.43331
4/1/13			100.000%	47.51776	1.43331
7/1/13			100.000%	47.51776	1.43331
10/1/13			100.000%	47.51776	1.43331
1/1/14	3.00%		100.000%	48.94329	1.47631
4/1/14			100.000%	48.94329	1.47631
7/1/14			100.000%	48.94329	1.47631

Check Sums

	Increase	Applicable	ST HR	PFTNW HR
2012 AVG			410.96254	78.68719
12/31/12			417.35094	

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

1159.634%

ok matches ok matches ok matches  
ok matches

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

adjustment shall be made.

**Section 4 – Fourth General Wage Increase**

Effective July 1, 2013, each basic monthly rate of pay in effect on June 30, 2013 for employees covered by this Agreement shall be increased in the amount of three (3) percent representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

**Section 5 – Fifth General Wage Increase**

Effective July 1, 2014, each basic monthly rate of pay in effect on June 30, 2014 for employees covered by this Agreement shall be increased in the amount of three-and-eight-tenths (3.8) percent representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

**Section 6 – Sixth General Wage Increase**

Effective January 1, 2015, each basic monthly rate of pay in effect on December 31, 2014 for employees covered by this Agreement shall be increased in the amount of three (3) percent representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

**ARTICLE II – LUMP SUM PAYMENT**

(a) A lump sum payment shall be made to each employee subject to this Agreement who has an employment relationship with the carrier as of the date such lump sum is paid or who has retired or died subsequent to October 31, 2010. Such lump sum shall be paid no later than ninety (90) days after the date of this Agreement. There shall be no duplication of lump sum payments by virtue of employment under an agreement with another organization.

**Section 2 - Second General Wage Increase**

Effective July 1, 2011, all standard basic daily rates of pay in effect on June 30, 2011 for employees represented by the BLET shall be increased by two-and-one-half (2.5) percent, computed and applied in the same manner prescribed in Section 1(b) above.

**Section 3 - Third General Wage Increase**

Effective July 1, 2012, all standard basic daily rates of pay in effect on June 30, 2012 for employees represented by the BLET shall be increased by four-and-three-tenths (4.3) percent, computed and applied in the same manner prescribed in Section 1(b) above.

**Section 4 – Fourth General Wage Increase**

Effective July 1, 2013, all standard basic daily rates of pay in effect on June 30, 2013 for employees represented by the BLET shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 1(b) above.

**Section 5 – Fifth General Wage Increase**

Effective July 1, 2014, all standard basic daily rates of pay in effect on June 30, 2014 for employees represented by the BLET shall be increased by three-and-eight-tenths (3.8) percent, computed and applied in the same manner prescribed in Section 1(b) above.

**Section 6 – Sixth General Wage Increase**

Effective January 1, 2015, all standard basic daily rates of pay in effect on December 31, 2014 for employees represented by the BLET 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**

Effective July 1, 2012 all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2012 for employees covered by this Agreement shall be increased in the amount of four-and-three-tenths (4.3) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 3 shall be applied in the same manner as provided for in Section 1 hereof.

**Section 4 - Fourth General Wage Increase**

Effective July 1, 2013 all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2013 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 irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 hereof.

**Section 5 – Fifth General Wage Increase**

Effective July 1, 2014 all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2014 for employees covered by this Agreement shall be increased in the amount of three-and-eight-tenths (3.8) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 5 shall be applied in the same manner as provided for in Section 1 hereof.

**Section 6 – Sixth General Wage Increase**

Effective January 1, 2015 all hourly, daily, weekly and monthly rates of pay in effect on December 31, 2014 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 irrespective of the method of payment. The increase provided for in this Section 6 shall be applied in the same manner as provided

Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 hereof.

**Section 5 - Fifth General Wage Increase**

Effective July 1, 2014, all hourly, daily, weekly, monthly and piece-work rates of pay in effect on June 30, 2014 for employees covered by this Agreement shall be increased in the amount of three-and-eight-tenths (3.8) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 5 shall be applied in the same manner as provided for in Section 1 hereof.

**Section 6 - Sixth General Wage Increase**

Effective January 1, 2015, all hourly, daily, weekly, monthly and piece-work rates of pay in effect on December 31, 2014 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 irrespective of the method of payment. The increase provided for in this Section 6 shall be applied in the same manner as provided for in Section 1 hereof.

**ARTICLE II – LUMP SUM PAYMENT**

(a) A lump sum payment shall be made to each employee subject to this Agreement who has an employment relationship with the carrier as of the date such lump sum is paid or who has retired or died subsequent to October 31, 2010. Such lump sum shall be paid no later than ninety (90) days after the date of this Agreement. There shall be no duplication of lump sum payments by virtue of employment under an agreement with another organization.

**Section 2 - Second General Wage Increase**

Effective July 1, 2011 all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2011 for employees covered by this Agreement shall be increased by two-and-one-half (2.5) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

**Section 3 - Third General Wage Increase**

Effective July 1, 2012, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2012 for employees covered by this Agreement shall be increased in the amount of four-and-three-tenths (4.3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

**Section 4 - Fourth General Wage Increase**

Effective July 1, 2013, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2013 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

**Section 5 - Fifth General Wage Increase**

Effective July 1, 2014, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2014 for employees covered by this Agreement shall be increased in the amount of three-and-eight-tenths (3.8) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

**Section 3 - Third General Wage Increase**

Effective July 1, 2012, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2012 for employees covered by this Agreement shall be increased in the amount of four-and-three-tenths (4.3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

**Section 4 - Fourth General Wage Increase**

Effective July 1, 2013, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2013 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

**Section 5 - Fifth General Wage Increase**

Effective July 1, 2014, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2014 for employees covered by this Agreement shall be increased in the amount of three-and-eight-tenths (3.8) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

**Section 6 - Sixth General Wage Increase**

Effective January 1, 2015, all hourly, daily, weekly and monthly rates of pay in effect on December 31, 2014 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

**Section 3 - Third General Wage Increase**

Effective July 1, 2012, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2012 for employees covered by this Agreement shall be increased in the amount of four-and-three-tenths (4.3) percent applied so as to give effect to this increase irrespective of the method of payment.

**Section 4 - Fourth General Wage Increase**

Effective July 1, 2013, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2013 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 irrespective of the method of payment.

**Section 5 - Fifth General Wage Increase**

Effective July 1, 2014, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2014 for employees covered by this Agreement shall be increased in the amount of three-and-eight-tenths (3.8) percent applied so as to give effect to this increase irrespective of the method of payment.

**Section 6 - Sixth General Wage Increase**

Effective January 1, 2015, all hourly, daily, weekly, and monthly rates of pay in effect on December 31, 2014 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 irrespective of the method of payment.

**ARTICLE II - LUMP SUM PAYMENT**

(a) A lump sum payment shall be made to each employee subject to this Agreement who has an employment relationship with the carrier as of the

this increase irrespective of the method of payment.

**Section 3 - Third General Wage Increase**

Effective July 1, 2012, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2012 for employees covered by this Agreement shall be increased in the amount of four-and-three-tenths (4.3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

**Section 4 - Fourth General Wage Increase**

Effective July 1, 2013, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2013 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

**Section 5 - Fifth General Wage Increase**

Effective July 1, 2014, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2014 for employees covered by this Agreement shall be increased in the amount of three-and-eight-tenths (3.8) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

**Section 6 - Sixth General Wage Increase**

Effective January 1, 2015, all hourly, daily, weekly and monthly rates of pay in effect on December 31, 2014 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

**Section 3 - Third General Wage Increase**

Effective July 1, 2012, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2012 for employees covered by this Agreement shall be increased in the amount of four-and-three-tenths (4.3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

**Section 4 - Fourth General Wage Increase**

Effective July 1, 2013, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2013 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

**Section 5 - Fifth General Wage Increase**

Effective July 1, 2014, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2014 for employees covered by this Agreement shall be increased in the amount of three-and-eight-tenths (3.8) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

**Section 6 - Sixth General Wage Increase**

Effective January 1, 2015, all hourly, daily, weekly and monthly rates of pay in effect on December 31, 2014 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

**Section 2 - Second General Wage Increase**

Effective July 1, 2011, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2011 for employees covered by this Agreement shall be increased in the amount of two-and-one-half (2.5) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 2 shall be applied in the same manner as provided for in Section 1 hereof.

**Section 3 - Third General Wage Increase**

Effective July 1, 2012, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2012 for employees covered by this Agreement shall be increased in the amount of four-and-three-tenths (4.3) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 3 shall be applied in the same manner as provided for in Section 1 hereof.

**Section 4 - Fourth General Wage Increase**

Effective July 1, 2013, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2013 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 irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 hereof.

**Section 5 - Fifth General Wage Increase**

Effective July 1, 2014, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2014 for employees covered by this Agreement shall be increased in the amount of three-and-eight-tenths (3.8) percent applied so as to give effect to this increase irrespective of the method of

**Section 5 - Fifth General Wage Increase**

Effective July 1, 2014, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2014, for employees covered by this Agreement shall be increased in the amount of three-and-eight-tenths (3.8) percent applied so as to give effect to this increase irrespective of the method of payment. Rates of freight carmen shall be increased in the same manner as provided in Section 1 hereof. The increase provided for in this Section 5 shall be applied in the same manner as provided for in Section 1 hereof.

**Section 6 - Sixth General Wage Increase**

Effective January 1, 2015, all hourly, daily, weekly, and monthly rates of pay in effect on December 31, 2014, 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 irrespective of the method of payment. Rates of freight carmen shall be increased in the same manner as provided in Section 1 hereof. The increase provided for in this Section 6 shall be applied in the same manner as provided for in Section 1 hereof.

**ARTICLE II – LUMP SUM PAYMENT**

(a) A lump sum payment shall be made to each employee subject to this Agreement who has an employment relationship with the carrier as of the date such lump sum is paid or who has retired or died subsequent to October 31, 2010. Such lump sum shall be paid no later than ninety (90) days after the date of this Agreement. There shall be no duplication of lump sum payments by virtue of employment under an agreement with another organization.

(b) The lump sum amount payable to an eligible employee shall be a lump sum equivalent to 1% of straight time earnings paid to that employee for the twelve month period November 1, 2010 through October 31, 2011, after application of the July 1, 2010 and July 1, 2011 general wage increases

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

Effective July 1, 2011, all standard basic daily rates of pay in effect on June 30, 2011 for employees represented by the United Transportation Union shall be increased by two-and-one-half (2-1/2) 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, 2012, all standard basic daily rates of pay in effect on June 30, 2012 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, 2013, all standard basic daily rates of pay in effect on June 30, 2013 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 5 - Fifth General Wage Increase** (for other than Dining Car Stewards)

Effective July 1, 2014, all standard basic daily rates of pay in effect on June 30, 2014 for employees represented by the United Transportation Union shall be increased by three-and-one-half (3-1/2) percent, computed and applied in the same manner prescribed in Section 1(b) above.

three (3) percent, computed and applied in the same manner prescribed in Section 1 above.

**Section 4 – Fourth General Wage Increase**

Effective July 1, 2013, all standard basic daily rates of pay in effect on June 30, 2013 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 5 – Fifth General Wage Increase**

Effective July 1, 2014, all standard basic daily rates of pay in effect on June 30, 2014 for employees covered by this Agreement shall be increased by three-and-one-half (3-1/2) percent, computed and applied in the same manner prescribed in Section 1 above.



**Section 6 – Sixth General Wage Increase**

Effective January 1, 2015, all standard basic daily rates of pay in effect on December 31, 2014 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 7 – 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.

# MONEY & INVESTING

Tuesday, May 27, 2014 | C5

**Large Bond Funds**

Income Trust PKT	7.31	6.65	-9.0	6.8
TR Fund HTR	26.91	25	-7.1	9.0
Oppy Term Fd JLS	26.74	24.40	-8.8	7.1

**Int'l Grade Bond Funds**

Instn Inco Fd ACG	8.41	7.46	-11.3	5.8
Core Bond Tr BHK	14.96	13.73	-8.2	6.6
Alloc Incm BTZ	15.50	13.72	-11.5	6.9
oTr BNA	11.68	10.60	-9.2	6.6
Income Secs JHS	15.90	14.78	-7.0	6.8
r MIN	5.60	5.38	-3.9	9.2
r InfLnk Fd WW	13.80	12.14	-12.0	3.3
r InfLnk Sec WIA	13.67	12.19	-10.8	3.2

**Participation Funds**

Fltg Rate Fd AFF	19.09	17.90	-6.2	6.7
Rate Inc Strat FRA	15.48	14.45	-6.7	6.3
Flt In Tr BGT	14.86	13.96	-6.1	6.2
o Sr Float BSL	19.08	18.11	-5.1	7.1
Rate Inco Tr EFF	16.06	15.18	-5.5	6.4
c Sr Flt Rate EFR	15.67	14.72	-6.1	6.8
ance Sr EVC	7.32	6.82	-6.8	6.5
Fltg Rt Fd II FCT	14.93	13.95	-6.6	6.8
dit Opps Fund VTA	13.91	13	-6.5	7.1
ior Income Tr VVR	5.25	4.98	-5.1	7.1
dit Str Inc Fd JQC	10.28	9.36	-8.9	7.3
Rtelnco Fd JFR	12.65	11.71	-7.4	6.7
Rate Opp Fd JRO	12.74	12.21	-4.2	6.7
at Rte Tr PHD	12.98	12.36	-4.8	7.4
Rate Trust PPR	6.04	5.68	-6.0	6.8

**Intl Bond Funds**

ernstein Gbl AWF	15.26	14.97	-1.9	8.6
Corp HI Yd Fd HVT	13.39	12.17	-9.1	8.6
st Strat Fd DSU	4.44	4.11	-7.4	8.1
lDurInco Tr BLW	18.21	17.43	-4.3	7.2
esse High Yld DHY	3.16	3.24	+2.5	9.5
HI Yld Fd DHF	4.09	4.27	+4.4	9.1
com Opps Fd DHG	16.69	14.68	-12.0	7.4
clg/Short Fd FSD	19.98	18.02	-9.8	7.5
Berman HYS NMS	14.98	13.75	-8.2	7.8
redit Strat Fd NHF	12.82	11.32	-11.7	5.5
Income Trust PHF	14.18	18.29	+29.0	9.1
h Dur HI Yd Fd FSD	18.80	17.30	-5.3	8.8
go Adv Fund EAD	10.06	9.56	-5.0	8.5
et Gbl HI Inco EHI	13.52	12.78	-5.5	9.0
et High Inco HIX	9.45	9.40	-0.5	9.4

## 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.

### International rates

	Week ago	-52-WEEK- High	Low
U.S.	3.25	3.25	3.25
Canada	3.00	3.00	3.00
Euro zone	0.25	0.25	0.25
Japan	1.475	1.475	1.475
Switzerland	0.50	0.50	0.50
Britain	0.50	0.50	0.50
Australia	2.50	2.50	2.50

### Overnight repurchase

	Week ago	-52-WEEK- High	Low
U.S.	0.06	0.06	0.23
Euro zone	0.36	0.14	0.41

### London interbank offered rate, or Libor

	Week ago	-52-WEEK- High	Low
One month	0.15050	0.14850	0.19580
Three month	0.22935	0.22695	0.27675
Six month	0.32390	0.32290	0.42541
One year	0.53540	0.53460	0.70315

### Euro Libor

	Week ago	-52-WEEK- High	Low
One month	0.236	0.230	0.249
Three month	0.292	0.293	0.321
Six month	0.370	0.373	0.417
One year	0.527	0.534	0.579

### Euro interbank offered rate (Euribor)

	Week ago	-52-WEEK- High	Low
One month	0.258	0.257	0.269
Three month	0.317	0.318	0.347
Six month	0.404	0.409	0.444
One year	0.576	0.586	0.621

### Hibor

	Week ago	-52-WEEK- High	Low
One month	0.213	0.209	0.250
Three month	0.377	0.374	0.386
Six month	0.551	0.549	0.551
One year	0.868	0.867	0.875

### Inflation

	April index level	CHG FROM (%)
U.S. consumer price index	237.072	0.33
All items	237.509	0.25
Core		1.8

### International rates

	Week ago	-52-WEEK- High	Low
U.S.	3.25	3.25	3.25
Canada	3.00	3.00	3.00
Euro zone	0.25	0.25	0.25
Japan	1.475	1.475	1.475
Switzerland	0.50	0.50	0.50
Britain	0.50	0.50	0.50
Australia	2.50	2.50	2.50

### Overnight repurchase

	Week ago	-52-WEEK- High	Low
U.S.	0.06	0.06	0.23
Euro zone	0.34	0.15	0.41

### U.S. government rates

	Week ago	-52-WEEK- High	Low
Discount	0.75	0.75	0.75

### Federal funds

	Week ago	-52-WEEK- High	Low
Effective rate	0.1100	0.1100	0.1600

	Week ago	-52-WEEK- High	Low
High	0.3125	0.3125	0.5160
Low	0.0500	0.0500	0.3000
Bid	0.0500	0.0500	0.0000
Offer	0.0600	0.0800	0.2800

### Treasury bill auction

	Week ago	-52-WEEK- High	Low
4 weeks	0.030	0.025	0.350
13 weeks	0.025	0.025	0.130
26 weeks	0.050	0.050	0.150

### Secondary market

#### Freddie Mac

	Week ago	-52-WEEK- High	Low
30-year mortgage yields			
30 days	n.a.	n.a.	n.a.
60 days	n.a.	n.a.	n.a.

#### Fannie Mae

	Week ago	-52-WEEK- High	Low
30-year mortgage yields			
30 days	3.769	3.736	4.350
60 days	3.806	3.776	4.396

#### Bankers acceptance

	Week ago	-52-WEEK- High	Low
30 days	0.15	0.15	0.23
60 days	0.19	0.19	0.23
90 days	0.23	0.23	0.28
120 days	0.25	0.25	0.33
150 days	0.28	0.28	0.38
180 days	0.38	0.38	0.38

### Other short-term rates

	Week ago	-52-WEEK- High	Low
Call money	2.00	2.00	2.00

### Commercial paper

	Week ago	-52-WEEK- High	Low
30 to 38 days	0.05	...	...
40 to 45 days	0.05	...	...
48 to 51 days	0.05	...	...
53 to 59 days	0.05	...	...
60 to 75 days	0.08	...	...
78 to 89 days	0.08	...	...
90 to 119 days	0.11	...	...
120 to 149 days	0.14	...	...
150 to 179 days	0.16	...	...
180 to 188 days	0.18	...	...
190 to 209 days	0.18	...	...
210 to 270 days	0.20	...	...

### Commercial paper (AA financial)

	Week ago	-52-WEEK- High	Low
90 days	0.11	0.12	0.26

### Euro commercial paper

	Week ago	-52-WEEK- High	Low
30 day	n.q.	n.q.	0.20
Two month	0.22	0.22	0.22
Three month	0.23	0.23	0.24

### Notes on data:

U.S. prime rate is effective December 16, 2009. Discount rate is effective February 19, 2010. U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks; Other prime rates aren't directly comparable; lending practices vary widely by location; Discount rate is the charge on loans to depository institutions by the New York Federal Reserve Banks; Federal funds rate is on reserves traded among commercial banks for overnight use in amounts of \$1 million or more; Call money rate is the charge on loans to brokers on stock-exchange collateral; Commercial Paper (AA financial) is from the Federal Reserve and is presented with a one-day gap; Libor is the Intercontinental Exchange Benchmark Administration Ltd. average of interbank offered rates for dollar deposits in the London market; Libor Swaps quoted are mid-market, semi-annual swap rates and pay the floating 3-month Libor rate. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Futures on the DTCC GCF Repo Index are traded on NYSE Liffe US.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; ICAP plc.; SIX Financial Information; General Electric Capital Corp.; Tuilet Preban Information, Ltd.

### Government bonds in selected

	Latest	Chg from prev	Year ago
OVER U.S. TPEASURYS, in basis points			
10Y	44.1	-6.8	161.6
20Y	49.3	-11.9	209.9
30Y	40.1	-4.1	167.9
7Y	37.7	-7.0	242.5
10Y	35.8		6.8
10.2			-9.8

rebon, except \* marked countries from ICAP plc

Many hedge-fund strategies implicitly have risk profiles similar to put-selling strategies

Hedge funds' outsize gains have been waning, while a decline in returns from put-selling mirrors their recent performance

"late" in this context starts years ago. The past couple of months have been less than kind for

0.025

**RCAF Lump Sum Amortization  
2014/Q3**

	<b>Quarter of Payment</b>	<b>Quarter Amortization Began</b>	<b>Amount</b>	<b>Annual Per ST Hour</b>	<b>1 Quarter Per ST Hour</b>	<b>U.S. ST Hours</b>	
GTW - BRS	2013Q3	2013Q4				312,795,753	2012
CSX - ATDA-East	2013Q1	2014Q1				312,795,753	2012
CSX - Huntington Shop	2013Q4	2014Q1				312,795,753	2012
CSX - BLET 2014	2014Q1	2014Q2				312,795,753	2012
CSX - UTU-CSRA 2014	2014Q1	2014Q2				312,795,753	2012
NS - BLET 2014	2014Q1	2014Q2				312,795,753	2012
CNGT new contracts <sup>1</sup>	2014Q1	2014Q3				312,795,753	2012
<b>Total</b>						<b>\$98,971,950</b>	<b>0.31641</b>
							Should be slightly less than amortized amount.
<b>Fell out</b>							
<del>DH - IBEW</del>	2012Q2	2013Q3				312,795,753	2012

**Interest Rate**

2013/Q1	0.100
2013/Q2	0.125
2013/Q3	0.045
2013/Q4	0.040
2014/Q1	0.080
2014/Q2	0.045
2014/Q3	0.025
2014/Q4	
2015/Q1	
2015/Q2	
2015/Q3	
2015/Q4	

<b>Lump Sum Adjustment for 2014/Q3</b>	→ <b>0.316468</b>
	or
	<b>0.316</b>

<sup>1</sup> B&LE BMW, B&LE BRS, GTW BMW, WC BMW, IC&CCP BMW

RCAF Back Pay Amortization  
2014/Q3

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hr.	U.S. ST Hours	
EJE - UTU-YMD	2012Q4	2013Q4				312,795,753	2012
GTW - BRS	2013Q3	2013Q4				312,795,753	2012
DME - all unions 2014	2014Q1	2014Q2				312,795,753	2012
NS - ATDA	2014Q1	2014Q2				312,795,753	2012
CNGT <sup>1</sup>	various	2014Q3				312,795,753	2012
<b>Total</b>			\$29,210,806	0.09338620			
<div style="border: 1px solid black; padding: 5px; display: inline-block; margin-top: 10px;">                 Should be slightly less than amortized amount.             </div>							
<b>Fell out</b>							
DME - all unions 2013	2013Q3	2013Q3				312,795,753	2012
CNGT - 4 unions <sup>2</sup>	various	2013Q3				312,795,753	2012
SLC - 4 unions <sup>3</sup>	various	2013Q3				312,795,753	2012

**Interest Rate**

2013/Q1	0.100
2013/Q2	0.125
2013/Q3	0.045
2013/Q4	0.040
2014/Q1	0.080
2014/Q2	0.045
2014/Q3	0.025
2014/Q4	
2015/Q1	
2015/Q2	
2015/Q3	
2015/Q4	

Back Pay Adjustment for 2014/Q3 → 0.09340  
or  
0.093

<sup>1</sup> BMW for B&LE, GTW, IC&CCP, & WC; B&LE's BRS and UTU (includes engineers normally in BLET); IC & CCP's BLET.

<sup>2</sup> EJE UTU; GTW ATDA; IC ATDA; WC BRS

<sup>3</sup> DH IBEW; DME IBEW, NCFO, TCU-CAR

## Health and Welfare

	Employees		2014	Total 2012 Avg.	Total 2014
	Receiving				
	Pay 2012	Monthly Contribution 2012 Avg.			
1. All Employees					
a. Group health	168,738	\$1,349.77	\$1,285.74	\$227,757,490.26	\$216,953,196.12
b. Group dental	168,738	55.90	53.00	9,432,454.20	8,943,114.00
c. Early retirement major medical	168,738	154.49	127.92	26,068,333.62	21,584,964.96
d. Group vision	168,738	10.71	8.39	1,807,183.98	1,415,711.82
2. Supplemental Sickness					
a. Signalmen	7,595	25.62	30.74	194,583.90	233,470.30
b. Shopcrafts	25,012	48.28	48.28	1,207,579.36	1,207,579.36
c. MOW	25,936	36.52	32.87	947,182.72	852,516.32
d. Yardmasters	2,021	34.95	34.96	70,633.95	70,654.16
3. Short-Term Disability					
a. Engineers (CSX, KCS, SOO, UP)	13,895	40.00	40.00	555,800.00	555,800.00
4. Monthly Total Premiums				268,041,241.99	251,817,007.04
5. Monthly Employee Contributions To H&W					
a. National BLET (BNSF, CSX, KCS, NS, SOO, UP)	26,136	(\$199.00)	(\$198.00)	(\$5,201,064.00)	(\$5,174,928.00)
b. National BMW (BNSF, CSX, KCS, NS, SOO, UP)	24,199	(\$199.00)	(\$198.00)	(\$4,815,601.00)	(4,791,402.00)
c. National BRS (BNSF, CSX, KCS, NS, SOO, UP)	7,213	(\$199.00)	(\$198.00)	(\$1,435,387.00)	(1,428,174.00)
d. National IAM (BNSF, CSX, KCS, NS, SOO, UP)	6,831	(\$199.00)	(\$198.00)	(\$1,359,369.00)	(1,352,538.00)
e. National IBBM (BNSF, CSX, KCS, NS, SOO, UP)	1,166	(\$199.00)	(\$198.00)	(\$232,034.00)	(230,868.00)
f. National IBEW (BNSF, CSX, KCS, NS, SOO, UP)	5,520	(\$199.00)	(\$198.00)	(\$1,098,480.00)	(1,092,960.00)
g. National NCFO (BNSF, CSX, KCS, NS, SOO, UP)	2,379	(\$199.00)	(\$198.00)	(\$473,421.00)	(471,042.00)
h. National SMW (BNSF, CSX, KCS, NS, SOO, UP)	1,010	(\$199.00)	(\$198.00)	(\$200,990.00)	(199,980.00)
i. National TCU (BNSF, CSX, KCS, NS, SOO, UP)	5,939	(\$199.00)	(\$198.00)	(\$1,181,861.00)	(1,175,922.00)
j. National TCU-CAR (BNSF, CSX, KCS, NS, SOO, UP)	9,444	(\$199.00)	(\$198.00)	(\$1,879,356.00)	(1,869,912.00)
k. National UTU (BNSF, CSX, KCS, NS, SOO, UP)	40,207	(\$199.00)	(\$198.00)	(\$8,001,193.00)	(7,960,986.00)
l. Yardmasters (BNSF, CSX, KCS, NS, SOO, UP)	1,878	(\$199.00)	(\$198.00)	(\$373,722.00)	(371,844.00)
m. National ATDA (wt. avg. BNSF, CSX, KCS, NS, SOO)	1,881	(\$199.00)	(\$198.00)	(\$374,319.00)	(372,438.00)
n. Independent CNGT (wt avg all union categories)	6,069	(\$141.03)	(\$196.22)	(\$855,911.07)	(1,190,859.18)
o. Independent SLC (wt avg all DH & DME union categories)	1,387	(\$170.74)	(\$174.25)	(\$236,816.38)	(241,684.75)
p.					
Total Major Union	141,259			(\$27,719,524.45)	(\$27,925,537.93)
All Other Employee Contributions*				(\$2,540,103.13)	(\$2,540,103.13)
6. Net Employer Monthly Payments				\$237,781,614.41	\$221,351,365.98
7. Ratio Projected Year to Base Year, Based on Net Monthly Payments					0.93090
8. H&W hourly rate for base year 2012 (see Note)				\$8.176	
9. H&W hourly rate for projected quarter					\$7.611

Note: Following STB's direction served September 20, 2013, H&W hourly rate for base year 2012 was revised to reflect 2 railroads' revisions to their R-1. The benchmark was revised again in the June 5, 2014, submission (2014Q3) after a revision to data from 2012 sent by one railroad during May 2014.

\* Non-union employee contributions net of opt-outs. The \$27,719,524.45 in major union contributions, plus \$2,540,103.13 in all other employee contributions, totals to the 12-month average of the total employee contributions reported to the AAR in its WF survey.

## Railroad Retirement and Medicare for RCAF

**Inputs:**

RRB Earnings Distribution Year	2011	Tier I Maximum Taxable Earnings for 2014	117,000
Wage Statistics Year	2012	Tier II Maximum Taxable Earnings for 2014	87,000
Current Year	2014	Medicare Maximum Taxable Earnings for 2014	no limit
Employees Receiving Pay*	168,738	Tier I Employer Tax Rate for 2014	6.20%
* from 2012 wage statistics		Tier II Employer Tax Rate for 2014	12.60%
		Medicare Employer Tax Rate for 2014	1.45%

USA RCAF	Wage Rate	Update Factor	Railroad Retirement Tax	Hourly Rate	
2011	\$34.752				
2012	\$36.269	1.04365	\$597,921,143	\$7.191	hourly rate from SUPPL2012.xlsx
1Q/2014	\$37.908	1.09081	\$643,271,525	\$7.736	Rate = Taxable Rate
2Q/2014	\$38.121	1.09694	\$645,836,314	\$7.767	
3Q/2014	\$39.016	1.12270	\$656,534,156	<b>\$7.896</b>	
4Q/2014		0.00000	--	\$0.000	

Railroad Retirement & Medicare, U.S.

From 2011 Earnings Distribution			1Q/2014 Updated Using Earnings Distribution & Wage Statistics, plus Current Wage Rates with Current Tax Info									
Earnings Groups	Avg Ann. Earnings	% of Total Employees	Employees Recvg. Pay	Annual Earnings	Avg Qtrly Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Total Taxable Earnings (Taxable x Employees)			
									Tier I	Tier II	Medicare	
\$0 - 41,699	\$33,375	3.646 %	6,152	\$36,406	\$9,101	\$9,101	\$9,101	\$9,101	\$55,994,054	\$55,994,054	\$55,994,054	
41,700 - 43,699	\$42,514	0.999	1,686	46,375	11,594	11,594	11,594	11,594	19,543,459	19,543,459	19,543,459	
43,700 - 45,699	\$44,810	1.399	2,361	48,879	12,220	12,220	12,220	12,220	28,846,733	28,846,733	28,846,733	
45,700 - 47,699	\$46,792	1.698	2,865	51,041	12,760	12,760	12,760	12,760	36,560,596	36,560,596	36,560,596	
47,700 - 49,699	\$48,727	2.448	4,131	53,152	13,288	13,288	13,288	13,288	54,888,968	54,888,968	54,888,968	
49,700 - 51,699	\$50,786	4.745	8,007	55,398	13,850	13,850	13,850	13,850	110,887,910	110,887,910	110,887,910	
51,700 - 53,699	\$52,645	4.745	8,007	57,426	14,356	14,356	14,356	14,356	114,946,915	114,946,915	114,946,915	
53,700 - 55,699	\$54,730	4.595	7,754	59,700	14,925	14,925	14,925	14,925	115,721,735	115,721,735	115,721,735	
55,700 - 57,699	\$56,656	4.645	7,838	61,801	15,450	15,450	15,450	15,450	121,097,618	121,097,618	121,097,618	
57,700 - 59,699	\$58,651	3.447	5,816	63,977	15,994	15,994	15,994	15,994	93,029,498	93,029,498	93,029,498	
59,700 - 61,699	\$60,693	4.695	7,922	66,205	16,551	16,551	16,551	16,551	131,122,788	131,122,788	131,122,788	
61,700 - 63,699	\$62,782	3.447	5,816	68,484	17,121	17,121	17,121	17,121	99,581,899	99,581,899	99,581,899	
63,700 - 65,699	\$64,658	4.146	6,996	70,530	17,632	17,632	17,632	17,632	123,354,654	123,354,654	123,354,654	
65,700 - 67,699	\$66,749	3.447	5,816	72,811	18,203	18,203	18,203	18,203	105,874,171	105,874,171	105,874,171	
67,700 - 69,699	\$68,665	3.097	5,226	74,901	18,725	18,725	18,725	18,725	97,854,455	97,854,455	97,854,455	
69,700 - 71,699	\$70,790	3.197	5,395	77,219	19,305	19,305	19,305	19,305	104,140,228	104,140,228	104,140,228	
71,700 - 73,699	\$72,701	3.097	5,226	79,303	19,826	19,826	19,826	19,826	103,606,157	103,606,157	103,606,157	
73,700 - 75,699	\$74,838	2.547	4,298	81,634	20,409	20,409	20,409	20,409	87,711,208	87,711,208	87,711,208	
75,700 - 77,699	\$76,812	2.947	4,973	83,788	20,947	20,947	20,947	20,947	104,162,929	104,162,929	104,162,929	
77,700 - 79,699	\$78,753	2.697	4,551	85,905	21,476	21,476	21,476	21,476	97,735,430	97,735,430	97,735,430	
79,700 - 81,699	\$80,646	3.197	5,395	87,970	21,992	21,992	21,750	21,992	118,639,537	117,331,546	118,639,537	
81,700 - 83,699	\$82,834	2.547	4,298	90,357	22,589	22,589	21,750	22,589	97,082,634	93,476,212	97,082,634	
83,700 - 85,699	\$84,875	2.747	4,635	92,583	23,146	23,146	21,750	23,146	107,285,844	100,816,315	107,285,844	
85,700 - 87,699	\$86,750	2.498	4,215	94,628	23,657	23,657	21,750	23,657	99,716,239	91,677,886	99,716,239	
87,700 - 89,699	\$88,679	2.198	3,709	96,732	24,183	24,183	21,750	24,183	89,691,740	80,667,732	89,691,740	
89,700 - 91,699	\$90,740	1.948	3,287	98,981	24,745	24,745	21,750	24,745	81,337,665	71,492,603	81,337,665	
91,700 - 93,699	\$92,712	1.648	2,781	101,132	25,283	25,283	21,750	25,283	70,306,768	60,482,449	70,306,768	
93,700 - 95,699	\$94,599	1.499	2,529	103,190	25,798	25,798	21,750	25,798	65,251,748	55,014,072	65,251,748	
95,700 - 97,699	\$96,752	1.548	2,612	105,539	26,385	26,385	21,750	26,385	68,918,352	56,812,397	68,918,352	
97,700 - 99,699	\$98,551	1.249	2,108	107,501	26,875	26,875	21,750	26,875	56,640,548	45,838,943	56,640,548	
99,700 - 101,699	\$100,739	1.099	1,854	109,888	27,472	27,472	21,750	27,472	50,944,734	40,333,866	50,944,734	
101,700 - 103,699	\$102,678	1.049	1,770	112,003	28,001	28,001	21,750	28,001	49,562,918	38,498,840	49,562,918	
103,700 - 105,699	\$104,824	0.649	1,095	114,344	28,586	28,586	21,750	28,586	31,304,689	23,818,634	31,304,689	
105,700 - 107,699	\$106,759	1.249	2,108	116,454	29,114	29,114	21,750	29,114	61,357,960	45,838,943	61,357,960	
107,700 - 109,699	\$108,567	0.849	1,433	118,427	29,607	29,607	21,750	29,607	41,903,129	31,158,737	42,414,026	
109,700 - 111,699	\$110,850	0.999	1,686	120,917	30,229	30,229	21,750	30,229	49,306,509	36,663,814	50,957,153	
111,700 - 113,699	\$112,999	0.599	1,011	123,261	30,815	30,815	21,750	30,815	29,564,163	21,983,608	31,146,224	
113,700 - 115,699	\$114,334	0.450	759	124,717	31,179	31,179	21,750	31,179	22,210,139	16,515,232	23,675,103	
\$115,700 - over	\$197,340	6.294	10,620	215,261	53,815	53,815	21,750	53,815	310,645,814	230,993,041	571,538,955	
<b>TOTAL</b>	<b>\$77,679</b>	<b>100.000</b>	<b>168,738</b>						<b>3,308,332,538</b>	<b>3,066,076,279</b>	<b>3,574,434,245</b>	
									<b>Employer Tax Rate</b>	<b>6.20%</b>	<b>12.60%</b>	<b>1.45%</b>
									<b>Quarterly Payment</b>	<b>\$205,116,617</b>	<b>\$386,325,611</b>	<b>\$51,829,297</b>

Total Tier I, Tier II, and Medicare Paid this Quarter

**\$643,271,525**

Railroad Retirement & Medicare, U.S.

From 2011 Earnings Distribution			2Q/2014 Updated Using Earnings Distribution & Wage Statistics, plus Current Wage Rates with Current Tax Info									
Earnings Groups	Avg Ann. Earnings	% of Total Employees	Employees Recvg. Pay	Annual Earnings	Avg Qtrly Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Total Taxable Earnings (Taxable x Employees)			
									Tier I	Tier II	Medicare	
\$0 - 41,699	\$33,375	3.646 %	6,152	\$36,611	\$9,153	\$9,153	\$9,153	\$9,153	\$56,308,677	\$56,308,677	\$56,308,677	
41,700 - 43,699	\$42,514	0.999	1,686	46,635	11,659	11,659	11,659	11,659	19,653,271	19,653,271	19,653,271	
43,700 - 45,699	\$44,810	1.399	2,361	49,154	12,289	12,289	12,289	12,289	29,008,819	29,008,819	29,008,819	
45,700 - 47,699	\$46,792	1.698	2,865	51,328	12,832	12,832	12,832	12,832	36,766,025	36,766,025	36,766,025	
47,700 - 49,699	\$48,727	2.448	4,131	53,451	13,363	13,363	13,363	13,363	55,197,381	55,197,381	55,197,381	
49,700 - 51,699	\$50,786	4.745	8,007	55,709	13,927	13,927	13,927	13,927	111,510,975	111,510,975	111,510,975	
51,700 - 53,699	\$52,645	4.745	8,007	57,749	14,437	14,437	14,437	14,437	115,592,787	115,592,787	115,592,787	
53,700 - 55,699	\$54,730	4.595	7,754	60,036	15,009	15,009	15,009	15,009	116,371,960	116,371,960	116,371,960	
55,700 - 57,699	\$56,656	4.645	7,838	62,148	15,537	15,537	15,537	15,537	121,778,050	121,778,050	121,778,050	
57,700 - 59,699	\$58,651	3.447	5,816	64,337	16,084	16,084	16,084	16,084	93,552,219	93,552,219	93,552,219	
59,700 - 61,699	\$60,693	4.695	7,922	66,577	16,644	16,644	16,644	16,644	131,859,550	131,859,550	131,859,550	
61,700 - 63,699	\$62,782	3.447	5,816	68,868	17,217	17,217	17,217	17,217	100,141,437	100,141,437	100,141,437	
63,700 - 65,699	\$64,658	4.146	6,996	70,926	17,732	17,732	17,732	17,732	124,047,767	124,047,767	124,047,767	
65,700 - 67,699	\$66,749	3.447	5,816	73,220	18,305	18,305	18,305	18,305	106,469,064	106,469,064	106,469,064	
67,700 - 69,699	\$68,665	3.097	5,226	75,322	18,830	18,830	18,830	18,830	98,404,286	98,404,286	98,404,286	
69,700 - 71,699	\$70,790	3.197	5,395	77,653	19,413	19,413	19,413	19,413	104,725,378	104,725,378	104,725,378	
71,700 - 73,699	\$72,701	3.097	5,226	79,749	19,937	19,937	19,937	19,937	104,188,306	104,188,306	104,188,306	
73,700 - 75,699	\$74,838	2.547	4,298	82,093	20,523	20,523	20,523	20,523	88,204,046	88,204,046	88,204,046	
75,700 - 77,699	\$76,812	2.947	4,973	84,258	21,065	21,065	21,065	21,065	104,748,207	104,748,207	104,748,207	
77,700 - 79,699	\$78,753	2.697	4,551	86,388	21,597	21,597	21,597	21,597	98,284,592	98,284,592	98,284,592	
79,700 - 81,699	\$80,646	3.197	5,395	88,464	22,116	22,116	21,750	22,116	119,306,156	117,331,546	119,306,156	
81,700 - 83,699	\$82,834	2.547	4,298	90,864	22,716	22,716	21,750	22,716	97,628,129	93,476,212	97,628,129	
83,700 - 85,699	\$84,875	2.747	4,635	93,103	23,276	23,276	21,750	23,276	107,888,669	100,816,315	107,888,669	
85,700 - 87,699	\$86,750	2.498	4,215	95,160	23,790	23,790	21,750	23,790	100,276,532	91,677,886	100,276,532	
87,700 - 89,699	\$88,679	2.198	3,709	97,276	24,319	24,319	21,750	24,319	90,195,706	80,667,732	90,195,706	
89,700 - 91,699	\$90,740	1.948	3,287	99,537	24,884	24,884	21,750	24,884	81,794,691	71,492,603	81,794,691	
91,700 - 93,699	\$92,712	1.648	2,781	101,700	25,425	25,425	21,750	25,425	70,701,812	60,482,449	70,701,812	
93,700 - 95,699	\$94,599	1.499	2,529	103,770	25,942	25,942	21,750	25,942	65,618,389	55,014,072	65,618,389	
95,700 - 97,699	\$96,752	1.548	2,612	106,132	26,533	26,533	21,750	26,533	69,305,595	56,812,397	69,305,595	
97,700 - 99,699	\$98,551	1.249	2,108	108,105	27,026	27,026	21,750	27,026	56,958,804	45,838,943	56,958,804	
99,700 - 101,699	\$100,739	1.099	1,854	110,505	27,626	27,626	21,750	27,626	51,230,986	40,333,866	51,230,986	
101,700 - 103,699	\$102,678	1.049	1,770	112,632	28,158	28,158	21,750	28,158	49,841,405	38,498,840	49,841,405	
103,700 - 105,699	\$104,824	0.649	1,095	114,986	28,747	28,747	21,750	28,747	31,480,586	23,818,634	31,480,586	
105,700 - 107,699	\$106,759	1.249	2,108	117,109	29,277	29,277	21,750	29,277	61,702,722	45,838,943	61,702,722	
107,700 - 109,699	\$108,567	0.849	1,433	119,092	29,773	29,773	21,750	29,773	41,903,129	31,158,737	42,652,345	
109,700 - 111,699	\$110,850	0.999	1,686	121,596	30,399	30,399	21,750	30,399	49,306,509	36,663,814	51,243,475	
111,700 - 113,699	\$112,999	0.599	1,011	123,954	30,988	30,988	21,750	30,988	29,564,163	21,983,608	31,321,230	
113,700 - 115,699	\$114,334	0.450	759	125,418	31,355	31,355	21,750	31,355	22,210,139	16,515,232	23,808,131	
\$115,700 - over	\$197,340	6.294	10,620	216,471	54,118	29,250	21,750	54,118	<u>310,645,814</u>	<u>230,993,041</u>	<u>574,750,357</u>	
TOTAL		100.000	168,738						Total Taxable Earnings	3,324,372,732	3,076,227,668	3,594,518,514
									Employer Tax Rate	6.20%	12.60%	1.45%
									Quarterly Payment	\$206,111,109	\$387,604,686	\$52,120,518
									Total Tier I, Tier II, and Medicare Paid this Quarter			\$645,836,314

Railroad Retirement & Medicare, U.S.

From 2011 Earnings Distribution			3Q/2014 Updated Using Earnings Distribution & Wage Statistics, plus Current Wage Rates with Current Tax Info									
Earnings Groups	Avg Ann. Earnings	% of Total Employees	Employees Recvg. Pay	Annual Earnings	Avg Qly Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Total Taxable Earnings (Taxable x Employees)			
									Tier I	Tier II	Medicare	
\$0 - 41,699	\$33,375	3.646 %	6,152	\$37,470	\$9,368	\$9,368	\$9,368	\$9,368	\$57,630,685	\$57,630,685	\$57,630,685	
41,700 - 43,699	\$42,514	0.999	1,686	47,730	11,933	11,933	11,933	11,933	20,114,688	20,114,688	20,114,688	
43,700 - 45,699	\$44,810	1.399	2,361	50,308	12,577	12,577	12,577	12,577	29,689,884	29,689,884	29,689,884	
45,700 - 47,699	\$46,792	1.698	2,865	52,533	13,133	13,133	13,133	13,133	37,629,213	37,629,213	37,629,213	
47,700 - 49,699	\$48,727	2.448	4,131	54,706	13,676	13,676	13,676	13,676	56,493,298	56,493,298	56,493,298	
49,700 - 51,699	\$50,786	4.745	8,007	57,017	14,254	14,254	14,254	14,254	114,129,015	114,129,015	114,129,015	
51,700 - 53,699	\$52,645	4.745	8,007	59,104	14,776	14,776	14,776	14,776	118,306,659	118,306,659	118,306,659	
53,700 - 55,699	\$54,730	4.595	7,754	61,445	15,361	15,361	15,361	15,361	119,104,127	119,104,127	119,104,127	
55,700 - 57,699	\$56,656	4.645	7,838	63,608	15,902	15,902	15,902	15,902	124,637,139	124,637,139	124,637,139	
57,700 - 59,699	\$58,651	3.447	5,816	65,847	16,462	16,462	16,462	16,462	95,748,626	95,748,626	95,748,626	
59,700 - 61,699	\$60,693	4.695	7,922	68,140	17,035	17,035	17,035	17,035	134,955,332	134,955,332	134,955,332	
61,700 - 63,699	\$62,782	3.447	5,816	70,485	17,621	17,621	17,621	17,621	102,492,544	102,492,544	102,492,544	
63,700 - 65,699	\$64,658	4.146	6,996	72,591	18,148	18,148	18,148	18,148	126,960,145	126,960,145	126,960,145	
65,700 - 67,699	\$66,749	3.447	5,816	74,939	18,735	18,735	18,735	18,735	108,968,731	108,968,731	108,968,731	
67,700 - 69,699	\$68,665	3.097	5,226	77,090	19,273	19,273	19,273	19,273	100,714,610	100,714,610	100,714,610	
69,700 - 71,699	\$70,790	3.197	5,395	79,476	19,869	19,869	19,869	19,869	107,184,107	107,184,107	107,184,107	
71,700 - 73,699	\$72,701	3.097	5,226	81,621	20,405	20,405	20,405	20,405	106,634,426	106,634,426	106,634,426	
73,700 - 75,699	\$74,838	2.547	4,298	84,020	21,005	21,005	21,005	21,005	90,274,889	90,274,889	90,274,889	
75,700 - 77,699	\$76,812	2.947	4,973	86,237	21,559	21,559	21,559	21,559	107,207,472	107,207,472	107,207,472	
77,700 - 79,699	\$78,753	2.697	4,551	88,416	22,104	22,104	22,104	22,104	100,592,105	100,592,105	100,592,105	
79,700 - 81,699	\$80,646	3.197	5,395	90,541	22,635	22,635	21,750	22,635	122,107,211	117,331,546	122,107,211	
81,700 - 83,699	\$82,834	2.547	4,298	92,998	23,249	23,249	21,750	23,249	99,920,230	93,476,212	99,920,230	
83,700 - 85,699	\$84,875	2.747	4,635	95,289	23,822	23,822	21,750	23,822	110,421,665	100,816,315	110,421,665	
85,700 - 87,699	\$86,750	2.498	4,215	97,394	24,349	24,349	21,750	24,349	102,630,811	91,677,886	102,630,811	
87,700 - 89,699	\$88,679	2.198	3,709	99,560	24,890	24,890	21,750	24,890	92,313,309	80,667,732	92,313,309	
89,700 - 91,699	\$90,740	1.948	3,287	101,874	25,468	25,468	21,750	25,468	83,715,056	71,492,603	83,715,056	
91,700 - 93,699	\$92,712	1.648	2,781	104,088	26,022	26,022	21,750	26,022	72,361,740	60,482,449	72,361,740	
93,700 - 95,699	\$94,599	1.499	2,529	106,206	26,552	26,552	21,750	26,552	67,158,969	55,014,072	67,158,969	
95,700 - 97,699	\$96,752	1.548	2,612	108,623	27,156	27,156	21,750	27,156	70,932,743	56,812,397	70,932,743	
97,700 - 99,699	\$98,551	1.249	2,108	110,643	27,661	27,661	21,750	27,661	58,296,075	45,838,943	58,296,075	
99,700 - 101,699	\$100,739	1.099	1,854	113,099	28,275	28,275	21,750	28,275	52,433,781	40,333,866	52,433,781	
101,700 - 103,699	\$102,678	1.049	1,770	115,276	28,819	28,819	21,750	28,819	51,011,575	38,498,840	51,011,575	
103,700 - 105,699	\$104,824	0.649	1,095	117,686	29,421	29,421	21,750	29,421	32,219,683	23,818,634	32,219,683	
105,700 - 107,699	\$106,759	1.249	2,108	119,858	29,965	29,359	21,750	29,965	61,875,745	45,838,943	63,151,371	
107,700 - 109,699	\$108,567	0.849	1,433	121,888	30,472	29,250	21,750	30,472	41,903,129	31,158,737	43,653,731	
109,700 - 111,699	\$110,850	0.999	1,686	124,451	31,113	29,250	21,750	31,113	49,306,509	36,663,814	52,446,563	
111,700 - 113,699	\$112,999	0.599	1,011	126,864	31,716	29,250	21,750	31,716	29,564,163	21,983,608	32,056,586	
113,700 - 115,699	\$114,334	0.450	759	128,363	32,091	29,250	21,750	32,091	22,210,139	16,515,232	24,367,095	
\$115,700 - over	\$197,340	6.294	10,620	221,553	55,388	29,250	21,750	55,388	<u>310,645,814</u>	<u>230,993,041</u>	<u>588,244,273</u>	
TOTAL									100.000	168,738		
									Total Taxable Earnings	3,390,496,045	3,118,882,569	3,678,910,164
									Employer Tax Rate	6.20%	12.60%	1.45%
									Quarterly Payment	\$210,210,755	\$392,979,204	\$53,344,197
									Total Tier I, Tier II, and Medicare Paid this Quarter	\$656,534,156		

Railroad Retirement & Medicare, U.S.

From 2011 Earnings Distribution			4Q/2014 Updated Using Earnings Distribution & Wage Statistics, plus Current Wage Rates with Current Tax Info										
Earnings Groups	Avg Ann. Earnings	% of Total Employees	Employees Recvg. Pay	Annual Earnings	Avg Qtly Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Total Taxable Earnings (Taxable x Employees)				
									Tier I	Tier II	Medicare		
\$0 - 41,699	\$33,375	3.646 %	6,152	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
41,700 - 43,699	\$42,514	0.999	1,686	0	0	0	0	0	0	0	0	0	
43,700 - 45,699	\$44,810	1.399	2,361	0	0	0	0	0	0	0	0	0	
45,700 - 47,699	\$46,792	1.698	2,865	0	0	0	0	0	0	0	0	0	
47,700 - 49,699	\$48,727	2.448	4,131	0	0	0	0	0	0	0	0	0	
49,700 - 51,699	\$50,786	4.745	8,007	0	0	0	0	0	0	0	0	0	
51,700 - 53,699	\$52,645	4.745	8,007	0	0	0	0	0	0	0	0	0	
53,700 - 55,699	\$54,730	4.595	7,754	0	0	0	0	0	0	0	0	0	
55,700 - 57,699	\$56,656	4.645	7,838	0	0	0	0	0	0	0	0	0	
57,700 - 59,699	\$58,651	3.447	5,816	0	0	0	0	0	0	0	0	0	
59,700 - 61,699	\$60,693	4.695	7,922	0	0	0	0	0	0	0	0	0	
61,700 - 63,699	\$62,782	3.447	5,816	0	0	0	0	0	0	0	0	0	
63,700 - 65,699	\$64,658	4.146	6,996	0	0	0	0	0	0	0	0	0	
65,700 - 67,699	\$66,749	3.447	5,816	0	0	0	0	0	0	0	0	0	
67,700 - 69,699	\$68,665	3.097	5,226	0	0	0	0	0	0	0	0	0	
69,700 - 71,699	\$70,790	3.197	5,395	0	0	0	0	0	0	0	0	0	
71,700 - 73,699	\$72,701	3.097	5,226	0	0	0	0	0	0	0	0	0	
73,700 - 75,699	\$74,838	2.547	4,298	0	0	0	0	0	0	0	0	0	
75,700 - 77,699	\$76,812	2.947	4,973	0	0	0	0	0	0	0	0	0	
77,700 - 79,699	\$78,753	2.697	4,551	0	0	0	0	0	0	0	0	0	
79,700 - 81,699	\$80,646	3.197	5,395	0	0	0	1,494	0	0	8,058,265	0	0	
81,700 - 83,699	\$82,834	2.547	4,298	0	0	0	3,305	0	0	14,202,358	0	0	
83,700 - 85,699	\$84,875	2.747	4,635	0	0	(0)	4,994	0	(0)	23,147,233	0	0	
85,700 - 87,699	\$86,750	2.498	4,215	0	0	0	6,546	0	0	27,589,923	0	0	
87,700 - 89,699	\$88,679	2.198	3,709	0	0	0	8,142	0	0	30,197,559	0	0	
89,700 - 91,699	\$90,740	1.948	3,287	0	0	0	9,848	0	0	32,369,602	0	0	
91,700 - 93,699	\$92,712	1.648	2,781	0	0	0	11,480	0	0	31,922,974	0	0	
93,700 - 95,699	\$94,599	1.499	2,529	0	0	0	13,041	0	0	32,986,891	0	0	
95,700 - 97,699	\$96,752	1.548	2,612	0	0	0	14,823	0	0	38,719,497	0	0	
97,700 - 99,699	\$98,551	1.249	2,108	0	0	0	16,312	0	0	34,378,598	0	0	
99,700 - 101,699	\$100,739	1.099	1,854	0	0	0	18,123	0	0	33,607,903	0	0	
101,700 - 103,699	\$102,678	1.049	1,770	0	0	0	19,728	0	0	34,919,377	0	0	
103,700 - 105,699	\$104,824	0.649	1,095	0	0	0	21,504	0	0	23,549,056	0	0	
105,700 - 107,699	\$106,759	1.249	2,108	0	0	605	21,750	0	1,275,626	45,838,943	0	0	
107,700 - 109,699	\$108,567	0.849	1,433	0	0	2,102	21,750	0	3,010,715	31,158,737	0	0	
109,700 - 111,699	\$110,850	0.999	1,686	0	0	3,991	21,750	0	6,727,664	36,663,814	0	0	
111,700 - 113,699	\$112,999	0.599	1,011	0	0	5,770	21,750	0	5,831,550	21,983,608	0	0	
113,700 - 115,699	\$114,334	0.450	759	0	0	6,874	21,750	0	5,219,911	16,515,232	0	0	
\$115,700 - over	\$197,340	6.294	10,620	0	0	29,250	21,750	0	310,645,814	230,993,041	0	0	
TOTAL		100.000	168,738							332,711,280	748,802,614	0	
										Employer Tax Rate	6.20%	12.60%	1.45%
										Quarterly Payment	\$20,628,099	\$94,349,129	\$0

Total Tier I, Tier II, and Medicare Paid this Quarter

\$114,977,229

## RCAF Unemployment Insurance Tax

	Unemployment Ins.			RRB	Factor	Avg. Ann.	Un. Ins.
	Tax	Earnings	Hourly	Sample	To Update	Taxable	Hourly
	Rate	Base	Earnings	Year	RRB Sample	Earnings	Rate
			\$32.537	(2008)			
2009 Avg.	2.47%	\$15,960	\$34.444		1.058610	\$14,944.60	\$0.211
<b>3Q/10 reb</b>	3.26%	\$15,960	\$35.003		1.075791	\$14,952.41	<b>\$0.279</b>
4Q/10	3.26%	\$15,960	\$35.003		1.075791	\$14,952.41	\$0.279
1Q/11	7.09%	\$15,960	\$35.058		1.077481	\$14,953.17	\$0.607
2Q/11	7.09%	\$15,960	\$35.143		1.080093	\$14,954.33	\$0.607
3Q/11	7.09%	\$15,960	\$35.422		1.088668	\$14,957.95	\$0.607
			\$34.444	(2009)			
2010 Avg.	3.26%	\$15,960	\$33.913		0.984584	\$15,048.19	\$0.273
<b>3Q/11 reb</b>	7.10%	\$15,960	\$34.350		0.997271	\$15,055.23	<b>\$0.595</b>
4Q/11	7.10%	\$15,960	\$34.347		0.997184	\$15,055.18	\$0.595
1Q/12	5.00%	\$16,380	\$35.205		1.022094	\$15,450.63	\$0.430
2Q/12	5.00%	\$16,380	\$36.076		1.047381	\$15,464.39	\$0.430
3Q/12	5.00%	\$16,380	\$37.569		1.090727	\$15,487.33	\$0.431
			\$33.913	(2010)			
2011 Avg.	7.10%	\$15,960	\$34.752		1.024740	\$15,110.68	\$0.595
<b>3Q/12 reb</b>	5.00%	\$16,380	\$37.546		1.107127	\$15,534.63	<b>\$0.431</b>
4Q/12	5.00%	\$16,380	\$37.613		1.109103	\$15,535.53	\$0.431
1Q/13	0.67%	\$16,860	\$37.771		1.113762	\$15,978.07	\$0.059
2Q/13	0.67%	\$16,860	\$37.144		1.095273	\$15,969.12	\$0.059
3Q/13	0.67%	\$16,860	\$37.532		1.106714	\$15,974.73	\$0.059
			\$34.752	(2011)			
2012 Avg.	5.00%	\$16,380	\$36.269		1.043652	\$15,446.41	\$0.411
<b>3Q/13 reb.</b>	0.67%	\$16,860	\$37.587		1.081578	\$15,902.69	<b>\$0.057</b>
4Q/13	0.67%	\$16,860	\$37.545		1.080369	\$15,902.09	\$0.057
1Q/14	0.68%	\$17,280	\$37.908		1.090815	\$16,289.96	\$0.059
2Q/14	0.68%	\$17,280	\$38.121		1.096944	\$16,293.07	\$0.059
3Q/14	0.68%	\$17,280	\$39.016		1.122698	\$16,305.78	<b>\$0.059</b>

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.

TOTAL GROSS EARNINGS AND AVERAGE GROSS EARNINGS-2011 RRB File

The MEANS Procedure

Variable	N	Sum	Mean
ANUAL_US	2665	41164687.60	15446.41
QTRLY_US	2665	43454916.88	16305.78

The MEANS Procedure

Variable	N	Sum	Mean
FactorA	2665	2781.33	1.0436520
FactorQ	2665	2991.99	1.1226980 ✓
Capa	2665	43652700.00	16380.00
Capq	2665	46051200.00	17280.00 ✓

# PETROLEUM & OTHER LIQUIDS

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## This Week In Petroleum

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### Summary

### Crude Oil

### Gasoline

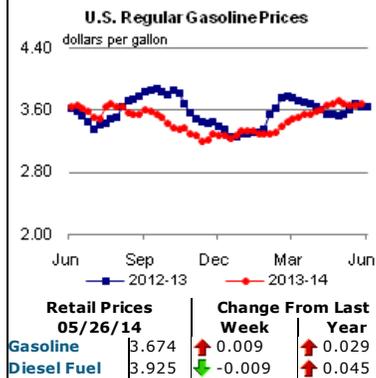
### Distillate

### Propane

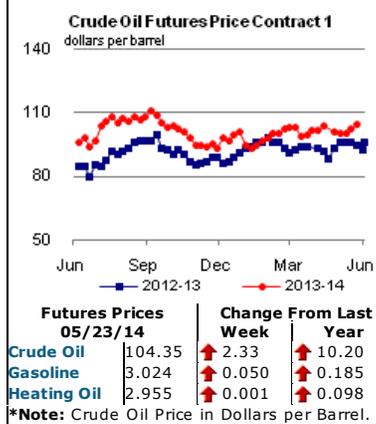
[Scroll over labels below to see different charts.](#)

 Released: May 29, 2014  
 Next Release: June 4, 2014

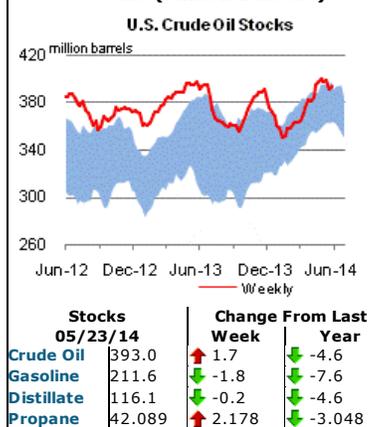
#### Retail Prices (Dollars per Gallon)



#### Futures Prices (Dollars per Gallon\*)



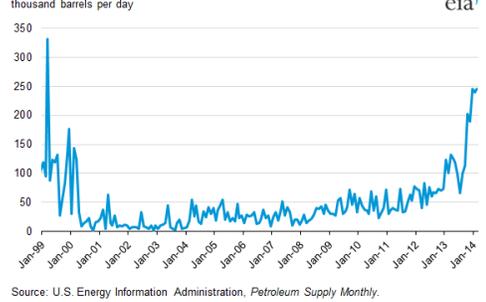
#### Stocks (Million Barrels)



#### U.S. Crude Oil Exports Continue to Rise

The United States exported 246,000 barrels per day (bbl/d) of crude oil in March 2014 (the latest data available from the U.S. Census Bureau), the highest level of exports in 15 years (Figure 1). Exports have increased sharply since the start of 2013 and have exceeded 200,000 bbl/d in four of the last five months. The increase in crude exports is largely the result of rising U.S. crude production, which was 8.0 million bbl/d in February.

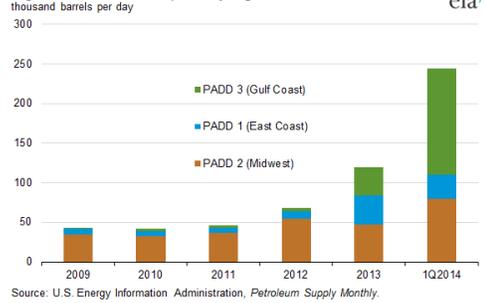
Figure 1. U.S. crude exports



To export crude oil from the United States, a company must obtain a license from the Bureau of Industry and Security (BIS) of the U.S. Department of Commerce. Pursuant to Section 754.2 of the BIS export Administration Regulations which codifies the export licensing requirements, the following kinds of transactions will generally be approved: exports from Alaska's Cook Inlet; exports to Canada for consumption or use therein; exports in connection with the refining or exchange of strategic petroleum reserve oil; exports that are consistent with international energy supply agreements; exports of foreign-origin crude; exports of California Heavy crude up to an average of 25,000 bbl/d; and temporary exports or exchanges. Licenses for other exports of U.S.-origin crude are considered on a case-by-case basis. For such other exports, the regulations describe the characteristics of transactions that will generally be approved as in the national interest.

Almost all of the crude oil exported from the United States has been delivered to Canada, and most of the recent increase in crude oil exports has been from the U.S. Gulf Coast (PADD 3) (Figure 2). Gulf Coast crude exports averaged 134,000 bbl/d in the first quarter of 2014, a 283% increase over 2013's record high of 35,000 bbl/d. In the first quarter 2014, nearly 75% of Gulf Coast exports have left the region from the Houston-Galveston district, in Texas. The remaining barrels were loaded in Port Arthur, Texas and New Orleans, Louisiana. Exports from the East Coast (PADD 1) averaged 30,000 bbl/d in the first quarter of 2014, down slightly from 2013 levels, but up from 9,000 bbl/d in 2012. First quarter exports from PADD 1 were evenly distributed between the Port of New York and Portland, Maine, which is the starting point of a pipeline that delivers crude to refineries in the Montreal area. Exports of crude from the Midwest (PADD 2) have long been a source of crude for refineries in Sarnia, Ontario.

Figure 2. U.S. crude exports by region



In the last several years, exports to countries other than Canada have been rare. Such shipments have been limited to re-exports of foreign-origin crude oil, initially intended for processing by U.S. refineries. Foreign-origin crude has been re-exported to China, Costa Rica, France, South Korea, and Mexico.

More recently, trade press has reported that a cargo of Canadian crude oil loaded in the Gulf Coast for delivery to a refinery in Spain. With limited infrastructure available to transport growing Canadian crude production to the country's coasts where it could be delivered into the global market, producers are looking for other ways to reach such markets. The estimated 500,000-600,000 bbl of Canadian crude was said to have been loaded with 500,000 bbl of Mexican Maya in early May. The Canadian barrels were transported via rail to the Gulf Coast to clearly satisfy the requirement that foreign barrels are not commingled

with crude of U.S. origin. Although this is the first reported shipment of its kind, it could be a harbinger of other rail-to-tanker movements. Pipeline-to-tanker movements could also occur in the future if provisions can be made to satisfy the requirement that foreign oil that is destined for export markets has not been commingled with oil of U.S. origin.

#### Retail gasoline prices mixed, diesel fuel mostly lower

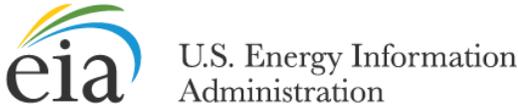
The U.S. average retail gasoline price increased by less than a cent this week to remain at \$3.67 per gallon as of May 27, 2014, three cents more than the same time last year. Prices in the Midwest increased by four cents to \$3.65 per gallon, while the West Coast fell by a penny. Prices in the East Coast, Gulf Coast, and Rocky Mountain regions all fell by less than a cent, to \$3.66, \$3.44, and \$3.50 per gallon respectively.

The U.S. average diesel fuel price fell by less than a penny to remain at \$3.93 per gallon, five cents more than the same time last year. The West Coast price increased by less than a penny to remain at \$4.03 per gallon. The Midwest price fell by two cents to \$3.88 per gallon. The Gulf Coast, East Coast, and Rocky Mountain regions all fell by less than a penny, to \$3.78, \$4.02, and \$3.95 per gallon respectively.

#### Propane inventories gain

U.S. propane stocks increased by 2.2 million barrels last week to 42.1 million barrels as of May 23, 2014, 3.0 million barrels (6.8%) lower than a year ago. Midwest inventories increased by 1.3 million barrels and Gulf Coast inventories increased by 0.6 million barrels. Rocky Mountain/ West Coast inventories increased by 0.2 million barrels and East Coast inventories increased by 0.1 million barrels. Propylene non-fuel-use inventories represented 9.4% of total propane inventories.

Text from the [previous editions](#) of *This Week In Petroleum* is accessible through a link at the top right-hand corner of this page.



# PETROLEUM & OTHER LIQUIDS

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## This Week In Petroleum

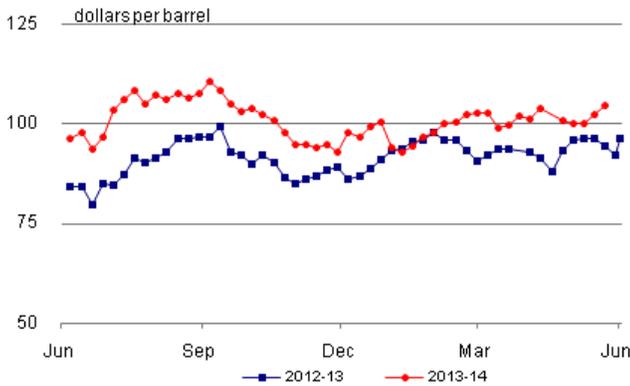
[Complete History XLS](#)  
[PADD Definitions](#)

Summary Crude Oil Gasoline Distillate Propane  
Prices Stocks Production Imports Refinery Inputs

### Crude Oil Futures and Estimated Contract Prices (Dollars per Barrel)

Crude Oil Futures Prices <a href="#">more data</a>								
	Most Recent							
	04/11/14	04/18/14	04/25/14	05/02/14	05/09/14	05/16/14	05/23/14	05/24/13
Contract 1	103.74	NA	100.60	99.76	99.99	102.02	104.35	94.15
Contract 2	102.62	NA	100.03	99.04	99.31	101.58	103.43	94.34
Contract 3	101.56	NA	99.27	98.16	98.43	100.76	102.35	94.28
Contract 4	100.51	NA	98.44	97.27	97.49	99.82	101.23	93.98

Crude Oil Futures Price Contract 1



### Crude Oil Stocks (Million Barrels) and Days of Supply

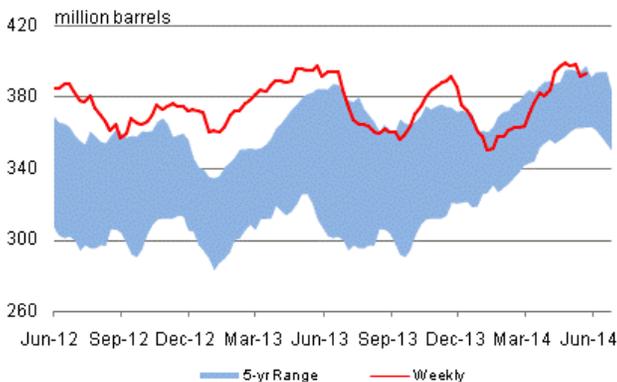
Crude Oil Stocks <a href="#">more data</a>								
	Most Recent							
	04/11/14	04/18/14	04/25/14	05/02/14	05/09/14	05/16/14	05/23/14	05/24/13
U.S.	394.1	397.7	399.4	397.6	398.5	391.3	393.0	397.6
East Coast (PADD 1)	11.8	14.0	12.8	12.8	12.8	11.7	12.8	11.9
Midwest (PADD 2)	97.4	95.6	94.0	92.9	92.1	91.0	90.0	118.4
Cushing, Oklahoma	26.8	26.0	25.4	24.0	23.4	23.2	21.7	50.5
Gulf Coast (PADD 3)	207.2	209.6	215.3	213.4	215.7	210.0	213.1	193.2
Rocky Mountain (PADD 4)	22.0	22.1	22.1	21.0	21.5	21.6	21.2	17.6
West Coast (PADD 5)	55.8	56.3	55.3	57.5	56.5	57.0	55.9	56.4

### Days of Supply (number of days)

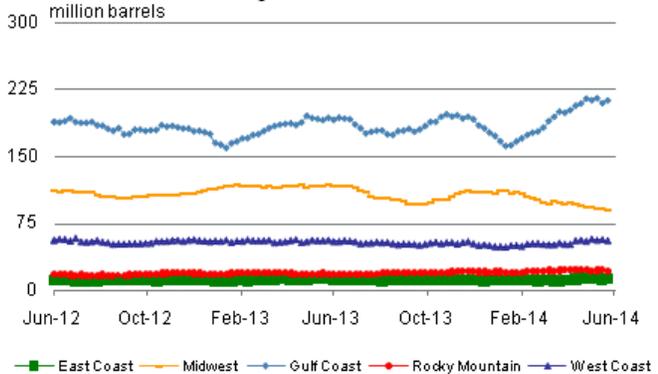
Days of Supply (number of days) <a href="#">more data</a>								
	Most Recent							
	04/11/14	04/18/14	04/25/14	05/02/14	05/09/14	05/16/14	05/23/14	05/24/13
U.S.	25.7	25.6	25.4	25.1	25.1	24.7	24.8	26.2

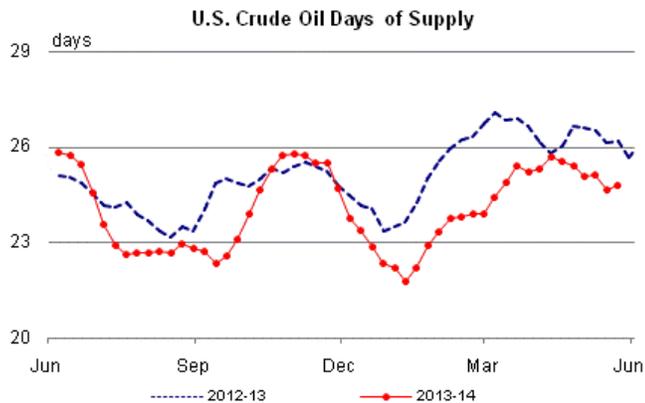
Note: Days of Supply calculated as: U.S. Crude Oil Stocks / Four-Week Average U.S. Crude Oil Refinery Inputs

U.S. Crude Oil Stocks



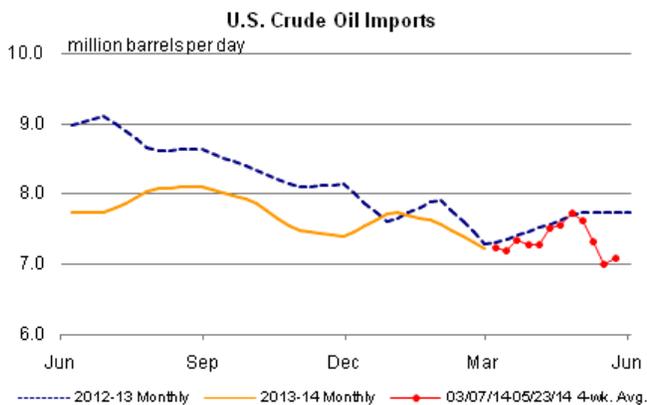
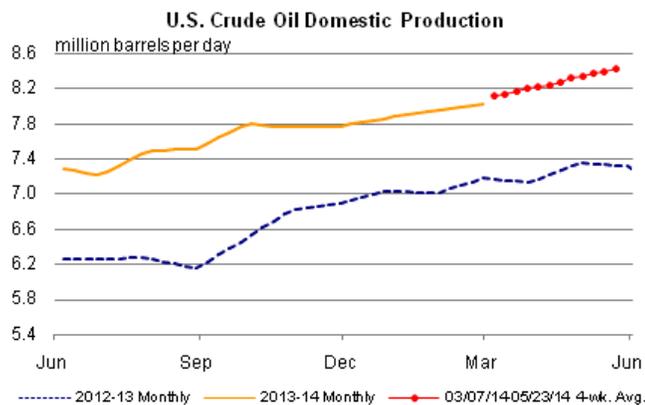
Regional Crude Oil Stocks





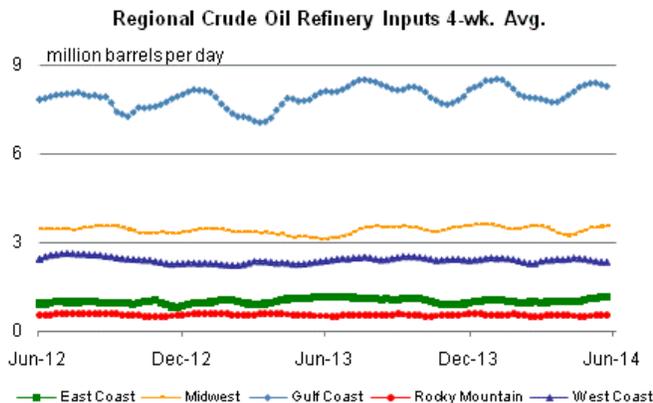
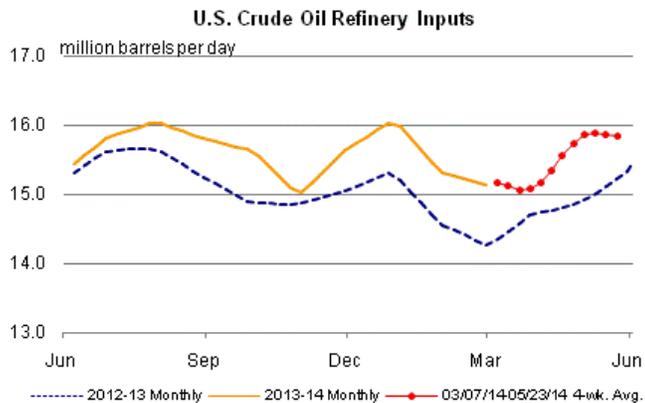
**Crude Oil Production and Imports (Million Barrels per Day)**

Crude Oil Production <a href="#">more data</a>								
	Four-Week Averages			Year Ago	Week Ending			Year Ago
	05/09/14	05/16/14	05/23/14	05/24/13	05/09/14	05/16/14	05/23/14	05/24/13
U.S. Production	8.373	8.391	8.421	7.310	8.428	8.434	8.472	7.292
Crude Oil Imports <a href="#">more data</a>								
	Four-Week Averages			Year Ago	Week Ending			Year Ago
	05/09/14	05/16/14	05/23/14	05/24/13	05/09/14	05/16/14	05/23/14	05/24/13
Crude Oil, Excluding SPR	7.323	6.991	7.073	7.794	7.127	6.469	7.809	7.817



**Crude Oil Refinery Inputs (Million Barrels per Day)**

Crude Oil Refinery Inputs <a href="#">more data</a>								
	Four-Week Averages			Year Ago	Week Ending			Year Ago
	05/09/14	05/16/14	05/23/14	05/24/13	05/09/14	05/16/14	05/23/14	05/24/13
U.S.	15.876	15.869	15.843	15.178	15.667	15.949	15.851	15.029
East Coast (PADD 1)	1.123	1.147	1.141	1.135	1.124	1.182	1.147	1.122
Midwest (PADD 2)	3.496	3.532	3.551	3.120	3.504	3.599	3.588	3.016
Gulf Coast (PADD 3)	8.376	8.316	8.259	8.048	8.202	8.269	8.131	8.044
Rocky Mountain (PADD 4)	0.529	0.542	0.564	0.528	0.530	0.579	0.596	0.521
West Coast (PADD 5)	2.352	2.330	2.329	2.347	2.307	2.320	2.389	2.327



NA = Not Available.  
W = Data Withheld.

AAR MATERIALS AND SUPPLIES INDEX  
 Region By Composition  
 Second Quarter 2014  
 June 2, 2014

United States by Composition Category - Summary  
 -----

Composition Category -----	Weight -----	Previous Quarter Index -----	Current Quarter Index -----	Relative Of Change -----
Forest Products	.1133	277.91	303.28	1.0913
Metal Products	.6243	201.25	201.53	1.0014
Miscellaneous Products	.2624	377.16	352.91	.9357
U.S. By Composition	--	256.10	252.78	.9870
U.S. By Composition (Linked)	--	259.01	255.64	.9870
United States (1977=100) Linking Factor: 1.423	--	368.57	363.78	.9870
United States (1980=100) Linking Factor: 1.061	--	274.81	271.23	.9870

## Car Hire for RCAF

### RCAF (Forecast)

	1980	June 3Q/13	Sept. 4Q/13	Dec. 1Q/14	Mar. 2Q/14	June 3Q/14
<b>RATE</b>						
RR-OWNED TIME	31.00	63.00	64.00	63.00	64.00	64.00
RR-OWNED MILEAGE	4.69	6.70	6.70	6.80	6.80	6.80
PRIVATELY-OWNED CARS	25.47	45.49	45.53	46.09	46.88	47.34
AUTORACKS	47.00	46.61	51.28	56.00	57.60	62.93
<b>INDEX</b>						
RR-OWNED TIME	100.0	203.2	206.5	203.2	206.5	206.5
RR-OWNED MILEAGE	100.0	142.9	142.9	145.0	145.0	145.0
PRIVATELY-OWNED CARS	100.0	178.6	178.8	181.0	184.1	185.9
AUTORACKS	100.0	99.2	109.1	119.1	122.5	133.9
CAR HIRE INDEX (old wts) 2011	100.0	178.9	--	--	--	--
CAR HIRE INDEX (new wts) 2012	100.0	178.4	179.2	180.7	183.6	185.2
CAR HIRE INDEX (LINKED)	100.0	178.3	179.1	180.6	183.5	<b>185.1</b>

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.

Equipment Rents Data From CHARM

	2013 (first day of month)						2014 (first day of month)							
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>Railroad Equipment</b>														
No. of Cars (cars with rates only)														
Superstructures (Vehicular Flats)	7,972	8,031	8,052	8,104	8,105	8,096	8,082	8,047	8,047	8,044	8,054	8,051		
Rate (in cents)														
Superstructures #3 - Auto Rack	46.0	45.0	47.0	50.0	50.0	50.0	49.0	49.0	49.0	49.0	49.0	50.0		
<b>All other #1 - Time</b>	<b>63.0</b>	<b>64.0</b>	<b>64.0</b>	<b>63.0</b>	<b>63.0</b>	<b>63.0</b>	<b>64.0</b>	<b>64.0</b>	<b>64.0</b>	<b>64.0</b>	<b>64.0</b>	<b>64.0</b>		
<b>All other #2 - Mileage</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.8</b>	<b>6.8</b>	<b>6.8</b>	<b>6.8</b>	<b>6.8</b>	<b>6.8</b>	<b>6.8</b>		
<b>Private Equipment</b>														
No. of Cars (cars with rates only)														
Superstructures (Vehicular Flats)	47,135	47,454	47,836	48,042	48,308	48,580	48,826	49,026	49,329	49,604	49,904	50,257		
Covered Hoppers	328,551	329,350	330,108	330,617	331,558	332,747	333,965	333,966	335,508	336,487	337,856	339,779		
Tank Cars	319,558	321,555	324,039	326,402	328,854	331,419	333,488	334,362	337,243	339,899	342,561	345,073		
Others	286,245	287,176	287,547	288,000	287,910	288,030	288,335	288,193	288,078	288,020	288,000	288,431		
Rate (in cents)														
Superstructures #1 - Time	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0		
Superstructures #2 - Mileage	1.4	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6		
Superstructures #3 - Auto Rack	50.0	51.0	52.0	53.0	55.0	57.0	57.0	58.0	59.0	61.0	63.0	65.0		
Covered Hoppers #2 - Mileage	44.3	44.4	44.4	44.5	44.5	44.6	44.1	44.3	44.2	44.2	44.1	44.2		
Tank Cars #2 - Mileage	70.9	71.0	70.2	70.4	70.6	70.8	70.7	71.0	73.2	73.6	73.8	74.0		
Others #1 - Time	74.0	73.0	73.0	73.0	74.0	74.0	74.0	74.0	74.0	74.0	74.0	74.0		
Others #2 - Mileage	7.0	7.0	7.0	7.0	7.1	7.3	7.3	7.3	7.3	7.3	7.4	7.4		
<b>AVERAGE RATES</b>														
Private Superstructures	20.20	20.40	20.40	20.40	20.40	20.40	20.40	20.40	20.40	20.40	20.40	20.40	0.00	0.00
Private Others	23.43	23.21	23.21	23.21	23.53	23.73	23.73	23.73	23.73	23.73	23.83	23.83	0.00	0.00
<b>Private Total</b>	<b>45.72</b>	<b>45.75</b>	<b>45.53</b>	<b>45.67</b>	<b>45.89</b>	<b>46.09</b>	<b>45.93</b>	<b>46.12</b>	<b>46.88</b>	<b>47.08</b>	<b>47.20</b>	<b>47.34</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
<b>Autoracks</b>	<b>49.42</b>	<b>50.13</b>	<b>51.28</b>	<b>52.57</b>	<b>54.28</b>	<b>56.00</b>	<b>55.86</b>	<b>56.73</b>	<b>57.60</b>	<b>59.33</b>	<b>61.05</b>	<b>62.93</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>

WEIGHTS	"Old Wts"	"New Wts"
	2011	2012
For RCAF & RCR		
RR-owned Time	0.170	0.148
RR-owned Mileage	0.078	0.071
Privately-owned Cars	0.738	0.764
Autoracks	0.014	0.017
----- Check sum	1.000	1.000

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

**CHARM Process - Car Hire Rate Report**  
**Average Car Rental Rates for 06/2014**

<b>Ownership</b>	<b>Car Group</b>	<b>Car Count</b>	<b>Time Rate (cents/hour)</b>	<b>Mileage Rate (\$/mile)</b>	<b>Auto Rack Rate (cents/hour)</b>
Railroad	Vehicular Flats	8,051	118	0.079	50
Railroad	Number of Zero-Rated Vehicular Flats	25	.	.	.
Railroad	All Other Cars	464,349	64	0.068	.
Railroad	Number of Zero-Rated Other Cars	20,010	.	.	.
Railroad	Total Railroad Equipment	492,435	.	.	.
		.	.	.	.
Private	Vehicular Flats	50,257	80	0.016	65
Private	Number of Zero-Rated Vehicular Flats	29	.	.	.
Private	Covered Hoppers	339,779	0	0.442	.
Private	Number of Zero-Rated Covered Hoppers	10,356	.	.	.
Private	Tanks	345,073	0	0.740	.
Private	Number of Zero-Rated Tanks	8,158	.	.	.
Private	All Other Cars	288,431	74	0.074	.
Private	Number of Zero-Rated Other Cars	29,075	.	.	.
Private	Total Private Equipment	1,071,158	.	.	.

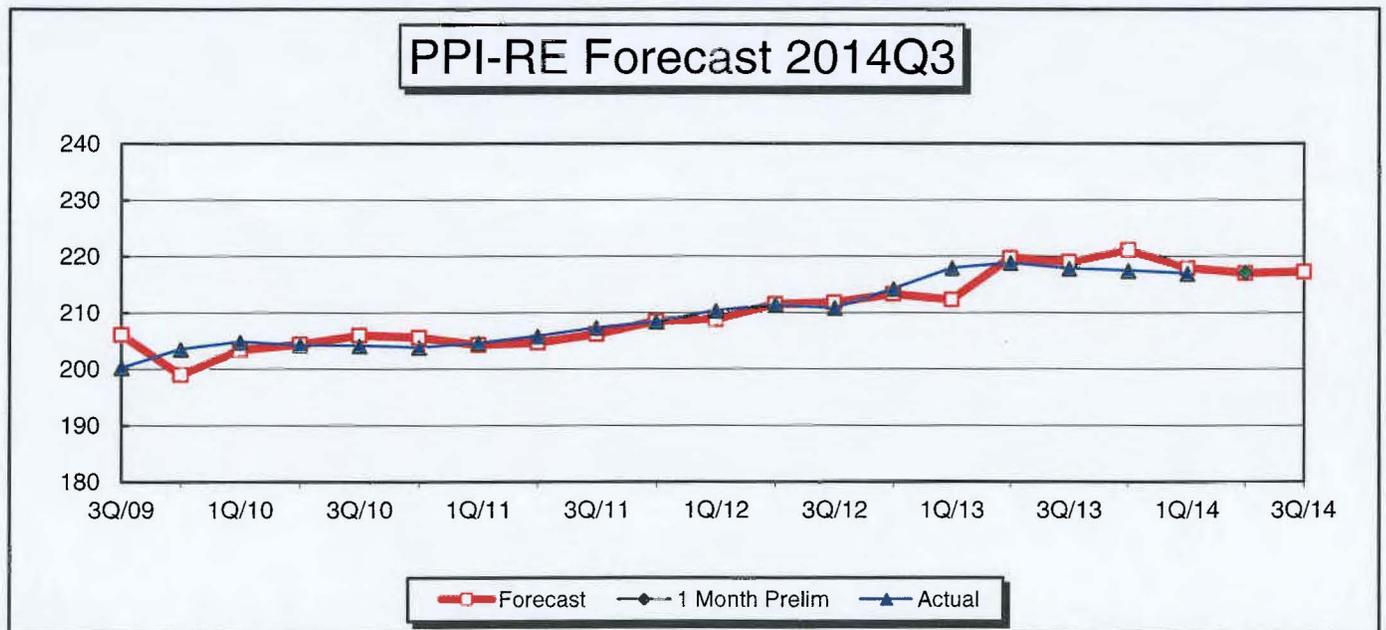
<b>Notes</b>
This report excludes these car types: D (Locomotives), M (MoW, EOTs, etc.), U (Containers), Z (Trailers).
All TTX equipment (including ABOX, RBOX, GONX) is contained in the Private section of report.
Equipment can be zero rated due to owners supplying incorrect or insufficient information to the car accounting process.
Zero-rated equipment includes those with Umler Rate_Indicator of 6 and 0 (zero).
Zero-rated equipment is excluded from the averages shown in this report.
Equipment must be Active in Umler to be included in this report; Pre-registered and Inactive cars are excluded.

## PPI-RE Forecast (for Depreciation Component)

	Forecast	Actual	1 Month Prelim
3Q/09	206.0	200.2	
4Q/09	198.9	203.5	
1Q/10	203.3	204.8	
2Q/10	204.3	204.2	
3Q/10	205.9	204.1	
4Q/10	205.5	203.8	
1Q/11	204.2	204.6	
2Q/11	204.6	205.8	
3Q/11	206.1	207.3	
4Q/11	208.4	208.4	
1Q/12	208.7	210.3	
2Q/12	211.4	211.4	
3Q/12	211.7	210.8	
4Q/12	213.2	214.2	
1Q/13	212.2	217.9	
2Q/13	219.6	218.8	
3Q/13	218.9	217.8	
4Q/13	221.0	217.4	
1Q/14	217.8	216.9	
2Q/14	216.9		217.1
3Q/14	217.1		

1980 Base

	PPI-RE Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2014Q3						
Low	191.7	212.1	-2.6%			
Midpoint	196.3	<b>217.1</b>	<b>-0.3%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.1%</b>
High	200.9	222.2	2.0%			



Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2014Q3\5Deprec\FPre\_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPIRE

-----  
Length 72 Minimum 178.000 Maximum 198.100  
Mean 187.846 Standard deviation 5.618

Classical decomposition (multiplicative)  
Trend-cycle: 96.34% Seasonal: 0.68% Irregular: 2.97%

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

Box-Jenkins outperforms exponential smoothing by 1.117 to 1.524 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12.

Series is nonstationary and nonseasonal.

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

Within-Sample Statistics

-----  
Sample size 72 Number of parameters 0  
Mean 187.8 Standard deviation 5.618  
R-square 0.9558 Adjusted R-square 0.9564  
Durbin-watson 2.379 Ljung-Box(18)=22.92 P=0.8062  
Forecast error 1.173 BIC 1.173  
MAPE 0.003843 RMSE 1.173  
MAD 0.7264

Forecast Report  
Wed May 14 13:06:13 2014  
Box-Jenkins model for PPIRE  
Analysis of Historic Fit Set

Date	Historic
2008-05	178.000
2008-06	181.200
2008-07	180.800
2008-08	181.700
2008-09	182.900
2008-10	181.900
2008-11	181.600
2008-12	180.700
2009-01	181.600
2009-02	181.800
2009-03	181.600
2009-04	183.100
2009-05	180.000
2009-06	180.000
2009-07	179.900
2009-08	179.900
2009-09	183.800
2009-10	183.600
2009-11	183.600
2009-12	184.400
2010-01	184.500
2010-02	184.700
2010-03	184.500
2010-04	184.500
2010-05	184.600
2010-06	184.600
2010-07	184.500
2010-08	184.500
2010-09	184.500
2010-10	184.200
2010-11	184.200
2010-12	184.200

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2011-01	184.900
2011-02	185.100
2011-03	187.000
2011-04	186.600
2011-05	186.700
2011-06	186.800
2011-07	187.300
2011-08	187.400
2011-09	187.500
2011-10	187.500
2011-11	187.700
2011-12	189.900
2012-01	190.100
2012-02	190.100
2012-03	190.600
2012-04	191.800
2012-05	191.600
2012-06	191.500
2012-07	192.000
2012-08	190.400
2012-09	190.900
2012-10	194.900
2012-11	193.900
2012-12	194.100
2013-01	196.000
2013-02	195.200
2013-03	195.800
2013-04	195.200
2013-05	198.100
2013-06	196.300
2013-07	195.400
2013-08	194.500
2013-09	194.600
2013-10	195.100
2013-11	195.200
2013-12	196.900
2014-01	196.100
2014-02	195.500
2014-03	196.800
2014-04	196.300

Forecasted values

Date	2.5 Lower	Forecast	97.5 Upper
2014-05	193.985	196.300	198.615
2014-06	193.025	196.300	199.575
2014-07	192.290	196.300	200.310
2014-08	191.669	196.300	200.931
2014-09	191.123	196.300	201.477
2014-10	190.628	196.300	201.972
2014-11	190.174	196.300	202.426
2014-12	189.751	196.300	202.849
2015-01	189.354	196.300	203.246
2015-02	188.978	196.300	203.622
2015-03	188.621	196.300	203.979
2015-04	188.279	196.300	204.321

## Databases, Tables & Calculators by Subject

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### Producer Price Index-Commodities

**Series Id:** WPU144  
**Not Seasonally Adjusted**  
**Group:** Transportation equipment  
**Item:** Railroad equipment  
**Base Date:** 198200

Download: .xls

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2012	190.1	190.1	190.6	191.8	191.6	191.5	192.0	190.4	190.9	194.9	193.9	194.1	191.8
2013	196.0	195.2	195.8	195.2	198.1	196.3	195.4	194.5	194.6	195.1	195.2	196.9	195.7
2014	196.1(P)	195.5(P)	196.8(P)	196.3(P)									

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

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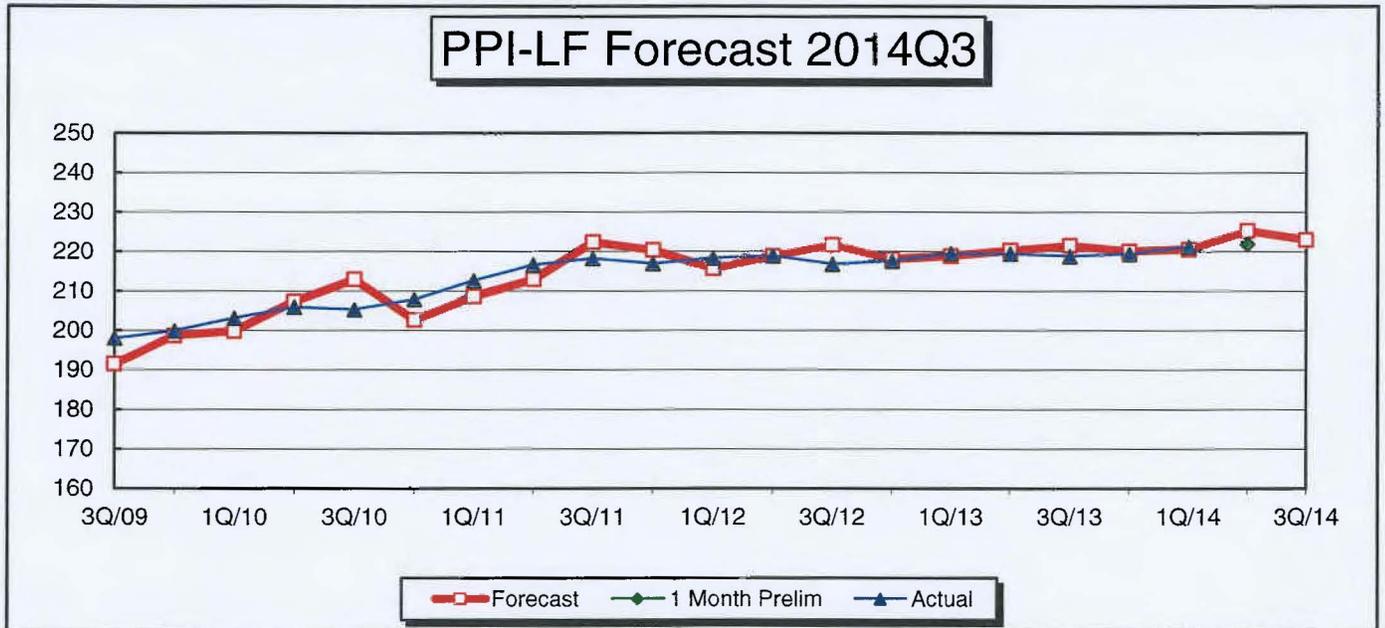
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## PPI-LF Forecast (for Other and Lease Rentals Components)

	Forecast	Actual	1 Month Prelim
3Q/09	191.5	198.0	
4Q/09	198.7	199.9	
1Q/10	199.8	203.1	
2Q/10	207.3	205.9	
3Q/10	212.9	205.3	
4Q/10	202.6	207.8	
1Q/11	208.6	212.6	
2Q/11	212.9	216.6	
3Q/11	222.3	218.2	
4Q/11	220.3	216.9	
1Q/12	215.6	218.3	
2Q/12	218.8	218.9	
3Q/12	221.6	216.8	
4Q/12	218.0	217.6	
1Q/13	218.8	219.5	
2Q/13	220.2	219.4	
3Q/13	221.4	218.8	
4Q/13	220.0	219.4	
1Q/14	220.5	221.2	
2Q/14	225.2		221.9
3Q/14	222.9		

1980 Base

	PPI-LF Forecast		Percent Change			
			Yr Ago	Latest Month	2nd Prev	Previous
2014Q3	(82=100)	(80=100)	Actual	Actual	Qtr Actual	Forecast
Low	193.2	216.6	-1.0%			
Midpoint	198.8	<b>222.9</b>	<b>1.9%</b>	<b>0.5%</b>	<b>0.8%</b>	<b>-1.0%</b>
High	204.5	229.3	4.8%			



Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2014Q3\70ther\FPlf\_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPILF

-----  
 Length 72 Minimum 174.900 Maximum 197.900  
 Mean 188.400 Standard deviation 7.513

Classical decomposition (multiplicative)  
 Trend-cycle: 94.64% Seasonal: 0.68% Irregular: 4.68%

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

Box-Jenkins outperforms exponential smoothing by 1.204 to 1.628 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12.

Series is nonstationary and nonseasonal.

Recommended model: Box-Jenkins  
 Forecast Model for PPILF  
 ARIMA(1,1,0)

Term	Coefficient	Std. Error	t-Statistic	Significance
a[1]	0.7279	0.0797	9.1323	1.0000

-----  
 Within-Sample Statistics

Sample size 72	Number of parameters 1
Mean 188.4	Standard deviation 7.513
R-square 0.9908	Adjusted R-square 0.9908
Durbin-watson 1.674	Ljung-Box(18)=19.19 P=0.62
Forecast error 0.7201	BIC 0.7366
MAPE 0.00278	RMSE 0.7151
MAD 0.5215	

Forecast Report  
 Wed May 14 13:40:21 2014  
 Box-Jenkins model for PPILF  
 Analysis of Historic Fit Set

Date	Historic
2008-05	181.800
2008-06	183.200
2008-07	185.900
2008-08	186.600
2008-09	186.200
2008-10	183.700
2008-11	179.900
2008-12	177.400
2009-01	176.900
2009-02	176.100
2009-03	175.600
2009-04	175.000
2009-05	174.900
2009-06	175.200
2009-07	175.500
2009-08	176.600
2009-09	177.200
2009-10	177.700
2009-11	178.100
2009-12	178.900
2010-01	180.200
2010-02	181.200
2010-03	182.400
2010-04	183.800
2010-05	184.000
2010-06	183.100
2010-07	182.700
2010-08	183.100
2010-09	183.500
2010-10	184.600

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2010-11	185.400
2010-12	186.300
2011-01	188.600
2011-02	190.200
2011-03	191.200
2011-04	193.000
2011-05	193.700
2011-06	193.900
2011-07	194.600
2011-08	194.500
2011-09	194.600
2011-10	193.900
2011-11	193.200
2011-12	192.700
2012-01	193.800
2012-02	194.700
2012-03	195.700
2012-04	195.800
2012-05	195.400
2012-06	193.700
2012-07	193.300
2012-08	193.300
2012-09	193.700
2012-10	193.900
2012-11	194.000
2012-12	194.200
2013-01	195.300
2013-02	196.100
2013-03	196.100
2013-04	195.900
2013-05	195.500
2013-06	195.400
2013-07	195.200
2013-08	195.300
2013-09	195.100
2013-10	195.400
2013-11	195.500
2013-12	195.900
2014-01	196.900
2014-02	197.600
2014-03	197.400
2014-04	197.900

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2014-05	196.853	198.264	199.675
2014-06	195.711	198.529	201.347
2014-07	194.468	198.722	202.975
2014-08	193.204	198.862	204.520
2014-09	191.961	198.964	205.967
2014-10	190.760	199.039	207.317
2014-11	189.609	199.093	208.576
2014-12	188.513	199.132	209.751
2015-01	187.470	199.161	210.851
2015-02	186.479	199.182	211.885
2015-03	185.534	199.197	212.859
2015-04	184.634	199.208	213.782

## Databases, Tables & Calculators by Subject

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### Producer Price Index-Commodities

**Series Id:** WPU03T15M05  
 Not Seasonally Adjusted  
**Group:** Industrial Commodities less fuels  
**Item:** Industrial commodities less fuels  
**Base Date:** 198200

**Download:**  [.xls](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2012	193.8	194.7	195.7	195.8	195.4	193.7	193.3	193.3	193.7	193.9	194.0	194.2	194.3
2013	195.3	196.1	196.1	195.9	195.5	195.4	195.2	195.3	195.1	195.4	195.5	195.9	195.6
2014	196.9(P)	197.6(P)	197.4(P)	197.9(P)									

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

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# Forecast Error Calculation

The forecast in this case is the **corrected version recalculated in the 2014Q2** filing in Appendix AA that uses weights recalculated using R-1 revisions received through 3/7/2014. Revisions made to H&W during May 2014 did not change the 2013Q4 or 2014Q1 All-Inclusive Index forecast.

	2012 Weight	First Quarter 2014		Pct. Diff.
		2014Q1 Forecast	2014Q1 Actual	
Labor	31.2%	386.2	386.2	0.0
Fuel	22.3%	377.9	367.4	-10.5
M&S	4.9%	265.9	265.9	0.0
Equip Rents	5.6%	208.7	209.7	1.0
Depreciation	11.9%	217.8	216.9	-0.9
Interest	2.0%	76.6	76.6	0.0
Other	22.1%	220.5	221.2	0.7
<b>Weighted Avg</b>	<b>100.0%</b>			
1980 = 100		305.7	303.4	
1980 = 100 (linked)		293.0	290.2	
4Q12r = 100	2.976	98.5	97.5	
4Q07 = 100	2.459	119.2	118.0	
4Q02 = 100	1.921	152.5	151.1	
4Q97 = 100	1.732	169.2	167.6	
4Q92 = 100	1.569	186.7	185.0	

**Forecast Error** → **-1.0**

<u>Prior Quarter</u>		
1980 = 100	310.8	304.6 **
1980 = 100 (linked)	297.9	291.3
4Q12r = 100	100.1	97.9
4Q07 = 100	121.1	118.5
4Q02 = 100	155.1	151.6
4Q97 = 100	172.0	168.2
4Q92 = 100	189.9	185.7

<u>Equipment Rents</u>			
Car Hire	48.2%	180.6	181.3
Lease Rentals	51.8%	220.5	221.2
Weighted Average		201.3	202.0
Linked		208.7	209.7
<u>Prior Quarter</u>			
Weighted Average		200.3	200.4 **
Linked		207.7	208.0

Sum of Weights      **ok**  
 Sum of ER Wt.      **ok**

\* actual=forecast  
 from 1st month of quarter

\* actual=forecast  
 from Equipment Rents below

PPI-RE	196.10	195.50	196.80	0.9040
--------	--------	--------	--------	--------

\* actual=forecast

PPI-LF	196.90	197.60	197.40	0.8920
--------	--------	--------	--------	--------

calculated  
 calculated  
 calculated  
 calculated  
 calculated  
 calculated

calculated      **-0.010 = RCAF adj.**

calculated  
 calculated  
 calculated  
 calculated  
 calculated

from Equipment Rents/CHARM  
 (equals PPI-LF from above)  
 calculated  
 calculated

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

### All-Inclusive Index (Actual)

**Includes All Annual Report Revisions Received Through May 23, 2014**

	12 Wts	3Q/13 11 Wts	3Q/13 12 Wts	% Chg.	4Q/13 12 Wts	% Chg.	1Q/14 12 Wts	% Chg.	2Q/14 12 Wts	% Chg.	3Q/14 12 Wts	% Chg.
Labor	31.2%	391.6	391.6	0.0%	387.2	-1.1%	386.2	-0.3%		NA		NA
Fuel	22.3%	376.0	376.0	0.0%	374.3	-0.5%	367.4	-1.8%		NA		NA
M&S	4.9%	264.2	264.2	0.0%	261.4	-1.1%	265.9	1.7%		NA		NA
Equipment Rents	5.6%	207.6	207.6	0.0%	208.0	0.2%	209.7	0.8%	0.0	NA		NA
Depreciation	11.9%	217.8	217.8	0.0%	217.4	-0.2%	216.9	-0.2%		NA		NA
Interest	2.0%	87.3	87.3	0.0%	76.6	-12.3%	76.6	0.0%	76.6	0.0%	76.6	0.0%
Other	22.1%	218.8	218.8	0.0%	219.4	0.3%	221.2	0.8%		NA		NA
	1.0000											
<b>Weighted Avg.</b>		<b>307.1</b>	<b>306.6</b>	<b>-0.2%</b>	<b>304.6</b>	<b>-0.7%</b>	<b>303.4</b>	<b>-0.4%</b>	<b>1.5</b>	NA	<b>1.5</b>	NA
<b>Linked</b>		<b>293.2</b>			<b>291.3</b>	<b>-0.6%</b>	<b>290.2</b>	<b>-0.4%</b>	<b>1.4</b>	NA	<b>1.4</b>	NA
10/1/80	1.027	285.4			283.6	-0.6%	282.6	-0.4%	1.4	NA	1.4	NA
10/1/82	1.209	242.4			240.9	-0.6%	240.0	-0.4%	1.2	NA	1.2	NA
4Q/87	1.322	221.7			220.3	-0.6%	219.5	-0.4%	1.1	NA	1.1	NA
4Q/92	1.569	186.8			185.7	-0.6%	185.0	-0.4%	0.9	NA	0.9	NA
4Q/97	1.732	169.2			168.2	-0.6%	167.6	-0.4%	0.8	NA	0.8	NA
4Q/02	1.921	152.6			151.6	-0.7%	151.1	-0.3%	0.7	NA	0.7	NA
4Q/07	2.459	119.2			118.5	-0.6%	118.0	-0.4%	0.6	NA	0.6	NA
4Q/12	2.976	98.5			97.9		97.5	-0.4%	0.5	NA	0.5	NA

#### Equipment Rents

Car Hire	48.2%	179.7	179.7	0.0%	179.9	0.1%	181.3	0.8%		NA		NA
Lease Rentals	51.8%	218.8	218.8	0.0%	219.4	0.3%	221.2	0.8%	0.0	NA	0.0	NA
	1.0000											
ER Weighted Avg		199.8	200.0	0.1%	200.4	0.2%	202.0	0.8%	0.0	NA	0.0	NA
ER Linked		207.6			208.0	0.2%	209.7	0.8%	0.0	NA	#DIV/0!	NA

Impact/Check of weight change	11 Wts	12 Wts
Labor	122.962	122.179
Fuel	84.976	83.848
Material & Supplies	13.474	12.946
Equipment Rents	11.626	11.626
Depreciation	25.047	25.918
Interest	2.008	1.746
Other	47.042	48.355
<b>Weighted Avg.</b>	<b>307.135</b>	<b>306.618</b>
ER Weighted Avg.	199.7583	199.9538

## Car Hire for RCAF

### RCAF (Actual)

	1980	Aug 3Q/13	Nov 4Q/13	Feb 1Q/14	May 2Q/14	Aug 3Q/14
<b>RATE</b>						
RR-OWNED TIME	31.00	64.00	63.00	64.00 ✓	64.00	--
RR-OWNED MILEAGE	4.69	6.70	6.70	6.80 ✓	6.80	--
PRIVATELY-OWNED CARS	25.47	45.75	45.89	46.12 ✓	47.20	--
AUTORACKS	47.00	50.13	54.28	56.73 ✓	61.05	--
<b>INDEX</b>						
RR-OWNED TIME	100.0	206.5	203.2	206.5	206.5	--
RR-OWNED MILEAGE	100.0	142.9	142.9	145.0	145.0	--
PRIVATELY-OWNED CARS	100.0	179.6	180.2	181.1	185.3	--
AUTORACKS	100.0	106.7	115.5	120.7	129.9	--
CAR HIRE INDEX (old wts)	2011	100.0	180.3	--	--	--
CAR HIRE INDEX (new wts)	2012	100.0	179.7	179.9	181.3	184.6
CAR HIRE INDEX (LINKED)		100.0	179.7	179.9	<b>181.3</b>	184.6

Note: Indexes are rounded, rates are full float.

Equipment Rents Data From CHARM

	2013 (first day of month)						2014 (first day of month)							
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>Railroad Equipment</b>														
No. of Cars (cars with rates only)														
Superstructures (Vehicular Flats)	7,972	8,031	8,052	8,104	8,105	8,096	8,082	8,047 ✓	8,047	8,044	8,054			
Rate (in cents)														
Superstructures #3 - Auto Rack	46.0	45.0	47.0	50.0	50.0	50.0	49.0	49.0 ✓	49.0	49.0	49.0			
<b>All other #1 - Time</b>	<b>63.0</b>	<b>64.0</b>	<b>64.0</b>	<b>63.0</b>	<b>63.0</b>	<b>63.0</b>	<b>64.0</b>	<b>64.0 ✓</b>	<b>64.0</b>	<b>64.0</b>	<b>64.0</b>			
<b>All other #2 - Mileage</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.8</b>	<b>6.8</b>	<b>6.8 ✓</b>	<b>6.8</b>	<b>6.8</b>	<b>6.8</b>			
<b>Private Equipment</b>														
No. of Cars (cars with rates only)														
Superstructures (Vehicular Flats)	47,135	47,454	47,836	48,042	48,308	48,580	48,826	49,026 ✓	49,329	49,604	49,904			
Covered Hoppers	328,551	329,350	330,108	330,617	331,558	332,747	333,965	333,966 ✓	335,508	336,487	337,856			
Tank Cars	319,558	321,555	324,039	326,402	328,854	331,419	333,488	334,362 ✓	337,243	339,899	342,561			
Others	286,245	287,176	287,547	288,000	287,910	288,030	288,335	288,193 ✓	288,078	288,020	288,000			
Rate (in cents)														
Superstructures #1 - Time	80.0	80.0	80.0	80.0	80.0	80.0	80.0 ✓	80.0 ✓	80.0	80.0	80.0			
Superstructures #2 - Mileage	1.4	1.6	1.6	1.6	1.6	1.6	1.6 ✓	1.6 ✓	1.6	1.6	1.6			
Superstructures #3 - Auto Rack	50.0	51.0	52.0	53.0	55.0	57.0	57.0	58.0 ✓	59.0	61.0	63.0			
Covered Hoppers #2 - Mileage	44.3	44.4	44.4	44.5	44.5	44.6	44.1	44.3 ✓	44.2	44.2	44.1			
Tank Cars #2 - Mileage	70.9	71.0	70.2	70.4	70.6	70.8	70.7	71.0 ✓	73.2	73.6	73.8			
Others #1 - Time	74.0	73.0	73.0	73.0	74.0	74.0	74.0	74.0 ✓	74.0	74.0	74.0			
Others #2 - Mileage	7.0	7.0	7.0	7.0	7.1	7.3	7.3	7.3 ✓	7.3	7.3	7.4			
<b>AVERAGE RATES</b>														
Private Superstructures	20.20	20.40	20.40	20.40	20.40	20.40	20.40	20.40	20.40	20.40	20.40	0.00	0.00	0.00
Private Others	23.43	23.21	23.21	23.21	23.53	23.73	23.73	23.73	23.73	23.73	23.83	0.00	0.00	0.00
<b>Private Total</b>	<b>45.72</b>	<b>45.75</b>	<b>45.53</b>	<b>45.67</b>	<b>45.89</b>	<b>46.09</b>	<b>45.93</b>	<b>46.12</b>	<b>46.88</b>	<b>47.08</b>	<b>47.20</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
<b>Autoracks</b>	<b>49.42</b>	<b>50.13</b>	<b>51.28</b>	<b>52.57</b>	<b>54.28</b>	<b>56.00</b>	<b>55.86</b>	<b>56.73</b>	<b>57.60</b>	<b>59.33</b>	<b>61.05</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>

WEIGHTS	"Old Wts"	"New Wts"
	2011	2012
For RCAF & RCR		
RR-owned Time	0.170	0.148
RR-owned Mileage	0.078	0.071
Privately-owned Cars	0.738	0.764
Autoracks	0.014	0.017
----- Check sum	<b>1.000</b>	<b>1.000</b>

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

## CHARM Process - Car Hire Rate Report

### Average Car Rental Rates for 02/2014

Ownership	Car Group	Car Count	Time Rate (cents/hour)	Mileage Rate (\$/mile)	Auto Rack Rate (cents/hour)
Railroad	Vehicular Flats	8,047	119	0.079	49
Railroad	Number of Zero-Rated Vehicular Flats	55	.	.	.
Railroad	All Other Cars	470,125	64	0.068	.
Railroad	Number of Zero-Rated Other Cars	22,024	.	.	.
Railroad	Total Railroad Equipment	500,251	.	.	.
		.	.	.	.
Private	Vehicular Flats	49,026	80	0.016	58
Private	Number of Zero-Rated Vehicular Flats	19	.	.	.
Private	Covered Hoppers	333,966	0	0.443	.
Private	Number of Zero-Rated Covered Hoppers	10,681	.	.	.
Private	Tanks	334,362	0	0.710	.
Private	Number of Zero-Rated Tanks	8,459	.	.	.
Private	All Other Cars	288,193	74	0.073	.
Private	Number of Zero-Rated Other Cars	29,635	.	.	.
Private	Total Private Equipment	1,054,341	.	.	.

Notes
This report excludes these car types: D (Locomotives), M (MoW, EOTs, etc.), U (Containers), Z (Trailers).
All TTX equipment (including ABOX, RBOX, GONX) is contained in the Private section of report.
Equipment can be zero rated due to owners supplying incorrect or insufficient information to the car accounting process.
Zero-rated equipment includes those with Umler Rate_Indicator of 6 and 0 (zero).
Zero-rated equipment is excluded from the averages shown in this report.
Equipment must be Active in Umler to be included in this report; Pre-registered and Inactive cars are excluded.

# RCAF Fuel (Actual All-Inclusive Index)

January 2014

## Monthly Report

	January 2014 Price (cents) (1)	1/1/81 Price (cents) (2)	1/91 New Method Linking Factors (3)	January 2014 Index 1/1/81=100 (4)	Linking Factor 1980=100 (5)	January 2014 1980=100 Current Index (6)
U.S.	<b>300.63</b>	89.34	99.415	<b>334.53</b>	1.096	<b>366.65</b>

(4) = (1) / (2) x (3)

(6) = (4) x (5)

## Final Actual All-Inclusive Index Used for RCAF's Forecast Error Adjustment

	January 2014 1980=100 Current Index	Adjustment Factor	January 2014 1980=100 Linked Index
U.S.	<b>366.65</b>	1.00192	<b>367.35</b> ←

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

# RCAF - Depreciation

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

## Forecast Year 2014

As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast	→	14Q1	14Q2	14Q3	14Q4
For Actual	→	13Q3	13Q4	14Q1	14Q2
January	2013	196.0	196.0	196.0	196.0
February	2013	195.2	195.2	195.2	195.2
March	2013	195.8	195.8	195.8	195.8
April	2013	195.2	195.2	195.2	195.2
May	2013	198.1	198.1	198.1	198.1
June	2013	196.3	196.3	196.3	196.3
July	2013	<b>198.4</b>	195.4	195.4	
August	2013	<b>197.2</b>	194.5	194.5	
September	2013	<b>195.1</b>	194.6	194.6	
October	2013	195.8	<b>195.8</b>	195.1	
November	2013		<b>196.5</b>	195.2	
December	2013		<b>197.3</b>	196.9	
January	2014		196.1	<b>196.1</b>	
February	2014			<b>195.5</b>	
March	2014			<b>196.8</b>	
April	2014			196.3	
May	2014				
June	2014				
July	2014				
Actual Qtr.		196.9	196.5	196.1	NA

1980=100

Actual Qtr.	217.8	217.4	<b>216.9</b>	NA
First Mo. next qtr.	216.6	216.9	<b>217.1</b>	NA

0.904 =1980

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### Producer Price Index-Commodities

**Series Id:** WPU144  
 Not Seasonally Adjusted  
**Group:** Transportation equipment  
**Item:** Railroad equipment  
**Base Date:** 198200

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Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
<b>2012</b>	190.1	190.1	190.6	191.8	191.6	191.5	192.0	190.4	190.9	194.9	193.9	194.1	191.8
<b>2013</b>	196.0	195.2	195.8	195.2	198.1	196.3	195.4	194.5	194.6	195.1	195.2	196.9	195.7
<b>2014</b>	196.1(P)	195.5(P)	196.8(P)	196.3(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 2014

As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
<b>For Forecast</b> →		14Q1	14Q2	14Q3	14Q4
<b>For Actual</b> →		<b>13Q3</b>	<b>13Q4</b>	<b>14Q1</b>	<b>14Q2</b>
January	2013	195.3	195.3	195.3	195.3
February	2013	196.1	196.1	196.1	196.1
March	2013	196.1	196.1	196.1	196.1
April	2013	195.9	195.9	195.9	195.9
May	2013	195.5	195.5	195.5	195.5
June	2013	195.4	195.4	195.4	195.4
July	2013	<b>195.1</b>	195.2	195.2	
August	2013	<b>195.3</b>	195.3	195.3	
September	2013	<b>195.2</b>	195.1	195.1	
October	2013	195.6	<b>195.6</b>	195.4	
November	2013		<b>195.5</b>	195.5	
December	2013		<b>195.9</b>	195.9	
January	2014		196.9	<b>196.9</b>	
February	2014			<b>197.6</b>	
March	2014			<b>197.4</b>	
April	2014			197.9	
May	2014				
June	2014				
July	2014				
Actual Qtr.		195.2	195.7	197.3	NA

1980=100

Actual Qtr.	218.8	219.4	<b>221.2</b>	NA
First Mo. next qtr.	219.3	220.7	<b>221.9</b>	NA

0.892 =1980

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## Producer Price Index-Commodities

Series Id: WPU03T15M05  
 Not Seasonally Adjusted  
 Group: Industrial Commodities less fuels  
 Item: Industrial commodities less fuels  
 Base Date: 198200

Download:  .xls

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2012	193.8	194.7	195.7	195.8	195.4	193.7	193.3	193.3	193.7	193.9	194.0	194.2	194.3
2013	195.3	196.1	196.1	195.9	195.5	195.4	195.2	195.3	195.1	195.4	195.5	195.9	195.6
2014	196.9(P)	197.6(P)	197.4(P)	197.9(P)									

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

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