

ASSOCIATION
OF AMERICAN
RAILROADS

John T. Gray
Senior Vice President - Policy & Economics

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

232394 June 5, 2012
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Dear Ms. Brown:

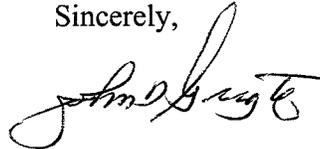
This submission is the AAR forecast of the third quarter 2012 All-Inclusive Index and Rail Cost Adjustment Factor, filed in Ex Parte No. 290 (Sub-No. 5) (2012-3) *Quarterly Rail Cost Adjustment Factor*. The versions of RCAF-related indices covered in this filing are: the All-Inclusive Index (initiated 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 2012 results on the fourth quarter 2007 base, and shows the percentage changes from the previous quarter.

| | <u>2012Q2</u> | <u>2012Q3</u> | <u>% Change</u> |
|--------------------------------|---------------|---------------|-----------------|
| All-Inclusive Index | 120.7 | 117.7 | -2.4 |
| Preliminary RCAF | 1.207 | 1.177 | -2.4 |
| Forecast Error Adjustment | -0.022 | -0.006 | |
| RCAF (Unadjusted) | 1.185 | 1.171 | -1.1 |
| Productivity Adjustment Factor | 2.2769 | 2.2815 | |
| RCAF (Adjusted) | 0.520 | 0.513 | -1.3 |
| PAF-5 | 2.4062 | 2.4146 | |
| RCAF-5 | 0.492 | 0.485 | -1.4 |

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.

We have notified Paul Aguiar, in the STB office handling this proceeding, of our plan to e-file the submission and hand-deliver workpapers. A copy of the quarterly non-proprietary workpapers underlying this submission will be hand-delivered and filed herewith, in accordance with the ICC's order in Ex Parte No. 290 (Sub-No. 2), *Railroad Cost Recovery Procedures*, served February 8, 1990. A second copy of the workpapers has been delivered to the STB office handling this proceeding. All workpapers are available for STB inspection. Questions should be directed to me or Clyde Crimmel (202 639-2309) of this office.

Sincerely,

A handwritten signature in cursive script, appearing to read "John T. Gray".

John T. Gray

Attachments

**Third Quarter 2012
All-Inclusive Index**

Ex Parte No. 290 (Sub-No. 5) (2012-3)

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

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

June 5, 2012

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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, employ 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 2012.

During April, one railroad revised Materials & Supplies pricing data used for both the 2012Q1 and 2012Q2 RCAF. Both revisions caused the Materials & Supplies Index to be 0.1 index points lower. In the case of the 2012Q1 index, the change does not affect the All-Inclusive Index or any versions of the RCAF. However, we used the corrected version of the Materials & Supplies Index (263.6) as the actual in this quarter's forecast error adjustment calculation, and the original as-filed Materials & Supplies Index (263.7) as the forecast.

In the case of the 2012Q2 Index, the Materials & Supplies Index has been recalculated using the corrections for both quarters, and the resulting Materials & Supplies Index is 0.1 index points lower. This causes a recalculated Preliminary RCAF and RCAF-U to each be 0.1 index points lower, but has no impact on the RCAF-A or RCAF-5. In the 2012Q4 RCAF filing, which uses 2012Q2 for the forecast error calculation – we plan to use the corrected Materials & Supplies Index (274.0) as the actual, and the original as-filed number (274.1) as the forecast.

For the 2012Q3 Index, the Materials & Supplies Index has been calculated with the first and second quarter revisions – so the index matches the value it would be if the revised numbers were in the original submissions. For calculation of the 2012Q3 Index, the recalculated 2012Q2 All-Inclusive Index was used for calculation purposes, although the result is the same using either the original or recalculated All-Inclusive Index for 2012Q2.

Index Weights

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

The 2010 (current) and 2009 (previous) weights are shown below. The previous (2009) weights were used for the fourth quarter of 2010 through the third quarter of 2011. Beginning with the fourth quarter of 2011, the 2010 weights are used. The year 2010 was a recovery year from the reduced traffic levels of 2009, and operating expenses increased in every category. Fuel expenses increased by the highest percentage and amount, caused by increased traffic and higher fuel prices. Not surprisingly, Fuel's weight rebounded from 14.9 percent to 18.0 percent. This is the fourth highest weight ever for Fuel. The only other category to have its weight increase was Other, which had the second highest percentage increase in expenses. (Most of Other is purchased services, portions of general & administrative expenses, and property taxes.) Labor's weight decreased from 34.7 to 33.3 percent, despite increases in expenses. Weights for Depreciation and Equipment Rents decreased by 1.1 and 0.9 percentage points, respectively. Changes for the remaining categories were decreases of 0.1 percentage points.

| RCAF Weights | | |
|----------------------|------------------|-----------------|
| | Previous 2009 | Current 2010 |
| Labor | 34.7 % | 33.3 % |
| Fuel | 14.9 | 18.0 |
| Materials & Supplies | 5.1 | 5.0 |
| Equipment Rents | 7.1 | 6.2 |
| Depreciation | 13.9 | 12.8 |
| Interest | 3.0 | 2.9 |
| Other | 21.3 | 21.8 |

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 2012

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.

| | 2010 Weights | Forecast | | Percent Change |
|------------------------|-----------------|---------------------|--------------------|-------------------|
| | | Previous* 2012Q2 | Current 2012Q3 | |
| 1. Labor | 33.3% | 385.8 | 391.4 | 1.5 % |
| 2. Fuel | 18.0% | 409.4 | 353.4 | -13.7 |
| 3. M&S | 5.0% | 274.0 | 274.8 | 0.3 |
| 4. Equipment Rents | 6.2% | 204.8 | 205.8 | 0.5 |
| 5. Depreciation | 12.8% | 211.4 | 211.7 | 0.1 |
| 6. Interest | 2.9% | 90.6 | 90.6 | 0.0 |
| 7. Other | 21.8% | 218.8 | 221.6 | 1.3 |
| 8. Weighted Average | | | | |
| a. 1980 = 100 | | 305.9 | 298.5 | |
| b. 1980 = 100 (linked) | | 296.6 | 289.4 ¹ | |
| c. 4Q07 = 100 | | 120.6 | 117.7 ² | -2.4 |

* 2012Q2 has been recalculated on this page for the purpose of calculating 2012Q3 (although it makes no difference). See fourth paragraph on page 1. The original 4Q07=100 Index was 120.7.

¹ To calculate the 1980 = 100 Linked Index:

$$\begin{aligned} \text{Index}_{80} &= (\text{Current Index} / \text{Previous Index}) * \text{the Previous Quarter Linked Index} \\ &= (298.5 / 305.9) \times 296.6 \\ &= 289.4 \end{aligned}$$

² To calculate the 4Q07 = 100 index:

$$\begin{aligned} \text{Index}_{4Q07} &= (\text{Current Linked Index} / 4Q07 Linking Factor) * 100 \\ &= 289.4 \text{ divided by } 245.9 \text{ times } 100 \\ &= 117.7 \end{aligned}$$

Indexes based on other periods:

- 4Q02 based index = 289.4 / 192.1 x 100 = 150.7
- 4Q97 based index = 289.4 / 173.2 x 100 = 167.1
- 4Q92 based index = 289.4 / 156.9 x 100 = 184.4
- 4Q87 based index = 289.4 / 132.2 x 100 = 218.9

Forecast vs. Actual All-Inclusive Index First Quarter 2012

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 117.0 is 0.6 index points below the forecast value of 117.6. Therefore, the forecast error adjustment for third quarter 2012 is -0.6 index points.

| | 2010 Weights | First Quarter 2012 | | Amt Difference |
|---------------------------------|-----------------|--------------------|--------------------|-------------------|
| | | Forecast | Actual | |
| 1. Labor | 33.3% | 379.4 | 379.4 | |
| 2. Fuel | 18.0% | 387.7 | 375.7 | |
| 3. M&S | 5.0% | 263.7 | 263.6 ¹ | |
| 4. Equipment Rents ² | 6.2% | 203.4 | 205.3 | |
| 5. Depreciation | 12.8% | 208.7 | 210.3 | |
| 6. Interest | 2.9% | 90.6 | 90.6 | |
| 7. Other | 21.8% | 215.6 | 218.3 | |
| 8. Weighted Average | | | | |
| a. 1980 = 100 | | 298.3 | 297.0 | |
| b. 1980 = 100 (linked) | | 289.2 | 287.6 ³ | |
| c. 4Q07 = 100 ⁴ | | 117.6 | 117.0 | -0.6 |

Forecast error \longrightarrow **-0.6 index points**

¹ During April 2012, one railroad revised data used for the 2012Q1 Materials & Supplies Index. While the change had no impact on the All-Inclusive index or any versions of the RCAF, it caused the Materials & Supplies Index to be 0.1 index points lower. Therefore, the forecast error calculation for 2012Q3, which is based on 2012Q1, uses the original number as "forecast" (263.7), and the corrected number as "actual" (263.6).

| | 2010 Weights | First Quarter 2012 | |
|---------------------------|-----------------|--------------------|--------|
| | | Forecast | Actual |
| Car-Hire | 45.8% | 175.5 | 176.2 |
| Lease Rentals | 54.2% | 215.6 | 218.3 |
| Weighted Average | | 197.2 | 199.0 |
| Weighted Average (linked) | | 203.4 | 205.3 |

³ Linked actual index = (actual index / previous actual index) x previous linked actual index.
 $287.6 = 297.0 / 294.6 \times 285.3$

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

Productivity

On February 6, 2012, the Surface Transportation Board (STB) served a decision in Ex Parte 290 (Sub-No. 4) which added the year 2010 to the Productivity Adjustment Factor (PAF) and removed the year 2005. This creates a geometric average annual productivity change, for the five-year period 2006 through 2010, of 0.8 percent per year. The components of this average annual value are shown on the following table in ratio format – therefore, 1.008 is the same as an increase of 0.8 percent.

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

| Comparison of Output, Input, & Productivity | | | |
|--|---------------------|--------------------|--|
| 2006 - 2010 | | | |
| Year | Output Index (1) | Input Index (2) | Productivity ¹ Changes (3) |
| 2006 | 1.018 | 1.024 | 0.994 |
| 2007 | 1.000 | 0.996 | 1.004 |
| 2008 | 0.990 | 0.970 | 1.021 |
| 2009 | 0.847 | 0.861 | 0.984 |
| 2010 | 1.109 | 1.070 | 1.036 |
| Average | | | 1.008 |
| Previous Average (2005-2009) | | | 1.014 |

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

| Calculation of PAF and PAF-5 | | | |
|---|------|--------|--------|
| For 2006-2010, use fourth root of avg. productivity change = 1.0020 | | | |
| For 2005-2009, use fourth root of avg. productivity change = 1.0035 | | | |
| Quarter | Year | PAF | PAF-5 |
| Q1 | 2012 | 2.2724 | 2.3978 |
| Q2 | 2012 | 2.2769 | 2.4062 |
| Q3 | 2012 | 2.2815 | 2.4146 |
| Q4 | 2012 | 2.2861 | 2.4231 |
| Q1 | 2013 | 2.2907 | 2.4279 |

Rail Cost Adjustment Factor Third Quarter 2012

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

| | Previous 2012Q2 | Current 2012Q3 | Percent Change |
|---|--------------------|-------------------|-------------------|
| All-Inclusive Index ¹ | 120.7 | 117.7 | -2.4 |
| Preliminary RCAF ² | 1.207 | 1.177 | -2.4 |
| Forecast Error Adjustment ³ | <u>-0.022</u> | <u>-0.006</u> | |
| RCAF (Unadjusted) ⁴ | 1.185 | 1.171 | -1.1 |
| Productivity Adjustment Factor ⁵ | <u>2.2769</u> | <u>2.2815</u> | |
| RCAF (Adjusted) ⁶ | 0.520 | 0.513 | -1.3 |
| PAF-5 ⁷ | 2.4062 | 2.4146 | |
| RCAF-5 ⁸ | 0.492 | 0.485 | -1.4 |

¹ See All-Inclusive Index on page 3.

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

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

⁴ Preliminary RCAF plus the forecast error adjustment.

⁵ See Productivity on page 5.

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

⁷ See Productivity on page 5.

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

Appendixes

Labor

Third Quarter 2012

The third quarter 2012 Labor Index is forecast to rise 1.5 percent from the previous quarter. Much of the increase was the net result of general wage increases offset by lower health & welfare costs.

New National Agreement: The new national labor agreement for the Brotherhood of Maintenance of Way Employees Division-International Brotherhood of Teamsters (BMWED) has been added to the index. Like most of the other labor agreements, this contract has a lump sum payment and retroactive wage increases. The retroactive wage increases were 2 percent effective July 1, 2010, and 2.5 percent effective July 1, 2011. These increases caused back pay to be necessary, which (following standard procedure) will be amortized over four quarters.

Wage Rate Index

The Wage Rate Index portion of the Labor Index increased 3.9 percent from the previous quarter. Most labor agreements had wage increases scheduled for July 1, and back pay for the new BMWED contract was added.

Wage Increases: The UTU and UTU-Yardmaster national labor agreements have a 3 percent general wage increase effective July 1, while the other national union contracts (including the new BMWED agreement) have a 4.3 percent wage increase. [See Appendix H for a list of railroad and union abbreviations.] Independent wage increases were typically national-like or cost of living adjustment increases of 12 cents, although one agreement has a 2 percent general wage increase.

Lump Sums: The third quarter lump sum rate increased 3.2 cents (or \$0.032). The increase was caused by the addition of bonus payments from the new national labor agreements for the BLET and BMWED. The BLET amount was "diluted" by independent agreements that do not participate in the wage portion of the national agreement. Two small lump sum amounts for one year ago were completely amortized and removed from the index.

Back Pay: Four back pay amounts were added (and one was completely amortized and removed) to the third quarter rate, netting to an increase of 38.5 cents. The largest amount was related to the new national BMWED labor agreement. Two other amounts were related to independent agreement, including one with a large railroad and one of its largest unions. Some back pay was also owed to the machinists participating in the national IAM labor agreement, since their employee health & welfare cost sharing contribution was lowered retroactively effective January 1. As always, index procedure dictates that back pay amounts are amortized over 4 quarters instead of applied entirely in one quarter.

Other: In wages, "Other" contains the amortization of incentive compensation payments that a large railroad makes each year to its dispatchers, yardmasters, and engineers. The payment made in early 2011 is now completely amortized, and has been replaced with the payment made in early 2012. The 2012 payment was lower than the previous year, causing the decrease in the rate.

Labor

Third Quarter 2012

Supplements Index

The Supplements Index decreased 1.6 percent. Major factors for the change were lower health & welfare costs and higher Railroad Retirement costs caused by higher taxable earnings.

Health & Welfare: Normally, new health & welfare premiums become effective on January 1. Because of labor agreement negotiations, the premiums in effect for 2011 continued into the first and second quarters. New health & welfare premiums are now available, and they are *retroactive to* January 1 (with one exception). The new premiums are generally lower (see pages 4 and 6 of this Appendix), and railroads will be able to take a credit for overpayment earlier in the year (see page 5 of this Appendix). Keeping aligned with index procedure for back pay and lump sums, the credit for overpayment in health & welfare costs will be spread over four quarters instead of taken all in one quarter. The credit causes a decrease of about 21 cents per hour. Employee cost sharing, which was lowered to \$198 per month effective July 1, is a small offset to the lower premiums and overpayment credit. The net result of lower premiums, an overpayment credit, and lower employee cost sharing contributions is a decrease in the hourly rate for health & welfare of nearly 57 cents per hour.

Railroad Retirement: The Railroad Retirement & Medicare rate increased 3.1 percent because of higher taxable earnings.

Unemployment Insurance: The Unemployment Insurance rate increased \$0.001 because of higher taxable earnings.

Other: The "Other" category is a reflection of all other fringe benefits, and currently contain known employer contributions to employee 401(k) accounts and employer contributions to employee stock plans that are recorded as fringe benefits. Much of this quarter's increase was caused by an annual bonus match of 401(k) contributions, and an annual perfect attendance stock award.

Labor Index Calculation

As shown in Table A-1 on the next page, the 3.9 percent increase in the Wage Index and the 1.6 percent decrease in the Supplements Index had a combined effect of a 1.5 percent increase in the Labor Index. The linked third quarter 2012 index is 391.4.

Labor Third Quarter 2012

Table A-1 Labor Index

| | 2012Q2 | 2012Q3 | Change | |
|---|-----------------|-----------------|---------|---------|
| | | | Percent | Amount |
| <u>Base Wage</u> – Straight Time & Pay For Time Not Worked | \$35.956 | \$37.082 | 3.1% | \$1.126 |
| Adjustments: | | | | |
| Lump Sum | 0.414 | 0.446 | 7.7% | 0.032 |
| Back Pay | 0.707 | 1.092 | 54.5% | 0.385 |
| Other | 0.195 | 0.128 | -34.4% | -0.067 |
| Total Wages | <u>37.272</u> | <u>38.748</u> | 4.0% | 1.476 |
| Health & Welfare Benefits | 8.554 | 7.985 | -6.7% | -0.569 |
| RR Retirement & Medicare | 7.363 | 7.588 | 3.1% | 0.225 |
| Unemployment Insurance | 0.433 | 0.434 | 0.2% | 0.001 |
| Other | 0.133 | 0.219 | 64.7% | 0.086 |
| Total Supplements | <u>\$16.483</u> | <u>\$16.226</u> | -1.6% | -0.257 |
| Total Labor | \$53.755 | \$54.974 | | |
| Wage Index¹ | 319.0 | 331.6 | 3.9% | |
| Supplements Index² | 609.1 | 599.6 | -1.6% | |
| Total labor Index, 2010 Weights ³ | 406.6 | 412.5 | | |
| Labor Index (linked)⁴ | 385.8 | 391.4 | 1.5% | |

¹ 1980 wage rate \$11.685

² 1980 supplements rate \$2.706

³ 2010 weights: wages, supplements 69.8% 30.2%

⁴ 2012Q3 linked Index = 2012Q2 linked x (2012Q3 / 2012Q2)
= 385.8 x 412.5 / 406.6

Labor
Third Quarter 2012
Supplement Comparisons

Health and Welfare Rates (retroactive to January 1 unless noted otherwise)

| Plan | Railroad Contribution Per Employee Per Month | | | Change | |
|--------------------------------|---|------------|------------|---------|---------|
| | 2010 | 2011 | 2012 | '10-'11 | '11-'12 |
| Group Health & Life | \$1,305.91 | \$1,401.06 | \$1,349.77 | 7.3% | -3.7% |
| Early Retirement Major Medical | 155.96 | 164.41 | 154.49 | 5.4% | -6.0% |
| Group Dental | 57.29 | 59.47 | 55.90 | 3.8% | -6.0% |
| Group Vision | 10.41 | 10.46 | 10.71 | 0.5% | 2.4% |
| Supplemental Sickness | | | | | |
| Maintenance of Way | 24.90 | 36.52 | 36.52 | 46.7% | 0.0% |
| Shop Crafts | 25.71 | 48.28 | 48.28 | 87.8% | 0.0% |
| Signalmen | 8.65 | 25.62 | 25.62 | 196.2% | 0.0% |
| Yardmasters (eff 5/1/12) | 32.16 | 33.48 | 34.95 | 4.1% | 4.4% |

Note: Supplemental Sickness for MOW, shop crafts, and signalmen, did not change for 2012.

Labor
Third Quarter 2012

NATIONAL RAILWAY LABOR CONFERENCE
EMPLOYEE BENEFITS DEPARTMENT

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April 13, 2012

CONTINUED PARTICIPATION IN
THE RAILROAD EMPLOYEES NATIONAL HEALTH AND WELFARE PLAN ("NH&W")
NATIONAL RAILWAY CARRIERS and UNITED TRANSPORTATION UNION
HEALTH & WELFARE PLAN ("NRC/UTU")
EFFECTIVE JANUARY 1, 2012

CIRCULAR NO. 504-41-50

CIRCULAR NO. 843-1-20

TO: MEMBER ROADS AND OTHER PARTICIPATING RAILROADS

Our Circulars in these series provide information about the continuation of the Plans named above and the applicable Payment Rates. You'll recall that by multi-numbered Circulars 504-41-49 etc, dated November 30, 2011, we advised that the 2011 Payment Rates would continue into 2012 until such time as appropriate rates could be developed. New rates for 2012 have now been set, which are retroactively effective January 1, 2012. Note that for the NH&W and NRC/UTU Plans, the 2012 Payment Rates are lower than the 2011 Payment Rates, therefore, **you will be able to take a credit equal to the amount that you will have overpaid based on these new rates.**

Labor
Third Quarter 2012

NATIONAL RAILWAY LABOR CONFERENCE
EMPLOYEE BENEFITS DEPARTMENT

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May 7, 2012

Mr. Clyde Crimmel
Director Statistical Information
Policy & Communications Department
AAR-5th Floor
50 F Street N.W.
Washington, D.C. 20009

Dear Mr. Crimmel:

The revised employer Payment Rates which are effective January 1, 2012 (unless otherwise noted) are as follows:

| | | |
|---|--------------|------------|
| Aetna - Supplemental Sickness Plans | | |
| ShopCrafts | (no change) | \$ 48.28 |
| Signalmen | (no change) | \$ 25.62 |
| Maintenance of Way | (no change) | \$ 36.52 |
| Trustmark - Supplemental Sickness Plans | | |
| Yardmasters | (eff 5/1/12) | \$ 34.95 |
| Railroad Employees National Health & Welfare Plan & National Railway Carriers/United Transportation Union H&W Plan | | |
| Non-Hospital Road | | \$1,349.77 |
| Railroad Employees National Early Retirement | | |
| Major Medical Benefit Plan | | |
| Non-Hospital Road | | \$ 154.49 |
| Aetna - National Dental Plan | | \$ 55.90 |
| VSP - National Vision Plan | | \$ 10.71 |

If you have any questions or need clarification, please contact me.

Very truly yours,



Susan E. Parks

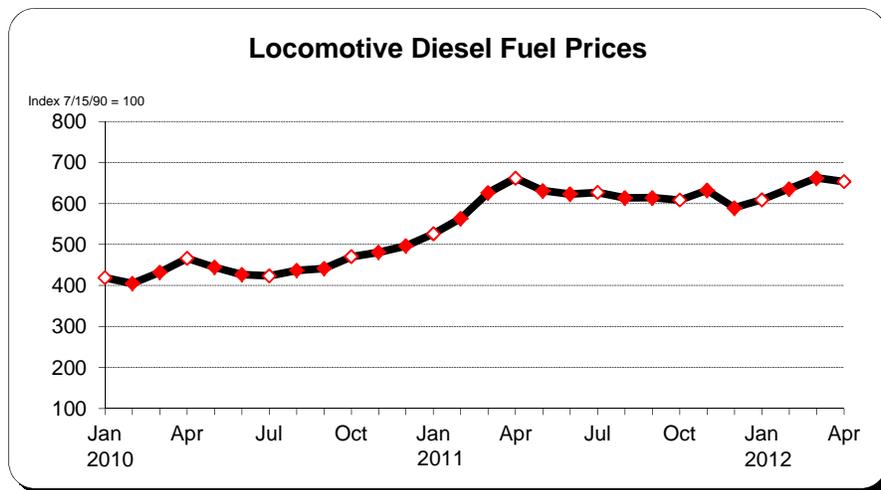
cc: Glen Williams

Fuel Third Quarter 2012

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.

Locomotive diesel fuel prices decreased in April, and are 1.2 percent lower than their price one year ago. While average prices for locomotive diesel fuel are not currently available after April, the Energy Information Administration (EIA) has weekly data in May for related fuel types. EIA data show declining futures prices for heating oil* and crude oil.** In addition, on-highway diesel fuel prices are decreasing.

Railroads believe locomotive diesel fuel prices for July 2012 (Q3) will be 13.7 percent lower than the second quarter forecast (represented by April 2012).



| | |
|---------------------------------------|--------|
| Forecast Fuel Index | 353.4 |
| Change from previous quarter forecast | -13.7% |
| Change from previous quarter actual | -12.4% |

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

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

Materials & Supplies Third Quarter 2012

The third quarter 2012 Materials & Supplies Index increased 0.3 percent from its revised second quarter value (see note below). The change was the net result of slightly higher prices for the Forest Products and Metal Products categories, offset by slightly lower prices for Miscellaneous Products.

| | | |
|--|------------------|-------------------------------------|
| 2012Q3 Materials & Supplies Index = | 274.8 | |
| 2012Q2 <u>Materials & Supplies Index =</u> | <u>274.0</u> | revised from 274.1 (see note below) |
| Difference | 0.8 basis points | |
| | or | |
| | 0.3 % | |

Note: During April, the AAR received corrections to the price for one item used for the 2012Q1 RCAF and another item used in the 2012Q2 RCAF. The first correction decreases the M&S Index by 0.1 index points, but does not affect the All-Inclusive Index. The second quarter correction, in combination with the recalculated Q1, also decreases the M&S Index by 0.1 index points compared to the filed version. This causes a recalculated Q2 All-Inclusive Index, and a recalculated RCAF-U, to decrease by 0.1 index points. Recalculated RCAF-A and RCAF-5 indices were not affected.

The AAR notified the Surface Transportation Board of the corrections. For the current 2012Q3 RCAF calculation, the M&S Index has been calculated as if the 2012Q1 and 2012Q3 indices used the corrected prices, as has the RCAF.

For the 2012Q3 forecast error calculation, the as-filed 2012Q1 M&S Index is the forecast (263.7), and the corrected 2012Q1 M&S Index is the actual (263.6). For the 2012Q4 RCAF filing in September, the plan for the forecast error calculation is to use the 2012Q2 as-filed M&S Index (274.1) as the forecast, and the revised M&S Index (274.0) as the actual.

Equipment Rents Third Quarter 2012

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

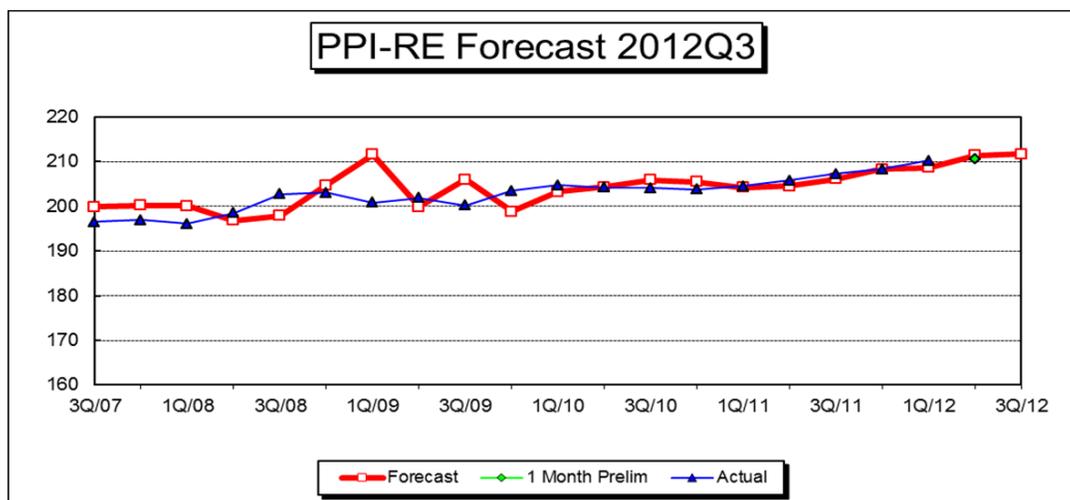
The table below calculates the Equipment Rent Index, which increased 0.5 percent. The third quarter Car Hire portion of the Index decreased 0.7 percent because of lower rates for railroad-owned cars. A 1.3 percent increase for the projected PPI-LF (See Appendix G) used as a proxy for Lease Rentals, combined with the 0.7 percent decrease for Car Hire, caused the Equipment Rent Index to increase 0.5 percent.

| | 2010 Weight | 2012Q2 | 2012Q3 | Percent Change |
|---------------------------|----------------|--------|--------|-------------------|
| Car Hire | 45.8% | 174.8 | 173.6 | -0.7 % |
| Lease Rentals | 54.2% | 218.8 | 221.6 | 1.3 |
| Weighted Average | | 198.6 | 199.6 | 0.5 |
| Weighted Average (Linked) | | 204.8 | 205.8 | 0.5 |

Depreciation Third Quarter 2012

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

| | |
|--|-------|
| Forecast of Depreciation Index (1982=100) | 191.4 |
| Forecast of Depreciation Index (1980=100) | 211.7 |
| Change from previous quarter forecast | 0.1% |
| Change from actual first month of previous quarter | 0.5% |
| Change from same quarter of prior year (actual) | 2.1% |



Depreciation Third Quarter 2012

PPI RAILROAD EQUIPMENT

Recommended model: Exponential Smoothing
 Forecast Model for PPIRE
 Holt exponential smoothing: Linear trend, No seasonality

| Component | Smoothing Weight | Final Value |
|-----------|------------------|-------------|
| Level | 0.81045 | 190.42 |
| Trend | 0.01645 | 0.25689 |

Within-Sample Statistics

| | |
|----------------------|------------------------------|
| Sample size 72 | Number of parameters 2 |
| Mean 181.2 | Standard deviation 5.489 |
| R-square 0.9671 | Adjusted R-square 0.9666 |
| Durbin-Watson 2.017 | Ljung-Box(18)=24.43 P=0.8587 |
| Forecast error 1.003 | BIC 1.049 |
| MAPE 0.003736 | RMSE 0.9885 |
| MAD 0.6719 | |

Actual Values for the Most Recent 6 Periods:

| Date | Actual |
|---------|---------|
| 2011-11 | 187.700 |
| 2011-12 | 189.900 |
| 2012-01 | 189.900 |
| 2012-02 | 190.200 |
| 2012-03 | 190.200 |
| 2012-04 | 190.400 |

Forecasted Values

| Date | 2.5 Lower | Forecast | 97.5 Upper |
|----------------|----------------|----------------|----------------|
| 2012-05 | 188.621 | 190.677 | 192.733 |
| 2012-06 | 188.270 | 190.934 | 193.598 |
| 2012-07 | 188.034 | 191.191 | 194.347 |
| 2012-08 | 187.865 | 191.448 | 195.030 |
| 2012-09 | 187.742 | 191.704 | 195.667 |
| QTR AVG | 187.880 | 191.448 | 195.015 |

Interest Third Quarter 2012

The Interstate Commerce Commission, in its decision served February 28, 1989, revised the All-Inclusive Index methodology to include a specific interest component, which is to track changes in the average interest rate from year to year. The interest rate is essentially the embedded cost of debt, i.e., total interest expense divided by average total long term debt. The interest rate is calculated for the most recent year and used until the next year's figures are available. Typically in the fourth quarter filing, the interest rate is updated to the new level. The source for interest expense is Schedule 210, column b, from the R-1 annual report. The lines used from current R-1 annual reports are listed below. The source for average total debt is Schedule 200 from the R-1 annual report. The sums of data from columns b and c (ending and beginning balances) are combined and divided by 2 to compute an average balance. The line numbers are listed below. Beginning with fourth quarter 2011, the Interest Index is based on data for 2010.

The interest index is the latest year's interest rate divided by 7.85 percent, which was the interest rate in the 1980 base period.

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 Obligatons - Non-Current |
| 44 | Debt in Default - Non-Current |
| 45 | Accounts Payable: Affiliated Companies - Non-Current |
| 46 | Unamortized Debt Premium - Non-Current |

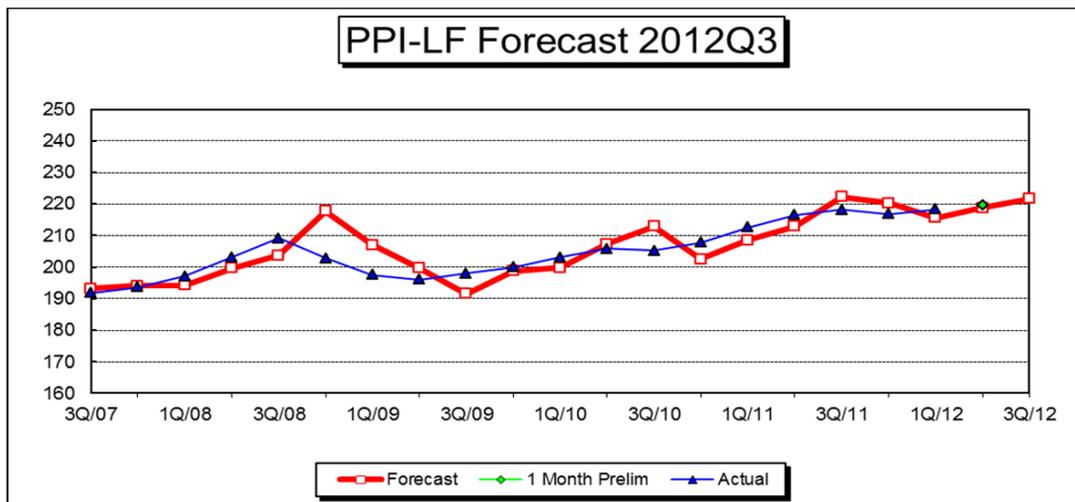
| | | |
|---------------|-----------------------|-------------|
| 2010 | Interest Rate | 7.11% |
| 1980 | Interest Rate | 7.85% |
| 2012Q3 | Interest Index | 90.6 |
| 2012Q2 | Interest Index | 90.6 |
| | Percent Change | 0.0% |

Other Expenses Third Quarter 2012

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. The figure forecast by the model for the third quarter reflects monthly PPI-LF figures that have increased for 4 consecutive months.

| | |
|--|-------|
| Forecast of Other Expense Index (1982=100) | 197.7 |
| Forecast of Other Expense Index (1980=100) | 221.6 |
| Change from previous quarter forecast | 1.3% |
| Change from actual first month of previous quarter | 0.9% |
| Change from same quarter of prior year (actual) | 1.6% |



Other Expenses Third Quarter 2012

PPI INDUSTRIAL COMMODITIES LESS FUELS AND RELATED PRODUCTS AND POWER

Recommended model: Exponential Smoothing
Forecast Model for PPILF
Holt exponential smoothing: Linear trend, No seasonality

| Component | Smoothing Weight | Final Value |
|-----------|------------------|-------------|
| Level | 1.00000 | 195.90 |
| Trend | 0.03165 | 0.43844 |

Within-Sample Statistics

| | |
|----------------------|---------------------------|
| Sample size 72 | Number of parameters 2 |
| Mean 180.2 | Standard deviation 9.012 |
| R-square 0.9863 | Adjusted R-square 0.9861 |
| Durbin-Watson 0.5414 | **Ljung-Box(18)=100.3 P=1 |
| Forecast error 1.062 | BIC 1.111 |
| MAPE 0.004019 | RMSE 1.047 |
| MAD 0.7312 | |

Actual Values for the Most Recent 6 Periods:

| Date | Actual |
|---------|---------|
| 2011-11 | 193.200 |
| 2011-12 | 192.700 |
| 2012-01 | 193.500 |
| 2012-02 | 194.800 |
| 2012-03 | 195.800 |
| 2012-04 | 195.900 |

Forecasted Values

| Date | 2.5 Lower | Forecast | 97.5 Upper |
|----------------|----------------|----------------|----------------|
| 2012-05 | 194.160 | 196.338 | 198.517 |
| 2012-06 | 193.647 | 196.777 | 199.906 |
| 2012-07 | 193.363 | 197.215 | 201.068 |
| 2012-08 | 193.194 | 197.654 | 202.114 |
| 2012-09 | 193.098 | 198.092 | 203.086 |
| QTR AVG | 193.218 | 197.654 | 202.089 |

Railroad and Union Abbreviations

Third Quarter 2012

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.) |
| CSX | CSX Transportation |
| D&H | Delaware & Hudson (Canadian Pacific's U.S. operations, to be included beginning 2011Q4.) |
| DME | Dakota, Minnesota & Eastern (Canadian Pacific's U.S. operations, to be included beginning 2011Q4.) |
| DMIR | Duluth, Missabe & Iron Range Company (Part of CN's Grand Trunk Corp.) |
| DWP | Duluth, Winnipeg & Pacific Railway (Part of CN's Grand Trunk Corp.) |
| 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) |

Workpapers Sent to STB for 2012 Q3 RCAF

June 5, 2012

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. New ST Hourly Rate for National BMW Contract Spreadsheet
6. 17 pages from national contracts with wage increase percentages
7. Wall Street Journal - 13 week Treasury Bill Rate from latest auction (a.k.a. 3-Mo. T-Bill)
8. 2012/Q3 RCAF Lump Sum Amortization (public summary page)
9. 2 pages from national BMW contract for lump sum
10. National BLET Lump Sum Payment summary
11. 3 pages from BLET national agreement concerning lump sums
12. 2012/Q3 RCAF Back Pay Amortization (public summary page)
13. 2 pages of NRLC circulars concerning IAM employee back pay related to employee cost sharing
14. Health & Welfare worksheet (5 pages, including overpayment credit)
15. NRLC circular concerning H&W overpayment and credit
16. 2 NRLC circulars with employee cost sharing rate beginning July
17. NRLC list of employer H&W payment rates
18. Railroad Retirement spreadsheet (5 pages)
19. Unemployment Insurance worksheet
20. 2-page SAS run for Unemployment Insurance
21. Four pages of fuel information from Energy Information Administration
22. Summary of Materials & Supplies (one page)
23. Car Hire Spreadsheet (2 pages) plus source data page for June 2012
24. 4 pages of PPI-RE for Depreciation including graph, input/output, and BLS source data
25. 4 pages of PPI-LF for Other (and Lease Rentals) incl. graph, BLS source data, input/output
26. Forecast Error calc. & workpapers (11 pages: calc, index, fuel, M&S, 3 car hire, 2 deprec, 2 other)

RCAF All-Inclusive Index's Labor Inc Based on Revised* 2010 Benchmarks

| | 10 Wts. | 3Q/11 Original | 3Q/11 Rebenched | % Chg | 4Q/11 See Note | % Chg fr. Orig | 1Q/12 | % Chg | 2Q/12 | % Chg | 3Q/12 | % Chg |
|-----------------------------|---------|-------------------|--------------------|--------------|-------------------|-------------------|-----------------|-------------|-----------------|-------------|-----------------|--------------|
| Straight Time | | \$28.732 | \$28.188 | -1.9% | \$28.188 | -1.9% | \$28.627 | 1.6% | \$28.896 | 0.9% | \$29.794 | 3.1% |
| PFTNW | | \$7.471 | \$6.898 | -7.7% | \$6.898 | -7.7% | \$7.006 | 1.6% | \$7.060 | 0.8% | \$7.288 | 3.2% |
| Total | | \$36.203 | \$35.086 | -3.1% | \$35.086 | -3.1% | \$35.633 | 1.6% | \$35.956 | 0.9% | \$37.082 | 3.1% |
| Adjustments | | | | | | | | | | | | |
| Lump Sum | | \$0.228 | \$0.224 | | \$0.221 | | \$0.226 | | \$0.414 | | \$0.446 | |
| Back Pay | | \$0.038 | \$0.038 | | \$0.038 | | \$0.347 | | \$0.707 | | \$1.092 | |
| Other | | \$0.199 | \$0.195 | | \$0.195 | | \$0.195 | | \$0.195 | | \$0.128 | |
| Total Wages | | \$36.668 | \$35.543 | -3.1% | \$35.540 | -3.1% | \$36.401 | 2.4% | \$37.272 | 2.4% | \$38.748 | 4.0% |
| Pre-Tax Reduction | | (\$1.246) | (\$1.193) | | (\$1.193) | | (\$1.196) | | (\$1.196) | | (\$1.179) | |
| Taxable Wages | | \$35.422 | \$34.350 | | \$34.347 | | \$35.205 | | \$36.076 | | \$37.569 | |
| H & W | | \$8.631 | \$8.558 | -0.8% | \$8.558 | -0.8% | \$8.554 | 0.0% | \$8.554 | 0.0% | \$7.985 | -6.7% |
| RR Ret & Medicare | | \$7.002 | \$7.038 | 0.5% | \$7.037 | 0.5% | \$7.228 | 2.7% | \$7.363 | 1.9% | \$7.588 | 3.1% |
| Unemp. Insurance | | \$0.606 | \$0.599 | -1.2% | \$0.599 | -1.2% | \$0.433 | -27.7% | \$0.433 | 0.0% | \$0.434 | 0.2% |
| Other | | \$0.217 | \$0.213 | -1.8% | \$0.096 | -55.8% | \$0.134 | 39.6% | \$0.133 | -0.7% | \$0.219 | 64.7% |
| Total | | \$16.456 | \$16.408 | -0.3% | \$16.290 | -1.0% | \$16.349 | 0.4% | \$16.483 | 0.8% | \$16.226 | -1.6% |
| Adjustments | | | | | | | | | | | | |
| Total Suppl. | | \$16.456 | \$16.408 | -0.3% | \$16.290 | -1.0% | \$16.349 | 0.4% | \$16.483 | 0.8% | \$16.226 | -1.6% |
| Total Labor | | \$53.124 | \$51.951 | -2.2% | \$51.830 | -2.4% | \$52.750 | 1.8% | \$53.755 | 1.9% | \$54.974 | 2.3% |
| Wage Rate Index | 0.6980 | 313.8 | 304.2 | -3.1% | 304.2 | -3.1% | 311.5 | 2.4% | 319.0 | 2.4% | 331.6 | 3.9% |
| Suppl Index | 0.3020 | 608.1 | 606.4 | -0.3% | 602.0 | -1.0% | 604.2 | 0.4% | 609.1 | 0.8% | 599.6 | -1.6% |
| Total Labor Index '09 Wts. | | 401.8 | | | | | | | | | | |
| Total Labor Index '10 Wts. | | 402.7 | 395.5 | -1.8% | 394.1 | -2.1% | 399.9 | 1.5% | 406.6 | 1.7% | 412.5 | 1.5% |
| Labor Index (Linked) | | 382.1 | | | 373.9 | -2.1% | 379.4 | 1.5% | 385.8 | 1.7% | 391.4 | 1.5% |

* Benchmarks were revised during November 2011, and first used in the 2012Q1 filing. 2011Q4 was recalculated at that time.

All Inclusive ex and RCAF

| | 10 Wts | 3Q/11 Revised | 3Q/11 10 Wts | % Chg | 4Q/11 See Notes | % Chg | 1Q/12 See Notes | % Chg | 2Q/12 See Notes | % Chg | 3Q/12 | % Chg |
|---|---------------|---------------------------|-----------------|-------|--------------------------|--------|--------------------------|-------|--------------------------|-------|---------|--------|
| -- Recalculated for the purpose of calculating Q3-- | | | | | | | | | | | | |
| Labor | 0.333 | 382.10 | 382.1 | 0.0% | 373.9_r | -2.1% | 379.4 | 1.5% | 385.8 | 1.7% | 391.4 | 1.5% |
| Fuel | 0.180 | 392.30 | 392.3 | 0.0% | 396.9 | 1.2% | 387.7 | -2.3% | 409.4 | 5.6% | 353.4 | -13.7% |
| M&S | 0.050 | 257.90_r | 257.9 | 0.0% | 265.7 | 3.0% | 263.6_r | -0.8% | 274.0_r | 3.9% | 274.8 | 0.3% |
| Equip. Rents | 0.062 | 208.80 | 208.8 | 0.0% | 205.9 | -1.4% | 203.4 | -1.2% | 204.8 | 0.7% | 205.8 | 0.5% |
| Depreciation | 0.128 | 206.10 | 206.1 | 0.0% | 208.4 | 1.1% | 208.7 | 0.1% | 211.4 | 1.3% | 211.7 | 0.1% |
| Interest | 0.029 | 84.50 | 84.5 | 0.0% | 90.6 | 7.2% | 90.6 | 0.0% | 90.6 | 0.0% | 90.6 | 0.0% |
| Other | <u>0.218</u> | 222.30 | 222.3 | 0.0% | 220.3 | -0.9% | 215.6 | -2.1% | 218.8 | 1.5% | 221.6 | 1.3% |
| Weighted Avg. | 1.000 | 297.60 | 301.0 | 1.1% | 299.3 | -0.6% | 298.3 | -0.3% | 305.9 | 2.5% | 298.5 | -2.4% |
| Linked | | 291.80 | | | 290.2 | -0.5% | 289.2 | -0.3% | 296.6 | 2.6% | 289.4 | -2.4% |
| | Basing Factor | | | | | | | | | | | |
| 10/1/80 basis | 102.7 | 284.10 | | | 282.6 | -0.5% | 281.6 | -0.4% | 288.8 | 2.6% | 281.8 | -2.4% |
| 10/1/82 | 120.9 | 241.40 | | | 240.0 | -0.6% | 239.2 | -0.3% | 245.3 | 2.6% | 239.4 | -2.4% |
| 4Q/87 | 132.2 | 220.70 | | | 219.5 | -0.5% | 218.8 | -0.3% | 224.4 | 2.6% | 218.9 | -2.5% |
| 4Q/92 | 156.9 | 186.00 | | | 185.0 | -0.5% | 184.3 | -0.4% | 189.0 | 2.6% | 184.4 | -2.4% |
| 4Q/97 | 173.2 | 168.50 | | | 167.6 | -0.5% | 167.0 | -0.4% | 171.2 | 2.5% | 167.1 | -2.4% |
| 4Q/02 | 192.1 | 151.90 | | | 151.1 | -0.5% | 150.5 | -0.4% | 154.4 | 2.6% | 150.7 | -2.4% |
| 4Q/07 basis | 245.9 | 118.70 | | | 118.0 | -0.6% | 117.6 | -0.3% | 120.6 | 2.6% | 117.7 | -2.4% |
| | | | | | Originally filed = 118.2 | | | | Originally filed = 120.7 | | | |
| Car Hire | 0.458 | 178.90 | 178.9 | 0.0% | 175.2 | -2.1% | 175.5 | 0.2% | 174.8 | -0.4% | 173.6 | -0.7% |
| Lease Rents | 0.542 | 222.30 | 222.3 | 0.0% | 220.3 | -0.9% | 215.6 | -2.1% | 218.8 | 1.5% | 221.6 | 1.3% |
| Wghted Avg Eq Rents | | 204.00 | 202.4 | -0.8% | 199.6 | -1.4% | 197.2 | -1.2% | 198.6 | 0.7% | 199.6 | 0.5% |
| Linked Equipment Rents | | 208.80 | | | 205.9 | -1.4% | 203.4 | -1.2% | 204.8 | 0.7% | 205.8 | 0.5% |
| Preliminary RCAF | | 1.187 | | | 1.180 | -0.59% | 1.176 | -0.3% | 1.206 | 2.6% | 1.177 | -2.4% |
| | | | | | Originally filed = 1.182 | | Unchanged from original | | Originally filed = 1.207 | | | |
| Forecast Error Adj. | | 0.020 | | | 0.026 | | (0.007) | | (0.022) | | (0.006) | |
| RCAF Unadjusted | | 1.207 | | | 1.206 | -0.08% | 1.169 | -3.1% | 1.184 | 1.3% | 1.171 | -1.1% |
| | | | | | Originally filed = 1.208 | | | | Originally filed = 1.185 | | | |
| PAF | | 2.2566 | | | 2.2645 | 0.35% | 2.2724 | 0.35% | 2.2769 | 0.20% | 2.2815 | 0.2% |
| RCAF Adjusted | | 0.535 | | | 0.533 | -0.37% | 0.514 | -3.6% | 0.520 | 1.2% | 0.513 | -1.3% |
| | | | | | Unchanged from original | | | | Unchanged from original | | | |
| PAF-5 | | 2.3823 | | | 2.3894 | 0.30% | 2.3978 | 0.35% | 2.4062 | 0.35% | 2.4146 | 0.35% |
| RCAF-5 | | 0.507 | | | 0.505 | -0.39% | 0.488 | -3.4% | 0.492 | 0.8% | 0.485 | -1.4% |
| | | | | | Originally filed = 0.506 | | | | Unchanged from original | | | |

r - revised

Notes:

- During October 2011, one railroad revised its 2010 wage statistics. For 2012Q1 calculation purposes, 2011Q4 has been recalculated using the revised benchmark statistics. The 2012Q2 forecast error calculation, which uses 2011Q4, will use the original Labor number (375.3) for forecast, and the corrected number (373.9) for actual.
- During April, one railroad corrected the price for one item used for the 2012Q1 RCAF and another item used in the 2012Q2 RCAF. The 1st correction decreases the M&S Index by 0.1 index points, but does not affect the All-Inclusive Index. The 2nd quarter correction, in combinatio with the recalculated Q1, also decreases the M&S Index by 0.1 index points compared to the filed version. This causes a recalculated Q2 All-Inclusive Index, and a recalculated RCAF-U, to decrease by 0.1 index points, while RCAF-A and RCAF-5 indices are not affected.

Hourly Rate for 2012 Q3

Straight Time and Time Paid For But Not Worked

2012Q3 Straight Time Hourly Rate (from national spreadsheet) \$29.428
 3 percent GWI for UTU and UTU-YMD, 4.3 percent for the rest, plus new BMWWE with retro GWIs added

Adjustments to 2010 base:

Adjustments added 2011 Q1

| | | |
|--|--|-------|
| CN Railroads | \$0.03 COLA for most unions | 0.001 |
| Dispatcher 4 (BNSF, CSX, KCS, NS) | 2.5% GWI for CSX ATDA-East | 0.001 |
| Misc. Independent BLET, Yardmasters, Dispatchers | 2% GWI for BNSD BLET, 2.5% GWI for CSX BLET, \$0.03 COLA for CSX UTU-YMD | 0.041 |
| Soo Corp. | \$0.03 for SOO IAM, UTU and UTU-YMD, 3.13% for DME BLET, 3.06% for DME UTU | 0.002 |

Adjustments added 2011 Q2

| | | |
|--|-----------|-------|
| CN Railroads | No change | 0.000 |
| Dispatcher 4 (BNSF, CSX, KCS, NS) | No change | 0.000 |
| Misc. Independent BLET, Yardmasters, Dispatchers | No change | 0.000 |
| Soo Corp. | No change | 0.000 |

Adjustments added 2011 Q3

| | | |
|--|---|-------|
| CN Railroads | \$0.28 COLA for most unions | 0.009 |
| Dispatcher 4 (BNSF, CSX, KCS, NS) | No change | 0.000 |
| Misc. Independent BLET, Yardmasters, Dispatchers | 5% GWI for NS BLET, \$0.28 COLA for CSX UTU-YMD | 0.040 |
| Soo Corp. | \$0.28 for DH and SOO IAM, UTU and UTU-YMD | 0.001 |

Adjustments added 2011 Q4

| | | |
|--|---|-------|
| CN Railroads | 2% GWI for DMIR UTU, but no impact | 0.000 |
| Dispatcher 4 (BNSF, CSX, KCS, NS) | No change | 0.000 |
| Misc. Independent BLET, Yardmasters, Dispatchers | No change | 0.000 |
| Soo Corp. | DME BRS new contract with retro GWIs, but no impact | 0.000 |

Adjustments added 2012 Q1

| | | |
|--|---|-------|
| CN Railroads | DMIR BLET new contract, \$0.18 for most unions, 2.5% GWI for non-unions | 0.007 |
| Dispatcher 4 (BNSF, CSX, KCS, NS) | 2.5% GWI for CSX ATDA-East | 0.001 |
| Misc. Independent BLET, Yardmasters, Dispatchers | 2.5% GWI for BNSF & CSX BLET and UP ATDA (non-union), new contract for CSX UTU-YMD | 0.056 |
| Soo Corp. | 3% - 3 DME unions, \$0.18 - DH & SOO IAM, new UTU & YMD - DH & SOO, 2.5% - non-unions | 0.007 |

Adjustments added 2012 Q2

| | | |
|--|--|-------|
| CN Railroads | No change | 0.000 |
| Dispatcher 4 (BNSF, CSX, KCS, NS) | New national contract with retro 2 GWIs | 0.010 |
| Misc. Independent BLET, Yardmasters, Dispatchers | No change | 0.000 |
| Soo Corp. | Soo Line participates in all 10 new national contracts with 2 retro GWIs | 0.009 |

Adjustments added 2012 Q3

| | | |
|--|--|-------|
| CN Railroads | \$0.12 COLA for most unions | 0.003 |
| Dispatcher 4 (BNSF, CSX, KCS, NS) | 4.3% for BNSF, CSX and KCS | 0.010 |
| Misc. Independent BLET, Yardmasters, Dispatchers | 3% GWI for CSX UTU-YMD, 2% for NS BLET, new contract with retro GWIs for UP BLET | 0.149 |
| Soo Corp. | 4.3% GWI for Soo and some DH, 3% GWI for UTU and UTU-YMD of Soo and DH | 0.019 |

Adjusted STHR Total **\$29.794**

Pay For Time Not Worked

| | | |
|-----------------------------------|-------------------|---------|
| PFTNW (from national spreadsheet) | | \$7.198 |
| Ratio Adj STHR to Nat STHR | 29.794 / 29.428 = | 1.01244 |

Adjusted Pay For Time Not Worked **\$7.288**

Notes:

1. CN Railroads includes B&LE, CC&P, DMIR, DW&P, EJE, GTW, IC, and WC
2. "Dispatcher 4" was benchmarked based on 2010 Wage Statistics as independent, even though the new national ATDA contract was signed February 6, 2012.
3. Soo Corp. includes DH, DME and Soo Line.

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/2012

U.S. ST Hours = 290,805,945
 Wage Statistics are for 2010.

| Union Group | Employees | Mo. Rate | Annual \$ |
|--|----------------|------------|---------------------------|
| National BLET (BNSF, CSX, KCS, NS, UP) | 23,721 | (\$198.00) | (\$56,361,096.00) |
| National BMW (BNSF, CSX, KCS, NS, UP) | 22,631 | (\$198.00) | (\$53,771,256.00) |
| National BRS (BNSF, CSX, KCS, NS, UP) | 6,180 | (\$198.00) | (\$14,683,680.00) |
| National IAM (BNSF, CSX, KCS, NS, UP) | 6,509 | (\$198.00) | (\$15,465,384.00) |
| National IBBM (BNSF, CSX, KCS, NS, UP) | 837 | (\$198.00) | (\$1,988,712.00) |
| National IBEW (BNSF, CSX, KCS, NS, UP) | 4,939 | (\$198.00) | (\$11,735,064.00) |
| National NCFO (BNSF, CSX, KCS, NS, UP) | 2,215 | (\$198.00) | (\$5,262,840.00) |
| National SMW (BNSF, CSX, KCS, NS, UP) | 963 | (\$198.00) | (\$2,288,088.00) |
| National TCU (BNSF, CSX, KCS, NS, UP) | 6,026 | (\$198.00) | (\$14,317,776.00) |
| National TCU-CAR (BNSF, CSX, KCS, NS, UP) | 9,235 | (\$198.00) | (\$21,942,360.00) |
| National UTU (BNSF, CSX, KCS, NS, UP) | 35,762 | (\$198.00) | (\$84,970,512.00) |
| National UTU-Yardmasters (BNSF, CSX, KCS, NS) | 1,481 | (\$198.00) | (\$3,518,856.00) |
| Indep. Dispatchers (wt avg BNSF, CSX, KCS, NS) | 1,708 | (\$198.00) | (\$4,058,208.00) |
| Independent CNGT (wt avg all 104 union categories) | 5,971 | (\$124.44) | (\$8,916,374.88) |
| Independent SOO (wt avg all 13 unions) | 3,593 | (\$188.19) | (\$8,114,000.04) |
| Independent UP (Yardmasters only) | 417 | (\$198.00) | (\$990,792.00) |
| Total Union | 132,188 | | (\$308,384,998.92) |
| All Other @ \$2,868,948.60 total per month | | | (\$34,427,383.20) |
| Total | | | (\$342,812,382.12) |

| | |
|---------------------------------------|-----------------|
| Reduction in Wage Rate Per ST Hour | -\$1.17883554 |
| Deduct this amount from the Wage Rate | -\$1.179 |

National Contracts U.S.

| Straight Time Hourly Rate | | | | | | | | | | | | | | | Check Sum |
|---------------------------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------------|
| Weight | UTU | TCU | BLET | SMWIA | BRS | BMWE | TCU-CAR | NCFO | IAM | IBBM | IBEW | ATDA | YDMSTR | OTHER | |
| 2010 Avg. | 24.404 | 25.011 | 26.495 | 25.044 | 25.606 | 22.667 | 24.931 | 20.994 | 25.392 | 22.894 | 25.634 | 37.231 | 33.857 | 42.489 | 382.649 |
| 12/31/10 | 24.410 | 25.015 | 26.565 | 25.045 | 25.610 | 22.671 | 24.934 | 20.996 | 25.394 | 22.895 | 25.636 | 37.231 | 33.857 | 42.489 | 382.747 |
| 1/1/11 | 24.438 | 25.015 | 26.565 | 25.045 | 25.610 | 22.671 | 24.934 | 20.996 | 25.422 | 22.895 | 25.636 | 37.231 | 33.871 | 42.489 | |
| 4/1/11 | 24.438 | 25.015 | 26.565 | 25.045 | 25.610 | 22.671 | 24.934 | 20.996 | 25.422 | 22.895 | 25.636 | 37.231 | 33.871 | 42.489 | |
| 7/1/11 | 24.700 | 25.015 | 26.565 | 25.045 | 25.610 | 22.671 | 24.934 | 20.996 | 25.689 | 22.895 | 25.636 | 37.231 | 34.007 | 42.489 | |
| 10/1/11 | 24.700 | 25.015 | 26.565 | 25.045 | 25.610 | 22.671 | 24.934 | 20.996 | 25.689 | 22.895 | 25.636 | 37.231 | 34.007 | 42.489 | |
| 1/1/12 | 25.473 | 25.015 | 26.565 | 25.045 | 25.610 | 22.671 | 24.934 | 20.996 | 25.689 | 22.895 | 25.636 | 37.231 | 34.618 | 43.552 | |
| 4/1/12 | 25.473 | 26.000 | 26.587 | 26.161 | 26.699 | 22.671 | 25.991 | 21.909 | 26.525 | 23.754 | 26.738 | 37.231 | 34.618 | 43.552 | |
| 7/1/12 | 26.189 | 26.976 | 26.610 | 27.262 | 27.726 | 24.536 | 27.026 | 22.810 | 27.611 | 24.599 | 27.825 | 37.231 | 35.121 | 43.552 | |

| Weighted Straight Time Hourly Rate | | | | | | | | | | | | | | | |
|------------------------------------|-------|-------|-------|-------|-------|-------|---------|-------|-------|-------|-------|-------|--------|-------|--------|
| | UTU | TCU | BLET | SMWIA | BRS | BMWE | TCU-CAR | NCFO | IAM | IBBM | IBEW | ATDA | YDMSTR | OTHER | Total |
| 2010 Avg. | 5.707 | 0.995 | 4.535 | 0.150 | 1.126 | 3.500 | 1.537 | 0.293 | 1.057 | 0.137 | 0.815 | 0.542 | 0.388 | 7.214 | 27.996 |
| 12/31/10 | 5.708 | 0.995 | 4.547 | 0.150 | 1.126 | 3.501 | 1.537 | 0.293 | 1.057 | 0.137 | 0.815 | 0.542 | 0.388 | 7.214 | 28.011 |
| 1/1/11 | 5.715 | 0.995 | 4.547 | 0.150 | 1.126 | 3.501 | 1.537 | 0.293 | 1.058 | 0.137 | 0.815 | 0.542 | 0.388 | 7.214 | 28.019 |
| 4/1/11 | 5.715 | 0.995 | 4.547 | 0.150 | 1.126 | 3.501 | 1.537 | 0.293 | 1.058 | 0.137 | 0.815 | 0.542 | 0.388 | 7.214 | 28.019 |
| 7/1/11 | 5.776 | 0.995 | 4.547 | 0.150 | 1.126 | 3.501 | 1.537 | 0.293 | 1.069 | 0.137 | 0.815 | 0.542 | 0.390 | 7.214 | 28.093 |
| 10/1/11 | 5.776 | 0.995 | 4.547 | 0.150 | 1.126 | 3.501 | 1.537 | 0.293 | 1.069 | 0.137 | 0.815 | 0.542 | 0.390 | 7.214 | 28.093 |
| 1/1/12 | 5.957 | 0.995 | 4.547 | 0.150 | 1.126 | 3.501 | 1.537 | 0.293 | 1.069 | 0.137 | 0.815 | 0.542 | 0.397 | 7.394 | 28.461 |
| 4/1/12 | 5.957 | 1.034 | 4.550 | 0.157 | 1.174 | 3.501 | 1.602 | 0.306 | 1.104 | 0.142 | 0.850 | 0.542 | 0.397 | 7.394 | 28.711 |
| 7/1/12 | 6.125 | 1.073 | 4.554 | 0.163 | 1.219 | 3.789 | 1.666 | 0.319 | 1.149 | 0.147 | 0.885 | 0.542 | 0.402 | 7.394 | 29.428 |

Note: The 2010 Average and 12/31/10 Straight Time Hourly Rates are the industry rates, and include all Class I railroad employees. The rates for 1/1/11 through 7/1/12 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 2010 are not shown on this page and are handled separately.

National Contracts U.S.

| Pay For Time Not Worked Hourly Rate | | | | | | | | | | | | | | | Check Sum |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------|
| Weight | UTU | TCU | BLET | SMWIA | BRS | BMWE | TCU-CAR | NCFO | IAM | IBBM | IBEW | ATDA | YDMSTR | OTHER | |
| | 0.23386 | 0.03979 | 0.17115 | 0.00599 | 0.04396 | 0.15442 | 0.06165 | 0.01397 | 0.04162 | 0.00599 | 0.03179 | 0.01456 | 0.01146 | 0.16979 | 1.00000 |
| 2010 Avg. | 10.802 | 5.662 | 11.146 | 4.239 | 5.678 | 4.390 | 4.387 | 3.663 | 4.808 | 3.735 | 5.105 | 6.970 | 9.476 | 1.813 | 81.875 |
| 12/31/10 | 10.805 | 5.663 | 11.176 | 4.240 | 5.678 | 4.391 | 4.388 | 3.663 | 4.809 | 3.735 | 5.105 | 6.970 | 9.476 | 1.813 | |
| 1/1/11 | 10.817 | 5.663 | 11.176 | 4.240 | 5.678 | 4.391 | 4.388 | 3.663 | 4.814 | 3.735 | 5.105 | 6.970 | 9.481 | 1.813 | |
| 4/1/11 | 10.817 | 5.663 | 11.176 | 4.240 | 5.678 | 4.391 | 4.388 | 3.663 | 4.814 | 3.735 | 5.105 | 6.970 | 9.481 | 1.813 | |
| 7/1/11 | 10.933 | 5.663 | 11.176 | 4.240 | 5.678 | 4.391 | 4.388 | 3.663 | 4.865 | 3.735 | 5.105 | 6.970 | 9.518 | 1.813 | |
| 10/1/11 | 10.933 | 5.663 | 11.176 | 4.240 | 5.678 | 4.391 | 4.388 | 3.663 | 4.865 | 3.735 | 5.105 | 6.970 | 9.518 | 1.813 | |
| 1/1/12 | 11.275 | 5.663 | 11.176 | 4.240 | 5.678 | 4.391 | 4.388 | 3.663 | 4.865 | 3.735 | 5.105 | 6.970 | 9.689 | 1.859 | |
| 4/1/12 | 11.275 | 5.886 | 11.185 | 4.428 | 5.920 | 4.391 | 4.574 | 3.822 | 5.023 | 3.875 | 5.324 | 6.970 | 9.689 | 1.859 | |
| 7/1/12 | 11.592 | 6.107 | 11.195 | 4.615 | 6.148 | 4.752 | 4.756 | 3.980 | 5.229 | 4.013 | 5.541 | 6.970 | 9.830 | 1.859 | |

| Pay For Time Not Worked Hourly Rate | | | | | | | | | | | | | | | |
|-------------------------------------|-------|-------|-------|-------|-------|-------|---------|-------|-------|-------|-------|-------|--------|-------|--------------|
| | UTU | TCU | BLET | SMWIA | BRS | BMWE | TCU-CAR | NCFO | IAM | IBBM | IBEW | ATDA | YDMSTR | OTHER | Total |
| 2010 Avg. | 2.526 | 0.225 | 1.908 | 0.025 | 0.250 | 0.678 | 0.270 | 0.051 | 0.200 | 0.022 | 0.162 | 0.101 | 0.109 | 0.308 | 6.836 |
| 12/31/10 | 2.527 | 0.225 | 1.913 | 0.025 | 0.250 | 0.678 | 0.271 | 0.051 | 0.200 | 0.022 | 0.162 | 0.101 | 0.109 | 0.308 | 6.842 |
| 1/1/11 | 2.530 | 0.225 | 1.913 | 0.025 | 0.250 | 0.678 | 0.271 | 0.051 | 0.200 | 0.022 | 0.162 | 0.101 | 0.109 | 0.308 | 6.846 |
| 4/1/11 | 2.530 | 0.225 | 1.913 | 0.025 | 0.250 | 0.678 | 0.271 | 0.051 | 0.200 | 0.022 | 0.162 | 0.101 | 0.109 | 0.308 | 6.846 |
| 7/1/11 | 2.557 | 0.225 | 1.913 | 0.025 | 0.250 | 0.678 | 0.271 | 0.051 | 0.202 | 0.022 | 0.162 | 0.101 | 0.109 | 0.308 | 6.875 |
| 10/1/11 | 2.557 | 0.225 | 1.913 | 0.025 | 0.250 | 0.678 | 0.271 | 0.051 | 0.202 | 0.022 | 0.162 | 0.101 | 0.109 | 0.308 | 6.875 |
| 1/1/12 | 2.637 | 0.225 | 1.913 | 0.025 | 0.250 | 0.678 | 0.271 | 0.051 | 0.202 | 0.022 | 0.162 | 0.101 | 0.111 | 0.316 | 6.965 |
| 4/1/12 | 2.637 | 0.234 | 1.914 | 0.027 | 0.260 | 0.678 | 0.282 | 0.053 | 0.209 | 0.023 | 0.169 | 0.101 | 0.111 | 0.316 | 7.015 |
| 7/1/12 | 2.711 | 0.243 | 1.916 | 0.028 | 0.270 | 0.734 | 0.293 | 0.056 | 0.218 | 0.024 | 0.176 | 0.101 | 0.113 | 0.316 | 7.198 |

UTU

| | Percentage Increase | Cents Increase | Applicable | ST HR | PFTNW HR |
|------------------------|---------------------|----------------|------------|-----------------|----------|
| 2010 Industry Avg. | | | | 24.40450 | 10.80230 |
| 12/31/10 Industry Rate | | | | 24.40985 | 10.80466 |
| 1/1/11 | | 0.03000 | 93.685% | 24.43795 | 10.81711 |
| 4/1/11 | | | 93.685% | 24.43795 | 10.81711 |
| 7/1/11 | | 0.28000 | 93.685% | 24.70027 | 10.93322 |
| 10/1/11 | | | 93.685% | 24.70027 | 10.93322 |
| 1/1/12 | | | 93.685% | 25.47331 | 11.27539 |
| 4/1/12 | | | 93.685% | 25.47331 | 11.27539 |
| 7/1/12 | 3.00% | | 93.685% | 26.18925 | 11.59229 |

New contract adds a retro 2% GWI on 7/1/10 and retains \$0.03 on 1/1/11, but replaced \$0.28 with 2.5% GWI on 7/1/11.

TCU

| | Percentage Increase | Cents Increase | Applicable | ST HR | PFTNW HR |
|------------------------|---------------------|----------------|------------|-----------------|----------|
| 2010 Industry Avg. | | | | 25.01061 | 5.66224 |
| 12/31/10 Industry Rate | | | | 25.01466 | 5.66316 |
| 1/1/11 | | | 87.282% | 25.01466 | 5.66316 |
| 4/1/11 | | | 87.282% | 25.01466 | 5.66316 |
| 7/1/11 | | | 87.282% | 25.01466 | 5.66316 |
| 10/1/11 | | | 87.282% | 25.01466 | 5.66316 |
| 1/1/12 | | | 87.282% | 25.01466 | 5.66316 |
| 4/1/12 | | | 87.282% | 25.99984 | 5.88620 |
| 7/1/12 | 4.30% | | 87.282% | 26.97565 | 6.10712 |

New contract adds a retro 2% GWI on 7/1/10 and 2.5% GWI on 7/1/11.

BLET

| | Percentage Increase | Cents Increase | Applicable | ST HR | PFTNW HR |
|------------------------|---------------------|----------------|---------------|-----------------|----------|
| 2010 Industry Avg. | | | | 26.49472 | 11.14646 |
| 12/31/10 Industry Rate | | | | 26.56504 | 11.17605 |
| 1/1/11 | | | 31.771% | 26.56504 | 11.17605 |
| 4/1/11 | | | 31.771% | 26.56504 | 11.17605 |
| 7/1/11 | | | 31.771% | 26.56504 | 11.17605 |
| 10/1/11 | | | 31.771% | 26.56504 | 11.17605 |
| 1/1/12 | | | 31.771% | 26.56504 | 11.17605 |
| 4/1/12 | | | 31.771% | 26.58705 | 11.18531 |
| 7/1/12 | 4.30% | | 2.012% | 26.61006 | 11.19499 |

Removal of one additional railroad from the wages portion of the national agreement.

SMWIA

| | Percentage Increase | Cents | | ST HR | PFTNW HR |
|------------------------|---------------------|--|------------|-----------------|----------|
| | | Increase | Applicable | | |
| 2010 Industry Avg. | | New contract adds a retro 2% GWI on 7/1/10 and 2.5% GWI on 7/1/11. | | 25.04430 | 4.23948 |
| 12/31/10 Industry Rate | | | | 25.04525 | 4.23964 |
| 1/1/11 | | | 97.892% | 25.04525 | 4.23964 |
| 4/1/11 | | | 97.892% | 25.04525 | 4.23964 |
| 7/1/11 | | | 97.892% | 25.04525 | 4.23964 |
| 10/1/11 | | | 97.892% | 25.04525 | 4.23964 |
| 1/1/12 | | | 97.892% | 25.04525 | 4.23964 |
| 4/1/12 | | | 97.892% | 26.16051 | 4.42843 |
| 7/1/12 | 4.30% | | 97.892% | 27.26169 | 4.61484 |

BRS

| | Percentage Increase | Cents | | ST HR | PFTNW HR |
|------------------------|---------------------|--|------------|-----------------|----------|
| | | Increase | Applicable | | |
| 2010 Industry Avg. | | New contract adds a retro 2% GWI on 7/1/10 and 2.5% GWI on 7/1/11. | | 25.60561 | 5.67750 |
| 12/31/10 Industry Rate | | | | 25.60954 | 5.67837 |
| 1/1/11 | | | 89.449% | 25.60954 | 5.67837 |
| 4/1/11 | | | 89.449% | 25.60954 | 5.67837 |
| 7/1/11 | | | 89.449% | 25.60954 | 5.67837 |
| 10/1/11 | | | 89.449% | 25.60954 | 5.67837 |
| 1/1/12 | | | 89.449% | 25.60954 | 5.67837 |
| 4/1/12 | | | 89.449% | 26.69927 | 5.92000 |
| 7/1/12 | 4.30% | | 89.449% | 27.72620 | 6.14770 |

BMWE

| | Percentage Increase | Cents | | ST HR | PFTNW HR |
|------------------------|---------------------|--|------------|-----------------|----------|
| | | Increase | Applicable | | |
| 2010 Industry Avg. | | New contract adds a retro 2% GWI on 7/1/10 and 2.5% GWI on 7/1/11. | | 22.66677 | 4.38963 |
| 12/31/10 Industry Rate | | | | 22.67144 | 4.39053 |
| 1/1/11 | | | 90.916% | 22.67144 | 4.39053 |
| 4/1/11 | | | 90.916% | 22.67144 | 4.39053 |
| 7/1/11 | | | 90.916% | 22.67144 | 4.39053 |
| 10/1/11 | | | 90.916% | 22.67144 | 4.39053 |
| 1/1/12 | | | 90.916% | 22.67144 | 4.39053 |
| 4/1/12 | | | 90.916% | 22.67144 | 4.39053 |
| 7/1/12 | 4.30% | | 90.916% | 24.53603 | 4.75163 |

TCU-Carmen

| | Percentage Increase | Cents | | ST HR | PFTNW HR |
|------------------------|---------------------|--|------------|-----------------|----------|
| | | Increase | Applicable | | |
| 2010 Industry Avg. | | New contract adds a retro 2% GWI on 7/1/10 and 2.5% GWI on 7/1/11. | | 24.93128 | 4.38721 |
| 12/31/10 Industry Rate | | | | 24.93405 | 4.38770 |
| 1/1/11 | | | 92.622% | 24.93405 | 4.38770 |
| 4/1/11 | | | 92.622% | 24.93405 | 4.38770 |
| 7/1/11 | | | 92.622% | 24.93405 | 4.38770 |
| 10/1/11 | | | 92.622% | 24.93405 | 4.38770 |
| 1/1/12 | | | 92.622% | 24.93405 | 4.38770 |
| 4/1/12 | | | 92.622% | 25.99107 | 4.57371 |
| 7/1/12 | 4.30% | | 92.622% | 27.02622 | 4.75587 |

NCFO

| | Percentage Increase | Cents | | ST HR | PFTNW HR |
|------------------------|---------------------|--|------------|-----------------|----------|
| | | Increase | Applicable | | |
| 2010 Industry Avg. | | New contract adds a retro 2% GWI on 7/1/10 and 2.5% GWI on 7/1/11. | | 20.99427 | 3.66274 |
| 12/31/10 Industry Rate | | | | 20.99551 | 3.66296 |
| 1/1/11 | | | 95.630% | 20.99551 | 3.66296 |
| 4/1/11 | | | 95.630% | 20.99551 | 3.66296 |
| 7/1/11 | | | 95.630% | 20.99551 | 3.66296 |
| 10/1/11 | | | 95.630% | 20.99551 | 3.66296 |
| 1/1/12 | | | 95.630% | 20.99551 | 3.66296 |
| 4/1/12 | | | 95.630% | 21.90933 | 3.82239 |
| 7/1/12 | 4.30% | | 95.630% | 22.81027 | 3.97957 |

IAM

| | Percentage Increase | Cents | | ST HR | PFTNW HR |
|------------------------|---------------------|--|------------|-----------------|----------|
| | | Increase | Applicable | | |
| 2010 Industry Avg. | | New contract adds a retro 2% GWI on 7/1/10, \$0.03 COLA on 1/1/11 rolled in, and 2.5% GWI on 7/1/11. | | 25.39199 | 4.80847 |
| 12/31/10 Industry Rate | | | | 25.39360 | 4.80878 |
| 1/1/11 | | 0.03000 | 95.211% | 25.42216 | 4.81419 |
| 4/1/11 | | | 95.211% | 25.42216 | 4.81419 |
| 7/1/11 | | 0.28000 | 95.211% | 25.68875 | 4.86467 |
| 10/1/11 | | | 95.211% | 25.68875 | 4.86467 |
| 1/1/12 | | | 95.211% | 25.68875 | 4.86467 |
| 4/1/12 | | | 95.211% | 26.52519 | 5.02307 |
| 7/1/12 | 4.30% | | 95.211% | 27.61115 | 5.22872 |

IAM 1/1/12 COLA suspended in anticipation of new agreement.

IBBM

| | Percentage Increase | Cents Increase | Applicable | ST HR | PFTNW HR |
|------------------------|---------------------|----------------|------------|-----------------|----------|
| 2010 Industry Avg. | | | | 22.89370 | 3.73487 |
| 12/31/10 Industry Rate | | | | 22.89536 | 3.73514 |
| 1/1/11 | | | 82.653% | 22.89536 | 3.73514 |
| 4/1/11 | | | 82.653% | 22.89536 | 3.73514 |
| 7/1/11 | | | 82.653% | 22.89536 | 3.73514 |
| 10/1/11 | | | 82.653% | 22.89536 | 3.73514 |
| 1/1/12 | | | 82.653% | 22.89536 | 3.73514 |
| 4/1/12 | | | 82.653% | 23.75433 | 3.87528 |
| 7/1/12 | 4.30% | | 82.653% | 24.59857 | 4.01301 |

New contract adds a retro 2% GWI on 7/1/10 and 2.5% GWI on 7/1/11.

IBEW

| | Percentage Increase | Cents Increase | Applicable | ST HR | PFTNW HR |
|------------------------|---------------------|----------------|------------|-----------------|----------|
| 2010 Industry Avg. | | | | 25.63436 | 5.10474 |
| 12/31/10 Industry Rate | | | | 25.63628 | 5.10513 |
| 1/1/11 | | | 94.567% | 25.63628 | 5.10513 |
| 4/1/11 | | | 94.567% | 25.63628 | 5.10513 |
| 7/1/11 | | | 94.567% | 25.63628 | 5.10513 |
| 10/1/11 | | | 94.567% | 25.63628 | 5.10513 |
| 1/1/12 | | | 94.567% | 25.63628 | 5.10513 |
| 4/1/12 | | | 94.567% | 26.73778 | 5.32448 |
| 7/1/12 | 4.30% | | 94.567% | 27.82504 | 5.54099 |

New contract adds a retro 2% GWI on 7/1/10 and 2.5% GWI on 7/1/11.

ATDA

| | Percentage Increase | Cents Increase | Applicable | ST HR | PFTNW HR |
|------------------------|---------------------|----------------|------------|----------|----------|
| 2010 Industry Avg. | | | | 37.23059 | 6.96992 |
| 12/31/10 Industry Rate | | | | 37.23059 | 6.96992 |
| 1/1/11 | | | 0.000% | 37.23059 | 6.96992 |
| 4/1/11 | | | 0.000% | 37.23059 | 6.96992 |
| 7/1/11 | | | 0.000% | 37.23059 | 6.96992 |
| 10/1/11 | | | 0.000% | 37.23059 | 6.96992 |
| 1/1/12 | | | 0.000% | 37.23059 | 6.96992 |
| 4/1/12 | | | 0.000% | 37.23059 | 6.96992 |
| 7/1/12 | | | 0.000% | 37.23059 | 6.96992 |

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

YDMSTRS

| | Percentage Increase | Cents Increase | Applicable | ST HR | PFTNW HR |
|------------------------|---------------------|----------------|------------|-----------------|----------|
| 2010 Industry Avg. | | | | 33.85682 | 9.47643 |
| 12/31/10 Industry Rate | | | | 33.85682 | 9.47643 |
| 1/1/11 | | 0.03000 | 48.470% | 33.87136 | 9.48050 |
| 4/1/11 | | | 48.470% | 33.87136 | 9.48050 |
| 7/1/11 | | 0.28000 | 48.470% | 34.00708 | 9.51849 |
| 10/1/11 | | | 48.470% | 34.00708 | 9.51849 |
| 1/1/12 | | | 48.470% | 34.61781 | 9.68943 |
| 4/1/12 | | | 48.470% | 34.61781 | 9.68943 |
| 7/1/12 | 3.00% | | 48.470% | 35.12119 | 9.83033 |

New contract adds a retro 2% GWI on 7/1/10 and retains \$0.03 on 1/1/11, but replaced \$0.28 on 7/1/11 with a special adjustment of \$0.125 on 6/30/11 and 2.5% GWI on 7/1/11.

OTHER

| | Percentage Increase | Cents Increase | Applicable | ST HR | PFTNW HR |
|------------------------|---------------------|----------------|------------|----------|----------|
| 2010 Industry Avg. | | | | 42.48936 | 1.81331 |
| 12/31/10 Industry Rate | | | | 42.48936 | 1.81331 |
| 1/1/11 | | | 100.000% | 42.48936 | 1.81331 |
| 4/1/11 | | | 100.000% | 42.48936 | 1.81331 |
| 7/1/11 | | | 100.000% | 42.48936 | 1.81331 |
| 10/1/11 | | | 100.000% | 42.48936 | 1.81331 |
| 1/1/12 | 2.50% | | 100.000% | 43.55159 | 1.85864 |
| 4/1/12 | | | 100.000% | 43.55159 | 1.85864 |
| 7/1/12 | | | 100.000% | 43.55159 | 1.85864 |

Check Sums

| | Increase | Applicable | ST HR | PFTNW HR |
|----------|----------|------------|------------|------------|
| 2010 AVG | | | 382.64888 | 81.87532 |
| 12/31/10 | | | 382.74734 | |
| | | 1100.148% | | |
| | | ok matches | ok matches | ok matches |
| | | | ok matches | |

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

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

MEDIATION AGREEMENT

THIS AGREEMENT, made this 25th day of April, 2012, by and between the participating carriers listed in Exhibit A attached hereto and hereby made a part hereof, and represented by the National Carriers' Conference Committee, and the employees of such carriers shown thereon and represented by the Brotherhood of Maintenance of Way Employees Division-International Brotherhood of Teamsters:

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

On July 1, 2010, all hourly, daily, weekly, and monthly rates of pay of employees covered by this Agreement in effect on the preceding day shall be increased in the amount of two (2) percent applied so as to give effect to this increase in pay irrespective of the method of payment. The increase provided for in this Section 1 shall be applied as follows:

(a) Hourly Rates -

Add 2 percent to the existing hourly rates of pay.

(b) Daily Rates -

Add 2 percent to the existing daily rates of pay.

(c) Weekly Rates -

Add 2 percent to the existing weekly rates of pay.

(d) Monthly Rates -

Add 2 percent to the existing monthly rates of pay.

(e) Disposition of Fractions -

Rates of pay resulting from application of paragraphs (a) through (d) above which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped, and fractions of one-half cent or more shall be increased to the nearest full cent.

(f) Piece Work -

Adjustment of piece-work rates of pay shall be based on the amount of increase applicable to the basic hourly rates for the class of work performed. Where piece-work rates of pay are in effect on carriers having special rules as to the application of any increase, or decrease, in such rates, such rules shall apply.

(g) Deductions -

Insofar as concerns deductions, which may be made from the rates resulting from the increase herein granted, under Section 3(m) of the Fair Labor Standards Act of 1938, they may continue to be made to the extent that such deductions were being legally made as of August 31, 1941.

(h) Application of Wage Increase -

The increase in wages provided for in this Section 1 shall be applied in accordance with the wage or working conditions agreement in effect between each carrier and the labor organization party hereto. Special allowances not included in fixed hourly, daily, weekly or monthly rates of pay for all services rendered, and arbitraries representing duplicate time payments, will not be increased. Overtime hours will be computed in accordance with individual schedules for all overtime hours paid for.

Section 2 - Second General Wage Increase

Effective July 1, 2011, all hourly, daily, weekly, monthly and piece-work 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, monthly and piece-work 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, monthly and piece-work rates of pay in effect on June 30, 2013 for employees covered by this

MEDIATION AGREEMENT

THIS AGREEMENT, made this 6th day of February, 2012, by and between the participating carriers listed in Exhibit A attached hereto and represented by the National Carriers' Conference Committee, and the employees shown thereon and represented by the American Train Dispatchers Association, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

Effective July 1, 2010, each basic monthly rate of pay in effect on June 30, 2010 for employees covered by this Agreement shall be increased in the amount of two (2) percent representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

Section 2 - Second General Wage Increase

Effective July 1, 2011, each basic monthly rate 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 representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

Section 3 - Third General Wage Increase

Effective July 1, 2012, each basic monthly rate 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 representing a general wage increase. Where basic monthly rates are not in effect, an equivalent

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 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. Rates of freight carmen shall be increased in the same manner as provided in Section 1 hereof. 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. Rates of freight carmen shall be increased in the same manner as provided in Section 1 hereof. 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. Rates of freight carmen shall be increased in the same manner as provided in Section 1 hereof. The increase provided for in this Section 4 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 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

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 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.

AGREEMENT

THIS AGREEMENT, made this 16th day of September, 2011, by and between the participating carriers listed in Exhibit A, attached hereto and made a part hereof, and represented by the National Carriers' Conference Committee, and the employees of such carriers shown thereon and represented by the Yardmasters Department, United Transportation Union, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

Effective July 1, 2010, all standard basic daily rates of pay for employees covered by this Agreement in effect on June 30, 2010 shall be increased by two (2) percent.

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 covered by this Agreement shall be increased by two-and-one-half (2-1/2) percent, computed and applied in the same manner prescribed in Section 1 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 covered by this Agreement shall be increased by

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

Section 4 – Fourth General Wage Increase

Effective July 1, 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.

0.085%

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

May 28, 2012

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

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|--------------------|--------|----------|--------------|-------------|
| Prime rates | | | | |
| U.S. | 3.25 | 3.25 | 3.25 | 3.25 |
| Canada | 3.00 | 3.00 | 3.00 | 3.00 |
| Euro zone | 1.00 | 1.00 | 1.50 | 1.00 |
| Japan | 1.475 | 1.475 | 1.475 | 1.475 |
| Switzerland | 0.50 | 0.52 | 0.59 | 0.50 |
| Britain | 0.50 | 0.50 | 0.50 | 0.50 |
| Australia | 3.75 | 3.75 | 4.75 | 3.75 |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|-----------------------------|--------|----------|--------------|-------------|
| Overnight repurchase | | | | |
| U.S. | 0.23 | 0.21 | 0.33 | 0.02 |
| U.K. (BBA) | 0.460 | 0.455 | 0.557 | 0.308 |
| Euro zone | 0.15 | 0.13 | 1.59 | 0.13 |

Other short-term rates

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|------------------------------|--------|----------|--------------|-------------|
| Euro commercial paper | | | | |
| 30 day | 0.23 | 0.23 | 0.24 | 0.23 |
| Two month | n.q. | n.q. | n.q. | n.q. |
| Three month | 0.26 | 0.28 | 1.41 | 0.25 |
| Four month | 0.31 | 0.34 | 1.47 | 0.31 |
| Five month | 0.38 | 0.40 | 1.55 | 0.38 |
| Six month | 0.48 | 0.50 | 1.65 | 0.48 |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|--|---------|----------|--------------|-------------|
| London interbank offered rate, or Libor | | | | |
| One month | 0.23875 | 0.23975 | 0.29630 | 0.18505 |
| Three month | 0.46685 | 0.46685 | 0.58250 | 0.24500 |
| Six month | 0.73640 | 0.73640 | 0.81200 | 0.39325 |
| One year | 1.06920 | 1.06920 | 1.13035 | 0.72025 |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|-------------------|--------|----------|--------------|-------------|
| Euro Libor | | | | |
| One month | 0.333 | 0.340 | 1.414 | 0.333 |
| Three month | 0.599 | 0.610 | 1.560 | 0.599 |
| Six month | 0.907 | 0.923 | 1.805 | 0.907 |
| One year | 1.231 | 1.248 | 2.178 | 1.231 |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|--|--------|----------|--------------|-------------|
| Euro interbank offered rate (Euribor) | | | | |
| One month | 0.387 | 0.393 | 1.470 | 0.387 |
| Three month | 0.673 | 0.682 | 1.615 | 0.673 |
| Six month | 0.954 | 0.969 | 1.831 | 0.954 |
| One year | 1.242 | 1.264 | 2.201 | 1.242 |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|--------------|--------|----------|--------------|-------------|
| Hibor | | | | |
| One month | 0.303 | 0.303 | 0.362 | 0.190 |
| Three month | 0.403 | 0.403 | 0.403 | 0.250 |
| Six month | 0.572 | 0.580 | 0.580 | 0.339 |
| One year | 0.883 | 0.891 | 0.899 | 0.619 |

May 25, 2012

Inflation

| | April index level | CHG FROM (%) | March '12 | April '11 |
|----------------------------------|-------------------|--------------|-----------|-----------|
| U.S. consumer price index | | | | |
| All items | 230.085 | 0.30 | 2.3 | |
| Core | 229.303 | -0.25 | 2.3 | |

International rates

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|--------------------|--------|----------|--------------|-------------|
| Prime rates | | | | |
| U.S. | 3.25 | 3.25 | 3.25 | 3.25 |
| Canada | 3.00 | 3.00 | 3.00 | 3.00 |
| Euro zone | 1.00 | 1.00 | 1.50 | 1.00 |
| Japan | 1.475 | 1.475 | 1.475 | 1.475 |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|-------------|--------|----------|--------------|-------------|
| Switzerland | 0.50 | 0.51 | 0.59 | 0.50 |
| Britain | 0.50 | 0.50 | 0.50 | 0.50 |
| Australia | 3.75 | 3.75 | 4.75 | 3.75 |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|-----------------------------|--------|----------|--------------|-------------|
| Overnight repurchase | | | | |
| U.S. | 0.23 | 0.22 | 0.33 | 0.02 |
| U.K. (BBA) | 0.460 | 0.458 | 0.557 | 0.308 |
| Euro zone | 0.14 | 0.13 | 1.59 | 0.13 |

U.S. government rates

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

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|----------------------|--------|----------|--------------|-------------|
| Federal funds | | | | |
| Effective rate | 0.16 | 0.17 | 0.18 | 0.05 |
| High | 0.3750 | 0.3750 | 0.5000 | 0.2500 |
| Low | 0.0500 | 0.1500 | 0.5000 | 0.0100 |
| Bid | 0.1500 | 0.1500 | 0.2500 | 0.0100 |
| Offer | 0.2800 | 0.2800 | 0.3750 | 0.0500 |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|------------------------------|--------|----------|--------------|-------------|
| Treasury bill auction | | | | |
| 4 weeks | 0.065 | 0.075 | 0.110 | 0.000 |
| 13 weeks | 0.085 | 0.095 | 0.115 | 0.005 |
| 26 weeks | 0.140 | 0.145 | 0.150 | 0.030 |

Secondary market

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|-------------------------|--------|----------|--------------|-------------|
| Freddie Mac | | | | |
| 30-year mortgage yields | | | | |
| 30 days | 3.27 | 3.24 | 4.38 | 2.92 |
| 60 days | 3.31 | 3.28 | 4.42 | 3.00 |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|-------------------------|--------|----------|--------------|-------------|
| Fannie Mae | | | | |
| 30-year mortgage yields | | | | |
| 30 days | 3.277 | 3.212 | 4.398 | 3.212 |
| 60 days | 3.313 | 3.248 | 4.447 | 3.248 |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|---------------------------|--------|----------|--------------|-------------|
| Bankers acceptance | | | | |
| 30 days | 0.23 | 0.23 | 0.23 | 0.17 |
| 60 days | 0.28 | 0.28 | 0.28 | 0.19 |
| 90 days | 0.28 | 0.28 | 0.28 | 0.20 |
| 120 days | 0.33 | 0.33 | 0.33 | 0.23 |
| 150 days | 0.38 | 0.38 | 0.38 | 0.25 |
| 180 days | 0.38 | 0.38 | 0.38 | 0.33 |

Other short-term rates

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

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|-------------------------|--------|----------|--------------|-------------|
| Commercial paper | | | | |
| 30 to 35 days | 0.13 | ... | ... | ... |
| 36 to 59 days | 0.10 | ... | ... | ... |
| 60 to 89 days | 0.14 | ... | ... | ... |
| 90 to 119 days | 0.16 | ... | ... | ... |
| 120 to 149 days | 0.23 | ... | ... | ... |
| 150 to 179 days | 0.28 | ... | ... | ... |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|-----------------|--------|----------|--------------|-------------|
| 180 to 209 days | 0.32 | ... | ... | ... |
| 210 to 270 days | 0.33 | ... | ... | ... |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|--------------------------------|--------|----------|--------------|-------------|
| Dealer commercial paper | | | | |
| 30 days | n.q. | n.q. | 0.18 | 0.12 |
| 60 days | n.q. | n.q. | 0.20 | 0.15 |
| 90 days | n.q. | n.q. | 0.25 | 0.18 |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|------------------------------|--------|----------|--------------|-------------|
| Euro commercial paper | | | | |
| 30 day | 0.23 | 0.24 | 0.24 | 0.23 |
| Two month | n.q. | n.q. | n.q. | n.q. |
| Three month | 0.26 | 0.28 | 1.41 | 0.25 |
| Four month | 0.31 | 0.34 | 1.47 | 0.31 |
| Five month | 0.38 | 0.40 | 1.55 | 0.38 |
| Six month | 0.48 | 0.50 | 1.65 | 0.48 |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|--|---------|----------|--------------|-------------|
| London interbank offered rate, or Libor | | | | |
| One month | 0.23875 | 0.23975 | 0.29630 | 0.18505 |
| Three month | 0.46685 | 0.46685 | 0.58250 | 0.24500 |
| Six month | 0.73640 | 0.73640 | 0.81200 | 0.39325 |
| One year | 1.06920 | 1.06895 | 1.13035 | 0.72025 |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|------------------------------|--------|----------|--------------|-------------|
| New York Funding Rate | | | | |
| One month | 0.2100 | 0.2062 | 0.3371 | 0.1713 |
| Three month | 0.4525 | 0.4425 | 0.5781 | 0.2428 |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|--------------------------|--------|----------|--------------|-------------|
| Libor Swaps (USD) | | | | |
| Two year | 0.641 | 0.666 | 0.826 | 0.421 |
| Three year | 0.738 | 0.752 | 1.180 | 0.571 |
| Five year | 1.098 | 1.089 | 2.070 | 0.973 |
| Ten year | 1.889 | 1.841 | 3.318 | 1.835 |
| 20 year | 2.455 | 2.383 | 3.978 | 2.383 |
| 30 year | 2.574 | 2.494 | 4.106 | 2.493 |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|-------------------|--------|----------|--------------|-------------|
| Euro Libor | | | | |
| One month | 0.334 | 0.341 | 1.414 | 0.334 |
| Three month | 0.602 | 0.611 | 1.560 | 0.602 |
| Six month | 0.909 | 0.925 | 1.805 | 0.909 |
| One year | 1.236 | 1.251 | 2.178 | 1.236 |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|--|--------|----------|--------------|-------------|
| Euro interbank offered rate (Euribor) | | | | |
| One month | 0.387 | 0.394 | 1.470 | 0.387 |
| Three month | 0.675 | 0.684 | 1.615 | 0.675 |
| Six month | 0.956 | 0.972 | 1.831 | 0.956 |
| One year | 1.246 | 1.265 | 2.201 | 1.246 |

| | Latest | Week ago | 52-WEEK High | 52-WEEK Low |
|--------------|--------|----------|--------------|-------------|
| Hibor | | | | |
| One month | 0.303 | 0.302 | 0.362 | 0.190 |
| Three month | 0.403 | 0.403 | 0.403 | 0.250 |
| Six month | 0.572 | 0.580 | 0.580 | 0.339 |
| One year | 0.882 | 0.892 | 0.899 | 0.619 |

Notes on data:
 U.S. prime rate is effective December 16, 2008. 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 Bank; 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; Dealer commercial paper rates are for high-grade unsecured notes sold through dealers by major corporations; Libor is the British Bankers' Association 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.
 Sources: BofA-Merrill Lynch; Bureau of Labor Statistics; ICAP plc; SIX Telekurs; General Electric Capital Corp.; Tullett Prebon Information, Ltd.



**RCAF Lump Sum Amortization
2012/Q3**

| | Quarter of Payment | Quarter Amortization Began | Amount | Annual Per ST Hour | 1 Quarter Per ST Hour | U.S. ST Hours | |
|---------------------|--------------------------|----------------------------------|----------------------|-----------------------|--------------------------|------------------|------|
| CSX - ATDA-East | 2011Q1 | 2012Q1 | | | | 290,805,945 | 2010 |
| DMIR - BLET | 2011Q3 | 2012Q1 | | | | 290,805,945 | 2010 |
| Nat'l - UTU&UTU-YMD | 2011Q4 | 2012Q2 | \$24,266,164 | 0.08344 | 0.33378 | 290,805,945 | 2010 |
| Nat'l - 9 unions | 2012Q1 | 2012Q2 | \$17,931,840 | 0.06166 | 0.24665 | 290,805,945 | 2010 |
| NS - BLET & ATDA | 2012Q1 | 2012Q2 | | | | 290,805,945 | 2010 |
| CSX - BLET | 2012Q1 | 2012Q2 | | | | 290,805,945 | 2010 |
| Nat'l - BLET | 2012Q1 | 2012Q3 | \$686,234 | 0.00236 | 0.00944 | 290,805,945 | 2010 |
| Nat'l - BMWED | 2012Q2 | 2012Q3 | \$9,727,255 | 0.03345 | 0.13380 | 290,805,945 | 2010 |
| Total | | | \$129,508,728 | 0.44534 | | | |

Should be slightly less than amortized amount.

Fell out

| | | | | | | | |
|-----------------------------|--------|--------|--|--|--|-------------|------|
| CNGT - various ¹ | 2011Q3 | 2011Q3 | | | | 290,805,945 | 2010 |
| DMIR - UTU | 2010Q4 | 2011Q3 | | | | 290,805,945 | 2010 |

Interest Rate

| | |
|---------|-------|
| 2011/Q1 | 0.175 |
| 2011/Q2 | 0.145 |
| 2011/Q3 | 0.060 |
| 2011/Q4 | 0.015 |
| 2012/Q1 | 0.030 |
| 2012/Q2 | 0.115 |
| 2012/Q3 | 0.085 |
| 2012/Q4 | |
| 2013/Q1 | |
| 2013/Q2 | |
| 2013/Q3 | |
| 2013/Q4 | |

Lump Sum Adjustment for 2012/Q3 → 0.445596
or
0.446

¹ BLE BMWED, IAM, IBEW, NCFO, TCU, TCU-CAR, UTU; DMIR IAM, IBBM, IBEW, SMW, TCU, TCU-CAR, UTU

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.

(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 provided for in Article I.

ARTICLE III - HEALTH AND WELFARE

Part A - Plan Changes

Section 1 - Continuation of Plans

The Railroad Employees National Health and Welfare Plan ("the Plan"), the Railroad Employees National Dental Plan ("the Dental Plan"), the Railroad Employees National Early Retirement Major Medical Benefit Plan ("ERMA"), and the Railroad Employees National Vision Plan ("the Vision Plan"), modified as provided in this Article with respect to employees represented by the organization and their eligible dependents, will be continued subject to the provisions of the Railway Labor Act.

Section 2 - Plan Design Changes

(a) The Plan's Managed Medical Care Program ("MMCP") shall be revised as follows:

- (1) There shall be a separate, stand-alone, Annual Deductible for In-Network Services for which a fixed-dollar copayment does not apply. For the six-month period from July 1 through December 31, 2012, inclusive, this Annual Deductible shall be \$100 per individual and \$200 per family. For calendar year 2013, this Annual Deductible shall be \$150 per individual and \$300 per family. Beginning January 1, 2014, this Annual Deductible shall be \$200 per individual per year and \$400 per family per year.

National BLET Lump Sum Payment Added to RCAF 2012 Q3

Article II Lump Sum Payment

"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 provided for in Article I."

Side Letter # 4, Definition of "straight time earnings" in Article II

- "1. Straight time pay
2. Overmile payments
3. Paid time for vacations, holidays, personal leave, and bereavement leave
4. Deadhead payments
5. Guarantee payments."

| | |
|---|---------------------|
| Total (provided by confidential survey of railroads) | \$686,233.87 |
|---|---------------------|

without firemen on locomotives on which under the former National Diesel Agreement of 1950 firemen would have been required. Such differential will continue to be applied in the same manner as the local freight differential.

(iii) Daily rates of pay, other than standard, of firemen employed in local freight service, or on road switchers, roustabout runs, mine runs, or in other miscellaneous service, on runs of miles equal to or less than the number encompassed in the basic day, which are therefore paid on a daily basis without a mileage component, shall be increased as of the effective dates specified in Sections 1, 2, 3, 4, 5, and 6 hereof by the same respective percentages as set forth therein, computed and applied in the same manner as provided in paragraph (i)(i) above.

(j) Trip Rates established pursuant to Article V of the 2003 BLET Agreement shall be adjusted by application of the general wage increases provided for in this Article I, in the manner set forth in Article V, Part B, Section 4(c)(1) of that Agreement.

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 provided for in Article I.

January 5, 2012

#4

Mr. Dennis Pierce
National President
Brotherhood of Locomotive Engineers & Trainmen
1370 Ontario Street
Cleveland, OH 44113-1702

Dear Mr. Pierce:

This confirms our understanding with respect to Article II – Lump Sum Payment of the Agreement of this date.

Article II provides in pertinent part for payment to a qualified employee of a lump sum “equivalent to 1% of straight time earnings paid to that employee” for a specified time period. In recognition of potential questions of interpretation with regard to the intended application of that formulation to employees covered by operating craft compensation rules, the parties have mutually agreed that the following elements of compensation constitute “straight time earnings” for purposes of Article II (such definition to be applied solely for the purposes of this Agreement).

1. Straight time pay (elements of pay subject to adjustment for general wage increases, excluding labor protection payments)
2. Overmile payments
3. Paid time for vacations, holidays, personal leave, and bereavement leave.

4. Deadhead payments
5. Guarantee payments (make whole, such as guaranteed extra board payments).

Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,



A. Kenneth Gradia

I agree:



Dennis Pierce

**RCAF Back Pay Amortization
2012/Q3**

| | Quarter of Payment | Quarter Amortization Began | Amount | Annual Per ST Hour | 1 Quarter Per ST Hr. | U.S. ST Hours | |
|----------------------------|-----------------------------------|---|----------------------|-------------------------------|---------------------------------|--------------------------|--|
| DMIR - UTU (wage increase) | 2010Q3 | 2011Q4 | | | | 290,805,945 | 2010 |
| National - UTU & UTU-YMD | 2011Q3 | 2012Q1 | \$88,459,353 | 0.30418688 | 1.21675 | 290,805,945 | 2010 |
| DMIR - BLET | 2011Q3 | 2012Q1 | | | | 290,805,945 | 2010 |
| DME - BRS | 2011Q3 | 2012Q1 | | | | 290,805,945 | 2010 |
| DH - UTU and UTU-YMD | 2011Q3 | 2012Q1 | | | | 290,805,945 | 2010 |
| National - 10 unions | 2012Q1 | 2012Q2 | \$114,213,459 | 0.39274802 | 1.57099 | 290,805,945 | 2010 |
| DH - IAM | 2012Q1 | 2012Q2 | | | | 290,805,945 | 2010 |
| National - IAM (ECS) | 2012Q1 | 2012Q3 | \$1,157,159 | 0.00397914 | 0.01592 | 290,805,945 | 2010 |
| National - BMWE | 2012Q2 | 2012Q3 | \$74,232,926 | 0.25526619 | 1.02106 | 290,805,945 | 2010 |
| UP - BLET | 2012Q3 | 2012Q3 | | | | 290,805,945 | 2010 |
| DME - All | 2012Q3 | 2012Q3 | | | | 290,805,945 | 2010 |
| Total | | | \$317,399,894 | 1.09144913 | | | |
| | | | | | | | Should be slightly less than amortized amount. |
| Fell out | | | | | | | |
| DMIR - UTU | 2010Q3 | 2011Q3 | | | | 290,805,945 | 2010 |

Interest Rate

| | |
|---------|-------|
| 2011/Q1 | 0.175 |
| 2011/Q2 | 0.145 |
| 2011/Q3 | 0.060 |
| 2011/Q4 | 0.015 |
| 2012/Q1 | 0.030 |
| 2012/Q2 | 0.115 |
| 2012/Q3 | 0.085 |
| 2012/Q4 | |
| 2013/Q1 | |
| 2013/Q2 | |
| 2013/Q3 | |
| 2013/Q4 | |

| | |
|--|--|
| Back Pay Adjustment for 2012/Q3 | → 1.09203 or 1.092 |
|--|--|

NATIONAL RAILWAY LABOR CONFERENCE

ECONOMIC RESEARCH DEPARTMENT

1901 L STREET, N.W., WASHINGTON, D.C. 20036-3514 ♦ PHONE: (202) 862-7200 FAX: (202) 862-7253

H. GLEN WILLIAMS JR.
Director Economic Research
(202) 862-7232
gwilliams@rrnrlc.org

May 8, 2012

Health and Welfare Contributions
Under the January 11, 2012 IAM National Agreement

Circular No. 504-101-31 (H&W)
Circular No. 862-3 (IAM)

TO MEMBER ROADS:

This refers to NRLC Circular 504-101-29-1 / 848-1-1, in which we advised that NRLC would provide further guidance on proper employee cost-sharing once the employee monthly contribution amounts were set for 2012. Those rates have now been established.

Effective **January 1, 2012**, the employee monthly cost-share amount is **\$200.00**, as provided in Article IV, Part B, Section 1(c) of the January 11, 2012 IAM National Agreement. This amount is applicable January 1, 2012 through June 30, 2012. In the event that qualifying IAM-represented employees have contributed more than the monthly \$200.00 cost-sharing amount in 2012, that additional amount should be credited or refunded to those employees.

Effective **July 1, 2012**, the employee monthly cost-share amount will be **\$198.00**. This amount will apply July 1, 2012 through June 30, 2016.

Yours very truly,


H. Glen Williams, Jr.

NATIONAL RAILWAY LABOR CONFERENCE

ECONOMIC RESEARCH DEPARTMENT

1901 L STREET, N.W., WASHINGTON, D.C. 20036-3514 ♦ PHONE: (202) 862-7200 FAX: (202) 862-7253

H. GLEN WILLIAMS JR.
Director Economic Research
(202) 862-7232
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December 16, 2011

**January 1, 2012 Health and Welfare Contribution
and Cost of Living Adjustment
Under 2005-Round IAM National Agreement**

Circular No. 504-101-29 (H&W)
Circular No. 848-11 (IAM)

TO MEMBER ROADS:

The 2005-round IAM National Agreement (dated October 1, 2008) provides for a Cost-of-Living Adjustment effective January 1, 2012. That agreement also provides for an adjustment of the employee health and welfare cost-sharing amount effective January 1, 2012.

The IAM recently reached a tentative national agreement with the National Carriers' Conference Committee. Under the terms of that tentative agreement, the January 1, 2012 COLA is suspended pending ratification and will not be implemented on that date. The tentative agreement also provides that any adjustment of the employee cost-sharing amount on January 1, 2012 is suspended pending ratification; employees will continue to contribute \$229.31 per month **while ratification is pending**. At the conclusion of the ratification process, we will provide further guidance on the final disposition of the COLA and employee cost-sharing.

Please note that the suspension of the COLA, and the continuation of the existing cost-sharing amount, apply only to employees represented by IAM on railroads covered by the tentative national agreement.


H. Glen Williams, Jr.

Health and Welfare

| | Employees Receiving | | Total 2010 Avg. | Total 2012** |
|---|---------------------|--|--------------------|-------------------|
| | Pay 2010* | Monthly Contribution 2010 Avg. 2012** | | |
| | | | | |
| 1. All Employees | | | | |
| a. Group health | 157,672 | \$1,305.91 \$1,349.77 | \$205,905,441.52 | \$212,820,935.44 |
| b. Group dental | 157,672 | 57.29 55.90 | 9,033,028.88 | 8,813,864.80 |
| c. Early retirement major medical | 157,672 | 155.96 154.49 | 24,590,525.12 | 24,358,747.28 |
| d. Group vision | 157,672 | 10.41 10.71 | 1,641,365.52 | 1,688,667.12 |
| 2. Supplemental Sickness | | | | |
| a. Signalmen | 6,620 | 8.65 25.62 | 57,263.00 | 169,604.40 |
| b. Shopcrafts | 23,910 | 25.71 48.28 | 614,726.10 | 1,154,374.80 |
| c. MOW | 24,891 | 24.90 36.52 | 619,785.90 | 909,019.32 |
| d. Yardmasters | 2,060 | 32.16 34.95 | 66,249.60 | 71,997.00 |
| 3. Short-Term Disability | | | | |
| a. Engineers (CSX, KCS, SOO, UP) | 13,265 | 40.00 40.00 | 530,600.00 | 530,600.00 |
| 4. Monthly Total Premiums | | | 243,058,985.64 | 250,517,810.16 |
| 5. Monthly Employee Contributions To H&W | | | | |
| a. National BLET (BNSF, CSX, KCS, NS, UP) | 23,721 | (\$200.00) (\$198.00) | (\$4,744,200.00) | (\$4,696,758.00) |
| b. National BMWE (BNSF, CSX, KCS, NS, UP) | 22,631 | (\$200.00) (\$198.00) | (\$4,526,200.00) | (4,480,938.00) |
| c. National BRS (BNSF, CSX, KCS, NS, UP) | 6,180 | (\$200.00) (\$198.00) | (\$1,236,000.00) | (1,223,640.00) |
| d. National IAM (BNSF, CSX, KCS, NS, UP) | 6,509 | (\$200.00) (\$198.00) | (\$1,301,800.00) | (1,288,782.00) |
| e. National IBBM (BNSF, CSX, KCS, NS, UP) | 837 | (\$200.00) (\$198.00) | (\$167,400.00) | (165,726.00) |
| f. National IBEW (BNSF, CSX, KCS, NS, UP) | 4,939 | (\$200.00) (\$198.00) | (\$987,800.00) | (977,922.00) |
| g. National NCFO (BNSF, CSX, KCS, NS, UP) | 2,215 | (\$200.00) (\$198.00) | (\$443,000.00) | (438,570.00) |
| h. National SMW (BNSF, CSX, KCS, NS, UP) | 963 | (\$200.00) (\$198.00) | (\$192,600.00) | (190,674.00) |
| i. National TCU (BNSF, CSX, KCS, NS, UP) | 6,026 | (\$200.00) (\$198.00) | (\$1,205,200.00) | (1,193,148.00) |
| j. National TCU-CAR (BNSF, CSX, KCS, NS, UP) | 9,235 | (\$200.00) (\$198.00) | (\$1,847,000.00) | (1,828,530.00) |
| k. National UTU (BNSF, CSX, KCS, NS, UP) | 35,762 | (\$200.00) (\$198.00) | (\$7,152,400.00) | (7,080,876.00) |
| l. National UTU-Yardmasters (BNSF, CSX, KCS, NS) | 1,481 | (\$200.00) (\$198.00) | (\$296,200.00) | (293,238.00) |
| m. National ATDA (BNSF, KCS, NS, & CSX) | 1,708 | (\$200.00) (\$198.00) | (\$341,600.00) | (338,184.00) |
| n. Independent CNGT (wt avg all 104 union categories) | 5,971 | (\$117.48) (\$124.44) | (\$701,473.08) | (743,031.24) |
| o. Independent SLC (weighted average all 39 unions) | 3,593 | (\$170.55) (\$188.19) | (\$612,786.15) | (676,166.67) |
| p. Independent UP (Yardmasters only) | 417 | (\$200.00) (\$198.00) | (\$83,400.00) | (82,566.00) |
| Total Major Union | 132,188 | | (\$25,839,059.23) | (\$25,698,749.91) |
| All Other Employee Contributions*** | | | (\$2,868,948.60) | (\$2,868,948.60) |
| 6. Net Employer Monthly Payments | | | \$214,350,977.81 | \$221,950,111.65 |
| 7. Ratio Projected Year to Base Year, Based on Net Monthly Payments | | | | 1.03545 |
| 8. H&W hourly rate for base year 2010 revised* | | | \$7.914 | |
| 9. H&W hourly rate for projected quarter | | | | \$8.195 |
| 9a. Adjustment for overpayment during 2012Q1 & Q2 | | | | (\$0.210) |
| 9b. Adjusted H&W hourly rate for projected quarter | | | | \$7.985 |

* 2010 Wage Statistics, including employee counts, hours, and amount paid, were revised November 2011.

** 2012 employer contribution rates become available in 2012Q3, while 2011 rates were used for 2012Q1&Q2 (see 11/15/2012 memo). An adjustment for overpayment is applied accordingly.

*** Mostly non-union employee contributions. The \$25,839,059.23 in major union contributions, plus \$2,868,948.60 in all other employee contributions, totals to the 12-month average of the total employee contributions reported to the AAR in its WF survey.

Health and Welfare

Employer H&W Contribution

| | | 2010 Pd. | East | West |
|------------------------------------|---------|-----------|-------|--------|
| Supplemental Sickness Plan: | | Employees | | |
| a. Signalmen | BRS | 6,620 | 2,895 | 3,725 |
| b. Shopcrafts | Total | 23,910 | 9,740 | 14,170 |
| | IBEW | 5,208 | 1,951 | 3,257 |
| | IBBM | 1,010 | 348 | 662 |
| | TCU-Car | 9,889 | 4,412 | 5,477 |
| | IAM | 6,820 | 2,507 | 4,313 |
| | SMW | 983 | 522 | 461 |
| c. MOW | BMWED | 24,891 | 9,935 | 14,956 |
| d. Yardmasters | UTU-YMD | 2,060 | 1,188 | 872 |

Short-Term Disability Contribution:

| | | | | |
|--------------|------------|--------|-------|-------|
| a. Engineers | Total BLET | 13,265 | 4,768 | 8,497 |
| | CSX | 4,768 | | |
| | KCS | 490 | | |
| | UP | 7,525 | | |
| | SOO | 482 | | |

Sources/Notes:

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

Health and Welfare

Employee H&W Cost Sharing

| Group | Railroads | Contract Source |
|-------------------------------|--|---|
| a. BLET | BNSF, CSX, KCS, UP NS | NRLC Circular No. 504-101-30 dated May 8, 2012 Article XVI Section 2, same as national |
| b. BMWWE | BNSF, CSX, KCS, NS, UP | NRLC Circular No. 504-101-30 dated May 8, 2012 |
| c. BRS | BNSF, CSX, KCS, NS, UP | NRLC Circular No. 504-101-30 dated May 8, 2012 |
| d. IAM | BNSF, CSX, KCS, NS, UP | NRLC Circular No. 504-101-31 dated May 8, 2012 |
| e. IBBM | BNSF, CSX, KCS, NS, UP | NRLC Circular No. 504-101-30 dated May 8, 2012 |
| f. IBEW | BNSF, CSX, KCS, NS, UP | NRLC Circular No. 504-101-30 dated May 8, 2012 |
| g. NCFO | BNSF, CSX, KCS, NS, UP | NRLC Circular No. 504-101-30 dated May 8, 2012 |
| h. SMW | BNSF, CSX, KCS, NS, UP | NRLC Circular No. 504-101-30 dated May 8, 2012 |
| i. TCU | BNSF, CSX, KCS, NS, UP | NRLC Circular No. 504-101-30 dated May 8, 2012 |
| j. TCU-Carmen | BNSF, CSX, KCS, NS, UP | NRLC Circular No. 504-101-30 dated May 8, 2012 |
| k. UTU | BNSF, CSX, KCS, NS, UP | NRLC Circular No. 504-101-30 dated May 8, 2012 |
| l. UTU-YMD | BNSF, CSX, KCS, NS | NRLC Circular No. 504-101-30 dated May 8, 2012 |
| m. Dispatchers | BNSF, CSX, KCS, NS | NRLC Circular No. 504-101-30 dated May 8, 2012 |
| n. Independent CNGT | all union categories incl. \$0 agrmnts | |
| o. Independent SLC | all unions | Provided by Canadian Pacific Railway |
| p. Independent UP yardmasters | | Article IV Part B Section 1 (c) |

Health and Welfare Overpayment*

| | Employees Receiving | | | Per Month | |
|---------------------------------------|---------------------|----------------------|------------|---------------------------|--------------------------|
| | Pay 2010** | Monthly Contribution | | Total Pd. RCAF Q1 & Q2 | Retro Total 2012 |
| | | Q1 & Q2 | 2012 | | |
| All Employees | | | | | |
| a. Group health | 157,672 | \$1,401.06 | \$1,349.77 | \$220,907,932.32 | \$212,820,935.44 |
| b. Group dental | 157,672 | 59.47 | 55.90 | 9,376,753.84 | 8,813,864.80 |
| c. Early retirement major medical | 157,672 | 164.41 | 154.49 | 25,922,853.52 | 24,358,747.28 |
| d. Group vision | 157,672 | 10.46 | 10.71 | 1,649,249.12 | 1,688,667.12 |
| Supplemental Sickness | | | | | |
| a. Signalmen | 6,620 | 25.62 | 25.62 | 169,604.40 | 169,604.40 |
| b. Shopcrafts | 23,910 | 48.28 | 48.28 | 1,154,374.80 | 1,154,374.80 |
| c. MOW | 24,891 | 36.52 | 36.52 | 909,019.32 | 909,019.32 |
| Short-Term Disability | | | | | |
| a. Engineers (CSX, KCS, SOO, UP) | 13,265 | 40.00 | 40.00 | 530,600.00 | 530,600.00 |
| Monthly Total Premiums | | | | 260,620,387.32 | 250,445,813.16 |
| Payments owed (overpayment) per month | | | | | (10,174,574.16) |
| Number of months | | | | | 6 |
| Dollars owed (overpaid) | | | | | (\$61,047,444.96) |
| Supplemental Sickness | | | | | |
| d. Yardmasters (Eff. 5/1/2012) | 2,060 | 33.48 | 34.95 | 68,968.80 | 71,997.00 |
| Payments owed (overpayment) per month | | | | | 3,028.20 |
| Number of months | | | | | 2 |
| Dollars owed (overpaid) | | | | | \$6,056.40 |
| Total dollars owed (overpaid) | | | | | (\$61,041,388.56) |

* During late 2011, the National Railway Labor Conference devoted most of its time negotiating new labor agreements. Therefore, employer health & welfare contribution rates for 2012 were not updated, and remained at the 2011 levels into 2012. In April 2012, new employer rates were negotiated, and they were made retroactive to January 1 (with the exception of supplemental sickness for yardmasters). For the Rail Cost Adjustment Factor, the overpayments were made for two quarters (six months). Railroads were told that they would be able to take a credit equal to the amount overpaid. Following standard index procedure, the credit to employers for overpayment will be amortized over 4 quarters.

** Latest employee counts available.

RCAF "Back Pay" Amortization for Employer H&W Contributions
2012/Q3

| | Quarter of Payment | Quarter Amortization Began | Amount | Annual Per ST Hour | 1 Quarter Per ST Hr. | U.S. ST Hours | |
|-------------|--------------------------|----------------------------------|----------------|-----------------------|-------------------------|------------------|------|
| H&W Overpay | 2012Q2 | 2012Q3 | (\$61,041,389) | -0.20990420 | -0.83962 | 290,805,945 | 2010 |

Should be slightly less than amortized amount.

| Interest Rate | |
|---------------|-------|
| 2012/Q3 | 0.085 |
| 2012/Q4 | |
| 2013/Q1 | |
| 2013/Q2 | |

| | |
|---------------------------------|----------------------------|
| Back Pay Adjustment for 2012/Q3 | → -0.21002 or -0.210 |
|---------------------------------|----------------------------|

SCHEDULE: H&W Employer Overpayment Adjustment

Added 2012Q3

| | Periods Remain- ing | 3 Mo Treas Bill Rate | Qtly Int Rate | Principal Balance After Payment | Qtly Payment | Interest Payment | Principal Payment |
|----------|---------------------------|-------------------------------|---------------------|--|--------------------|---------------------|----------------------|
| Back Pay | | | | (\$0.83962) | | | |
| 2012/Q3 | 4 | 0.085 | 0.0213 | (\$0.62978) | (\$0.21002) | (\$0.00018) | (\$0.20984) |
| 2012/Q4 | 3 | | 0.0000 | (\$0.41985) | (\$0.20993) | \$0.00000 | (\$0.20993) |
| 2013/Q1 | 2 | | 0.0000 | (\$0.20993) | (\$0.20993) | \$0.00000 | (\$0.20993) |
| 2013/Q2 | 1 | | 0.0000 | \$0.00000 | (\$0.20993) | \$0.00000 | (\$0.20993) |

NATIONAL RAILWAY LABOR CONFERENCE

EMPLOYEE BENEFITS DEPARTMENT

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SUSAN E. PARKS, CEBS

Benefits Administrator

(202) 862-7225

E-mail: sparks@rrnrlc.org

April 13, 2012

CONTINUED PARTICIPATION IN
THE RAILROAD EMPLOYEES NATIONAL HEALTH AND WELFARE PLAN ("NH&W")
NATIONAL RAILWAY CARRIERS and UNITED TRANSPORTATION UNION
HEALTH & WELFARE PLAN ("NRC/UTU")
EFFECTIVE JANUARY 1, 2012

CIRCULAR NO. 504-41-50

CIRCULAR NO. 843-1-20

TO: MEMBER ROADS AND OTHER PARTICIPATING RAILROADS

Our Circulars in these series provide information about the continuation of the Plans named above and the applicable Payment Rates. You'll recall that by multi-numbered Circulars 504-41-49 etc, dated November 30, 2011, we advised that the 2011 Payment Rates would continue into 2012 until such time as appropriate rates could be developed. New rates for 2012 have now been set, which are retroactively effective January 1, 2012. Note that for the NH&W and NRC/UTU Plans, the 2012 Payment Rates are lower than the 2011 Payment Rates, therefore, **you will be able to take a credit equal to the amount that you will have overpaid based on these new rates.**

For the payments due in April 2012, continue to use the 2011 Payment Rates that you have used for the months of January through March 2012. Beginning with your payment due in May 2012, use the rates contained in this Circular. In addition, UnitedHealthcare will calculate the amount of the credit that you may take to further reduce your May 2012 payment. The precise amount of your credit will be based upon the number of Qualifying Employees (QEs) that you have reported for the months of January through April 2012 and will be reported to you in a separate correspondence from UnitedHealthcare on or about April 30th.

The attached tables detail the 2012 rates. As in prior years, the tables provide the rates to be applied to Qualifying Employees who elect medical coverage and those who opt out, since employees who opt out of coverage must still be provided with life and AD&D insurance and on-duty injury coverage.

Since it is financially advantageous to the Plans that employees covered by Hospital Associations continue that coverage, the monthly inflow factor was created to fund payments to Hospital Associations as credits against the dues of members who are also required to make contributions to the NH&W and NRC/UTU Plans. The 2012 monthly inflow factor will continue to be \$7.11 per Qualifying Employee per month.

The cost to administer the health benefit continuation as required by COBRA is also included in the rates. UnitedHealthcare will send revised monthly report forms reflecting the new payment rates as described above.

NATIONAL RAILWAY LABOR CONFERENCE

ECONOMIC RESEARCH DEPARTMENT

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H. GLEN WILLIAMS JR.
Director Economic Research
(202) 862-7232
gwilliams@rrnrlc.org

May 8, 2012

Health and Welfare Contributions Under 2010-Round National Agreements

| | |
|-------------------------|------------------------------|
| Circular No. 504-101-30 | (H&W) |
| Circular No. 858-3 | (ATDA) |
| Circular No. 859-4 | (BLET) |
| Circular No. 860-4 | (BMWE) |
| Circular No. 861-3 | (BRS) |
| Circular No. 863-3 | (IBB) |
| Circular No. 864-3 | (IBEW) |
| Circular No. 865-3 | (NCFO) |
| Circular No. 866-3 | (SMW) |
| Circular No. 867-3 | (TCU) |
| Circular No. 868-3 | (BRC) |
| Circular No. 869-4 | (UTU, including YARDMASTERS) |
| Circular No. 843-10-14 | (UTU H&W) |

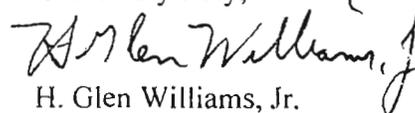
TO MEMBER ROADS:

This refers to previous NRLC Circulars which transmitted copies of the 2010-round national agreements involving the above-listed organizations.

Qualifying employees in each of those organizations are currently making a monthly health and welfare cost-share contribution of \$200.00. That amount is applicable through June 30, 2012.

Effective **July 1, 2012**, the employee monthly cost-share amount will be **\$198.00**. This amount will apply July 1, 2012 through June 30, 2016.

Yours very truly,



H. Glen Williams, Jr.

NATIONAL RAILWAY LABOR CONFERENCE

ECONOMIC RESEARCH DEPARTMENT

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Director Economic Research
(202) 862-7232
gwilliams@rrnrlc.org

May 8, 2012

Health and Welfare Contributions
Under the January 11, 2012 IAM National Agreement

Circular No. 504-101-31 (H&W)
Circular No. 862-3 (IAM)

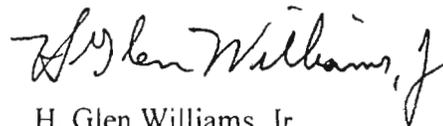
TO MEMBER ROADS:

This refers to NRLC Circular 504-101-29-1 / 848-1-1, in which we advised that NRLC would provide further guidance on proper employee cost-sharing once the employee monthly contribution amounts were set for 2012. Those rates have now been established.

Effective **January 1, 2012**, the employee monthly cost-share amount is **\$200.00**, as provided in Article IV, Part B, Section 1(c) of the January 11, 2012 IAM National Agreement. This amount is applicable January 1, 2012 through June 30, 2012. In the event that qualifying IAM-represented employees have contributed more than the monthly \$200.00 cost-sharing amount in 2012, that additional amount should be credited or refunded to those employees.

Effective **July 1, 2012**, the employee monthly cost-share amount will be **\$198.00**. This amount will apply July 1, 2012 through June 30, 2016.

Yours very truly,


H. Glen Williams, Jr.

NATIONAL RAILWAY LABOR CONFERENCE

EMPLOYEE BENEFITS DEPARTMENT

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May 7, 2012

Mr. Clyde Crimmel
Director Statistical Information
Policy & Communications Department
AAR-5th Floor
50 F Street N.W.
Washington, D.C. 20009

Dear Mr. Crimmel:

The revised employer Payment Rates which are effective January 1, 2012 (unless otherwise noted) are as follows:

| | | |
|--|----|------------|
| Aetna - Supplemental Sickness Plans | | |
| ShopCrafts (no change) | \$ | 48.28 |
| Signalmen (no change) | \$ | 25.62 |
| Maintenance of Way (no change) | \$ | 36.52 |
| Trustmark - Supplemental Sickness Plans | | |
| Yardmasters (eff 5/1/12) | \$ | 34.95 |
| Railroad Employees National Health & Welfare Plan & National Railway Carriers/United Transportation Union H&W Plan Non-Hospital Road | | \$1,349.77 |
| Railroad Employees National Early Retirement Major Medical Benefit Plan Non-Hospital Road | \$ | 154.49 |
| Aetna - National Dental Plan | \$ | 55.90 |
| VSP - National Vision Plan | \$ | 10.71 |

If you have any questions or need clarification, please contact me.

Very truly yours,



Susan E. Parks

cc: Glen Williams

Railroad Retirement and Medicare for RCAF

Inputs:

| | | | |
|--------------------------------|---------|--|----------|
| RRB Earnings Distribution Year | 2009 | Tier I Maximum Taxable Earnings for 2012 | 110,100 |
| Wage Statistics Year | 2010 | Tier II Maximum Taxable Earnings for 2012 | 81,900 |
| Current Year | 2012 | Medicare Maximum Taxable Earnings for 2012 | no limit |
| Employees Receiving Pay* | 157,672 | Tier I Employer Tax Rate for 2012 | 6.20% |
| * from 2010 wage statistics | | Tier II Employer Tax Rate for 2012 | 12.10% |
| | | Medicare Employer Tax Rate for 2012 | 1.45% |

Note: 2010 was rebenchmarked using revised 2010 wage statistics in November 2011.

| USA RCAF | Wage Rate | Update Factor | Railroad Retirement Tax | Hourly Rate | |
|----------|--------------|------------------|----------------------------|----------------|------------------------------------|
| 2009 | \$34.444 | | | | |
| 2010 | \$33.913 | 0.98458 | \$505,455,821 | \$6.970 | hourly rate from SUPPL2010Nov.xlsx |
| 1Q/2012 | \$35.205 | 1.02209 | \$524,157,640 | \$7.228 | Rate = Taxable Rate |
| 2Q/2012 | \$36.076 | 1.04738 | \$533,948,648 | \$7.363 | |
| 3Q/2012 | \$37.569 | 1.09073 | \$550,265,181 | \$7.588 | |
| 4Q/2012 | | 0.00000 | -- | \$0.000 | |

Railroad Retirement & Medicare, U.S.

| From 2009 Earnings Distribution | | | 1Q/2012 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 | Tier II | Medicare | Total Taxable Earnings (Taxable x Employees) | | | |
| | | | | | | Taxable | Taxable | Taxable | Tier I | Tier II | Medicare | |
| \$0 - 41,699 | \$31,535 | 5.178 % | 8,164 | \$32,232 | \$8,058 | \$8,058 | \$8,058 | \$8,058 | \$65,787,023 | \$65,787,023 | \$65,787,023 | |
| 41,700 - 43,699 | \$42,795 | 1.873 | 2,953 | 43,741 | 10,935 | 10,935 | 10,935 | 10,935 | 32,293,578 | 32,293,578 | 32,293,578 | |
| 43,700 - 45,699 | \$44,897 | 1.429 | 2,253 | 45,889 | 11,472 | 11,472 | 11,472 | 11,472 | 25,848,474 | 25,848,474 | 25,848,474 | |
| 45,700 - 47,699 | \$46,735 | 2.267 | 3,574 | 47,768 | 11,942 | 11,942 | 11,942 | 11,942 | 42,685,377 | 42,685,377 | 42,685,377 | |
| 47,700 - 49,699 | \$48,824 | 4.830 | 7,616 | 49,903 | 12,476 | 12,476 | 12,476 | 12,476 | 95,009,239 | 95,009,239 | 95,009,239 | |
| 49,700 - 51,699 | \$50,661 | 6.555 | 10,335 | 51,780 | 12,945 | 12,945 | 12,945 | 12,945 | 133,792,512 | 133,792,512 | 133,792,512 | |
| 51,700 - 53,699 | \$52,641 | 4.781 | 7,538 | 53,804 | 13,451 | 13,451 | 13,451 | 13,451 | 101,397,729 | 101,397,729 | 101,397,729 | |
| 53,700 - 55,699 | \$54,711 | 5.224 | 8,237 | 55,920 | 13,980 | 13,980 | 13,980 | 13,980 | 115,149,796 | 115,149,796 | 115,149,796 | |
| 55,700 - 57,699 | \$56,595 | 4.879 | 7,693 | 57,845 | 14,461 | 14,461 | 14,461 | 14,461 | 111,248,518 | 111,248,518 | 111,248,518 | |
| 57,700 - 59,699 | \$58,774 | 4.189 | 6,605 | 60,073 | 15,018 | 15,018 | 15,018 | 15,018 | 99,192,986 | 99,192,986 | 99,192,986 | |
| 59,700 - 61,699 | \$60,748 | 3.499 | 5,517 | 62,090 | 15,523 | 15,523 | 15,523 | 15,523 | 85,636,967 | 85,636,967 | 85,636,967 | |
| 61,700 - 63,699 | \$62,594 | 4.041 | 6,372 | 63,977 | 15,994 | 15,994 | 15,994 | 15,994 | 101,907,679 | 101,907,679 | 101,907,679 | |
| 63,700 - 65,699 | \$64,703 | 3.647 | 5,750 | 66,133 | 16,533 | 16,533 | 16,533 | 16,533 | 95,070,447 | 95,070,447 | 95,070,447 | |
| 65,700 - 67,699 | \$66,652 | 3.302 | 5,206 | 68,125 | 17,031 | 17,031 | 17,031 | 17,031 | 88,669,775 | 88,669,775 | 88,669,775 | |
| 67,700 - 69,699 | \$68,715 | 3.450 | 5,440 | 70,233 | 17,558 | 17,558 | 17,558 | 17,558 | 95,511,573 | 95,511,573 | 95,511,573 | |
| 69,700 - 71,699 | \$70,674 | 3.006 | 4,740 | 72,235 | 18,059 | 18,059 | 18,059 | 18,059 | 85,592,163 | 85,592,163 | 85,592,163 | |
| 71,700 - 73,699 | \$72,704 | 3.056 | 4,818 | 74,310 | 18,578 | 18,578 | 18,578 | 18,578 | 89,515,246 | 89,515,246 | 89,515,246 | |
| 73,700 - 75,699 | \$74,721 | 3.056 | 4,818 | 76,372 | 19,093 | 19,093 | 19,093 | 19,093 | 91,998,634 | 91,998,634 | 91,998,634 | |
| 75,700 - 77,699 | \$76,655 | 1.922 | 3,030 | 78,349 | 19,587 | 19,587 | 19,587 | 19,587 | 59,357,995 | 59,357,995 | 59,357,995 | |
| 77,700 - 79,699 | \$78,829 | 1.971 | 3,108 | 80,571 | 20,143 | 20,143 | 20,143 | 20,143 | 62,597,645 | 62,597,645 | 62,597,645 | |
| 79,700 - 81,699 | \$80,635 | 2.070 | 3,264 | 82,417 | 20,604 | 20,604 | 20,475 | 20,604 | 67,247,987 | 66,826,518 | 67,247,987 | |
| 81,700 - 83,699 | \$82,752 | 2.760 | 4,352 | 84,580 | 21,145 | 21,145 | 20,475 | 21,145 | 92,018,031 | 89,102,024 | 92,018,031 | |
| 83,700 - 85,699 | \$84,688 | 2.316 | 3,652 | 86,559 | 21,640 | 21,640 | 20,475 | 21,640 | 79,021,594 | 74,768,220 | 79,021,594 | |
| 85,700 - 87,699 | \$86,725 | 2.021 | 3,187 | 88,641 | 22,160 | 22,160 | 20,475 | 22,160 | 70,614,839 | 65,244,634 | 70,614,839 | |
| 87,700 - 89,699 | \$88,638 | 1.676 | 2,643 | 90,596 | 22,649 | 22,649 | 20,475 | 22,649 | 59,852,089 | 54,106,881 | 59,852,089 | |
| 89,700 - 91,699 | \$90,443 | 1.577 | 2,486 | 92,441 | 23,110 | 23,110 | 20,475 | 23,110 | 57,463,491 | 50,910,830 | 57,463,491 | |
| 91,700 - 93,699 | \$92,780 | 1.084 | 1,709 | 94,830 | 23,707 | 23,707 | 20,475 | 23,707 | 40,519,960 | 34,995,143 | 40,519,960 | |
| 93,700 - 95,699 | \$94,604 | 1.626 | 2,564 | 96,694 | 24,174 | 24,174 | 20,475 | 24,174 | 61,974,837 | 52,492,714 | 61,974,837 | |
| 95,700 - 97,699 | \$96,820 | 1.281 | 2,020 | 98,959 | 24,740 | 24,740 | 20,475 | 24,740 | 49,968,874 | 41,354,961 | 49,968,874 | |
| 97,700 - 99,699 | \$98,732 | 0.887 | 1,399 | 100,913 | 25,228 | 25,228 | 20,475 | 25,228 | 35,283,114 | 28,635,324 | 35,283,114 | |
| 99,700 - 101,699 | \$100,935 | 0.789 | 1,244 | 103,165 | 25,791 | 25,791 | 20,475 | 25,791 | 32,085,155 | 25,471,557 | 32,085,155 | |
| 101,700 - 103,699 | \$102,598 | 0.936 | 1,476 | 104,865 | 26,216 | 26,216 | 20,475 | 26,216 | 38,690,122 | 30,217,208 | 38,690,122 | |
| 103,700 - 105,699 | \$104,735 | 0.591 | 932 | 107,049 | 26,762 | 26,762 | 20,475 | 26,762 | 24,938,175 | 19,079,455 | 24,938,175 | |
| 105,700 - 107,699 | \$106,640 | 1.134 | 1,788 | 108,996 | 27,249 | 27,249 | 20,475 | 27,249 | 48,721,264 | 36,609,310 | 48,721,264 | |
| 107,700 - 109,699 | \$108,961 | 0.444 | 700 | 111,368 | 27,842 | 27,842 | 20,475 | 27,842 | 19,269,253 | 14,333,804 | 19,491,237 | |
| 109,700 - 111,699 | \$110,834 | 0.493 | 777 | 113,283 | 28,321 | 27,525 | 20,475 | 28,321 | 21,395,814 | 15,915,688 | 22,014,320 | |
| 111,700 - 113,699 | \$112,939 | 0.591 | 932 | 115,434 | 28,859 | 27,525 | 20,475 | 28,859 | 25,648,938 | 19,079,455 | 26,891,608 | |
| 113,700 - 115,699 | \$114,910 | 0.197 | 311 | 117,449 | 29,362 | 27,525 | 20,475 | 29,362 | 8,549,646 | 6,359,818 | 9,120,306 | |
| \$115,700 - over | \$181,384 | 5.372 | 8,470 | 185,391 | 46,348 | 27,525 | 20,475 | 46,348 | 233,140,599 | 173,426,113 | 392,572,915 | |
| TOTAL | \$72,148 | 100.000 | 157,672 | | | | | | Total Taxable Earnings | 2,744,667,138 | 2,577,193,014 | 2,906,753,273 |
| | | | | | | | | | Employer Tax Rate | 6.20% | 12.10% | 1.45% |
| | | | | | | | | | Quarterly Payment | \$170,169,363 | \$311,840,355 | \$42,147,922 |
| | | | | | | | | | Total Tier I, Tier II, and Medicare Paid this Quarter | | | \$524,157,640 |

Railroad Retirement & Medicare, U.S.

| From 2009 Earnings Distribution | | | 2Q/2012 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 Qtlly Earnings | Tier I Taxable | Tier II Taxable | Medicare Taxable | Total Taxable Earnings (Taxable x Employees) | | | |
| | | | | | | | | | Tier I | Tier II | Medicare | |
| \$0 - 41,699 | \$31,535 | 5.178 % | 8,164 | \$33,029 | \$8,257 | \$8,257 | \$8,257 | \$8,257 | \$67,414,647 | \$67,414,647 | \$67,414,647 | |
| 41,700 - 43,699 | \$42,795 | 1.873 | 2,953 | 44,823 | 11,206 | 11,206 | 11,206 | 11,206 | 33,092,547 | 33,092,547 | 33,092,547 | |
| 43,700 - 45,699 | \$44,897 | 1.429 | 2,253 | 47,024 | 11,756 | 11,756 | 11,756 | 11,756 | 26,487,986 | 26,487,986 | 26,487,986 | |
| 45,700 - 47,699 | \$46,735 | 2.267 | 3,574 | 48,949 | 12,237 | 12,237 | 12,237 | 12,237 | 43,741,447 | 43,741,447 | 43,741,447 | |
| 47,700 - 49,699 | \$48,824 | 4.830 | 7,616 | 51,137 | 12,784 | 12,784 | 12,784 | 12,784 | 97,359,844 | 97,359,844 | 97,359,844 | |
| 49,700 - 51,699 | \$50,661 | 6.555 | 10,335 | 53,061 | 13,265 | 13,265 | 13,265 | 13,265 | 137,102,646 | 137,102,646 | 137,102,646 | |
| 51,700 - 53,699 | \$52,641 | 4.781 | 7,538 | 55,135 | 13,784 | 13,784 | 13,784 | 13,784 | 103,906,390 | 103,906,390 | 103,906,390 | |
| 53,700 - 55,699 | \$54,711 | 5.224 | 8,237 | 57,303 | 14,326 | 14,326 | 14,326 | 14,326 | 117,998,695 | 117,998,695 | 117,998,695 | |
| 55,700 - 57,699 | \$56,595 | 4.879 | 7,693 | 59,277 | 14,819 | 14,819 | 14,819 | 14,819 | 114,000,896 | 114,000,896 | 114,000,896 | |
| 57,700 - 59,699 | \$58,774 | 4.189 | 6,605 | 61,559 | 15,390 | 15,390 | 15,390 | 15,390 | 101,647,100 | 101,647,100 | 101,647,100 | |
| 59,700 - 61,699 | \$60,748 | 3.499 | 5,517 | 63,626 | 15,907 | 15,907 | 15,907 | 15,907 | 87,755,695 | 87,755,695 | 87,755,695 | |
| 61,700 - 63,699 | \$62,594 | 4.041 | 6,372 | 65,560 | 16,390 | 16,390 | 16,390 | 16,390 | 104,428,957 | 104,428,957 | 104,428,957 | |
| 63,700 - 65,699 | \$64,703 | 3.647 | 5,750 | 67,769 | 16,942 | 16,942 | 16,942 | 16,942 | 97,422,566 | 97,422,566 | 97,422,566 | |
| 65,700 - 67,699 | \$66,652 | 3.302 | 5,206 | 69,810 | 17,453 | 17,453 | 17,453 | 17,453 | 90,863,537 | 90,863,537 | 90,863,537 | |
| 67,700 - 69,699 | \$68,715 | 3.450 | 5,440 | 71,971 | 17,993 | 17,993 | 17,993 | 17,993 | 97,874,606 | 97,874,606 | 97,874,606 | |
| 69,700 - 71,699 | \$70,674 | 3.006 | 4,740 | 74,023 | 18,506 | 18,506 | 18,506 | 18,506 | 87,709,782 | 87,709,782 | 87,709,782 | |
| 71,700 - 73,699 | \$72,704 | 3.056 | 4,818 | 76,149 | 19,037 | 19,037 | 19,037 | 19,037 | 91,729,925 | 91,729,925 | 91,729,925 | |
| 73,700 - 75,699 | \$74,721 | 3.056 | 4,818 | 78,261 | 19,565 | 19,565 | 19,565 | 19,565 | 94,274,754 | 94,274,754 | 94,274,754 | |
| 75,700 - 77,699 | \$76,655 | 1.922 | 3,030 | 80,287 | 20,072 | 20,072 | 20,072 | 20,072 | 60,826,560 | 60,826,560 | 60,826,560 | |
| 77,700 - 79,699 | \$78,829 | 1.971 | 3,108 | 82,564 | 20,641 | 20,641 | 20,641 | 20,641 | 64,146,361 | 64,146,361 | 64,146,361 | |
| 79,700 - 81,699 | \$80,635 | 2.070 | 3,264 | 84,456 | 21,114 | 21,114 | 20,475 | 21,114 | 68,911,756 | 66,826,518 | 68,911,756 | |
| 81,700 - 83,699 | \$82,752 | 2.760 | 4,352 | 86,673 | 21,668 | 21,668 | 20,475 | 21,668 | 94,294,631 | 89,102,024 | 94,294,631 | |
| 83,700 - 85,699 | \$84,688 | 2.316 | 3,652 | 88,701 | 22,175 | 22,175 | 20,475 | 22,175 | 80,976,652 | 74,768,220 | 80,976,652 | |
| 85,700 - 87,699 | \$86,725 | 2.021 | 3,187 | 90,834 | 22,709 | 22,709 | 20,475 | 22,709 | 72,361,907 | 65,244,634 | 72,361,907 | |
| 87,700 - 89,699 | \$88,638 | 1.676 | 2,643 | 92,838 | 23,209 | 23,209 | 20,475 | 23,209 | 61,332,878 | 54,106,881 | 61,332,878 | |
| 89,700 - 91,699 | \$90,443 | 1.577 | 2,486 | 94,728 | 23,682 | 23,682 | 20,475 | 23,682 | 58,885,184 | 50,910,830 | 58,885,184 | |
| 91,700 - 93,699 | \$92,780 | 1.084 | 1,709 | 97,176 | 24,294 | 24,294 | 20,475 | 24,294 | 41,522,456 | 34,995,143 | 41,522,456 | |
| 93,700 - 95,699 | \$94,604 | 1.626 | 2,564 | 99,086 | 24,772 | 24,772 | 20,475 | 24,772 | 63,508,144 | 52,492,714 | 63,508,144 | |
| 95,700 - 97,699 | \$96,820 | 1.281 | 2,020 | 101,407 | 25,352 | 25,352 | 20,475 | 25,352 | 51,205,144 | 41,354,961 | 51,205,144 | |
| 97,700 - 99,699 | \$98,732 | 0.887 | 1,399 | 103,410 | 25,853 | 25,853 | 20,475 | 25,853 | 36,156,047 | 28,635,324 | 36,156,047 | |
| 99,700 - 101,699 | \$100,935 | 0.789 | 1,244 | 105,717 | 26,429 | 26,429 | 20,475 | 26,429 | 32,878,968 | 25,471,557 | 32,878,968 | |
| 101,700 - 103,699 | \$102,598 | 0.936 | 1,476 | 107,459 | 26,865 | 26,865 | 20,475 | 26,865 | 39,647,347 | 30,217,208 | 39,647,347 | |
| 103,700 - 105,699 | \$104,735 | 0.591 | 932 | 109,697 | 27,424 | 27,424 | 20,475 | 27,424 | 25,555,166 | 19,079,455 | 25,555,166 | |
| 105,700 - 107,699 | \$106,640 | 1.134 | 1,788 | 111,693 | 27,923 | 27,801 | 20,475 | 27,923 | 49,708,163 | 36,609,310 | 49,926,667 | |
| 107,700 - 109,699 | \$108,961 | 0.444 | 700 | 114,124 | 28,531 | 27,525 | 20,475 | 28,531 | 19,269,253 | 14,333,804 | 19,973,466 | |
| 109,700 - 111,699 | \$110,834 | 0.493 | 777 | 116,085 | 29,021 | 27,525 | 20,475 | 29,021 | 21,395,814 | 15,915,688 | 22,558,972 | |
| 111,700 - 113,699 | \$112,939 | 0.591 | 932 | 118,290 | 29,573 | 27,525 | 20,475 | 29,573 | 25,648,938 | 19,079,455 | 27,556,928 | |
| 113,700 - 115,699 | \$114,910 | 0.197 | 311 | 120,355 | 30,089 | 27,525 | 20,475 | 30,089 | 8,549,646 | 6,359,818 | 9,345,950 | |
| \$115,700 - over | \$181,384 | 5.372 | 8,470 | 189,978 | 47,495 | 27,525 | 20,475 | 47,495 | <u>233,140,599</u> | <u>173,426,113</u> | <u>402,285,484</u> | |
| TOTAL | | 100.000 | 157,672 | | | | | | Total Taxable Earnings | 2,804,733,632 | 2,618,714,599 | 2,978,668,686 |
| | | | | | | | | | Employer Tax Rate | 6.20% | 12.10% | 1.45% |
| | | | | | | | | | Quarterly Payment | \$173,893,485 | \$316,864,466 | \$43,190,696 |
| | | | | | | | | | Total Tier I, Tier II, and Medicare Paid this Quarter | | | \$533,948,648 |

Railroad Retirement & Medicare, U.S.

| From 2009 Earnings Distribution | | | 3Q/2012 Updated Using Earnings Distribution & Wage Statistics, plus Current Wage Rates with Current Tax Info | | | | | | | | | |
|---------------------------------|-------------------|----------------------|--|-----------------|--------------------|----------------|-----------------|------------------|--|--------------------|--------------------|---------------|
| Earnings Groups | Avg Ann. Earnings | % of Total Employees | Employees Recvng. Pay | Annual Earnings | Avg Qtlly Earnings | Tier I Taxable | Tier II Taxable | Medicare Taxable | Total Taxable Earnings (Taxable x Employees) | | | |
| | | | | | | | | | Tier I | Tier II | Medicare | |
| \$0 - 41,699 | \$31,535 | 5.178 | 8,164 | \$34,396 | \$8,599 | \$8,599 | \$8,599 | \$8,599 | \$70,204,592 | \$70,204,592 | \$70,204,592 | |
| 41,700 - 43,699 | \$42,795 | 1.873 | 2,953 | 46,678 | 11,669 | 11,669 | 11,669 | 11,669 | 34,462,077 | 34,462,077 | 34,462,077 | |
| 43,700 - 45,699 | \$44,897 | 1.429 | 2,253 | 48,970 | 12,243 | 12,243 | 12,243 | 12,243 | 27,584,187 | 27,584,187 | 27,584,187 | |
| 45,700 - 47,699 | \$46,735 | 2.267 | 3,574 | 50,975 | 12,744 | 12,744 | 12,744 | 12,744 | 45,551,681 | 45,551,681 | 45,551,681 | |
| 47,700 - 49,699 | \$48,824 | 4.830 | 7,616 | 53,254 | 13,313 | 13,313 | 13,313 | 13,313 | 101,389,067 | 101,389,067 | 101,389,067 | |
| 49,700 - 51,699 | \$50,661 | 6.555 | 10,335 | 55,257 | 13,814 | 13,814 | 13,814 | 13,814 | 142,776,619 | 142,776,619 | 142,776,619 | |
| 51,700 - 53,699 | \$52,641 | 4.781 | 7,538 | 57,417 | 14,354 | 14,354 | 14,354 | 14,354 | 108,206,541 | 108,206,541 | 108,206,541 | |
| 53,700 - 55,699 | \$54,711 | 5.224 | 8,237 | 59,675 | 14,919 | 14,919 | 14,919 | 14,919 | 122,882,054 | 122,882,054 | 122,882,054 | |
| 55,700 - 57,699 | \$56,595 | 4.879 | 7,693 | 61,730 | 15,432 | 15,432 | 15,432 | 15,432 | 118,718,807 | 118,718,807 | 118,718,807 | |
| 57,700 - 59,699 | \$58,774 | 4.189 | 6,605 | 64,106 | 16,027 | 16,027 | 16,027 | 16,027 | 105,853,750 | 105,853,750 | 105,853,750 | |
| 59,700 - 61,699 | \$60,748 | 3.499 | 5,517 | 66,259 | 16,565 | 16,565 | 16,565 | 16,565 | 91,387,452 | 91,387,452 | 91,387,452 | |
| 61,700 - 63,699 | \$62,594 | 4.041 | 6,372 | 68,273 | 17,068 | 17,068 | 17,068 | 17,068 | 108,750,734 | 108,750,734 | 108,750,734 | |
| 63,700 - 65,699 | \$64,703 | 3.647 | 5,750 | 70,573 | 17,643 | 17,643 | 17,643 | 17,643 | 101,454,385 | 101,454,385 | 101,454,385 | |
| 65,700 - 67,699 | \$66,652 | 3.302 | 5,206 | 72,699 | 18,175 | 18,175 | 18,175 | 18,175 | 94,623,911 | 94,623,911 | 94,623,911 | |
| 67,700 - 69,699 | \$68,715 | 3.450 | 5,440 | 74,949 | 18,737 | 18,737 | 18,737 | 18,737 | 101,925,133 | 101,925,133 | 101,925,133 | |
| 69,700 - 71,699 | \$70,674 | 3.006 | 4,740 | 77,086 | 19,272 | 19,272 | 19,272 | 19,272 | 91,339,638 | 91,339,638 | 91,339,638 | |
| 71,700 - 73,699 | \$72,704 | 3.056 | 4,818 | 79,300 | 19,825 | 19,825 | 19,825 | 19,825 | 95,526,155 | 95,526,155 | 95,526,155 | |
| 73,700 - 75,699 | \$74,721 | 3.056 | 4,818 | 81,500 | 20,375 | 20,375 | 20,375 | 20,375 | 98,176,301 | 98,176,301 | 98,176,301 | |
| 75,700 - 77,699 | \$76,655 | 1.922 | 3,030 | 83,610 | 20,902 | 20,902 | 20,902 | 20,902 | 63,343,858 | 63,343,858 | 63,343,858 | |
| 77,700 - 79,699 | \$78,829 | 1.971 | 3,108 | 85,981 | 21,495 | 21,495 | 20,641 | 21,495 | 66,801,049 | 64,147,395 | 66,801,049 | |
| 79,700 - 81,699 | \$80,635 | 2.070 | 3,264 | 87,951 | 21,988 | 21,988 | 20,475 | 21,988 | 71,763,659 | 66,826,518 | 71,763,659 | |
| 81,700 - 83,699 | \$82,752 | 2.760 | 4,352 | 90,260 | 22,565 | 22,565 | 20,475 | 22,565 | 98,197,000 | 89,102,024 | 98,197,000 | |
| 83,700 - 85,699 | \$84,688 | 2.316 | 3,652 | 92,371 | 23,093 | 23,093 | 20,475 | 23,093 | 84,327,859 | 74,768,220 | 84,327,859 | |
| 85,700 - 87,699 | \$86,725 | 2.021 | 3,187 | 94,593 | 23,648 | 23,648 | 20,475 | 23,648 | 75,356,594 | 65,244,634 | 75,356,594 | |
| 87,700 - 89,699 | \$88,638 | 1.676 | 2,643 | 96,680 | 24,170 | 24,170 | 20,475 | 24,170 | 63,871,130 | 54,106,881 | 63,871,130 | |
| 89,700 - 91,699 | \$90,443 | 1.577 | 2,486 | 98,649 | 24,662 | 24,662 | 20,475 | 24,662 | 61,322,139 | 50,910,830 | 61,322,139 | |
| 91,700 - 93,699 | \$92,780 | 1.084 | 1,709 | 101,198 | 25,299 | 25,299 | 20,475 | 25,299 | 43,240,857 | 34,995,143 | 43,240,857 | |
| 93,700 - 95,699 | \$94,604 | 1.626 | 2,564 | 103,187 | 25,797 | 25,797 | 20,475 | 25,797 | 66,136,420 | 52,492,714 | 66,136,420 | |
| 95,700 - 97,699 | \$96,820 | 1.281 | 2,020 | 105,604 | 26,401 | 26,401 | 20,475 | 26,401 | 53,324,261 | 41,354,961 | 53,324,261 | |
| 97,700 - 99,699 | \$98,732 | 0.887 | 1,399 | 107,690 | 26,922 | 26,922 | 20,475 | 26,922 | 37,652,359 | 28,635,324 | 37,652,359 | |
| 99,700 - 101,699 | \$100,935 | 0.789 | 1,244 | 110,093 | 27,523 | 27,523 | 20,475 | 27,523 | 34,239,659 | 25,471,557 | 34,239,659 | |
| 101,700 - 103,699 | \$102,598 | 0.936 | 1,476 | 111,906 | 27,977 | 27,977 | 20,475 | 27,977 | 41,288,146 | 30,217,208 | 41,288,146 | |
| 103,700 - 105,699 | \$104,735 | 0.591 | 932 | 114,237 | 28,559 | 28,388 | 20,475 | 28,559 | 26,453,473 | 19,079,455 | 26,612,762 | |
| 105,700 - 107,699 | \$106,640 | 1.134 | 1,788 | 116,315 | 29,079 | 27,525 | 20,475 | 29,079 | 49,214,713 | 36,609,310 | 51,992,875 | |
| 107,700 - 109,699 | \$108,961 | 0.444 | 700 | 118,847 | 29,712 | 27,525 | 20,475 | 29,712 | 19,269,253 | 14,333,804 | 20,800,065 | |
| 109,700 - 111,699 | \$110,834 | 0.493 | 777 | 120,890 | 30,222 | 27,525 | 20,475 | 30,222 | 21,395,814 | 15,915,688 | 23,492,572 | |
| 111,700 - 113,699 | \$112,939 | 0.591 | 932 | 123,186 | 30,796 | 27,525 | 20,475 | 30,796 | 25,648,938 | 19,079,455 | 28,697,367 | |
| 113,700 - 115,699 | \$114,910 | 0.197 | 311 | 125,335 | 31,334 | 27,525 | 20,475 | 31,334 | 8,549,646 | 6,359,818 | 9,732,730 | |
| \$115,700 - over | \$181,384 | 5.372 | 8,470 | 197,840 | 49,460 | 27,525 | 20,475 | 49,460 | <u>233,140,599</u> | <u>173,426,113</u> | <u>418,934,010</u> | |
| TOTAL | | 100.000 | 157,672 | | | | | | Total Taxable Earnings | 2,905,350,509 | 2,687,233,994 | 3,101,940,455 |
| | | | | | | | | | Employer Tax Rate | 6.20% | 12.10% | 1.45% |
| | | | | | | | | | Quarterly Payment | \$180,131,732 | \$325,155,313 | \$44,978,137 |

Total Tier I, Tier II, and Medicare Paid this Quarter **\$550,265,181**

Railroad Retirement & Medicare, U.S.

| From 2009 Earnings Distribution | | | 4Q/2012 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 | \$31,535 | 5.178 % | 8,164 | \$0 | \$0 | (\$0) | (\$0) | \$0 | (\$0) | (\$0) | \$0 | |
| 41,700 - 43,699 | \$42,795 | 1.873 | 2,953 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 43,700 - 45,699 | \$44,897 | 1.429 | 2,253 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 45,700 - 47,699 | \$46,735 | 2.267 | 3,574 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 47,700 - 49,699 | \$48,824 | 4.830 | 7,616 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 49,700 - 51,699 | \$50,661 | 6.555 | 10,335 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 51,700 - 53,699 | \$52,641 | 4.781 | 7,538 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 53,700 - 55,699 | \$54,711 | 5.224 | 8,237 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 55,700 - 57,699 | \$56,595 | 4.879 | 7,693 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 57,700 - 59,699 | \$58,774 | 4.189 | 6,605 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 59,700 - 61,699 | \$60,748 | 3.499 | 5,517 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 61,700 - 63,699 | \$62,594 | 4.041 | 6,372 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 63,700 - 65,699 | \$64,703 | 3.647 | 5,750 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 65,700 - 67,699 | \$66,652 | 3.302 | 5,206 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 67,700 - 69,699 | \$68,715 | 3.450 | 5,440 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 69,700 - 71,699 | \$70,674 | 3.006 | 4,740 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 71,700 - 73,699 | \$72,704 | 3.056 | 4,818 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 73,700 - 75,699 | \$74,721 | 3.056 | 4,818 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 75,700 - 77,699 | \$76,655 | 1.922 | 3,030 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 77,700 - 79,699 | \$78,829 | 1.971 | 3,108 | 0 | 0 | 0 | 854 | 0 | 0 | 2,653,654 | 0 | |
| 79,700 - 81,699 | \$80,635 | 2.070 | 3,264 | 0 | 0 | 0 | 2,281 | 0 | 0 | 7,443,849 | 0 | |
| 81,700 - 83,699 | \$82,752 | 2.760 | 4,352 | 0 | 0 | 0 | 3,953 | 0 | 0 | 17,203,590 | 0 | |
| 83,700 - 85,699 | \$84,688 | 2.316 | 3,652 | 0 | 0 | 0 | 5,483 | 0 | 0 | 20,021,444 | 0 | |
| 85,700 - 87,699 | \$86,725 | 2.021 | 3,187 | 0 | 0 | 0 | 7,092 | 0 | 0 | 22,599,438 | 0 | |
| 87,700 - 89,699 | \$88,638 | 1.676 | 2,643 | 0 | 0 | 0 | 8,603 | 0 | 0 | 22,735,454 | 0 | |
| 89,700 - 91,699 | \$90,443 | 1.577 | 2,486 | 0 | 0 | 0 | 10,030 | 0 | 0 | 24,938,322 | 0 | |
| 91,700 - 93,699 | \$92,780 | 1.084 | 1,709 | 0 | 0 | 0 | 11,876 | 0 | 0 | 20,297,844 | 0 | |
| 93,700 - 95,699 | \$94,604 | 1.626 | 2,564 | 0 | 0 | 0 | 13,317 | 0 | 0 | 34,141,259 | 0 | |
| 95,700 - 97,699 | \$96,820 | 1.281 | 2,020 | 0 | 0 | 0 | 15,068 | 0 | 0 | 30,433,396 | 0 | |
| 97,700 - 99,699 | \$98,732 | 0.887 | 1,399 | 0 | 0 | 0 | 16,578 | 0 | 0 | 23,185,547 | 0 | |
| 99,700 - 101,699 | \$100,935 | 0.789 | 1,244 | 0 | 0 | 0 | 18,319 | 0 | 0 | 22,789,111 | 0 | |
| 101,700 - 103,699 | \$102,598 | 0.936 | 1,476 | 0 | 0 | 0 | 19,633 | 0 | 0 | 28,973,990 | 0 | |
| 103,700 - 105,699 | \$104,735 | 0.591 | 932 | 0 | 0 | 171 | 20,475 | 0 | 159,290 | 19,079,455 | 0 | |
| 105,700 - 107,699 | \$106,640 | 1.134 | 1,788 | 0 | 0 | 1,676 | 20,475 | 0 | 2,996,666 | 36,609,310 | 0 | |
| 107,700 - 109,699 | \$108,961 | 0.444 | 700 | 0 | 0 | 3,510 | 20,475 | 0 | 2,457,010 | 14,333,804 | 0 | |
| 109,700 - 111,699 | \$110,834 | 0.493 | 777 | 0 | 0 | 4,989 | 20,475 | 0 | 3,878,421 | 15,915,688 | 0 | |
| 111,700 - 113,699 | \$112,939 | 0.591 | 932 | 0 | 0 | 6,653 | 20,475 | 0 | 6,199,090 | 19,079,455 | 0 | |
| 113,700 - 115,699 | \$114,910 | 0.197 | 311 | 0 | 0 | 8,210 | 20,475 | 0 | 2,550,048 | 6,359,818 | 0 | |
| \$115,700 - over | \$181,384 | 5.372 | 8,470 | 0 | 0 | 27,525 | 20,475 | 0 | <u>233,140,599</u> | <u>173,426,113</u> | <u>0</u> | |
| TOTAL | | 100.000 | 157,672 | | | | | | | | | |
| | | | | | | | | | Total Taxable Earnings | 251,381,123 | 562,220,541 | 0 |
| | | | | | | | | | Employer Tax Rate | 6.20% | 12.10% | 1.45% |
| | | | | | | | | | Quarterly Payment | \$15,585,630 | \$68,028,685 | \$0 |

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

\$83,614,315

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 |
| | | | \$29.465 | (2006) | | | |
| 2007 Avg. | 2.47% | \$14,760 | \$30.806 | | 1.045512 | \$13,903.99 | \$0.192 |
| 3Q/08 reb | 2.48% | \$15,360 | \$32.327 | | 1.097132 | \$14,473.48 | \$0.201 |
| 4Q/08 | 2.48% | \$15,360 | \$33.207 | | 1.126998 | \$14,487.09 | \$0.201 |
| 1Q/09 | 2.47% | \$15,960 | \$33.561 | | 1.139012 | \$15,038.39 | \$0.208 |
| 2Q/09 | 2.47% | \$15,960 | \$33.672 | | 1.142780 | \$15,040.15 | \$0.208 |
| 3Q/09 | 2.47% | \$15,960 | \$34.857 | | 1.182997 | \$15,058.23 | \$0.208 |
| | | | \$30.806 | (2007) | | | |
| 2008 Avg. | 2.48% | \$15,360 | \$32.537 | | 1.056190 | \$14,329.53 | \$0.201 |
| 3Q/09 reb | 2.47% | \$15,960 | \$35.600 | | 1.155619 | \$14,914.18 | \$0.208 |
| 4Q/09 | 2.47% | \$15,960 | \$34.822 | | 1.130364 | \$14,903.49 | \$0.208 |
| 1Q/10 | 3.26% | \$15,960 | \$34.810 | | 1.129975 | \$14,903.32 | \$0.275 |
| 2Q/10 | 3.26% | \$15,960 | \$34.787 | | 1.129228 | \$14,903.00 | \$0.275 |
| 3Q/10 | 3.26% | \$15,960 | \$34.676 | | 1.125625 | \$14,901.45 | \$0.275 |
| | | | \$32.537 | (2008) | | | |
| 2009 Avg. | 2.47% | \$15,960 | \$34.444 | | 1.058610 | \$14,944.60 | \$0.211 |
| 3Q/10 reb | 3.26% | \$15,960 | \$35.003 | | 1.075791 | \$14,952.41 | \$0.279 |
| 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 | \$0.606 |
| 2Q/11 | 7.09% | \$15,960 | \$35.143 | | 1.080093 | \$14,954.33 | \$0.606 |
| 3Q/11 | 7.09% | \$15,960 | \$35.422 | | 1.088668 | \$14,957.95 | \$0.606 |
| | | | \$34.444 | (2009) | | | |
| 2010 Avg. | 3.26% | \$15,960 | \$33.913 | | 0.984584 | \$15,048.19 | \$0.275 |
| 3Q/11 reb. | 7.10% | \$15,960 | \$34.350 | | 0.997271 | \$15,055.23 | \$0.599 |
| 4Q/11 | 7.10% | \$15,960 | \$34.347 | | 0.997184 | \$15,055.18 | \$0.599 |
| 1Q/12 | 5.00% | \$16,380 | \$35.205 | | 1.022094 | \$15,450.63 | \$0.433 |
| 2Q/12 | 5.00% | \$16,380 | \$36.076 | | 1.047381 | \$15,464.39 | \$0.433 |
| 3Q/12 | 5.00% | \$16,380 | \$37.569 | | 1.090727 | \$15,487.33 | \$0.434 |

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.

The MEANS Procedure

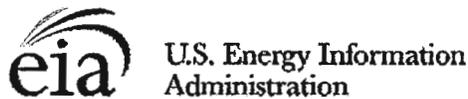
| Variable | N | Sum | Mean |
|----------|------|-------------|----------|
| ANUAL_US | 2605 | 39200541.09 | 15048.19 |
| QTRLY_US | 2605 | 40344504.88 | 15487.33 |

The SAS System
Factors and Caps 2010 and 2012Q3

16:45 Friday, June 1, 2012 2

The MEANS Procedure

| Variable | N | Sum | Mean |
|----------|------|-------------|-----------|
| FactorA | 2605 | 2564.84 | 0.9845840 |
| FactorQ | 2605 | 2841.34 | 1.0907270 |
| Capa | 2605 | 41575800.00 | 15960.00 |
| Capq | 2605 | 42669900.00 | 16380.00 |



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Summary

Crude Oil

Gasoline

Distillate

Propane

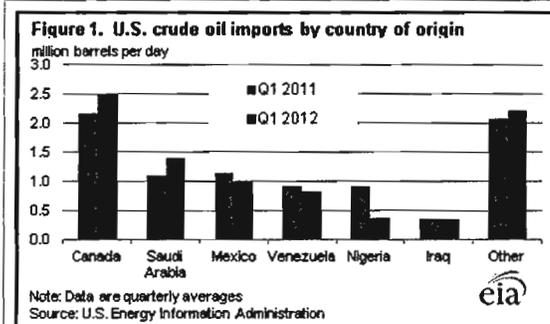
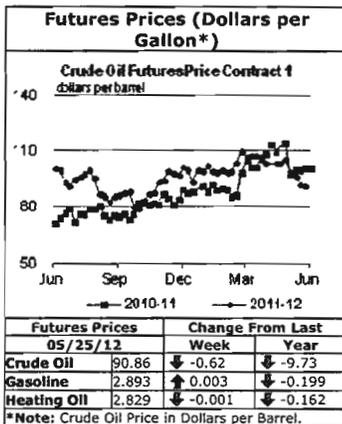
Scroll over labels below to see different charts.



Changing patterns in U.S. crude imports

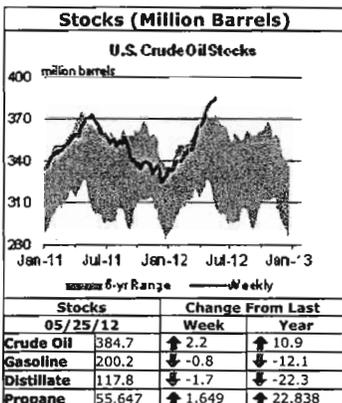
U.S. crude oil import patterns have been undergoing significant shifts in recent months. While growing domestic tight oil production from the Bakken formation in North Dakota and elsewhere has helped displace imports from some countries, U.S. import volumes from the Canadian oil sands and Saudi Arabia have been on the rise. In total, U.S. crude imports fell about 94,000 bbl/d (1 percent) from the first quarter of 2011 to the first quarter of 2012. New sources of North American crude supply, adjustments in transport logistics and deep shifts in the depth of conversion and geographic distribution of U.S. refining capacity are redrawing the pattern of U.S. crude imports.

The most important development in U.S. crude oil import patterns is the continued rise in flows from Canada into the Midwest (PADD 2). Thanks to continued production growth from the oil sands of Alberta, Canadian crude now accounts for virtually all of PADD 2 crude imports. Canadian imports into PADD 2 reached an average of 1.76 million barrels per day (bbl/d) in the first quarter of 2012, a 323,000-bbl/d (22-percent) increase from a year ago, according to the latest data from the U.S. Energy Information Administration's *Petroleum Supply Monthly (PSM)*. In the United States as a whole, first-quarter Canadian crude imports rose by 315,000 bbl/d year-over-year (Figure 1).



Along with growing domestic production, rising crude flows from Alberta to the Midwest were part of the reason behind the recent reversal of the Seaway crude pipeline, which is now sending crude oil from the Cushing Oklahoma trading and storage hub to the Houston area. The pipeline's co-owners, Enterprise Products Partners LP and Enbridge Inc., said last week they planned to expand its capacity from the current 150,000 bbl/d to 400,000 bbl/d in the first quarter of 2013, and then to 850,000 bbl/d in 2014.

At almost 2.5 million bbl/d in the first quarter of 2012, Canada is by far the United States' top crude supplier, with Saudi Arabia a distant second at 1.4 million bbl/d. But the latter, too, has sent increasing volumes of crude to the United States in recent months, with first-quarter average imports up by 294,000 bbl/d year-over-year. While the increase in Canadian crude imports represents the continuation of recent trends, the increase in Saudi crude imports marks a reversal from an earlier pattern, which had seen Saudi imports edge down in recent years. While market commentators have attributed the rebound to the startup of a 325,000 bbl/d capacity expansion at Saudi Aramco's joint-venture refinery in Port Arthur, Texas, that project, which is being officially inaugurated today, tells only part of the story. Monthly data show other Gulf Coast refiners, responding to Saudi offers of incremental volumes, have also stepped up their imports of Saudi oil, thus helping account for an average 264,000-bbl/d increase in first-quarter Saudi flows into that region.



Contrasted with steeply rising Canadian and Saudi flows, U.S. crude oil imports from the rest of the world declined by an aggregate 703,000 bbl/d year-over-year. This decline was led by a 538,000-bbl/d plunge in imports from Nigeria. East Coast refineries accounted for roughly half the drop in Nigerian imports, or 268,000 bbl/d, likely due to the idling of struggling refineries that ran in part on a diet of high-cost, light, sweet Nigerian crude, including ConocoPhillips' 185,000-bbl/d Trainer refinery and Sunoco's 178,000-bbl/d Marcus Hook plant, both near Philadelphia. Sunoco, which is being purchased by Energy Transfer Partners, has said that it might also close its 335,000-bbl/d Philadelphia refinery by August if no buyer is found. The fate of that plant continues to be unclear. Meanwhile, the Trainer refinery now looks set to reopen following its recently-announced purchase by a unit of Delta Air Lines. Regardless of these plants' future, however, some Nigerian import volumes into the East Coast may have been permanently displaced by domestic Bakken crude, small volumes of which are now being shipped by rail to both Sunoco's Eagle Point, New Jersey terminal near Philadelphia and to Albany, NY, from where it can be barged to refineries in New York Harbor and the Philadelphia area.

It is also important to note that the first-quarter decline in Nigerian crude imports was not limited to the East Coast. Shipments to the Gulf Coast declined by 274,000 bbl/d year-over-year, along with light, sweet crude imports of other origins, including other West African producing countries, Algeria, the North Sea, Central Asia and Latin America. In total, Gulf Coast crude imports fell by 354,000 bbl/d year-over-year, led by light, sweet grades, while drops in sour crude imports from Venezuela and Mexico were more than offset by robust gains from both Saudi Arabia and Kuwait.

Rising tight oil production in the Midwest (most of which is light, sweet crude) has lessened the need for imports through the Gulf Coast to serve that region. At the same time, increasing tight oil production in Texas has added a new source of light, sweet crude to the Gulf market itself, further diminishing the need for imports. Add to that the increasing ability of the U.S. refining complex to process heavy, sour crudes and you have a set of

drivers that support a weakening in the price of U.S. light, sweet crudes in relation to heavy, sour crude prices which have held up relatively well in the recent crude market downturn. Should recent trends be confirmed, East Coast refiners using light, sweet crude that, until recently, appeared to operate at a cost disadvantage may soon benefit from a marked improvement in their crude acquisition costs.

Gasoline prices fall for eighth straight week

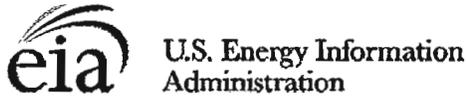
The U.S. average retail price of regular gasoline decreased 4.5 cents this week to \$3.67 per gallon, 13 cents per gallon lower than last year at this time. The gasoline price has declined more than 27 cents per gallon over the last eight weeks. Prices have decreased in all regions of the Nation for the second consecutive week. The Gulf Coast saw the biggest decrease, almost seven cents, to reach \$3.42 per gallon. The East Coast price dropped more than six cents to \$3.57 per gallon, and the Midwest price dropped three and a half cents to \$3.59 per gallon. The Rocky Mountain region and the West Coast dropped more than a penny to \$3.74 per gallon and \$4.23 per gallon, respectively.

The national average diesel fuel price decreased almost 6 cents to \$3.90 per gallon, 5 cents per gallon lower than last year at this time. The diesel price has declined more than 25 cents over the last seven weeks. The East Coast, Midwest, and Gulf Coast all saw identical declines of almost 6 cents to reach \$3.94 per gallon, \$3.80 per gallon, and \$3.80 per gallon, respectively. The Rocky Mountain price decreased almost four cents to \$3.95 per gallon, and the West Coast saw the biggest drop, at almost seven cents, but remains the most expensive in the Nation at \$4.16 per gallon.

Propane stocks grow again

Propane inventories in the United States continued their seasonal growth last week, adding 1.6 million barrels to end at 55.6 million barrels total, 47 percent higher than a year ago. Most of the build occurred in the Midwest region, which added 0.9 million barrels. Gulf Coast stocks grew by 0.5 million, and the East Coast region added 0.3 million barrels. The Rocky Mountain/West Coast regional inventories grew slightly. Propylene non-fuel-use inventories represented 6.3 percent 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.



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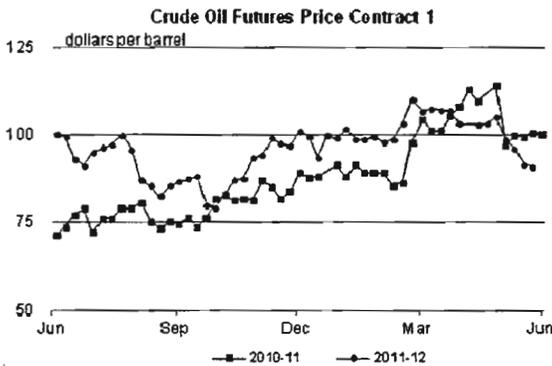
This Week In Petroleum

[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 | | | | | | | | more data | |
|------------|--------------------------|----------|----------|----------|----------|----------|----------|----------|---------------------------|----------|
| | Most Recent | | | | | | | | | Year Ago |
| | 04/13/12 | 04/20/12 | 04/27/12 | 05/04/12 | 05/11/12 | 05/18/12 | 05/25/12 | 05/27/11 | | |
| Contract 1 | 102.93 | 103.05 | 104.93 | 98.49 | 96.13 | 91.48 | 90.86 | 100.59 | | |
| Contract 2 | 103.32 | 103.88 | 105.32 | 98.88 | 96.49 | 91.80 | 91.15 | 101.16 | | |
| Contract 3 | 103.80 | 104.29 | 105.64 | 99.16 | 96.75 | 92.08 | 91.44 | 101.63 | | |
| Contract 4 | 104.20 | 104.64 | 105.84 | 99.38 | 97.02 | 92.34 | 91.68 | 102.00 | | |



Crude Oil Stocks (Million Barrels) and Days of Supply

| | Crude Oil Stocks | | | | | | | | more data | |
|-------------------------|------------------|----------|----------|----------|----------|----------|----------|----------|---------------------------|----------|
| | Most Recent | | | | | | | | | Year Ago |
| | 04/13/12 | 04/20/12 | 04/27/12 | 05/04/12 | 05/11/12 | 05/18/12 | 05/25/12 | 05/27/11 | | |
| U.S. | 369.0 | 373.0 | 375.9 | 379.5 | 381.6 | 382.5 | 384.7 | 373.8 | | |
| East Coast (PADD 1) | 9.4 | 10.8 | 10.5 | 10.2 | 10.7 | 11.0 | 11.3 | 13.6 | | |
| Midwest (PADD 2) | 102.7 | 103.9 | 104.9 | 106.8 | 107.1 | 108.6 | 108.4 | 102.8 | | |
| Cushing, Oklahoma | 41.2 | 41.8 | 43.0 | 44.1 | 45.1 | 46.8 | 46.8 | 39.9 | | |
| Gulf Coast (PADD 3) | 180.3 | 183.3 | 184.9 | 186.2 | 187.3 | 186.2 | 187.1 | 185.9 | | |
| Rocky Mountain (PADD 4) | 16.7 | 17.2 | 17.4 | 17.4 | 17.5 | 17.6 | 17.8 | 15.9 | | |
| West Coast (PADD 5) | 60.0 | 57.8 | 58.2 | 59.0 | 59.1 | 59.2 | 60.1 | 55.6 | | |

| | Days of Supply (number of days) | | | | | | | | more data | |
|------|---------------------------------|----------|----------|----------|----------|----------|----------|----------|---------------------------|----------|
| | Most Recent | | | | | | | | | Year Ago |
| | 04/13/12 | 04/20/12 | 04/27/12 | 05/04/12 | 05/11/12 | 05/18/12 | 05/25/12 | 05/27/11 | | |
| U.S. | 25.4 | 25.7 | 25.9 | 26.0 | 25.9 | 25.7 | 25.7 | 25.7 | | |

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



U.S. Energy Information Administration

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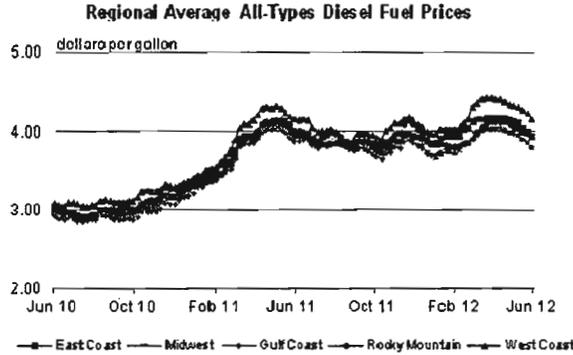
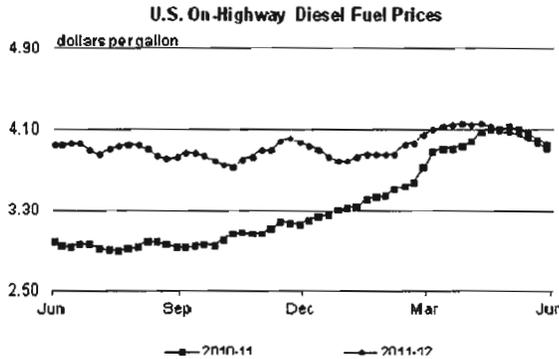
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[PADD Definitions](#)

| Summary Prices | Crude Oil Stocks | Gasoline Production | Distillate Imports | Propane Demand |
|--|------------------|---------------------|--------------------|----------------|
| Residential Heating Oil Prices (Dollars per Gallon) | | | | |
| Residential Heating Oil Prices more data | | | | |
| Note: The Heating Season is Over. Data for residential and wholesale prices for heating oil and propane will return in October 2012. | | | | |

| On-Highway Diesel Fuel Prices (Dollars per Gallon) | | | | | | | | |
|--|-------------|----------|----------|----------|----------|----------|----------|----------|
| On-Highway Diesel Fuel Prices more data | | | | | | | | |
| | Most Recent | | | | | | | Year Ago |
| | 04/16/12 | 04/23/12 | 04/30/12 | 05/07/12 | 05/14/12 | 05/21/12 | 05/28/12 | 05/30/11 |
| U.S. | 4.127 | 4.085 | 4.073 | 4.057 | 4.004 | 3.956 | 3.897 | 3.948 |
| East Coast (PADD 1) | 4.181 | 4.146 | 4.130 | 4.108 | 4.054 | 3.999 | 3.940 | 3.962 |
| New England (PADD 1A) | 4.269 | 4.269 | 4.255 | 4.232 | 4.192 | 4.130 | 4.072 | 4.121 |
| Central Atlantic (PADD 1B) | 4.280 | 4.245 | 4.220 | 4.194 | 4.135 | 4.079 | 4.023 | 4.082 |
| Lower Atlantic (PADD 1C) | 4.091 | 4.050 | 4.039 | 4.021 | 3.969 | 3.916 | 3.854 | 3.897 |
| Midwest (PADD 2) | 4.021 | 3.974 | 3.971 | 3.962 | 3.897 | 3.854 | 3.795 | 3.896 |
| Gulf Coast (PADD 3) | 4.038 | 3.993 | 3.980 | 3.962 | 3.915 | 3.861 | 3.802 | 3.884 |
| Rocky Mountain (PADD 4) | 4.129 | 4.090 | 4.072 | 4.047 | 4.004 | 3.987 | 3.948 | 4.020 |
| West Coast (PADD 5) | 4.389 | 4.345 | 4.330 | 4.312 | 4.277 | 4.233 | 4.164 | 4.161 |
| California | 4.418 | 4.384 | 4.396 | 4.385 | 4.349 | 4.303 | 4.228 | 4.227 |



| Heating Oil Futures Prices (Dollars per Gallon) | | | | | | | | |
|---|-------------|----------|----------|----------|----------|----------|----------|----------|
| Heating Oil Futures Prices more data | | | | | | | | |
| | Most Recent | | | | | | | Year Ago |
| | 04/13/12 | 04/20/12 | 04/27/12 | 05/04/12 | 05/11/12 | 05/18/12 | 05/25/12 | 05/27/11 |
| Contract 1 | 3.175 | 3.138 | 3.181 | 3.009 | 2.964 | 2.830 | 2.829 | 2.991 |
| Contract 2 | 3.179 | 3.141 | 3.184 | 3.013 | 2.968 | 2.835 | 2.833 | 3.001 |
| Contract 3 | 3.183 | 3.144 | 3.185 | 3.018 | 2.973 | 2.843 | 2.840 | 3.015 |
| Contract 4 | 3.186 | 3.148 | 3.188 | 3.024 | 2.980 | 2.851 | 2.849 | 3.033 |

AAR MATERIALS AND SUPPLIES INDEX
 Region By Composition
 Second Quarter 2012
 May 30, 2012

United States by Composition Category - Summary

| Composition Category ----- | Weight ----- | Previous Quarter Index ----- | Current Quarter Index ----- | Relative Of Change ----- |
|---|-----------------|---------------------------------------|--------------------------------------|--------------------------------|
| Forest Products | .0977 | 255.13 | 256.69 | 1.0061 |
| Metal Products | .6230 | 208.90 | 210.38 | 1.0071 |
| Miscellaneous Products | .2792 | 365.62 | 364.34 | .9965 |
| U.S. By Composition | -- | 257.15 | 257.87 | 1.0028 |
| U.S. By Composition (Linked) | -- | 258.25 | 258.97 | 1.0028 |
| United States (1977=100) Linking Factor: 1.423 | -- | 367.49 | 368.51 | 1.0028 |
| United States (1980=100) Linking Factor: 1.061 | -- | 274.00 | 274.77 | 1.0028 |

*revised
version
includes
all revisions*

Car Hire for RCAF

RCAF (Forecast)

| | 1980 | June 3Q/11 | Sept. 4Q/11 | Dec. 1Q/12 | Mar. 2Q/12 | June 3Q/12 |
|-------------------------------|-------|---------------|----------------|---------------|---------------|---------------|
| RATE | | | | | | |
| RR-OWNED TIME | 31.00 | 67.00 | 67.00 | 67.00 | 66.00 | 63.00 |
| RR-OWNED MILEAGE | 4.69 | 7.20 | 7.20 | 7.20 | 7.10 | 6.80 |
| PRIVATELY-OWNED CARS | 25.47 | 44.68 | 43.37 | 43.51 | 43.57 | 43.88 |
| AUTORACKS | 47.00 | 41.30 | 42.33 | 41.85 | 37.46 | 38.32 |
| INDEX | | | | | | |
| RR-OWNED TIME | 100.0 | 216.1 | 216.1 | 216.1 | 212.9 | 203.2 |
| RR-OWNED MILEAGE | 100.0 | 153.5 | 153.5 | 153.5 | 151.4 | 145.0 |
| PRIVATELY-OWNED CARS | 100.0 | 175.4 | 170.3 | 170.8 | 171.0 | 172.3 |
| AUTORACKS | 100.0 | 87.9 | 90.1 | 89.0 | 79.7 | 81.5 |
| CAR HIRE INDEX (old wts) 2009 | 100.0 | 179.3 | -- | -- | -- | -- |
| CAR HIRE INDEX (new wts) 2010 | 100.0 | 179.8 | 176.1 | 176.4 | 175.7 | 174.5 |
| CAR HIRE INDEX (LINKED) | 100.0 | 178.9 | 175.2 | 175.5 | 174.8 | 173.6 |

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

| | 2011 (first day of month) | | | | | | 2012 (first day of month) | | | | | | | |
|------------------------------------|---------------------------|--------------|--------------|--------------|--------------|--------------|---------------------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|
| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug |
| Railroad Equipment | | | | | | | | | | | | | | |
| No. of Cars (cars with rates only) | | | | | | | | | | | | | | |
| Superstructures (Vehicular Flats) | 10,309 | 10,132 | 10,124 | 10,070 | 10,054 | 10,794 | 7,489 | 7,423 | 7,408 | 7,304 | 7,340 | 7,353 | | |
| Rate (in cents) | | | | | | | | | | | | | | |
| Superstructures #3 - Auto Rack | 20.0 | 21.0 | 21.0 | 21.0 | 21.0 | 20.0 | 28.0 | 27.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 |
| All other #1 - Time | 67.0 | 67.0 | 67.0 | 67.0 | 67.0 | 67.0 | 65.0 | 66.0 | 66.0 | 63.0 | 63.0 | 63.0 | 63.0 | 63.0 |
| All other #2 - Mileage | 7.2 | 7.2 | 7.2 | 7.2 | 7.2 | 7.2 | 7.1 | 7.1 | 7.1 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 |
| Private Equipment | | | | | | | | | | | | | | |
| No. of Cars (cars with rates only) | | | | | | | | | | | | | | |
| Superstructures (Vehicular Flats) | 46,434 | 46,336 | 46,222 | 46,104 | 45,960 | 45,824 | 45,720 | 45,645 | 45,602 | 45,337 | 45,304 | 45,296 | | |
| Covered Hoppers | 332,007 | 331,523 | 334,180 | 332,890 | 332,345 | 336,974 | 312,043 | 313,704 | 314,908 | 315,131 | 316,856 | 318,579 | | |
| Tank Cars | 305,295 | 304,829 | 304,863 | 305,905 | 305,104 | 306,181 | 296,936 | 296,845 | 298,469 | 297,412 | 298,467 | 299,421 | | |
| Others | 308,308 | 306,477 | 306,394 | 308,539 | 307,098 | 309,432 | 287,359 | 286,731 | 287,028 | 284,792 | 285,693 | 285,741 | | |
| Rate (in cents) | | | | | | | | | | | | | | |
| Superstructures #1 - Time | 78.0 | 78.0 | 78.0 | 78.0 | 78.0 | 78.0 | 78.0 | 78.0 | 78.0 | 78.0 | 78.0 | 78.0 | 78.0 | 78.0 |
| Superstructures #2 - Mileage | 1.2 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.6 | 1.6 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 |
| Superstructures #3 - Auto Rack | 46.0 | 47.0 | 47.0 | 47.0 | 47.0 | 47.0 | 47.0 | 39.0 | 39.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 |
| Covered Hoppers #2 - Mileage | 43.1 | 43.2 | 43.2 | 43.2 | 43.2 | 43.2 | 43.1 | 43.2 | 43.2 | 43.2 | 43.3 | 43.4 | 43.4 | 43.4 |
| Tank Cars #2 - Mileage | 74.4 | 74.5 | 69.2 | 69.4 | 69.4 | 69.5 | 69.3 | 69.5 | 67.9 | 68.1 | 68.2 | 68.3 | 68.3 | 68.3 |
| Others #1 - Time | 64.0 | 65.0 | 65.0 | 66.0 | 66.0 | 66.0 | 68.0 | 69.0 | 69.0 | 71.0 | 71.0 | 71.0 | 71.0 | 71.0 |
| Others #2 - Mileage | 6.9 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.1 | 7.1 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 |
| AVERAGE RATES | | | | | | | | | | | | | | |
| Private Superstructures | 19.53 | 19.73 | 19.73 | 19.73 | 19.73 | 19.73 | 19.73 | 19.93 | 19.93 | 19.73 | 19.73 | 19.73 | 0.00 | 0.00 |
| Private Others | 21.11 | 21.43 | 21.43 | 21.65 | 21.65 | 21.65 | 22.10 | 22.42 | 22.42 | 22.66 | 22.66 | 22.66 | 0.00 | 0.00 |
| Private Total | 44.79 | 45.00 | 43.37 | 43.49 | 43.50 | 43.51 | 43.82 | 44.03 | 43.57 | 43.72 | 43.79 | 43.88 | #DIV/0! | #DIV/0! |
| Autoracks | 41.28 | 42.33 | 42.33 | 42.34 | 42.33 | 41.85 | 44.33 | 37.32 | 37.46 | 38.33 | 38.33 | 38.32 | #DIV/0! | #DIV/0! |

| WEIGHTS | "Old Wts" | "New Wts" |
|----------------------|-----------|-----------|
| | 2009 | 2010 |
| For RCAF & RCR | | |
| RR-owned Time | 0.168 | 0.174 |
| RR-owned Mileage | 0.084 | 0.084 |
| Privately-owned Cars | 0.735 | 0.732 |
| Autoracks | 0.013 | 0.010 |
| ----- Check sum | 1.000 | 1.000 |

| Weights for Equipment Rents (not used in Car Hire calculation) | | |
|--|-------|-------|
| | 2009 | 2010 |
| Car Hire - U.S. | 0.422 | 0.458 |
| Lease Rentals - U.S. | 0.578 | 0.542 |
| ----- 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 06/2012

| Ownership | Car Group | Car Count | Time Rate (cents/hour) | Mileage Rate (\$/mile) | Auto Rack Rate (cents/hour) |
|-----------|--------------------------------------|-----------|------------------------|------------------------|-----------------------------|
| Railroad | Vehicular Flats | 7,353 | 116 | 0.082 | 28 |
| Railroad | Number of Zero-Rated Vehicular Flats | 87 | . | . | . |
| Railroad | All Other Cars | 505,273 | 63 | 0.068 | . |
| Railroad | Number of Zero-Rated Other Cars | 21,508 | . | . | . |
| Railroad | Total Railroad Equipment | 534,221 | . | . | . |
| | | . | . | . | . |
| Private | Vehicular Flats | 45,296 | 78 | 0.014 | 40 |
| Private | Number of Zero-Rated Vehicular Flats | 4 | . | . | . |
| Private | Covered Hoppers | 318,579 | 0 | 0.434 | . |
| Private | Number of Zero-Rated Covered Hoppers | 9,604 | . | . | . |
| Private | Tanks | 299,421 | 0 | 0.683 | . |
| Private | Number of Zero-Rated Tanks | 8,000 | . | . | . |
| Private | All Other Cars | 285,741 | 71 | 0.069 | . |
| Private | Number of Zero-Rated Other Cars | 30,065 | . | . | . |
| Private | Total Private Equipment | 996,710 | . | . | . |

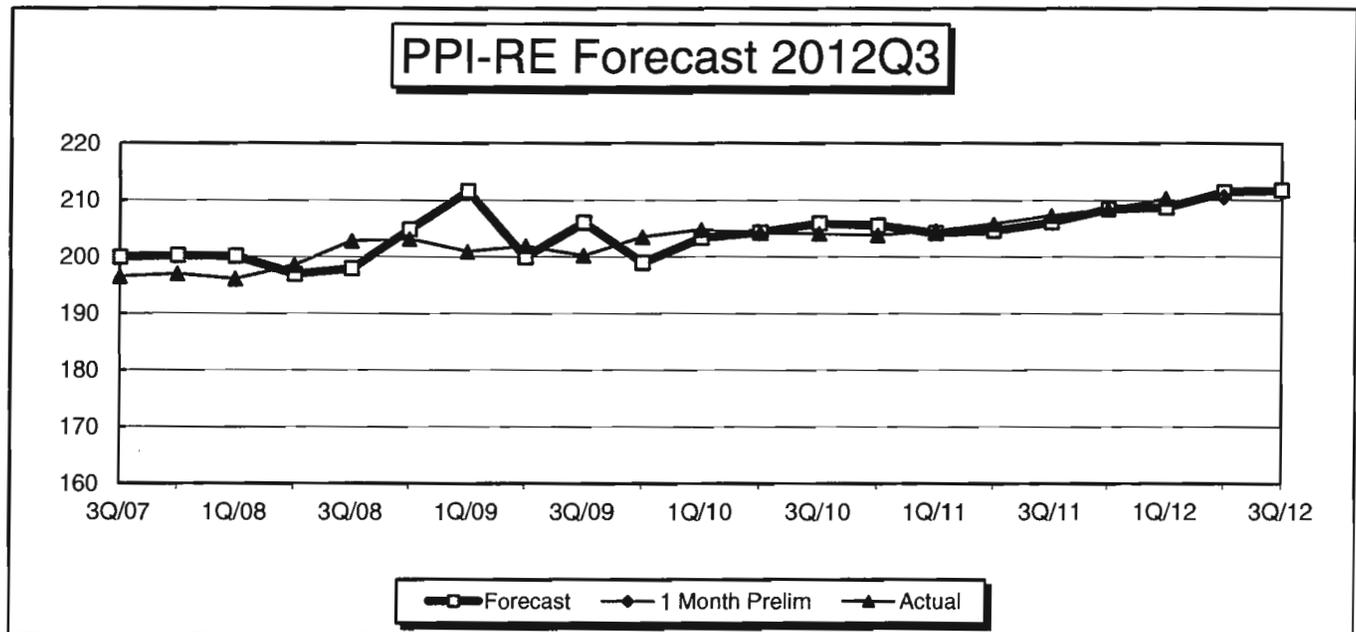
| Notes |
|--|
| This report excludes these car types: D (Locomotives), M (MoW, EOTs, etc.), U (Containers), Z (Trailers). |
| All TTX equipment (including ABOX, RBOX, GONX) is contained in the Private section of report. |
| Equipment can be zero rated due to owners supplying incorrect or insufficient 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. |

PPI-RE Forecast (for Depreciation Component)

| | Forecast | Actual | 1 Month Prelim |
|-------|----------|--------|----------------|
| 3Q/07 | 199.9 | 196.5 | |
| 4Q/07 | 200.2 | 197.0 | |
| 1Q/08 | 200.1 | 196.1 | |
| 2Q/08 | 196.9 | 198.5 | |
| 3Q/08 | 197.9 | 202.8 | |
| 4Q/08 | 204.8 | 203.1 | |
| 1Q/09 | 211.6 | 200.9 | |
| 2Q/09 | 199.9 | 201.9 | |
| 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 | | 210.6 |
| 3Q/12 | 211.7 | | |

1980 Base

| | PPI-RE Forecast | | Percent Change | | | |
|----------|-----------------|--------------|----------------|---------------------|---------------------|-------------------|
| | (82=100) | (80=100) | Yr Ago Actual | Latest Month Actual | 2nd Prev Qtr Actual | Previous Forecast |
| 2012Q3 | | | | | | |
| Low | 187.9 | 207.9 | 0.3% | | | |
| Midpoint | 191.4 | 211.7 | 2.1% | 0.5% | 0.7% | 0.1% |
| High | 195.0 | 215.7 | 4.1% | | | |



Databases, Tables & Calculators by Subject

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Change Output Options: From: 2011 To: 2012 **GO**

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Data extracted on: May 11, 2012 (3:38:31 PM)

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 |
|------|----------|----------|----------|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| 2011 | 184.9 | 185.1 | 187.0 | 186.6 | 186.7 | 186.8 | 187.3 | 187.4 | 187.5 | 187.5 | 187.7 | 189.9 | 187.0 |
| 2012 | 189.9(P) | 190.2(P) | 190.2(P) | 190.4(P) | | | | | | | | | |

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

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Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2012Q3\5Deprec\FPre_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPIRE

Length 72 Minimum 169.600 Maximum 190.400
 Mean 181.206 Standard deviation 5.489

Classical decomposition (multiplicative)
 Trend-cycle: 94.75% Seasonal: 0.94% Irregular: 4.31%

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

Exponential smoothing outperforms Box-Jenkins by 0.821 to 1.737 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12.

Series is trended and nonseasonal.

Recommended model: Exponential Smoothing
 Forecast Model for PPIRE
 Holt exponential smoothing: Linear trend, No seasonality

| Component | Smoothing weight | Final Value |
|-----------|------------------|-------------|
| Level | 0.81045 | 190.42 |
| Trend | 0.01645 | 0.25689 |

Within-Sample Statistics

| | |
|----------------------|------------------------------|
| Sample size 72 | Number of parameters 2 |
| Mean 181.2 | Standard deviation 5.489 |
| R-square 0.9671 | Adjusted R-square 0.9666 |
| Durbin-Watson 2.017 | Ljung-Box(18)=24.43 P=0.8587 |
| Forecast error 1.003 | BIC 1.049 |
| MAPE 0.003736 | RMSE 0.9885 |
| MAD 0.6719 | |

Forecast Report
 Mon May 14 11:13:46 2012
 Exponential Smoothing model for PPIRE
 Analysis of Historic Fit Set

| Date | Historic |
|---------|----------|
| 2006-05 | 169.600 |
| 2006-06 | 171.300 |
| 2006-07 | 170.600 |
| 2006-08 | 170.900 |
| 2006-09 | 170.400 |
| 2006-10 | 170.200 |
| 2006-11 | 170.300 |
| 2006-12 | 172.700 |
| 2007-01 | 173.900 |
| 2007-02 | 175.600 |
| 2007-03 | 176.100 |
| 2007-04 | 174.200 |
| 2007-05 | 175.600 |
| 2007-06 | 176.400 |
| 2007-07 | 177.400 |
| 2007-08 | 177.400 |
| 2007-09 | 177.900 |
| 2007-10 | 177.500 |
| 2007-11 | 177.700 |
| 2007-12 | 177.500 |
| 2008-01 | 178.400 |
| 2008-02 | 178.200 |
| 2008-03 | 177.600 |
| 2008-04 | 178.700 |
| 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 |
| 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 | 189.900 |
| 2012-02 | 190.200 |
| 2012-03 | 190.200 |
| 2012-04 | 190.400 |

Forecasted Values

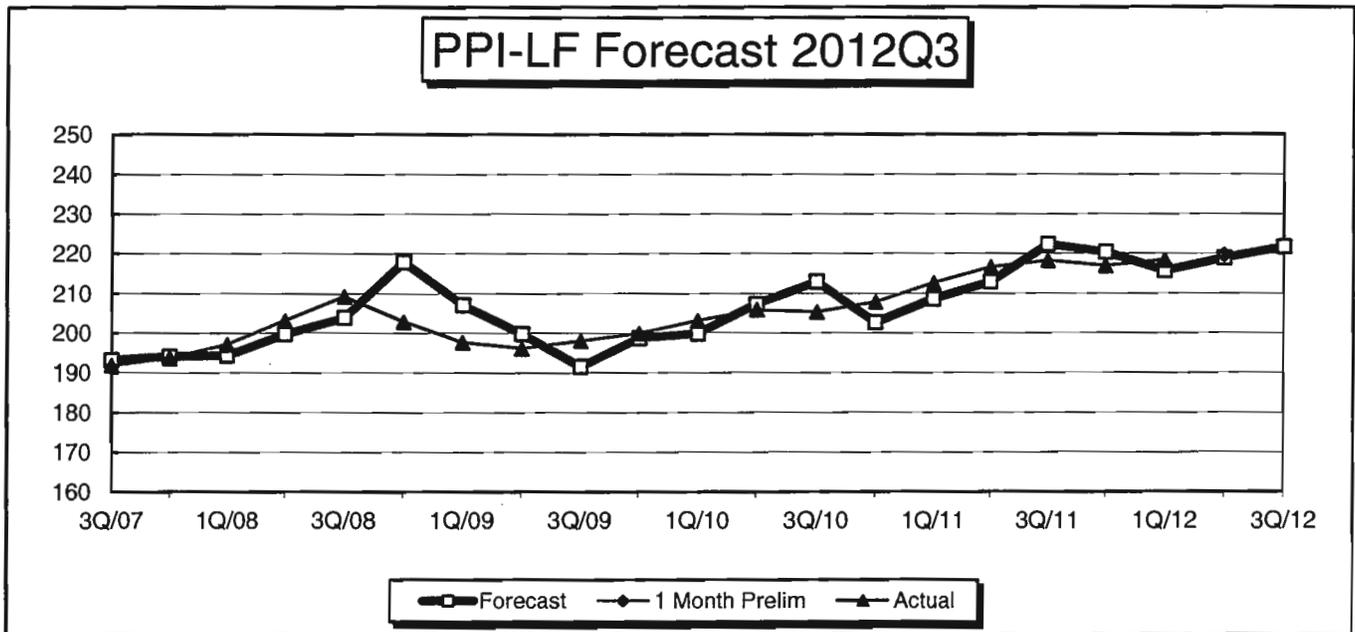
| Date | 2.5 Lower | Forecast | 97.5 Upper |
|---------|-----------|----------|------------|
| 2012-05 | 188.621 | 190.677 | 192.733 |
| 2012-06 | 188.270 | 190.934 | 193.598 |
| 2012-07 | 188.034 | 191.191 | 194.347 |
| 2012-08 | 187.865 | 191.448 | 195.030 |
| 2012-09 | 187.742 | 191.704 | 195.667 |
| 2012-10 | 187.652 | 191.961 | 196.271 |
| 2012-11 | 187.588 | 192.218 | 196.848 |
| 2012-12 | 187.545 | 192.475 | 197.405 |
| 2013-01 | 187.519 | 192.732 | 197.945 |
| 2013-02 | 187.508 | 192.989 | 198.470 |
| 2013-03 | 187.509 | 193.246 | 198.983 |
| 2013-04 | 187.521 | 193.503 | 199.484 |

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

| | Forecast | Actual | 1 Month Prelim |
|-------|----------|---------|----------------|
| 3Q/07 | 193.2 | 191.9 | |
| 4Q/07 | 194.1 | 193.7 | |
| 1Q/08 | 194.3 | 197.1 | |
| 2Q/08 | 199.7 | 203.1 | |
| 3Q/08 | 203.8 | 209.2 | |
| 4Q/08 | 217.8 | 202.8 | |
| 1Q/09 | 207.0 | 197.6 | |
| 2Q/09 | 199.7 | 196.1 | |
| 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 | | 219.6 ✓ |
| 3Q/12 | 221.6 | | |

1980 Base

| | PPI-LF Forecast | | Percent Change | | | |
|----------|-----------------|--------------|------------------|------------------------|------------------------|----------------------|
| | (82=100) | (80=100) | Yr Ago Actual | Latest Month Actual | 2nd Prev Qtr Actual | Previous Forecast |
| 2012Q3 | | | | | | |
| Low | 193.2 | 216.6 | -0.7% | | | |
| Midpoint | 197.7 | 221.6 | 1.6% | 0.9% | 1.5% | 1.3% |
| High | 202.1 | 226.6 | 3.8% | | | |



Databases, Tables & Calculators by Subject

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include graphs

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Data extracted on: May 11, 2012 (3:40:52 PM)

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 |
|------|----------|----------|----------|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| 2011 | 188.6 | 190.2 | 191.2 | 193.0 | 193.7 | 193.9 | 194.6 | 194.5 | 194.6 | 193.9 | 193.2 | 192.7 | 192.8 |
| 2012 | 193.5(P) | 194.8(P) | 195.8(P) | 195.9(P) | | | | | | | | | |

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

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Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2012Q3\7Other\FPIf_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPILF

 Length 72 Minimum 166.400 Maximum 195.900
 Mean 180.192 Standard deviation 9.012

Classical decomposition (multiplicative)
 Trend-cycle: 96.59% Seasonal: 0.52% Irregular: 2.89%

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

Exponential smoothing outperforms Box-Jenkins by 3.536 to 3.630 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12.

Series is trended and nonseasonal.

Recommended model: Exponential Smoothing
 Forecast Model for PPILF
 Holt exponential smoothing: Linear trend, No seasonality

| Component | Smoothing weight | Final Value |
|-----------|------------------|-------------|
| Level | 1.00000 | 195.90 |
| Trend | 0.03165 | 0.43844 |

 Within-Sample Statistics

| | |
|----------------------|----------------------------|
| Sample size 72 | Number of parameters 2 |
| Mean 180.2 | Standard deviation 9.012 |
| R-square 0.9863 | Adjusted R-square 0.9861 |
| Durbin-Watson 0.5414 | ** Ljung-Box(18)=100.3 P=1 |
| Forecast error 1.062 | BIC 1.111 |
| MAPE 0.004019 | RMSE 1.047 |
| MAD 0.7312 | |

Forecast Report
 Mon May 14 11:19:56 2012
 Exponential Smoothing model for PPILF
 Analysis of Historic Fit Set

| Date | Historic |
|---------|----------|
| 2006-05 | 166.400 |
| 2006-06 | 166.800 |
| 2006-07 | 167.100 |
| 2006-08 | 167.500 |
| 2006-09 | 167.600 |
| 2006-10 | 167.700 |
| 2006-11 | 167.800 |
| 2006-12 | 167.900 |
| 2007-01 | 168.200 |
| 2007-02 | 168.600 |
| 2007-03 | 169.400 |
| 2007-04 | 170.300 |
| 2007-05 | 170.800 |
| 2007-06 | 171.000 |
| 2007-07 | 171.400 |
| 2007-08 | 171.100 |
| 2007-09 | 171.200 |
| 2007-10 | 172.200 |
| 2007-11 | 173.100 |
| 2007-12 | 173.100 |
| 2008-01 | 174.700 |
| 2008-02 | 175.900 |
| 2008-03 | 177.400 |
| 2008-04 | 179.800 |
| 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 |
| 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 | 193.500 |
| 2012-02 | 194.800 |
| 2012-03 | 195.800 |
| 2012-04 | 195.900 |

Forecasted Values

| Date | 2.5 Lower | Forecast | 97.5 Upper |
|---------|-----------|----------|------------|
| 2012-05 | 194.160 | 196.338 | 198.517 |
| 2012-06 | 193.647 | 196.777 | 199.906 |
| 2012-07 | 193.363 | 197.215 | 201.068 |
| 2012-08 | 193.194 | 197.654 | 202.114 |
| 2012-09 | 193.098 | 198.092 | 203.086 |
| 2012-10 | 193.054 | 198.531 | 204.007 |
| 2012-11 | 193.050 | 198.969 | 204.888 |
| 2012-12 | 193.076 | 199.408 | 205.739 |
| 2013-01 | 193.128 | 199.846 | 206.564 |
| 2013-02 | 193.200 | 200.284 | 207.369 |
| 2013-03 | 193.291 | 200.723 | 208.155 |
| 2013-04 | 193.397 | 201.161 | 208.926 |

Forecast Error Calculation

| | 2010 Weight | First Quarter 2012 | | Pct. Diff. | Notes |
|-------------------------------|----------------|--------------------|------------------|---------------|---|
| | | 2012Q1 Forecast | 2012Q1 Actual | | |
| Labor | 33.3% | 379.4 | 379.4 | 0.0 | * actual=forecast |
| Fuel | 18.0% | 387.7 | 375.7 | -12.0 | from 1st month of quarter |
| M&S | 5.0% | 263.7 | 263.6 | -0.1 | * actual=corrected forecast |
| Equip Rents | 6.2% | 203.4 | 205.3 | 1.9 | from Equipment Rents below |
| Depreciation | 12.8% | 208.7 | 210.3 | 1.6 | PPI-RE |
| Interest | 2.9% | 90.6 | 90.6 | 0.0 | |
| Other | 21.8% | 215.6 | 218.3 | 2.7 | * actual=forecast |
| | | | | | PPI-LF |
| Weighted Avg | 100.0% | | | | |
| 1980 = 100 | | 298.3 | 297.0 | | calculated |
| 1980 = 100 (linked) | | 289.2 | 287.6 | | calculated |
| 4Q07 = 100 | 2.459 | 117.6 | 117.0 | | calculated |
| 4Q02 = 100 | 1.921 | 150.5 | 149.7 | | calculated |
| 4Q97 = 100 | 1.732 | 167.0 | 166.1 | | calculated |
| 4Q92 = 100 | 1.569 | 184.3 | 183.3 | | calculated |
| Forecast Error | → | -0.6 | | | calculated |
| | | | | | -0.006 = RCAF adj. |
| <u>Prior Quarter</u> | | | | | |
| 1980 = 100 | | 299.3 | 294.6 ** | | Re-calculated using new weights |
| 1980 = 100 (linked) | | 290.2 | 285.3 | | |
| 4Q07 = 100 | | 118.0 | 116.0 | | calculated |
| 4Q02 = 100 | | 151.1 | 148.5 | | calculated |
| 4Q97 = 100 | | 167.6 | 164.7 | | calculated |
| 4Q92 = 100 | | 185.0 | 181.8 | | calculated |
| <u>Equipment Rents</u> | | | | | |
| Car Hire | 45.8% | 175.5 | 176.2 | | from Equipment Rents/CHARM |
| Lease Rentals | 54.2% | 215.6 | 218.3 | | (equals PPI-LF from above) |
| Weighted Average | | 197.2 | 199.0 | | calculated |
| Linked | | 203.4 | 205.3 | | calculated |
| <u>Prior Quarter</u> | | | | | |
| Weighted Average | | 199.6 | 197.9 ** | | Re-calculated using new weights |
| Linked | | 205.9 | 204.2 | | |
| Sum of Weights | ok | | | | ** if fourth quarter, weighted avg for prior needs to use new weights, linked is ok |
| Sum of ER Wt. | ok | | | | |

All-Inclusive Index (Actual)

| | 10 Wts | 3Q/11 09 Wts | 3Q/11 10 Wts | % Chg. | 4Q/11 10 Wts | % Chg. | 1Q/12 10 Wts | % Chg. | 2Q/12 10 Wts | % Chg. | 3Q/12 10 Wts | % Chg. |
|------------------------|---------------|-----------------|-----------------|-------------|-----------------|--------------|-----------------|-------------|-----------------|-----------|-----------------|-----------|
| Labor | 33.3% | 382.1 | 382.1 | 0.0% | 373.9 | -2.1% | 379.4 | 1.5% | | NA | | NA |
| Fuel | 18.0% | 387.0 | 387.0 | 0.0% | 375.4 | -3.0% | 375.7 | 0.1% | | NA | | NA |
| M&S | 5.0% | 257.9 | 257.9 | 0.0% | 265.7 | 3.0% | 263.6 | -0.8% | 274.0 | 3.9% | | NA |
| Equipment Rents | 6.2% | 207.0 | 207.0 | 0.0% | 204.2 | -1.4% | 205.3 | 0.5% | 0.0 | NA | #DIV/0! | NA |
| Depreciation | 12.8% | 207.3 | 207.3 | 0.0% | 208.4 | 0.5% | 210.3 | 0.9% | | NA | | NA |
| Interest | 2.9% | 84.5 | 84.5 | 0.0% | 90.6 | 7.2% | 90.6 | 0.0% | 90.6 | 0.0% | 90.6 | 0.0% |
| Other | 21.8% | 218.2 | 218.2 | 0.0% | 216.9 | -0.6% | 218.3 | 0.6% | | NA | | NA |
| | <u>1.0000</u> | | | | | | | | | | | |
| Weighted Avg. | | 295.9 | 299.2 | 1.1% | 294.6 | -1.5% | 297.0 | 0.8% | 16.3 | NA | ##### | NA |
| Linked | | 289.8 | | | 285.3 | -1.6% | 287.6 | 0.8% | 15.8 | NA | ##### | NA |
| 10/1/80 | 1.027 | 282.2 | | | 277.8 | -1.6% | 280.0 | 0.8% | 15.4 | NA | #DIV/0! | NA |
| 10/1/82 | 1.209 | 239.7 | | | 236.0 | -1.5% | 237.9 | 0.8% | 13.1 | NA | #DIV/0! | NA |
| 4Q/87 | 1.322 | 219.2 | | | 215.8 | -1.6% | 217.5 | 0.8% | 12.0 | NA | #DIV/0! | NA |
| 4Q/92 | 1.569 | 184.7 | | | 181.8 | -1.6% | 183.3 | 0.8% | 10.1 | NA | #DIV/0! | NA |
| 4Q/97 | 1.732 | 167.3 | | | 164.7 | -1.6% | 166.1 | 0.9% | 9.1 | NA | #DIV/0! | NA |
| 4Q/02 | 1.921 | 150.9 | | | 148.5 | -1.6% | 149.7 | 0.8% | 8.2 | NA | #DIV/0! | NA |
| 4Q/07 | 2.459 | 117.9 | | | 116.0 | -1.6% | 117.0 | 0.9% | 6.4 | NA | ##### | NA |
| Equipment Rents | | | | | | | | | | | | |
| Car Hire | 45.8% | 179.8 | 179.8 | 0.0% | 175.5 | -2.4% | 176.2 | 0.4% | | NA | | NA |
| Lease Rentals | 54.2% | 218.2 | 218.2 | 0.0% | 216.9 | -0.6% | 218.3 | 0.6% | 0.0 | NA | 0.0 | NA |
| | <u>1.0000</u> | | | | | | | | | | | |
| ER Weighted Avg | | 202.0 | 200.6 | -0.7% | 197.9 | -1.3% | 199.0 | 0.6% | 0.0 | NA | 0.0 | NA |
| ER Linked | | 207.0 | | | 204.2 | -1.4% | 205.3 | 0.5% | 0.0 | NA | #DIV/0! | NA |

| Impact/Check of weight change | 09 Wts | 10 Wts |
|-------------------------------|----------------|----------------|
| Labor | 132.589 | 127.239 |
| Fuel | 57.663 | 69.660 |
| Material & Supplies | 13.153 | 12.895 |
| Equipment Rents | 14.697 | 12.834 |
| Depreciation | 28.815 | 26.534 |
| Interest | 2.535 | 2.451 |
| Other | 46.477 | 47.568 |
| Weighted Avg. | 295.928 | 299.181 |
| ER Weighted Avg. | 201.99334 | 200.6128 |

Note: 2011Q4 Labor Index was corrected from 375.3 filed to 373.9 because of a Wage Stat revision by one railroad. The corrected 373.9 will be used as actual in calculating Forecast Error.

Note: 2012Q1 M&S Index was corrected from 263.7 filed to 263.6 because of a revision by one railroad.

Note: 2012Q2 M&S Index was corrected from 274.1 filed to 274.0 because of two railroad revisions.

RCAF Fuel (Actual All-Inclusive Index)

January 2012

Monthly Report

| | January 2012 Price (cents) (1) | 1/1/81 Price (cents) (2) | 1/91 New Method Linking Factors (3) | January 2012 Index 1/1/81=100 (4) | Linking Factor 1980=100 (5) | January 2012 1980=100 Current Index (6) |
|------|---|-----------------------------------|---|--|--------------------------------------|--|
| U.S. | 307.45 | 89.34 | 99.415 | 342.12 | 1.096 | 374.97 |

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

(6) = (4) x (5)

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

| | January 2012 1980=100 Current Index | Adjustment Factor | January 2012 1980=100 Linked Index |
|------|--|----------------------|---|
| U.S. | 374.97 | 1.00192 | 375.69 ← |

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

AAR MATERIALS AND SUPPLIES INDEX
 Region By Composition
 Fourth Quarter 2011
 May 10, 2012

United States by Composition Category - Summary

| Composition Category | Weight | Previous Quarter Index | Current Quarter Index | Relative Of Change |
|---|--------|------------------------------|-----------------------------|-----------------------|
| Forest Products | .1093 | 251.62 | 252.88 | 1.0050 |
| Metal Products | .5988 | 205.97 | 209.53 | 1.0173 |
| Miscellaneous Products | .2919 | 345.86 | 331.33 | .9580 |
| U.S. By Composition | -- | 251.79 | 249.83 | .9922 |
| U.S. By Composition (Linked) | -- | 250.39 | 248.44 | .9922 |
| United States (1977=100) Linking Factor: 1.423 | -- | 356.30 | 353.53 | .9922 |
| United States (1980=100) Linking Factor: 1.061 | -- | 265.66 | 263.59 ✓ | .9922 |

RCAF
 2012Q1
 with all
 revisions

As-filed = 263.70

Car Hire for RCAF

RCAF (Actual)

| | | 1980 | Aug 3Q/11 | Nov 4Q/11 | Feb 1Q/12 | May 2Q/12 | Aug 3Q/12 |
|--------------------------|------|-------|--------------|--------------|--------------|--------------|--------------|
| RATE | | | | | | | |
| RR-OWNED TIME | | 31.00 | 67.00 | 67.00 | 66.00 | -- | -- |
| RR-OWNED MILEAGE | | 4.69 | 7.20 | 7.20 | 7.10 | -- | -- |
| PRIVATELY-OWNED CARS | | 25.47 | 45.00 | 43.50 | 44.03 | -- | -- |
| AUTORACKS | | 47.00 | 42.33 | 42.33 | 37.32 | -- | -- |
| INDEX | | | | | | | |
| RR-OWNED TIME | | 100.0 | 216.1 | 216.1 | 212.9 | -- | -- |
| RR-OWNED MILEAGE | | 100.0 | 153.5 | 153.5 | 151.4 | -- | -- |
| PRIVATELY-OWNED CARS | | 100.0 | 176.7 | 170.8 | 172.9 | -- | -- |
| AUTORACKS | | 100.0 | 90.1 | 90.1 | 79.4 | -- | -- |
| CAR HIRE INDEX (old wts) | 2009 | 100.0 | 180.2 | -- | -- | -- | -- |
| CAR HIRE INDEX (new wts) | 2010 | 100.0 | 180.7 | 176.4 | 177.1 | -- | -- |
| CAR HIRE INDEX (LINKED) | | 100.0 | 179.8 | 175.5 | 176.2 | -- | -- |

Note: Indexes are rounded, rates are full float.

Equipment Rents Data From CHARM

| | 2011 (first day of month) | | | | | | 2012 (first day of month) | | | | | | | |
|------------------------------------|---------------------------|--------------|--------------|--------------|--------------|--------------|---------------------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|
| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug |
| Railroad Equipment | | | | | | | | | | | | | | |
| No. of Cars (cars with rates only) | | | | | | | | | | | | | | |
| Superstructures (Vehicular Flats) | 10,309 | 10,132 | 10,124 | 10,070 | 10,054 | 10,794 | 7,489 | 7,423 | 7,408 | | | | | |
| Rate (in cents) | | | | | | | | | | | | | | |
| Superstructures #3 - Auto Rack | 20.0 | 21.0 | 21.0 | 21.0 | 21.0 | 20.0 | 28.0 | 27.0 | 28.0 | | | | | |
| All other #1 - Time | 67.0 | 67.0 | 67.0 | 67.0 | 67.0 | 67.0 | 65.0 | 66.0 | 66.0 | | | | | |
| All other #2 - Mileage | 7.2 | 7.2 | 7.2 | 7.2 | 7.2 | 7.2 | 7.1 | 7.1 | 7.1 | | | | | |
| Private Equipment | | | | | | | | | | | | | | |
| No. of Cars (cars with rates only) | | | | | | | | | | | | | | |
| Superstructures (Vehicular Flats) | 46,434 | 46,336 | 46,222 | 46,104 | 45,960 | 45,824 | 45,720 | 45,645 | 45,602 | | | | | |
| Covered Hoppers | 332,007 | 331,523 | 334,180 | 332,890 | 332,345 | 336,974 | 312,043 | 313,704 | 314,908 | | | | | |
| Tank Cars | 305,295 | 304,829 | 304,863 | 305,905 | 305,104 | 306,181 | 296,936 | 296,845 | 298,469 | | | | | |
| Others | 308,308 | 305,477 | 306,394 | 308,539 | 307,098 | 309,432 | 287,359 | 286,731 | 287,028 | | | | | |
| Rate (in cents) | | | | | | | | | | | | | | |
| Superstructures #1 - Time | 78.0 | 78.0 | 78.0 | 78.0 | 78.0 | 78.0 | 78.0 | 78.0 | 78.0 | | | | | |
| Superstructures #2 - Mileage | 1.2 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.6 | 1.6 | | | | | |
| Superstructures #3 - Auto Rack | 46.0 | 47.0 | 47.0 | 47.0 | 47.0 | 47.0 | 47.0 | 39.0 | 39.0 | | | | | |
| Covered Hoppers #2 - Mileage | 43.1 | 43.2 | 43.2 | 43.2 | 43.2 | 43.2 | 43.1 | 43.2 | 43.2 | | | | | |
| Tank Cars #2 - Mileage | 74.4 | 74.5 | 69.2 | 69.4 | 69.4 | 69.5 | 69.3 | 69.5 | 67.9 | | | | | |
| Others #1 - Time | 64.0 | 65.0 | 65.0 | 66.0 | 66.0 | 66.0 | 68.0 | 69.0 | 69.0 | | | | | |
| Others #2 - Mileage | 6.9 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.1 | 7.1 | | | | | |
| AVERAGE RATES | | | | | | | | | | | | | | |
| Private Superstructures | 19.53 | 19.73 | 19.73 | 19.73 | 19.73 | 19.73 | 19.73 | 19.93 | 19.93 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Private Others | 21.11 | 21.43 | 21.43 | 21.65 | 21.65 | 21.65 | 22.10 | 22.42 | 22.42 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Private Total | 44.79 | 45.00 | 43.37 | 43.49 | 43.50 | 43.51 | 43.82 | 44.03 | 43.57 | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Autoracks | 41.28 | 42.33 | 42.33 | 42.34 | 42.33 | 41.85 | 44.33 | 37.32 | 37.46 | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |

| WEIGHTS | "Old Wts" | "New Wts" |
|----------------------|-----------|-----------|
| | 2009 | 2010 |
| For RCAF & RCR | | |
| RR-owned Time | 0.168 | 0.174 |
| RR-owned Mileage | 0.084 | 0.084 |
| Privately-owned Cars | 0.735 | 0.732 |
| Autoracks | 0.013 | 0.010 |
| ----- Check sum | 1.000 | 1.000 |

| Weights for Equipment Rents (not used in Car Hire calculation) | | |
|--|-------|-------|
| | 2009 | 2010 |
| Car Hire - U.S. | 0.422 | 0.458 |
| Lease Rentals - U.S. | 0.578 | 0.542 |
| ----- 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.

1PROGRAM: DPRB799
 CURRENT DATE: FEBRUARY 29, 2012

RAILROAD EQUIPMENT 1/

PAGE NO: 34

AVERAGE RATE FOR 02/12

| CAR GROUP | CAR COUNT | TIME | CAR RENTAL RATES | |
|------------------------------------|-----------|----------|------------------|-----------|
| | | | MILEAGE | AUTO RACK |
| -VEHICULAR FLATS | 7,423 | 122 ¢/HR | .083 \$/MILE | 27 ¢/HR |
| ONO. OF ZERO RATED VEH. FLATS 2/ | 161 | | | |
| -ALL OTHER CARS | 510,192 | 66 ¢/HR | .071 \$/MILE | |
| ONO. OF ZERO RATED "OTHER" CARS 2/ | 31,031 | | | |
| 0 | TOTAL: | | | |
| | 548,807 | | | |

- 1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:
 CAR TYPE D - LOCOMOTIVES
 CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND EOT DEVICE
 CAR TYPE U - CONTAINERS
 CAR TYPE Z - TRAILERS

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

1PROGRAM: DPRB799
 CURRENT DATE: FEBRUARY 29, 2012

PRIVATE EQUIPMENT 1/

PAGE NO: 75

AVERAGE RATE FOR 02/12

| CAR GROUP | CAR COUNT | TIME | CAR RENTAL RATES | |
|---------------------------------------|-----------|---------|------------------|-----------|
| | | | MILEAGE | AUTO RACK |
| -VEHICULAR FLATS | 45,645 | 78 ¢/HR | .016 \$/MILE | 39 ¢/HR |
| ONO. OF ZERO RATED VEH. FLATS 2/ | 6 | | | |
| -COVERED HOPPERS | 313,704 | 0 ¢/HR | .432 \$/MILE | |
| ONO. OF ZERO RATED COVERED HOPPERS 2/ | 9,371 | | | |
| -TANKS | 296,845 | 0 ¢/HR | .695 \$/MILE | |
| ONO. OF ZERO RATED TANKS 2/ | 8,144 | | | |
| -ALL OTHER CARS | 286,731 | 69 ¢/HR | .071 \$/MILE | |
| ONO. OF ZERO RATED "OTHER" CARS 2/ | 30,183 | | | |
| 0 | TOTAL: | | | |
| | 990,629 | | | |

- 1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:
 CAR TYPE D - LOCOMOTIVES
 CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND EOT DEVICE
 CAR TYPE U - CONTAINERS
 CAR TYPE Z - TRAILERS

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

RCAF - Depreciation

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Forecast Year 2012

As reported at end of month 82=100

| | | Nov. | Feb. | May | Aug. |
|-----------------------|------|--------------|--------------|--------------|-------------|
| For Forecast → | | 12Q1 | 12Q2 | 12Q3 | 12Q4 |
| For Actual → | | 11Q3 | 11Q4 | 12Q1 | 12Q2 |
| January | 2011 | 184.9 | 184.9 | 184.9 | 184.9 |
| February | 2011 | 185.1 | 185.1 | 185.1 | 185.1 |
| March | 2011 | 187.0 | 187.0 | 187.0 | 187.0 |
| April | 2011 | 186.6 | 186.6 | 186.6 | 186.6 |
| May | 2011 | 186.7 | 186.7 | 186.7 | 186.7 |
| June | 2011 | 186.8 | 186.8 | 186.8 | 186.8 |
| July | 2011 | 187.4 | 187.3 | 187.3 | 187.3 |
| August | 2011 | 187.4 | 187.4 | 187.4 | 187.4 |
| September | 2011 | 187.4 | 187.5 | 187.5 | 187.5 |
| October | 2011 | 187.5 | 187.5 | 187.5 | 187.5 |
| November | 2011 | | 187.7 | 187.7 | 187.7 |
| December | 2011 | | 189.9 | 189.9 | 189.9 |
| January | 2012 | | 189.9 | 189.9 | |
| February | 2012 | | | 190.2 | |
| March | 2012 | | | 190.2 | |
| April | 2012 | | | 190.4 | |
| May | 2012 | | | | |
| June | 2012 | | | | |
| July | 2012 | | | | |
| Actual Qtr. | | 187.4 | 188.4 | 190.1 | NA |

1980=100

| | | | | |
|---------------------|-------|-------|--------------|----|
| Actual Qtr. | 207.3 | 208.4 | 210.3 | NA |
| First Mo. next qtr. | 207.4 | 210.1 | 210.6 | 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

Download: [.xls](#)

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Annual |
|------|----------|----------|----------|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| 2011 | 184.9 | 185.1 | 187.0 | 186.6 | 186.7 | 186.8 | 187.3 | 187.4 | 187.5 | 187.5 | 187.7 | 189.9 | 187.0 |
| 2012 | 189.9(P) | 190.2(P) | 190.2(P) | 190.4(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 2012 As reported at end of month 82=100

| | | Nov. | Feb. | May | Aug. |
|-----------------------|------|--------------|--------------|--------------|-------|
| For Forecast → | | 12Q1 | 12Q2 | 12Q3 | 12Q4 |
| For Actual → | | 11Q3 | 11Q4 | 12Q1 | 12Q2 |
| January | 2011 | 188.6 | 188.6 | 188.6 | 188.6 |
| February | 2011 | 190.2 | 190.2 | 190.2 | 190.2 |
| March | 2011 | 191.2 | 191.2 | 191.2 | 191.2 |
| April | 2011 | 193.0 | 193.0 | 193.0 | 193.0 |
| May | 2011 | 193.7 | 193.7 | 193.7 | 193.7 |
| June | 2011 | 193.9 | 193.9 | 193.9 | 193.9 |
| July | 2011 | 194.5 | 194.6 | 194.6 | 194.6 |
| August | 2011 | 194.5 | 194.5 | 194.5 | 194.5 |
| September | 2011 | 194.7 | 194.6 | 194.6 | 194.6 |
| October | 2011 | 194.2 | 194.2 | 193.9 | 193.9 |
| November | 2011 | | 193.4 | 193.2 | 193.2 |
| December | 2011 | | 193.0 | 192.7 | 192.7 |
| January | 2012 | | 193.5 | 193.5 | |
| February | 2012 | | | 194.8 | |
| March | 2012 | | | 195.8 | |
| April | 2012 | | | 195.9 | |
| May | 2012 | | | | |
| June | 2012 | | | | |
| July | 2012 | | | | |
| Actual Qtr. | | 194.6 | 193.5 | 194.7 | NA |

1980=100

| | | | | |
|---------------------|-------|-------|--------------|----|
| Actual Qtr. | 218.2 | 216.9 | 218.3 | NA |
| First Mo. next qtr. | 217.7 | 216.9 | 219.6 | 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 |
|------|----------|----------|----------|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| 2011 | 188.6 | 190.2 | 191.2 | 193.0 | 193.7 | 193.9 | 194.6 | 194.5 | 194.6 | 193.9 | 193.2 | 192.7 | 192.8 |
| 2012 | 193.5(P) | 194.8(P) | 195.8(P) | 195.9(P) | | | | | | | | | |

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

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