

ASSOCIATION
OF AMERICAN
RAILROADS

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December 5, 2012

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

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Dear Ms. Brown:

This submission is the AAR forecast of the first quarter 2013 All-Inclusive Index and Rail Cost Adjustment Factor, filed in Ex Parte No. 290 (Sub-No. 5) (2013-1) *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 first quarter 2013 results on the **fourth quarter 2012 base**, and shows the percentage changes from the previous quarter.

	<u>2012Q4</u>	<u>2013Q1</u>	<u>% Change</u>
All-Inclusive Index	100.5	99.9	-0.6
Preliminary RCAF	1.005	0.999	-0.6
Forecast Error Adjustment	-0.005	-0.002	
RCAF (Unadjusted)	1.000	0.997	-0.3
Productivity Adjustment Factor	2.2861	2.2907	
RCAF (Adjusted)	0.437	0.435	-0.5
PAF-5	2.4231	2.4279	
RCAF-5	0.413	0.411	-0.5

Page 2
December 5, 2012

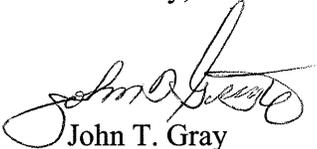
The Staggers Act requires the RCAF to be rebased every five years. The procedure necessary to calculate this rebasing was outlined by the ICC in Ex Parte No. 290 (Sub-No. 5) effective January 1, 1988. The rebasing calculation which will bring the index to the fourth quarter 2012 base is shown on page 1A of the attached filing.

Due to the fact that many people may need to compare the current RCAF to an older version that was calculated using a different base, the AAR has provided Attachment A, which contains historical RCAFs converted to a fourth quarter 2012 base. The AAR's recommended method for converting to another base is shown in the same attachment, as well as factors and indexes necessary to make those calculations.

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 the non-proprietary work papers 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 submission and non-proprietary work papers, plus selected highly confidential work papers, will be hand-delivered to a member of Mr. Aguiar's Data Collection and Auditing Team. All workpapers are available for STB inspection. Questions should be directed to me or Clyde Crimmel (202 639-2309) of this office.

Sincerely,



John T. Gray

Attachments

Rail Cost Adjustment Factor — 2012Q4 Base

Attachment A
Page 1 of 5

Yr/Qtr (Col 1)	Preliminary RCAF (Col 2)	Forecast Error Adjustment (Col. 3)	RCAF (Unad- justed) (Col 4)	Productivity-Adjusted RCAF		STB's 2nd Productivity- Adjusted RCAF (Not endorsed by AAR)	
				Productivity Adjustment Factor (Col 5)	RCAF (Adjusted) (Col 6)	PAF-5 (Col 7)	RCAF-5 (Col 8)
2002 Q1	0.627	0.000	0.627	1.8686	0.336	1.9513	0.321
Q2	0.619	-0.002	0.617	1.8878	0.327	1.9648	0.314
Q3	0.624	-0.006	0.618	1.9072	0.324	1.9784	0.312
Q4	0.638	0.008	0.646	1.9268	0.335	1.9921	0.324
2003 Q1	0.641	0.003	0.644	1.9466	0.331	2.0126	0.320
Q2	0.653	0.006	0.659	1.9557	0.337	2.0333	0.324
Q3	0.650	0.009	0.659	1.9649	0.335	2.0542	0.321
Q4	0.658	-0.002	0.656	1.9741	0.332	2.0754	0.316
2004 Q1	0.657	0.004	0.661	1.9834	0.333	2.0852	0.317
Q2	0.663	0.005	0.668	1.9943	0.335	2.0950	0.319
Q3	0.681	0.011	0.692	2.0053	0.345	2.1048	0.329
Q4	0.694	0.014	0.708	2.0163	0.351	2.1147	0.335
2005 Q1	0.708	0.006	0.714	2.0274	0.352	2.1263	0.336
Q2	0.722	0.019	0.741	2.0420	0.363	2.1380	0.347
Q3	0.729	0.004	0.733	2.0567	0.356	2.1498	0.341
Q4	0.757	0.008	0.765	2.0715	0.369	2.1616	0.354
2006 Q1	0.753	0.008	0.761	2.0864	0.365	2.1772	0.350
Q2	0.752	0.009	0.761	2.0962	0.363	2.1929	0.347
Q3	0.773	-0.003	0.770	2.1061	0.366	2.2087	0.349
Q4	0.791	0.017	0.808	2.1160	0.382	2.2246	0.363
2007 Q1	0.773	0.007	0.780	2.1259	0.367	2.2351	0.349
Q2	0.773	-0.033	0.740	2.1348	0.347	2.2456	0.330
Q3	0.787	-0.013	0.774	2.1438	0.361	2.2562	0.343
Q4	0.812	0.014	0.826	2.1528	0.384	2.2668	0.364
2008 Q1	0.855	0.012	0.867	2.1618	0.401	2.2763	0.381
Q2	0.877	0.014	0.891	2.1683	0.411	2.2859	0.390
Q3	0.956	-0.007	0.949	2.1748	0.436	2.2955	0.413
Q4	0.955	0.036	0.991	2.1813	0.454	2.3051	0.430
2009 Q1	0.833	0.011	0.844	2.1878	0.386	2.3120	0.365
Q2	0.785	-0.082	0.703	2.1944	0.320	2.3189	0.303
Q3	0.825	-0.049	0.776	2.2010	0.353	2.3259	0.334
Q4	0.825	-0.002	0.823	2.2076	0.373	2.3329	0.353
2010 Q1	0.864	-0.006	0.858	2.2142	0.387	2.3399	0.367
Q2	0.863	0.013	0.876	2.2208	0.394	2.3469	0.373
Q3	0.881	0.002	0.883	2.2275	0.396	2.3539	0.375
Q4	0.884	0.029	0.913	2.2342	0.409	2.3610	0.387
2011 Q1	0.916	-0.013	0.903	2.2409	0.403	2.3681	0.381
Q2	0.956	0.015	0.971	2.2487	0.432	2.3752	0.409
Q3	0.981	0.016	0.997	2.2566	0.442	2.3823	0.419
Q4	0.977	0.022	0.999	2.2645	0.441	2.3894	0.418
2012 Q1	0.972	-0.007	0.965	2.2724	0.425	2.3978	0.402
Q2	0.997	-0.018	0.979	2.2769	0.430	2.4062	0.407
Q3	0.973	-0.005	0.968	2.2815	0.424	2.4146	0.401
Q4	1.005	-0.005	1.000	2.2861	0.437	2.4231	0.413
2013 Q1	0.999	-0.002	0.997	2.2907	0.435	2.4279	0.411

Rail Cost Adjustment Factor — 2012Q4 Base

Yr/Qtr (Col 1)	Preliminary RCAF (Col 2)	Forecast Error Adjustment (Col. 3)	RCAF (Unad- justed) (Col 4)	Productivity-Adjusted RCAF		STB's 2nd Productivity- Adjusted RCAF (Not endorsed by AAR)		
				Productivity Adjustment Factor (Col 5)	RCAF (Adjusted) (Col 6)	PAF-5 (Col 7)	RCAF-5 (Col 8)	
1991	Q1	0.508	0.000	0.508	1.0755	0.472	Beginning 1989Q2, a productivity adjustment was added to the RCAF. What was formerly called the RCAF is now called the "RCAF (Unadjusted)" because it does not have a productivity adjustment. The productivity-adjusted RCAF is called the "RCAF (Adjusted)". In its October 3, 1996 decision, the Surface Transportation Board added another version of a productivity-adjusted RCAF called the "RCAF-5". This second productivity adjustment factor began being used with the 1997Q1 Rail Cost Adjustment Factor.	
	Q2	0.501	0.006	0.507	1.0871	0.466		
	Q3	0.514	-0.003	0.511	1.0988	0.465		
	Q4	0.523	-0.001	0.522	1.1107	0.470		
1992	Q1	0.519	0.000	0.519	1.1227	0.462		
	Q2	0.514	0.002	0.516	1.1348	0.455		
	Q3	0.516	-0.001	0.515	1.1471	0.449		
	Q4	0.525	0.003	0.528	1.1595	0.455		
1993	Q1	0.531	0.002	0.533	1.1720	0.455		
	Q2	0.529	0.001	0.530	1.1847	0.447		
	Q3	0.533	0.001	0.534	1.1975	0.446		
	Q4	0.540	0.000	0.540	1.2104	0.446		
1994	Q1	0.545	-0.002	0.543	1.2253	0.443		
	Q2	0.539	0.001	0.540	1.2404	0.435		
	Q3	0.552	0.000	0.552	1.2557	0.440		
	Q4	0.550	0.001	0.551	1.2711	0.433		
1995	Q1	0.556	0.001	0.557	1.2867	0.433		
	Q2	0.562	0.003	0.565	1.3052	0.433		
	Q3	0.567	0.003	0.570	1.3240	0.431		
	Q4	0.568	0.001	0.569	1.3431	0.424		
1996	Q1	0.565	-0.002	0.563	1.3624	0.413		
	Q2	0.563	-0.003	0.560	1.3820	0.405		
	Q3	0.568	-0.002	0.566	1.4019	0.404		
	Q4	0.573	0.003	0.576	1.4221	0.405		
1997	Q1	0.587	0.001	0.588	1.4426	0.408	1.4733	0.399
	Q2	0.584	0.004	0.588	1.4603	0.403	1.4945	0.393
	Q3	0.587	-0.001	0.586	1.4783	0.396	1.5160	0.387
	Q4	0.582	0.000	0.582	1.4965	0.389	1.5378	0.378
1998	Q1	0.581	-0.001	0.580	1.5149	0.383	1.5567	0.373
	Q2	0.576	0.004	0.580	1.5503	0.374	1.5758	0.368
	Q3	0.583	-0.003	0.580	1.5866	0.366	1.5952	0.364
	Q4	0.583	0.001	0.584	1.6237	0.360	1.6148	0.362
1999	Q1	0.582	-0.002	0.580	1.6617	0.349	1.6526	0.351
	Q2	0.578	-0.001	0.577	1.6850	0.342	1.6913	0.341
	Q3	0.586	-0.003	0.583	1.7086	0.341	1.7309	0.337
	Q4	0.585	0.004	0.589	1.7325	0.340	1.7714	0.333
2000	Q1	0.603	0.004	0.607	1.7568	0.346	1.7962	0.338
	Q2	0.606	0.005	0.611	1.7719	0.345	1.8213	0.335
	Q3	0.610	0.001	0.611	1.7871	0.342	1.8468	0.331
	Q4	0.617	0.002	0.619	1.8025	0.343	1.8727	0.331
2001	Q1	0.628	0.003	0.631	1.8180	0.347	1.8888	0.334
	Q2	0.624	0.002	0.626	1.8305	0.342	1.9050	0.329
	Q3	0.628	0.000	0.628	1.8431	0.341	1.9214	0.327
	Q4	0.626	0.003	0.629	1.8558	0.339	1.9379	0.325

Sample Rebasing Calculations

Preliminary RCAF:

Recommended Method

The All-Inclusive Index (AII) Forecast is divided by the appropriate Basing Factor.

Example calculations (AII and Basing Factors are listed on page 4):

$$2011Q1 \text{ on a } 4Q12 \text{ basis} = 272.4 / 297.5 = 0.9156303 = 0.916$$

$$2011Q1 \text{ on a } 4Q07 \text{ basis} = 272.4 / 245.9 = 1.1077674 = 1.108$$

$$2011Q1 \text{ on a } 4Q97 \text{ basis} = 272.4 / 173.2 = 1.5727483 = 1.573$$

Alternative Method

An alternative method can be used to convert a Preliminary RCAF from one basis to another basis without knowing the All-Inclusive Index. This method will occasionally have small rounding differences, and is not recommended except as a "check" or as an approximation.

New Base Index = (Old Basing Factor / New Basing Factor) x Old Base Index.

Example for converting 2011Q1 on a 4Q07 basis to a 4Q12 basis:

$$(245.9 / 297.5) \times 1.108 = 0.9158225 = 0.916$$

Forecast Error Adjustment:

Recommended Method

1. Use the All-Inclusive Indexes (AII) for the two quarters prior to the quarter to be adjusted.
2. The All Actual is divided by the appropriate Basing Factor and rounded 3 digits after decimal.
3. The All Forecast is divided by the appropriate Basing Factor and rounded.
4. Take the result from step 2 and subtract the result from step 3.

Example calculation for 2011Q1:

$$1. \text{ Use A-I Index from 2 quarters prior, } 2010Q3: 258.3 = \text{Actual}, 262.0 = \text{Forecast}$$

$$2. \text{ Actual} = 258.3 / 297.5 = 0.8682353 = 0.868$$

$$3. \text{ Forecast} = 262.0 / 297.5 = 0.8806723 = 0.881$$

$$4. \text{ Forecast Error} = 0.868 - 0.881 = -0.013$$

Alternative Method

This method has occasional rounding differences, and is not recommended except as a check or an approximation. The new base Forecast Error Adjustment equals:

(Old Basing Factor / New Basing Factor) x Old Forecast Error Adjustment.

Example for converting 2010Q3 on a 4Q07 basis, which was used for 2011Q1, to a 4Q12 basis:

$$\text{Forecast Error } 4Q12 \text{ basis} = (245.9 / 297.5) \times -0.015 = -0.0123983 = -0.012 \text{ (which is close, but not exact)}$$

RCAF (Unadjusted)

RCAF (Unadjusted) = Preliminary RCAF + Forecast Error Adjustment.

$$\text{Example for } 2011Q1, \text{ on a } 4Q12 \text{ basis: } 0.916 + -0.013 = 0.903$$

Productivity Adjustment Factor

Use the Productivity Adjustment Factor as originally calculated for each quarter.

For 2011Q1, the Productivity Adjustment Factor is 2.2409.

RCAF (Adjusted)

RCAF (Adjusted) = RCAF (Unadjusted) / Productivity Adjustment Factor.

$$\text{Example for } 2011Q1, \text{ on a } 4Q12 \text{ basis: } 0.903 / 2.2409 = 0.4029631 = 0.403$$

PAF-5

Use the STB's alternative productivity adjustment factor, PAF-5, as originally calculated.

For 2011Q1, the Productivity Adjustment Factor is 2.3681.

RCAF-5

RCAF-5 = RCAF (Unadjusted) / PAF-5

$$\text{Example for } 2011Q1, \text{ on a } 4Q12 \text{ basis: } 0.903 / 2.3681 = 0.3813184 = 0.381$$

Indexes & Factors for RCAF

Yr/Qtr	All-Inclusive Index 1980 = 100		Prod. Adj. Factor	PAF-5	Original Prelim RCAF	Original Forecast Error	Basing Factor	
	Forecast	Actual						
1991	Q1	151.2	150.1	1.0755	-	1.144	0.001	132.2
	Q2	149.1	148.8	1.0871	-	1.128	0.015	132.2
	Q3	153.0	152.8	1.0988	-	1.157	-0.009	132.2
	Q4	155.5	156.1	1.1107	-	1.176	-0.002	132.2
1992	Q1	154.5	154.1	1.1227	-	1.169	-0.001	132.2
	Q2	152.9	153.7	1.1348	-	1.157	0.005	132.2
	Q3	153.5	154.1	1.1471	-	1.161	-0.003	132.2
	Q4	156.1	156.5	1.1595	-	1.181	0.006	132.2
1993	Q1	158.1	158.4	1.1720	-	1.008	0.004	156.9
	Q2	157.3	157.5	1.1847	-	1.003	0.002	156.9
	Q3	158.6	158.0	1.1975	-	1.011	0.002	156.9
	Q4	160.7	161.0	1.2104	-	1.024	0.001	156.9
1994	Q1	162.1	162.1	1.2253	-	1.033	-0.004	156.9
	Q2	160.4	160.7	1.2404	-	1.022	0.002	156.9
	Q3	164.1	164.6	1.2557	-	1.046	0.000	156.9
	Q4	163.7	164.4	1.2711	-	1.043	0.002	156.9
1995	Q1	165.5	166.2	1.2867	-	1.055	0.003	156.9
	Q2	167.1	167.6	1.3052	-	1.065	0.005	156.9
	Q3	168.8	168.0	1.3240	-	1.076	0.004	156.9
	Q4	168.9	168.2	1.3431	-	1.076	0.003	156.9
1996	Q1	168.0	167.6	1.3624	-	1.071	-0.005	156.9
	Q2	167.4	168.4	1.3820	-	1.067	-0.004	156.9
	Q3	169.0	169.4	1.4019	-	1.077	-0.003	156.9
	Q4	170.4	171.7	1.4221	-	1.086	0.006	156.9
1997	Q1	174.7	174.4	1.4426	1.4733	1.113	0.003	156.9
	Q2	173.7	173.7	1.4603	1.4945	1.107	0.008	156.9
	Q3	174.6	174.4	1.4783	1.5160	1.113	-0.001	156.9
	Q4	173.2	174.2	1.4965	1.5378	1.104	0.000	156.9
1998	Q1	172.7	172.1	1.5149	1.5567	0.997	-0.001	173.2
	Q2	171.5	171.8	1.5503	1.5758	0.990	0.006	173.2
	Q3	173.4	172.9	1.5866	1.5952	1.001	-0.003	173.2
	Q4	173.3	173.2	1.6237	1.6148	1.001	0.002	173.2
1999	Q1	173.0	172.3	1.6617	1.6526	0.999	-0.003	173.2
	Q2	172.1	173.2	1.6850	1.6913	0.994	-0.001	173.2
	Q3	174.2	175.4	1.7086	1.7309	1.006	-0.004	173.2
	Q4	174.1	175.6	1.7325	1.7714	1.005	0.006	173.2
2000	Q1	179.4	179.8	1.7568	1.7962	1.036	0.007	173.2
	Q2	180.3	180.8	1.7719	1.8213	1.041	0.009	173.2
	Q3	181.6	182.5	1.7871	1.8468	1.048	0.002	173.2
	Q4	183.5	184.1	1.8025	1.8727	1.059	0.003	173.2
2001	Q1	186.9	186.8	1.8180	1.8888	1.079	0.006	173.2
	Q2	185.6	186.4	1.8305	1.9050	1.072	0.004	173.2
	Q3	186.9	186.8	1.8431	1.9214	1.079	0.000	173.2
	Q4	186.1	185.7	1.8558	1.9379	1.074	0.004	173.2
2002	Q1	186.4	184.7	1.8686	1.9513	1.076	0.000	173.2
	Q2	184.2	186.4	1.8878	1.9648	1.064	-0.002	173.2
	Q3	185.6	186.4	1.9072	1.9784	1.072	-0.010	173.2
	Q4	189.9	191.7	1.9268	1.9921	1.096	0.012	173.2
2003	Q1	190.6	193.3	1.9466	2.0126	0.992	0.004	192.1
	Q2	194.3	193.6	1.9557	2.0333	1.011	0.009	192.1
	Q3	193.3	194.6	1.9649	2.0542	1.006	0.014	192.1
	Q4	195.9	197.2	1.9741	2.0754	1.020	-0.003	192.1

Indexes & Factors for RCAF

Yr/Qtr	All-Inclusive Index 1980 = 100		Prod. Adj.	PAF-5	Original Prelim	Original Forecast	Basing Factor	
	Forecast	Actual	Factor		RCAF	Error		
2004	Q1	195.6	198.7	1.9834	2.0852	1.018	0.007	192.1
	Q2	197.1	201.3	1.9943	2.0950	1.026	0.007	192.1
	Q3	202.6	204.5	2.0053	2.1048	1.055	0.016	192.1
	Q4	206.5	212.2	2.0163	2.1147	1.075	0.022	192.1
2005	Q1	210.7	211.9	2.0274	2.1263	1.097	0.010	192.1
	Q2	214.9	217.2	2.0420	2.1380	1.119	0.030	192.1
	Q3	217.0	219.2	2.0567	2.1498	1.130	0.006	192.1
	Q4	225.3	227.8	2.0715	2.1616	1.173	0.012	192.1
2006	Q1	223.9	223.1	2.0864	2.1772	1.166	0.011	192.1
	Q2	223.8	228.7	2.0962	2.1929	1.165	0.013	192.1
	Q3	230.0	232.0	2.1061	2.2087	1.197	-0.005	192.1
	Q4	235.2	225.6	2.1160	2.2246	1.224	0.026	192.1
2007	Q1	229.9	226.0	2.1259	2.2351	1.197	0.011	192.1
	Q2	230.0	234.1	2.1348	2.2456	1.197	-0.050	192.1
	Q3	234.0	237.7	2.1438	2.2562	1.218	-0.021	192.1
	Q4	241.7	245.6	2.1528	2.2668	1.258	0.022	192.1
2008	Q1	254.4	252.3	2.1618	2.2763	1.035	0.015	245.9
	Q2	260.9	271.6	2.1683	2.2859	1.061	0.016	245.9
	Q3	284.3	287.8	2.1748	2.2955	1.156	-0.009	245.9
	Q4	284.1	259.7	2.1813	2.3051	1.155	0.044	245.9
2009	Q1	247.8	233.2	2.1878	2.3120	1.008	0.014	245.9
	Q2	233.4	232.8	2.1944 *	2.3189	0.949	-0.099	245.9
	Q3	245.3	243.8	2.2010 *	2.3259	0.998	-0.060	245.9
	Q4	245.5	249.4	2.2076 *	2.3329	0.998	-0.002	245.9
2010	Q1	256.9	257.6	2.2142 *	2.3399 *	1.045	-0.007	245.9
	Q2	256.8	265.3	2.2208	2.3469	1.044	0.016	245.9
	Q3	262.0	258.3	2.2275	2.3539	1.065	0.003	245.9
	Q4	262.9	267.5	2.2342	2.3610	1.069	0.035	245.9
2011	Q1	272.4	277.4	2.2409	2.3681	1.108	-0.015	245.9
	Q2	284.4	291.0	2.2487	2.3752	1.157	0.019	245.9
	Q3	291.7	289.8	2.2566	2.3823	1.186	0.020	245.9
	Q4	290.6	285.3	2.2645	2.3894	1.182	0.026	245.9
2012	Q1	289.2	287.6	2.2724	2.3978	1.176	-0.007	245.9
	Q2	296.7	295.2	2.2769	2.4062	1.207	-0.022	245.9
	Q3	289.4	288.8	2.2815	2.4146	1.177	-0.006	245.9
	Q4	299.0	-	2.2861	2.4231	1.216	-0.007	245.9
2013	Q1	297.3	-	2.2907	2.4279	0.999	-0.002	297.5

Preliminary RCAF = All-Inclusive Index Forecast / Basing Factor
Forecast Error = (A-II Actual/Basing Factor) - (A-II Forecast/Basing Factor)
 where each is rounded to 3 digits after the decimal
 where A-II for forecast error calculation is from 2 quarters earlier
RCAF Unadjusted = Preliminary RCAF less Forecast Error
RCAF Adjusted = RCAF Unadjusted / Productivity Adjustment Factor
RCAF-5 = RCAF Unadjusted / PAF-5

Note: Each RCAF is rounded to 3 digits after the decimal. Productivity Adjustment Factors are always 4 digits after the decimal.

Basing Factors

10/1/80 = 102.7
 10/1/82 = 120.9
 4Q/87 = 132.2
 4Q/92 = 156.9
 4Q/97 = 173.2
 4Q/02 = 192.1
 4Q/07 = 245.9
 4Q/12 = 297.5

* restated by STB in Docket No. EP 290 (Sub-No. 4) served January 20, 2012.

<http://www.stb.dot.gov/decisions/readingroom.nsf/fc695db5bc7e2c852572b80040c45f/a795c3435475db088525798b004eb3ca?OpenDocument>

**First Quarter 2013
All-Inclusive Index**

Ex Parte No. 290 (Sub-No. 5) (2013-1)

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

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

December 5, 2012

Table of Contents

Subject	Page
Introduction	1
Rebasing	1A
Index Weights	2
All-Inclusive Index - First Quarter 2013	3
Forecast vs. Actual All Inclusive Index - Third Quarter 2012	4
Productivity	5
Rail Cost Adjustment Factor - First Quarter 2013	6
Appendices	
A Labor	
B Fuel	
C Materials & Supplies	
D Equipment Rents	
E Depreciation	
F Interest	
G Other Expenses	
H Railroad and Union Abbreviations	

Introduction

On January 2, 1985, the Interstate Commerce Commission (ICC) [now the Surface Transportation Board (STB)] adopted the All-Inclusive Index of Railroad Costs as the basis for the Rail Cost Adjustment Factor (RCAF). The quarterly projection of railroad costs, as documented herein, employs the All-Inclusive Index as required by the regulations. Also presented in this submission is the RCAF, both Adjusted and Unadjusted, as required by the ICC in its decision in Ex Parte No. 290 (Sub-No. 4), *Rail Cost Recovery Procedures - Productivity Adjustment*, served March 24, 1989. In addition, the AAR has included (but does not endorse) the RCAF-5, which was instituted by an STB decision served October 3, 1996 in Ex Parte No. 290 (Sub-No. 7), *Productivity Adjustment - Implementation*. This quarter's projection of railroad costs is for the first quarter 2013.

49 U.S.C. § 10708 requires the RCAF to be rebased every five years, and therefore this quarter's RCAF has been calculated to a rebased figure that uses a fourth quarter 2012 base. The basing calculation is shown on the following page 1A. Attachment A contains earlier versions of the RCAF recalculated on the 4Q2012 base for comparison purposes.

Rebasing

The statute relating to the Rail Cost Adjustment Factor (49 U.S.C. § 10708) requires the RCAF to be rebased every five years. This means that the new base period will be the fourth quarter of 2012, since the previous base period was the fourth quarter of 2007. The calculations are shown below.

Rebasing the Denominator of the RCAF to the Fourth Quarter 2012	
1. Fourth Quarter 2012 Linked Index	299.0
2. Second Quarter 2012 Linked Index	
Calculated Using Actual Data	295.2
Calculated Using Forecasted Data	<u>296.7</u>
Difference	(1.5)
3. Fourth Quarter 2012 Linked Index	
Adjusted for Second Quarter 2012 Forecast Error	297.5
Rounding Adjustment to Force 1.000	Not necessary
New Basing Factor for 2012Q4 = 100	297.5
Note: Linked Indexes on this page refer to the All Inclusive Index, 1980=100 basis.	

Test of Basing Factor Fourth Quarter 2012 = 100	
1. Fourth Quarter 2012 Linked Index (1980 = 100)	299.0
Divided by 2012Q4 Basing Factor	297.5
Fourth Quarter 2012 Linked Index (2012Q4 = 100)	1.005
2. Second Quarter 2012 Linked Index	
Calculated Using Actual Data (1980 = 100)	295.2
Calculated Using Forecasted Data (1980 = 100)	296.7
Divide both by 2012Q4 Basing Factor	297.5
Calculated Using Actual Data (2012Q4 = 100)	0.992
Calculated Using Forecasted Data (2012Q4 = 100)	<u>0.997</u>
Difference (Forecast Error Adjustment)	(0.005)
3. Fourth Quarter 2012 Linked Index (2012Q4 = 100)	
Adjusted for Second Quarter 2012 Forecast Error	1.000
Note: Fourth Quarter 2012 Linked Index (2012Q4 = 100), after forecast error adjustment, must equal 1.000.	

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 2011 (current) and 2010 (previous) weights are shown below. The 2010 weights were used for the fourth quarter of 2011 through the third quarter of 2012. Beginning with the fourth quarter of 2012, 2011 weights are used. In 2011, expenses increased for every category with the exception of interest expenses. However, fuel expenses increased by the highest percentage and amount, caused by a huge increase in fuel costs and a much smaller increase in traffic. Not surprisingly, Fuel's weight increased from 18.0 percent to 22.5 percent. This is the second-highest weight ever for Fuel. The only other category to have its weight increase was Materials & Supplies, which increased 0.1 percentage points. Labor's weight decreased from 33.3 to 31.3 percent, despite an 8 percent increase in expenses. Weights for the remaining categories decreased by 0.4 to 1.2 percentage points.

RCAF Weights		
	Previous 2010	Current 2011
Labor	33.3 %	31.3 %
Fuel	18.0	22.5
Materials & Supplies	5.0	5.1
Equipment Rents	6.2	5.6
Depreciation	12.8	11.6
Interest	2.9	2.5
Other	21.8	21.4

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 First Quarter 2013

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.

	2011 Weights	Forecast		Percent Change
		Previous 2012Q4	Current 2013Q1	
1. Labor	31.3%	390.5	389.7	-0.2 %
2. Fuel	22.5%	403.3	396.5	-1.7
3. M&S	5.1%	266.1	263.4	-1.0
4. Equipment Rents	5.6%	205.7	206.7	0.5
5. Depreciation	11.6%	213.2	212.2	-0.5
6. Interest	2.5%	92.9	92.9	0.0
7. Other	21.4%	218.0	218.8	0.4
8. Weighted Average				
a. 1980 = 100		311.8	310.0	
b. 1980 = 100 (linked)		299.0	297.3 ¹	
c. 4Q12 = 100		100.5	99.9 ²	-0.6

Note: As required every five years, this index has been rebased. In this case, the new basis is 4Q12 = 100 (where 2012Q4 equals 100.0 after the forecast error adjustment). For the purpose of this calculation, 2012Q4 has been recalculated using the 4Q12 base in item 8c. Items 1 through 8b are unchanged. See page 1A and Attachment A in this filing for more detail.

¹ To calculate the 1980 = 100 Linked Index:

$$\begin{aligned} \text{Index}_{80} &= (\text{Current Index} / \text{Previous Index}) * \text{the Previous Quarter Linked Index} \\ &= (310.0 / 311.8) \times 299.0 \\ &= 297.3 \end{aligned}$$

² To calculate the 4Q12 = 100 index:

$$\begin{aligned} \text{Index}_{4Q12} &= (\text{Current Linked Index} / 4Q12 Basing Factor) * 100 \\ &= 297.3 \text{ divided by } 297.5 \text{ times } 100 \\ &= 99.9 \end{aligned}$$

Indexes based on other periods:

- 4Q07 based index = 297.3 / 245.9 x 100 = 120.9
- 4Q02 based index = 297.3 / 192.1 x 100 = 154.8
- 4Q97 based index = 297.3 / 173.2 x 100 = 171.7
- 4Q92 based index = 297.3 / 156.9 x 100 = 189.5
- 4Q87 based index = 297.3 / 132.2 x 100 = 224.9

Forecast vs. Actual All-Inclusive Index Third Quarter 2012

Because of data availability, the forecast error adjustment has a two-quarter lag from each filing. As shown below, the third quarter actual index of 97.1 is 0.2 index points below the forecast value of 97.3. Therefore, the forecast error adjustment for first quarter 2013 is -0.2 index points.

	2010 Weights	Third Quarter 2012		Amt Difference
		Forecast	Actual	
1. Labor	33.3%	391.4	391.4	
2. Fuel	18.0%	353.4	359.0	
3. M&S	5.0%	274.8	274.8	
4. Equipment Rents ¹	6.2%	205.8	203.6	
5. Depreciation	12.8%	211.7	210.8	
6. Interest	2.9%	90.6	90.6	
7. Other	21.8%	221.6	216.8	
8. Weighted Average				
a. 1980 = 100		298.5	298.2	
b. 1980 = 100 (linked)		289.4	288.8 ²	
c. 4Q12 = 100 ³		97.3	97.1	-0.2

Forecast error \longrightarrow **-0.2 index points**

Note: As required every five years, this index has been rebased. In this case, the new basis is 4Q12 = 100 (where 2012Q4 equals 100.0 after the forecast error adjustment). For the purpose of this calculation, 2012Q3 has been recalculated using the 4Q12 base in item 8c. Items 1 through 8b are unchanged. See page 1A and Attachment A in this filing for more detail.

1	2010 Weights	Third Quarter 2012	
		Forecast	Actual
Car-Hire	45.8%	173.6	174.3
Lease Rentals	54.2%	221.6	216.8
Weighted Average		199.6	197.3
Weighted Average (linked)		205.8	203.6

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

$$288.8 = 298.2 / 304.8 \times 295.2$$

³ The 4Q12 based indexes are 1980 based indexes divided by the 4Q12 basing factor (297.5/100). Other basing factors are: 4Q07 = 245.9; 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

2005-2009

2006-2010

Rail Cost Adjustment Factor First Quarter 2013

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 2012Q4=100 basis.**

	Previous 2012Q4	Current 2013Q1	Percent Change
All-Inclusive Index ¹	100.5	99.9	-0.6
Preliminary RCAF ²	1.005	0.999	-0.6
Forecast Error Adjustment ³	-0.005	-0.002	
RCAF (Unadjusted) ⁴	<u>1.000</u>	<u>0.997</u>	-0.3
Productivity Adjustment Factor ⁵	<u>2.2861</u>	<u>2.2907</u>	
RCAF (Adjusted) ⁶	0.437	0.435	-0.5
PAF-5 ⁷	2.4231	2.4279	
RCAF-5 ⁸	0.413	0.411	-0.5

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

First Quarter 2013

The first quarter 2013 Labor Index is forecast to decrease 0.2 percent from the previous quarter. The decrease was caused by lower costs for health & welfare and unemployment insurance.

Wage Rate Index

The Wage Rate Index portion of the Labor Index increased 0.4 percent from the previous quarter. The increase was caused by non-union wage increases, independent wage increases, and new independent labor agreements. Some of the increase was offset by a decrease in the back pay rate. The complete amortization and removal of back pay amounts, mostly for last year's new national agreements with the UTU and UTU-Yardmasters, caused the lower back pay rate. [See Appendix H for railroad and union abbreviations.]

New Labor Agreements: New independent labor agreements affecting 18 railroad-union combinations were added to the index. Some of the agreements affected multiple railroads. Many of these independent agreements involved members of the IBEW, TCU and TCU-Carmen. All new labor agreements featured lump sums and retroactive wage increases that caused back pay.

Wage Increases: There are no national union wage increases scheduled for the first quarter. However, non-union employees, following past index procedure, were assigned a general wage increase (4.3 percent) similar to the increase received by most unions last July. Some independent labor agreements had general wage increases or cost of living allowance increases effective January 1, and the new independent labor agreements had retroactive wage increases.

Lump Sums: The first quarter lump sum rate is unchanged from the previous quarter. Amounts added for new and existing labor agreements offset last year's amounts that were completely amortized and removed from the rate.

Back Pay: The first quarter back pay rate dropped 28 cents (26.4 percent). Most of the decrease was caused by the complete amortization and removal of back pay amounts related to last year's new national UTU and UTU-Yardmaster labor agreements. Back pay amounts for more national unions are currently on their last quarter of amortization, so the back pay rate used for Q2 (March filing) may have another significant decrease.

Other: In wages, "Other" contains the amortization of incentive compensation payments that a large railroad makes each year to its dispatchers, yardmasters, and engineers. This rate is unchanged from the previous quarter.

Supplements Index

The Supplements Index decreased 1.0 percent. Factors affecting supplements such as health & welfare premiums, payroll tax rates, and maximum taxable earnings, are typically adjusted on January 1. The main causes of the decrease in the Supplements Index were lower health & welfare costs and much lower Unemployment Insurance tax rates.

Labor

First Quarter 2013

Health & Welfare: The Health & Welfare rate decreased 1.3 percent from the previous quarter because of lower premiums and higher employee contributions. New health & welfare premiums become effective January 1, 2013 (see pages 4 and 5 of this appendix), and they were mostly lower or unchanged. Employee health & welfare cost sharing contributions remain the same for national-agreement employees, but most of the new independent labor agreements had significant increases in the employee contributions that "caught up" with national rates. Higher employee contributions therefore helped the employer contributions go down.

A non-factor in the change for this quarter is the credit to health & welfare payments caused by overpayments in the first half of 2012. This credit, which is being amortized over four quarters, is unchanged from the previous quarter. The credit will be fully amortized and removed from the rate after the second quarter.

Railroad Retirement: The Railroad Retirement rate increased 3.6 percent. Taxable income was up by only 0.4 percent, but higher maximum taxable earnings go into effect January 1. In addition, the tax rate for Tier II also increased from 12.1 to 12.6 percent. Page 4 of this appendix list tax rates and maximum taxable earnings for 2011 through 2013.

Unemployment Insurance: The Unemployment Insurance rate decreased 86.3 percent, as new tax rates effective January 1 were much lower. Railroad unemployment insurance rates are experience-rated by employer, and railroads were mostly hiring during 2012. The rates for 2013 will range from 0.65 to 12 percent, since no tax rate surcharge will be applied. The average tax rate for Class I railroads is 0.67 percent for 2013 – much lower than the 5.0 percent average for 2012. Maximum taxable earnings increased, although the impact on the Unemployment Insurance rate is minimal compared to the huge decrease in the tax rate. Page 4 of this appendix lists average tax rates and maximum taxable earnings for the three most recent years.

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 stock awards for performance and perfect attendance.

Labor Index Calculation

As shown in Table A-1 on the next page, the 0.4 percent increase in the Wage Rate Index and the 1.0 percent decrease in the Supplements Index combined to cause a 0.2 percent decrease in the Labor Index. The linked first quarter 2013 index is 389.7.

Labor First Quarter 2013

Table A-1 Labor Index

	2012Q4	2013Q1	Change	
			Percent	Amount
<u>Base Wage</u> – Straight Time & Pay For Time Not Worked	\$37.167	\$37.611	1.2%	\$0.444
Adjustments:				
Lump Sum	0.446	0.446	0.0%	0.000
Back Pay	1.060	0.780	-26.4%	-0.280
Other	0.121	0.121	0.0%	0.000
Total Wages	<u>38.794</u>	<u>38.958</u>	0.4%	0.164
Health & Welfare Benefits	7.871	7.765	-1.3%	-0.106
RR Retirement & Medicare	7.709	7.988	3.6%	0.279
Unemployment Insurance	0.431	0.059	-86.3%	-0.372
Other	0.107	0.146	36.4%	0.039
Total Supplements	<u>\$16.118</u>	<u>\$15.958</u>	-1.0%	-0.160
Total Labor	\$54.912	\$54.916		
Wage Index¹	332.0	333.4	0.4%	
Supplements Index²	595.6	589.7	-1.0%	
Total labor Index, 2011 Weights ³	415.0	414.1		
Labor Index (linked)⁴	390.5	389.7	-0.2%	

¹ 1980 wage rate \$11.685

² 1980 supplements rate \$2.706

³ 2011 weights: wages, supplements 68.5% 31.5%

⁴ 2013Q1 linked Index = 2012Q4 linked x (2013Q1 / 2012Q4)
= 390.5 x 414.1 / 415.0

Labor
First Quarter 2013

Supplement Comparisons

Health and Welfare Rates

Plan	Railroad Contribution Per Employee Per Month				
	2011	2012	2013	Change	
				'11-'12	'12-'13
Group Health & Life	\$1,401.06	\$1,349.77	\$1,350.36	-3.7%	0.0%
Early Retirement Major Medical	164.41	154.49	139.04	-6.0%	-10.0%
Group Dental	59.47	55.90	55.90	-6.0%	0.0%
Group Vision	10.46	10.71	8.37	2.4%	-21.8%
Supplemental Sickness					
Maintenance of Way	36.52	36.52	32.87	0.0%	-10.0%
Shop Crafts	48.28	48.28	48.28	0.0%	0.0%
Signalmen	25.62	25.62	30.74	0.0%	20.0%
Yardmasters	33.48	34.95	34.95	4.4%	0.0%

Railroad Retirement and Medicare

	Earnings Base			Employer Rate		
	2011	2012	2013	2011	2012	2013
Tier I	\$106,800	\$110,100	\$113,700	6.20%	6.20%	6.20%
Tier II	79,200	81,900	84,300	12.10%	12.10%	12.60%
Medicare	no limit	no limit	no limit	1.45%	1.45%	1.45%

Unemployment Insurance

Monthly Taxable Earnings Base			Weighted Avg. Class I Rate		
2011	2012	2013	2011	2012	2013
\$1,330	\$1,365	\$1,405	7.09%	5.00%	0.67%

Labor
First Quarter 2013

NATIONAL RAILWAY LABOR CONFERENCE
EMPLOYEE BENEFITS DEPARTMENT

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November 26, 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, 2013 are as follows:

Aetna - Supplemental Sickness Plans		
ShopCrafts	(no change)	\$ 48.28
Signalmen		\$ 30.74
Maintenance of Way		\$ 32.87
Trustmark - Supplemental Sickness Plans		
Yardmasters	(no change)	\$ 34.95
Railroad Employees National Health & Welfare Plan & National Railway Carriers/United Transportation Union H&W Plan		
Non-Hospital Road		\$1,350.36
Railroad Employees National Early Retirement Major Medical Benefit Plan		
Non-Hospital Road		\$ 139.04
Aetna - National Dental Plan	(no change)	\$ 55.90
VSP - National Vision Plan		\$ 8.37

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

Very truly yours,



Susan E. Parks

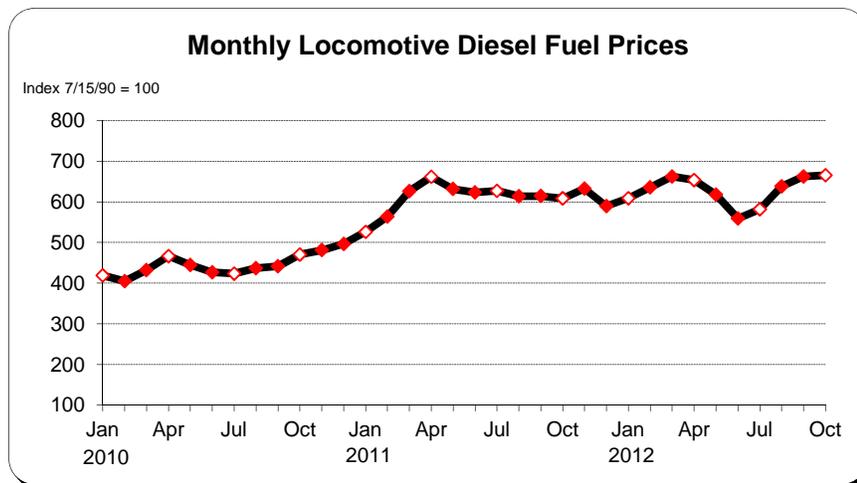
cc: Glen Williams

Fuel First Quarter 2013

The forecast for fuel is based on: (1) a survey of railroad fuel purchasing officers concerning current price and volume levels, (2) expectations of railroad purchasing officers based on their own forecast models and discussions with their major suppliers, and (3) a consensus of petroleum industry experts and general business publications. Fuel purchases are assumed to remain in inventory for 30 days before the fuel is consumed (and therefore expensed). Therefore, prices paid in the first month of each quarter are for fuel expensed in the second (or middle) month of the quarter, and the middle month is used to represent each quarter.

The nation's fuel prices have been relatively stable over the last two months. Concern about the "fiscal cliff" and its effect on the domestic economy may be holding down fuel prices. While the latest average prices for locomotive diesel fuel are available only through October, the Energy Information Administration (EIA) has weekly data through most of November for related fuel types. Recent EIA data show little change in prices for heating oil.* Although inventories of distillates such as heating oil are lower than normal, the current inventory levels may reflect an acceleration of the long-term trend of users switching to more economically competitive fuels such as natural gas.

The average price paid for locomotive diesel fuel has increased for four consecutive months, although the rate of increase is declining. Railroads believe the locomotive diesel fuel price for January 2013 (Q1) will be 1.7 percent lower than the fourth quarter forecast (represented by October 2012), and 3.4 percent lower than the average price actually paid for October.



Forecast Fuel Index (1980 = 100)	396.5
Change from previous quarter forecast	-1.7%
Change from previous quarter actual	-3.4%

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

Materials & Supplies

First Quarter 2013

The first quarter 2013 Materials & Supplies Index decreased 1.0 percent from the previous quarter. The change was caused by decreases in prices in the Miscellaneous Products category, which contains items such as ballast, lube oil, creosote, batteries, and others. This is the second consecutive decrease for this index, and the current value is the lowest Materials & Supplies Index since the third quarter of 2011.

2013Q1 Materials & Supplies Index = 263.4

2012Q4 Materials & Supplies Index = 266.1

Difference -2.7 basis points
or
-1.0 %

Equipment Rents First Quarter 2013

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

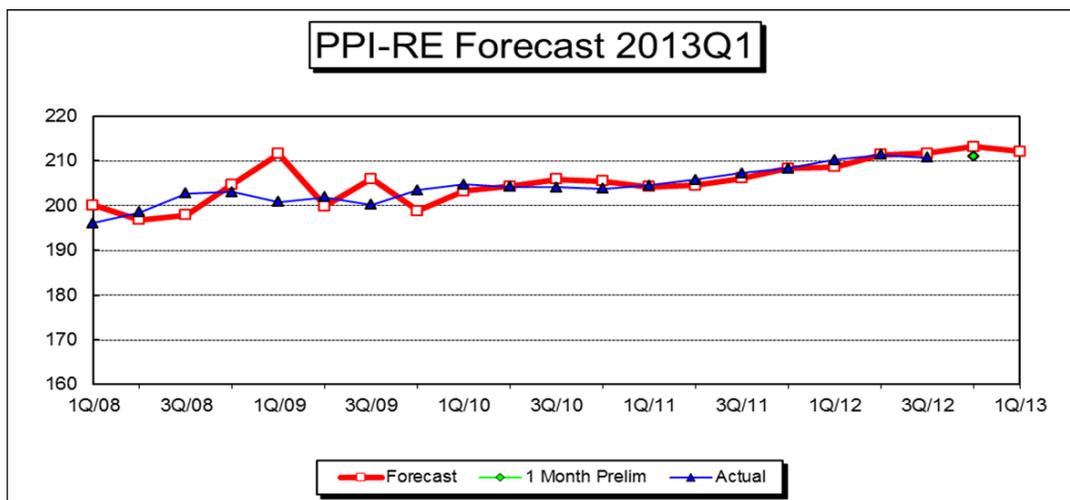
The table below calculates the Equipment Rent Index. The first quarter Car Hire portion of the Index increased 0.6 percent because of higher rates for privately-owned cars. A 0.4 percent increase for the projected PPI-LF (See Appendix G) used as a proxy for Lease Rentals, combined with the 0.6 percent increase for Car Hire, caused the Equipment Rent Index to increase 0.5 percent.

	2011 Weight	2012Q4	2013Q1	Percent Change
Car Hire	48.6%	177.3	178.4	0.6 %
Lease Rentals	51.4%	218.0	218.8	0.4
Weighted Average		198.2	199.2	0.5
Weighted Average (Linked)		205.7	206.7	0.5

Depreciation First Quarter 2013

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 gone down and up over the last half year.

Forecast of Depreciation Index (1982=100)	191.8
Forecast of Depreciation Index (1980=100)	212.2
Change from previous quarter forecast	-0.5%
Change from actual first month of previous quarter	0.5%
Change from same quarter of prior year (actual)	0.9%



Depreciation First Quarter 2013

PPI RAILROAD EQUIPMENT

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

Component	Smoothing Weight	Final Value
Level	0.81566	190.80
Trend	0.01668	0.24262

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 182.9	Standard deviation 5.098
R-square 0.9599	Adjusted R-square 0.9594
Durbin-Watson 2.031	Ljung-Box(18)=21.45 P=0.7426
Forecast error 1.028	BIC 1.075
MAPE 0.003808	RMSE 1.013
MAD 0.691	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2012-05	191.600
2012-06	191.500
2012-07	191.700
2012-08	189.600
2012-09	190.600
2012-10	190.800

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2012-11	188.932	191.040	193.147
2012-12	188.544	191.282	194.020
2013-01	188.277	191.525	194.773
2013-02	188.079	191.767	195.456
2013-03	187.929	192.010	196.091
QTR AVG	188.095	191.767	195.440

Interest First Quarter 2013

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 2012, the Interest Index is based on data for 2011.

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

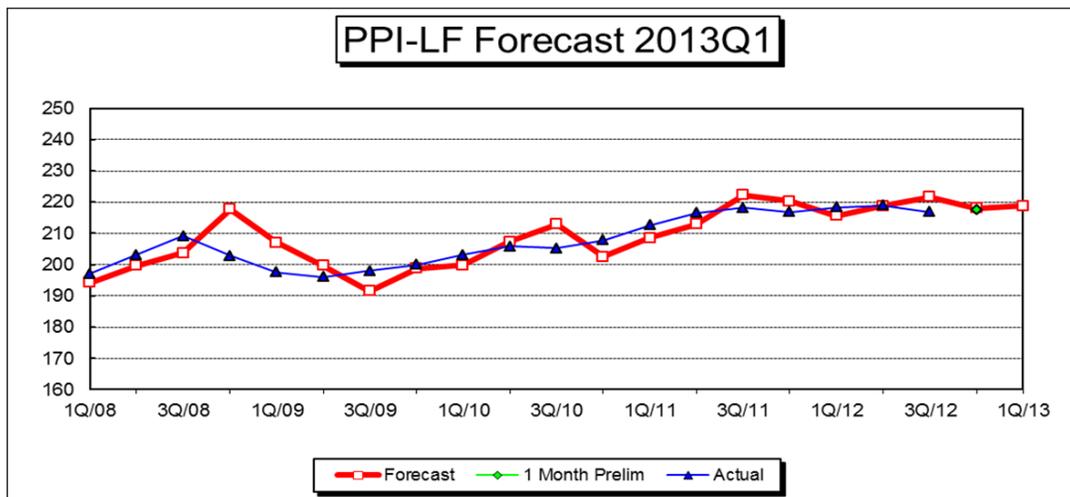
2011	Interest Rate	7.29%
1980	Interest Rate	7.85%
2013Q1	Interest Index	92.9
2012Q4	Interest Index	92.9
	Percent Change	0.0%

Other Expenses First Quarter 2013

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 first quarter reflects monthly PPI-LF figures that have been down and up over the last 6 months.

Forecast of Other Expense Index (1982=100)	195.2
Forecast of Other Expense Index (1980=100)	218.8
Change from previous quarter forecast	0.4%
Change from actual first month of previous quarter	0.6%
Change from same quarter of prior year (actual)	0.2%



Other Expenses First Quarter 2013

**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	193.90
Trend	0.01781	0.32015

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 182.4	Standard deviation 8.814
R-square 0.9847	Adjusted R-square 0.9845
Durbin-Watson 0.553	**Ljung-Box(18)=85.74 P=1
Forecast error 1.097	BIC 1.148
MAPE 0.004273	RMSE 1.081
MAD 0.7821	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2012-05	195.400
2012-06	193.700
2012-07	193.200
2012-08	193.200
2012-09	193.700
2012-10	193.900

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2012-11	191.971	194.220	196.469
2012-12	191.331	194.540	197.750
2013-01	190.918	194.860	198.803
2013-02	190.622	195.181	199.739
2013-03	190.399	195.501	200.602
QTR AVG	190.646	195.181	199.715

Railroad and Union Abbreviations

First Quarter 2013

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, included beginning 2011Q4.)
DME	Dakota, Minnesota & Eastern (Canadian Pacific's U.S. operations, 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 2013 Q1 RCAF

December 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. Wall Street Journal - 13 week Treasury Bill Rate from latest auction (a.k.a. 3-Mo. T-Bill)
6. 2013/Q1 RCAF Lump Sum Amortization summary, public version (1 page)
7. 2013/Q1 RCAF Back Pay Amortization summary, public version (1 page)
8. Health & Welfare worksheet (4 pages)
9. Health & Welfare memo from NRLC on employee cost sharing (1 page)
10. Railroad Retirement spreadsheet (5 pages)
11. RRB Press Release: Railroad Retirement and Unemployment Insurance Taxes in 2013 (2 pages)
12. Unemployment Insurance Tax worksheet
13. 2-page SAS run for Q1 Unemployment Insurance Tax
14. Memo for new Unemployment Insurance Tax Rate for 2013
15. 9 pages from the Energy Information Administration's *This Week in Petroleum*
16. Summary of Materials & Supplies (one page)
17. Car Hire Spreadsheet (2 pages) plus source data page for December 2012
18. 4 pages of PPI-RE for Depreciation including graph, input/output, and BLS source data
19. 4 pages of PPI-LF for Other (and Lease Rentals) incl. graph, input/output, BLS source data
20. Forecast Error calculation and workpapers (11 pages: calc, index, fuel, 3 car hire, 2 deprec, 2 other)

Highly Confidential Data (hand delivered to STB, not included in PDF file)

1. 2013/Q1 RCAF Lump Sum Amortization detail (5 pages)
2. 2013/Q1 RCAF Back Pay Amortization detail (5 pages)
3. Relevant pages from independent labor agreements, including new agreements (40 pages)

RCAF All-Inclusive Index's Labor Index Based on 2011 Benchmarks

	11 Wts.	3Q/12 Original	3Q/12 Rebench As Info Only	% Chg	4Q/12	% Chg	1Q/13	% Chg	2Q/13	% Chg	3Q/13	% Chg
Straight Time		\$29.794	\$29.881	0.3%	\$29.902	0.4%	\$30.313	1.4%		--		--
PFTNW		\$7.288	\$7.260	-0.4%	\$7.265	-0.3%	\$7.298	0.5%		--		--
Total		\$37.082	\$37.141	0.2%	\$37.167	0.2%	\$37.611	1.2%	\$0.000	--	\$0.000	--
Adjustments												
Lump Sum		\$0.446	\$0.424		\$0.446		\$0.446					
Back Pay		\$1.092	\$1.038		\$1.060		\$0.780					
Other		\$0.128	\$0.121		\$0.121		\$0.121					
Total Wages		\$38.748	\$38.724	-0.1%	\$38.794	0.1%	\$38.958	0.4%	\$0.000	--	\$0.000	--
Pre-Tax Reduction		(\$1.179)	(\$1.178)		(\$1.181)		(\$1.187)					
Taxable Wages		\$37.569	\$37.546		\$37.613		\$37.771		\$0.000		\$0.000	
H & W		\$7.985	\$7.873	-1.4%	\$7.871	-1.4%	\$7.765	-1.3%		--		--
RR Ret & Medicare		\$7.588	\$7.704	1.5%	\$7.709	1.6%	\$7.988	3.6%		--		--
Unemp. Insurance		\$0.434	\$0.431	-0.7%	\$0.431	-0.7%	\$0.059	-86.3%		--		--
Other		\$0.219	\$0.209	-4.6%	\$0.107	-51.1%	\$0.146	36.4%		--		--
Total		\$16.226	\$16.217	-0.1%	\$16.118	-0.7%	\$15.958	-1.0%	\$0.000	--	\$0.000	--
Adjustments												
Total Supplements		\$16.226	\$16.217	-0.1%	\$16.118	-0.7%	\$15.958	-1.0%	\$0.000	--	\$0.000	--
Total Labor		\$54.974	\$54.941	-0.1%	\$54.912	-0.1%	\$54.916	0.0%	\$0.000	--	\$0.000	--
Wage Rate Index	0.6850	331.6	331.4	-0.1%	332.0	0.1%	333.4	0.4%	0.0	--	0.0	--
Supplements Index	0.3150	599.6	599.3	-0.1%	595.6	-0.7%	589.7	-1.0%	0.0	--	0.0	--
Total Labor Index '10 Wts.		412.5										
Total Labor Index '11 Wts.		416.0	415.8	0.0%	415.0	-0.2%	414.1	-0.2%	0.0	--	0.0	--
Labor Index (Linked)		391.4			390.5	-0.2%	389.7	-0.2%	0.0	#####	#DIV/0!	--

All Inclusive Index and RCAF

		3Q/12	3Q/12	% Chg	4Q/12	% Chg	1Q/13	% Chg	2Q/13	% Chg	3Q/13	% Chg
	11 Wts		11 Wts									
Labor	0.313	391.40	391.4	0.0%	390.5	-0.2%	389.7	-0.2%	0.0	#####	#DIV/0!	--
Fuel	0.225	353.40	353.4	0.0%	403.3	14.1%	396.5	-1.7%		--		--
M&S	0.051	274.80	274.8	0.0%	266.1	-3.2%	263.4	-1.0%		--		--
Equip. Rents	0.056	205.80	205.8	0.0%	205.7	0.0%	206.7	0.5%	0.0	#####	#DIV/0!	--
Depreciation	0.116	211.70	211.7	0.0%	213.2	0.7%	212.2	-0.5%		--		--
Interest	0.025	90.60	90.6	0.0%	92.9	2.5%	92.9	0.0%	92.9	0.0%	92.9	0.0%
Other	0.214	221.60	221.6	0.0%	218.0	-1.6%	218.8	0.4%		--		--
Weighted Avg.	1.000	298.50	301.8	1.1%	311.8	3.3%	310.0	-0.6%	2.3	-99.3%	#DIV/0!	--
Linked		289.40			299.0	3.3%	297.3	-0.6%	2.2	-99.3%	#DIV/0!	--
	Basing Factor											
10/1/80 basis	102.7	281.80			291.1	3.3%	289.5	-0.5%	2.1	-99.3%	#DIV/0!	--
10/1/82	120.9	239.40			247.3	3.3%	245.9	-0.6%	1.8	-99.3%	#DIV/0!	--
4Q/87	132.2	218.90			226.2	3.3%	224.9	-0.6%	1.7	-99.2%	#DIV/0!	--
4Q/92	156.9	184.40			190.6	3.4%	189.5	-0.6%	1.4	-99.3%	#DIV/0!	--
4Q/97	173.2	167.10			172.6	3.3%	171.7	-0.5%	1.3	-99.2%	#DIV/0!	--
4Q/02	192.1	150.70			155.6	3.3%	154.8	-0.5%	1.1	-99.3%	#DIV/0!	--
4Q/07	245.9	117.70			121.6	3.3%	120.9	-0.6%	0.9	-99.3%	#DIV/0!	--
4Q/12 basis	297.5	97.30			100.5	3.3%	99.9	-0.6%	0.7	-99.3%	#DIV/0!	--
Car Hire	0.486	173.60	173.6	0.0%	177.3	2.1%	178.4	0.6%		--		--
Lease Rents	0.514	221.60	221.6	0.0%	218.0	-1.6%	218.8	0.4%	0.0	--	0.0	--
Wghted Avg Eq Rents		199.60	198.3	-0.7%	198.2	-0.1%	199.2	0.5%	0.0	--	0.0	--
Linked Equipment Rents		205.80			205.7	0.0%	206.7	0.5%	0.0	#####	#DIV/0!	--
Preliminary RCAF		0.973			1.005	3.29%	0.999	-0.6%	0.007	-99.3%	#DIV/0!	--
Forecast Error Adj.		(0.005)			(0.005)		(0.002)					
RCAF Unadjusted		0.968			1.000	3.31%	0.997	-0.3%	0.007	-99.3%	#DIV/0!	--
PAF		2.2815			2.2861	0.20%	2.2907	0.20%		--		--
RCAF Adjusted		0.424			0.437	3.07%	0.435	-0.5%	#DIV/0!	--	#DIV/0!	--
PAF-5		2.4146			2.4231	0.35%	2.4279	0.20%		--		--
RCAF-5		0.401			0.413	2.99%	0.411	-0.5%	#DIV/0!	--	#DIV/0!	--

Note:
The RCAFs shown here for Q3 and Q4 have been recalculated using an All-Inclusive Index on a 4Q/12=100 base.

Hourly Rate for 2013 Q1

Straight Time and Time Paid For But Not Worked

2013Q1 Straight Time Hourly Rate (from national spreadsheet)

\$29.990 ✓

4.3% wage increase for non-unions

Adjustments to 2011 base:

Adjustments added 2012 Q1

CN Railroads	DMIR BLET 2% GWI, \$0.18 for most unions, 2.5% GWI for non-unions	0.006
Misc. Independent BLET, Yardmasters, Dispatchers	2.5% GWI for BNSF, CSX BLET, CSX ATDA-East, and UP ATDA (non-union)	0.055
Soo Corp.	3% - 4 DME unions, \$0.18 - DH IAM, 2.5% - non-unions	0.003

Adjustments added 2012 Q2

CN Railroads	No change	0.000
Misc. Independent BLET, Yardmasters, Dispatchers	New national ATDA agreement including CSX ATDA-South with 2 retro GWIs	0.001
Soo Corp.	No change	0.000

Adjustments added 2012 Q3

CN Railroads	\$0.12 COLA for most unions	0.003
Misc. Independent BLET, Yardmasters, Dispatchers	4.3% GWI for CSX ATDA-south, 2% for NS BLET, new contract with retro GWIs for UP BLET	0.149
Soo Corp.	4.3% GWI for 5 DH unions, 3% GWI for DH UTU and UTU-YMD	0.001

Adjustments added 2012 Q4

CN Railroads	9 new contracts with retro GWI	0.011
Misc. Independent BLET, Yardmasters, Dispatchers	new contract for UP Yardmasters with retro GWI	0.007
Soo Corp.	7 new DH contracts with retro GWI	0.003

Adjustments added 2013 Q1

CN Railroads	12 new contracts with retro GWI, \$0.09 COLA for some unions, 4.3% GWI for non-unions	0.017 ✓
Misc. Independent BLET, Yardmasters, Dispatchers	2.5% GWI for BNSF BLET; 3% for CSX ATDA-East & BLET; 4.3% for UP ATDA (non-union)	0.064
Soo Corp.	3% GWI for DME BRS & IAM; 2.81% for DME BLET; 2.87% for DME UTU; 4.3% for non-unions	0.003

Adjusted STHR Total

\$30.313

Pay For Time Not Worked

PFTNW (from national spreadsheet)

\$7.220

Ratio Adj STHR to Nat STHR

30.313 / 29.990 =

1.01077

Adjusted Pay For Time Not Worked

\$7.298

Notes:

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

RCAF Taxable Wages

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

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

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

Reduction Calculation for 1Q/2013

U.S. ST Hours = 305,798,449
 Wage Statistics are for 2011.

Union Group	Employees	Mo. Rate	Annual \$
National BLET (BNSF, CSX, KCS, NS, SOO, UP)	25,344	(\$198.00)	(\$60,217,344.00)
National BMWE (BNSF, CSX, KCS, NS, SOO, UP)	23,694	(\$198.00)	(\$56,296,944.00)
National BRS (BNSF, CSX, KCS, NS, SOO, UP)	6,847	(\$198.00)	(\$16,268,472.00)
National IAM (BNSF, CSX, KCS, NS, SOO, UP)	6,740	(\$198.00)	(\$16,014,240.00)
National IBBM (BNSF, CSX, KCS, NS, SOO, UP)	1,316	(\$198.00)	(\$3,126,816.00)
National IBEW (BNSF, CSX, KCS, NS, SOO, UP)	5,272	(\$198.00)	(\$12,526,272.00)
National NCFO (BNSF, CSX, KCS, NS, SOO, UP)	2,350	(\$198.00)	(\$5,583,600.00)
National SMW (BNSF, CSX, KCS, NS, SOO, UP)	1,000	(\$198.00)	(\$2,376,000.00)
National TCU (BNSF, CSX, KCS, NS, SOO, UP)	6,068	(\$198.00)	(\$14,417,568.00)
National TCU-CAR (BNSF, CSX, KCS, NS, SOO, UP)	9,313	(\$198.00)	(\$22,127,688.00)
National UTU (BNSF, CSX, KCS, NS, SOO, UP)	39,481	(\$198.00)	(\$93,806,856.00)
Yardmasters (BNSF, CSX, KCS, NS, SOO, UP)	1,935	(\$198.00)	(\$4,597,560.00)
National ATDA (wt. avg. BNSF, CSX, KCS, NS, SOO)	1,799	(\$198.00)	(\$4,274,424.00)
Independent CNGT (wt. avg. all union categories)	6,135	(\$157.45)	(\$11,591,469.00)
Independent SLC (wt. avg. all DH & DME union categories)	1,319	(\$180.27)	(\$2,853,313.56)
Total Union	138,613		(\$326,078,566.56)
All Other @ \$3,065,489.94 total per month			(\$36,785,879.28)
Total			(\$362,864,445.84)

Reduction in Wage Rate Per ST Hour	-\$1.18661310
Deduct this amount from the Wage Rate	-\$1.187

National Contracts U.S.

Straight Time Hourly Rate

	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Check Sum
Weight	0.24006	0.03761	0.17374	0.00597	0.04395	0.15135	0.05846	0.01396	0.04076	0.00789	0.03218	0.01375	0.01014	0.17017	1.00000
2011 Avg.	24.437	24.909	27.195	24.886	26.588	22.645	25.061	20.672	25.571	22.115	25.628	36.743	37.553	43.530	387.534
12/31/11	24.728	24.921	27.312	24.889	26.593	22.652	25.069	20.675	25.710	22.120	25.633	36.743	37.934	43.530	388.508
1/1/12	24.728	24.921	27.312	24.889	26.593	22.652	25.069	20.675	25.710	22.120	25.633	36.743	37.934	44.618	
4/1/12	24.728	25.930	27.357	26.000	27.740	22.652	26.145	21.588	26.838	23.070	26.747	37.274	37.934	44.618	
7/1/12	25.435	26.930	27.405	27.097	28.869	24.557	27.205	22.489	27.949	24.010	27.847	37.769	38.863	44.618	
10/1/12	25.435	26.930	27.405	27.097	28.869	24.557	27.205	22.489	27.949	24.010	27.847	37.769	38.863	44.618	
1/1/13	25.435	26.930	27.405	27.097	28.869	24.557	27.205	22.489	27.949	24.010	27.847	37.769	38.863	46.537	
4/1/13	25.435	26.930	27.405	27.097	28.869	24.557	27.205	22.489	27.949	24.010	27.847	37.769	38.863	46.537	
7/1/13	25.435	26.930	27.405	27.097	28.869	24.557	27.205	22.489	27.949	24.010	27.847	37.769	38.863	46.537	

Weighted Straight Time Hourly Rate

	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2011 Avg.	5.867	0.937	4.725	0.149	1.169	3.427	1.465	0.289	1.042	0.174	0.825	0.505	0.381	7.408	28.362
12/31/11	5.936	0.937	4.745	0.149	1.169	3.428	1.465	0.289	1.048	0.175	0.825	0.505	0.385	7.408	28.463
1/1/12	5.936	0.937	4.745	0.149	1.169	3.428	1.465	0.289	1.048	0.175	0.825	0.505	0.385	7.593	28.649
4/1/12	5.936	0.975	4.753	0.155	1.219	3.428	1.528	0.301	1.094	0.182	0.861	0.513	0.385	7.593	28.924
7/1/12	6.106	1.013	4.761	0.162	1.269	3.717	1.590	0.314	1.139	0.189	0.896	0.519	0.394	7.593	29.663
10/1/12	6.106	1.013	4.761	0.162	1.269	3.717	1.590	0.314	1.139	0.189	0.896	0.519	0.394	7.593	29.663
1/1/13	6.106	1.013	4.761	0.162	1.269	3.717	1.590	0.314	1.139	0.189	0.896	0.519	0.394	7.919	29.990
4/1/13	6.106	1.013	4.761	0.162	1.269	3.717	1.590	0.314	1.139	0.189	0.896	0.519	0.394	7.919	29.990
7/1/13	6.106	1.013	4.761	0.162	1.269	3.717	1.590	0.314	1.139	0.189	0.896	0.519	0.394	7.919	29.990

Note: The 2011 Average and 12/31/11 Straight Time Hourly Rates are the industry rates, and include all Class I railroad employees. The rates for 1/1/12 through 7/1/13 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 2011 are not shown on this page and are handled separately.

National Contracts U.S.

Pay For Time Not Worked Hourly Rate

	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Check Sum
Weight	0.24006	0.03761	0.17374	0.00597	0.04395	0.15135	0.05846	0.01396	0.04076	0.00789	0.03218	0.01375	0.01014	0.17017	1.00000
2011 Avg.	11.155	5.133	11.343	3.813	5.928	4.175	4.139	3.452	4.734	3.139	4.867	7.364	10.328	1.704	81.273
12/31/11	11.287	5.136	11.391	3.813	5.929	4.176	4.140	3.453	4.760	3.139	4.868	7.364	10.433	1.704	
1/1/12	11.287	5.136	11.391	3.813	5.929	4.176	4.140	3.453	4.760	3.139	4.868	7.364	10.433	1.747	
4/1/12	11.287	5.343	11.410	3.983	6.185	4.176	4.318	3.605	4.968	3.274	5.080	7.470	10.433	1.747	
7/1/12	11.610	5.550	11.430	4.152	6.437	4.527	4.493	3.756	5.174	3.408	5.289	7.570	10.688	1.747	
10/1/12	11.610	5.550	11.430	4.152	6.437	4.527	4.493	3.756	5.174	3.408	5.289	7.570	10.688	1.747	
1/1/13	11.610	5.550	11.430	4.152	6.437	4.527	4.493	3.756	5.174	3.408	5.289	7.570	10.688	1.822	
4/1/13	11.610	5.550	11.430	4.152	6.437	4.527	4.493	3.756	5.174	3.408	5.289	7.570	10.688	1.822	
7/1/13	11.610	5.550	11.430	4.152	6.437	4.527	4.493	3.756	5.174	3.408	5.289	7.570	10.688	1.822	

Pay For Time Not Worked Hourly Rate

	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2011 Avg.	2.678	0.193	1.971	0.023	0.261	0.632	0.242	0.048	0.193	0.025	0.157	0.101	0.105	0.290	6.917
12/31/11	2.710	0.193	1.979	0.023	0.261	0.632	0.242	0.048	0.194	0.025	0.157	0.101	0.106	0.290	6.960
1/1/12	2.710	0.193	1.979	0.023	0.261	0.632	0.242	0.048	0.194	0.025	0.157	0.101	0.106	0.297	6.967
4/1/12	2.710	0.201	1.982	0.024	0.272	0.632	0.252	0.050	0.203	0.026	0.163	0.103	0.106	0.297	7.021
7/1/12	2.787	0.209	1.986	0.025	0.283	0.685	0.263	0.052	0.211	0.027	0.170	0.104	0.108	0.297	7.207
10/1/12	2.787	0.209	1.986	0.025	0.283	0.685	0.263	0.052	0.211	0.027	0.170	0.104	0.108	0.297	7.207
1/1/13	2.787	0.209	1.986	0.025	0.283	0.685	0.263	0.052	0.211	0.027	0.170	0.104	0.108	0.310	7.220
4/1/13	2.787	0.209	1.986	0.025	0.283	0.685	0.263	0.052	0.211	0.027	0.170	0.104	0.108	0.310	7.220
7/1/13	2.787	0.209	1.986	0.025	0.283	0.685	0.263	0.052	0.211	0.027	0.170	0.104	0.108	0.310	7.220

U.S. National Contract

UTU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2011 Industry Avg.				24.43741	11.15476
12/31/11 Industry Rate				24.72775	11.28729
1/1/12			95.341%	24.72775	11.28729
4/1/12			95.341%	24.72775	11.28729
7/1/12	3.00%		95.341%	25.43502	11.61013
10/1/12			95.341%	25.43502	11.61013
1/1/13			95.341%	25.43502	11.61013
4/1/13			95.341%	25.43502	11.61013
7/1/13			95.341%	25.43502	11.61013

TCU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2011 Industry Avg.				24.90884	5.13304
12/31/11 Industry Rate				24.92116	5.13558
1/1/12			89.736%	24.92116	5.13558
4/1/12			89.736%	25.92986	5.34344
7/1/12	4.30%		89.736%	26.93040	5.54963
10/1/12			89.736%	26.93040	5.54963
1/1/13			89.736%	26.93040	5.54963
4/1/13			89.736%	26.93040	5.54963
7/1/13			89.736%	26.93040	5.54963

BLET

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2011 Industry Avg.				27.19547	11.34276
12/31/11 Industry Rate				27.31208	11.39139
1/1/12			4.052%	27.31208	11.39139
4/1/12			4.052%	27.35746	11.41032
7/1/12	4.30%		4.052%	27.40513	11.43020
10/1/12			4.052%	27.40513	11.43020
1/1/13			4.052%	27.40513	11.43020
4/1/13			4.052%	27.40513	11.43020
7/1/13			4.052%	27.40513	11.43020

SMWIA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2011 Industry Avg.				24.88613	3.81274
12/31/11 Industry Rate				24.88862	3.81312
1/1/12			98.190%	24.88862	3.81312
4/1/12			98.190%	25.99960	3.98333
7/1/12	4.30%		98.190%	27.09735	4.15152
10/1/12			98.190%	27.09735	4.15152
1/1/13			98.190%	27.09735	4.15152
4/1/13			98.190%	27.09735	4.15152
7/1/13			98.190%	27.09735	4.15152

BRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2011 Industry Avg.				26.58784	5.92797
12/31/11 Industry Rate				26.59326	5.92918
1/1/12			94.636%	26.59326	5.92918
4/1/12			94.636%	27.74018	6.18489
7/1/12	4.30%		94.636%	28.86902	6.43658
10/1/12			94.636%	28.86902	6.43658
1/1/13			94.636%	28.86902	6.43658
4/1/13			94.636%	28.86902	6.43658
7/1/13			94.636%	28.86902	6.43658

BMWE

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2011 Industry Avg.				22.64510	4.17452
12/31/11 Industry Rate				22.65158	4.17571
1/1/12			93.244%	22.65158	4.17571
4/1/12			93.244%	22.65158	4.17571
7/1/12	4.30%		93.244%	24.55718	4.52700
10/1/12			93.244%	24.55718	4.52700
1/1/13			93.244%	24.55718	4.52700
4/1/13			93.244%	24.55718	4.52700
7/1/13			93.244%	24.55718	4.52700

U.S. National Contract

TCU-Carmen

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2011 Industry Avg.		New contract adds a retro 2% GWI on 7/1/10 and 2.5% GWI on 7/1/11.		25.06149	4.13882
12/31/11 Industry Rate				25.06857	4.13999
1/1/12			94.357%	25.06857	4.13999
4/1/12			94.357%	26.14470	4.31771
7/1/12	4.30%		94.357%	27.20548	4.49289
10/1/12			94.357%	27.20548	4.49289
1/1/13			94.357%	27.20548	4.49289
4/1/13			94.357%	27.20548	4.49289
7/1/13			94.357%	27.20548	4.49289

NCFO

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2011 Industry Avg.		New contract adds a retro 2% GWI on 7/1/10 and 2.5% GWI on 7/1/11.		20.67190	3.45226
12/31/11 Industry Rate				20.67514	3.45280
1/1/12			97.101%	20.67514	3.45280
4/1/12			97.101%	21.58774	3.60520
7/1/12	4.30%		97.101%	22.48910	3.75573
10/1/12			97.101%	22.48910	3.75573
1/1/13			97.101%	22.48910	3.75573
4/1/13			97.101%	22.48910	3.75573
7/1/13			97.101%	22.48910	3.75573

IAM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2011 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.		25.57094	4.73379
12/31/11 Industry Rate				25.71037	4.75960
1/1/12			96.316%	25.71037	4.75960
4/1/12		IAM 1/1/12 COLA suspended in anticipation of new agreement.		26.83782	4.96832
7/1/12	4.30%		96.316%	27.94932	5.17409
10/1/12			96.316%	27.94932	5.17409
1/1/13			96.316%	27.94932	5.17409
4/1/13			96.316%	27.94932	5.17409
7/1/13			96.316%	27.94932	5.17409

IBBM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2011 Industry Avg.				22.11472	3.13858
12/31/11 Industry Rate				22.12001	3.13933
1/1/12			94.739%	22.12001	3.13933
4/1/12			94.739%	23.07000	3.27415
7/1/12	4.30%		94.739%	24.00983	3.40753
10/1/12			94.739%	24.00983	3.40753
1/1/13			94.739%	24.00983	3.40753
4/1/13			94.739%	24.00983	3.40753
7/1/13			94.739%	24.00983	3.40753

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
2011 Industry Avg.				25.62757	4.86698
12/31/11 Industry Rate				25.63268	4.86795
1/1/12			95.711%	25.63268	4.86795
4/1/12			95.711%	26.74663	5.07950
7/1/12	4.30%		95.711%	27.84741	5.28855
10/1/12			95.711%	27.84741	5.28855
1/1/13			95.711%	27.84741	5.28855
4/1/13			95.711%	27.84741	5.28855
7/1/13			95.711%	27.84741	5.28855

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
2011 Industry Avg.				36.74320	7.36406
12/31/11 Industry Rate				36.74320	7.36406
1/1/12			30.923%	36.74320	7.36406
4/1/12			30.923%	37.27373	7.47039
7/1/12	4.30%		30.923%	37.76934	7.56972
10/1/12			30.923%	37.76934	7.56972
1/1/13			30.923%	37.76934	7.56972
4/1/13			30.923%	37.76934	7.56972
7/1/13			30.923%	37.76934	7.56972

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

YDMSTRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2011 Industry Avg.				37.55322	10.32832
12/31/11 Industry Rate				37.93376	10.43298
1/1/12			81.616%	37.93376	10.43298
4/1/12			81.616%	37.93376	10.43298
7/1/12	3.00%		81.616%	38.86256	10.68843
10/1/12			81.616%	38.86256	10.68843
1/1/13			81.616%	38.86256	10.68843
4/1/13			81.616%	38.86256	10.68843
7/1/13			81.616%	38.86256	10.68843

OTHER

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2011 Industry Avg.				43.52987	1.70430
12/31/11 Industry Rate				43.52987	1.70430
1/1/12	2.50%		100.000%	44.61811	1.74691
4/1/12			100.000%	44.61811	1.74691
7/1/12			100.000%	44.61811	1.74691
10/1/12			100.000%	44.61811	1.74691
1/1/13	4.30%		100.000%	46.53669	1.82203
4/1/13			100.000%	46.53669	1.82203
7/1/13			100.000%	46.53669	1.82203

Check Sums

	Increase	Applicable	ST HR	PFTNW HR
2011 AVG			387.53370	81.27289
12/31/11			388.50804	
		1165.961%		
		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.

3.500	10	5.605	▲
2.250	U.K. 2	0.298	▼
4.000	10	1.837	▼

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Metal & Petroleum Futures

Contract		Open	High	hi	Low	Settle	Ch
Copper-High (CMX) -25,000 lbs., \$ per lb.							
Nov	3.5340	3.5350			3.5260	3.5360	0.008
March'13	3.5425	3.5535			3.5180	3.5485	0.009
Gold (CMX) -100 troy oz., \$ per troy oz.							
Nov	1750.30	1750.50			1749.40	1749.50	-1.8
Dec	1751.50	1752.30			1746.00	1749.60	-1.8
Jan'13	1752.00	1753.10			1747.50	1750.80	-1.7
Feb	1754.70	1754.70			1748.30	1752.00	-1.8
miNY Gold (CMX) -50 troy oz., \$ per troy oz.							
Dec	1754.75	1756.50			1746.25	1749.50	-2.0
Feb'13	1752.00	1753.75			1749.00	1752.00	-1.7
April	1753.50	1753.50			1753.50	1754.00	-1.7
June	1761.75	1763.50			1751.75	1756.00	-1.7
Palladium (NYM) -50 troy oz., \$ per troy oz.							
Dec	667.55	671.35			659.00	661.20	-6.4
March'13	668.00	672.80			660.75	662.90	-6.2
Platinum (NYM) -50 troy oz., \$ per troy oz.							
Nov	1618.00	1624.50			1618.00	1621.50	6.9
Jan'13	1621.30	1623.70			1605.60	1611.00	-6.4
Silver (CMX) -5,000 troy oz., \$ per troy oz.							
Nov	34.005	34.005			34.005	34.138	0.02
March'13	34.145	34.315			33.980	34.229	0.02
miNY Silver (CMX) -2500 troy oz., \$ per troy oz.							
Dec	34.125	34.188			33.900	34.138	0.02
Jan'13	34.000	34.125			34.000	34.163	0.01
March	34.100	34.238			34.100	34.225	0.02
Crude Oil, Light Sweet (NYM) -1,000 bbls., \$ per bbl.							
Jan	88.21	88.29			87.27	87.74	-0.5
Feb	88.82	88.90			87.90	88.37	-0.5
March	89.54	89.56			88.60	89.02	-0.5
June	90.92	91.02			90.04	90.38	-0.6
Dec	91.75	91.96			90.93	91.12	-0.7
Dec'14	90.60	90.69			89.75	89.95	-0.7
Heating Oil No. 2 (NYM) -42,000 gal., \$ per gal.							
3	3.0801	3.0808			3.0400	3.0465	-0.30
3	3.0880	3.0905			3.0515	3.0594	-0.26
Gasoline-NY RBOB (NYM) -42,000 gal., \$ per gal.							
Dec	2.7439	2.7525			2.7158	2.7263	-0.17
Jan'13	2.7213	2.7293			2.6942	2.7039	-0.16
Natural Gas (NYM) -10,000 MMBtu., \$ per MMBtu.							
Dec	3.864	3.868			3.704	3.730	-1.7
Jan'13	4.003	4.004			3.841	3.868	-1.6
Feb	4.005	4.013			3.854	3.883	-1.6
March	3.970	3.985			3.829	3.862	-1.4
April	3.936	3.951			3.805	3.838	-1.3
Oct	4.012	4.021			3.969	4.006	-1.1

Agriculture Futures

Corn (CBT) -5,000 bu., cents per bu.							
Dec	744.75	753.00			741.75	747.25	1.7
March'13	749.00	757.00			746.00	751.25	1.5
Ethanol (CBT) -29,000 gal., \$ per gal.							
Dec	2.405	2.415			2.403	2.406	0
March'13	2.426	2.426			2.407	2.410	0.3
Oats (CBT) -5,000 bu., cents per bu.							
Dec	367.25	370.00			361.00	368.75	-2
March'13	380.00	385.25			376.00	385.25	2.3
Soybeans (CBT) -5,000 bu., cents per bu.							
Jan	1419.75	1435.50			1416.75	1424.75	6.0
March	1402.00	1419.00			1399.00	1412.25	9.2
Soybean Meal (CBT) -100 tons, \$ per ton.							
Dec	430.70	433.70			427.90	431.70	3.1
Jan'13	424.90	429.00			422.70	426.90	3.5
Soybean Oil (CBT) -60,000 lbs., cents per lb.							
Dec	49.00	49.55			48.86	49.27	2.3
Jan'13	49.29	49.87			49.16	49.58	2
Rough Rice (CBT) -2,000 cwt., \$ per cwt.							
Jan	1506.00	1509.50			1491.50	1492.00	-11.5
March	1538.00	1542.00			1523.00	1523.50	-12.0
Wheat (CBT) -5,000 bu., cents per bu.							
Dec	849.25	854.25			844.50	849.00	1.2
March'13	863.00	869.00			858.25	863.75	2.2
Wheat (KC) -5,000 bu., cents per bu.							
Dec	881.25	890.00			876.25	884.25	6.0
March'13	899.75	907.00			893.00	901.75	6.2
Wheat (MPLS) -5,000 bu., cents per bu.							
Dec	915.50	921.00			912.75	915.00	1.2
March'13	927.00	932.00			924.00	928.00	3.0
Cattle-Feeder (CME) -50,000 lbs., cents per lb.							
Jan	147.800	147.975			146.975	147.350	-5.2
March	150.425	150.625			149.625	150.100	-3.2
Cattle-Live (CME) -40,000 lbs., cents per lb.							
Dec	128.950	129.025			128.175	128.400	-5.5
Feb'13	132.725	132.800			131.800	132.400	-3.2
Hogs-Lean (CME) -40,000 lbs., cents per lb.							
Dec	82.300	83.000			82.275	82.475	-4.0
Feb'13	87.425	88.100			86.800	86.975	-4.0

Borrowing Benchmarks

Money Rates

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

November 26, 2012

Inflation

	Oct. index level	CHG FROM (%)	Sept. '12	Oct. '11
U.S. consumer price index				
All items	231.317	-0.04	2.5	
Core	231.276	0.21	2.0	

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	0.75	0.75	1.25	0.75
Japan	1.475	1.475	1.475	1.470
Switzerland	0.53	0.52	0.54	0.50
Britain	0.50	0.50	0.51	0.50
Australia	3.25	3.25	4.50	3.25

Overnight repurchase

	Latest	Week ago	-52-WEEK-High	-52-WEEK-Low
U.S.	0.29	0.19	0.45	0.04
U.K. (BBA)	0.437	0.432	0.512	0.308
Euro zone	0.02	0.02	0.72	0.01

U.S. government rates

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

Federal funds

	Latest	Week ago	-52-WEEK-High	-52-WEEK-Low
Effective rate	0.16	0.16	0.19	0.07
High	0.3125	0.2500	0.5000	0.1875
Low	0.1000	0.0700	0.5000	0.0100
Bid	0.1000	0.1000	0.2500	0.0200
Offer	0.2800	0.1500	0.2800	0.0600

Treasury bill auction

	Latest	Week ago	-52-WEEK-High	-52-WEEK-Low
4 weeks	0.155	0.145	0.155	0.000
13 weeks	0.100	0.090	0.125	0.005
26 weeks	0.145	0.135	0.160	0.040

Secondary market

	Latest	Week ago	-52-WEEK-High	-52-WEEK-Low
Freddie Mac				
30-year mortgage yields				
30 days	2.70	2.66	3.63	1.59
60 days	2.74	2.70	3.69	1.68
Fannie Mae				
30-year mortgage yields				
30 days	2.837	2.797	3.680	2.635
60 days	2.867	2.824	3.719	2.680

Bankers acceptance

	Latest	Week ago	-52-WEEK-High	-52-WEEK-Low
30 days	0.23	0.23	0.23	0.19

	Latest	Week ago	-52-WEEK-High	-52-WEEK-Low
60 days	0.28	0.28	0.28	0.19
90 days	0.28	0.28	0.28	0.25
120 days	0.33	0.33	0.38	0.33
150 days	0.38	0.38	0.38	0.33
180 days	0.38	0.38	0.53	0.38

Other short-term rates

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

Commercial paper

	Latest	Week ago	-52-WEEK-High	-52-WEEK-Low
30 to 44 days	0.07	...	...	...
45 to 59 days	0.10	...	...	...
60 to 74 days	0.14	...	...	...
75 to 89 days	0.15	...	...	...
90 to 119 days	0.16	...	...	...
120 to 149 days	0.23	...	...	...
150 to 179 days	0.24	...	...	...
180 to 270 days	0.25	...	...	...

Dealer commercial paper

	Latest	Week ago	-52-WEEK-High	-52-WEEK-Low
30 days	n.q.	n.q.	n.q.	n.q.
60 days	n.q.	n.q.	n.q.	n.q.
90 days	n.q.	n.q.	n.q.	n.q.

Euro commercial paper

	Latest	Week ago	-52-WEEK-High	-52-WEEK-Low
30 day	0.01	0.01	0.24	0.01
Two month	0.01	0.01	0.01	0.01
Three month	0.03	0.04	0.95	0.03
Four month	0.06	n.q.	1.02	0.06
Five month	0.09	0.09	1.10	0.09
Six month	0.17	0.17	1.20	0.15

London interbank offered rate, or Libor

	Latest	Week ago	-52-WEEK-High	-52-WEEK-Low
One month	0.2090	0.20750	0.29630	0.20750
Three month	0.31150	0.31150	0.58250	0.31000
Six month	0.52700	0.52800	0.81200	0.52300

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 Banks;
 Federal funds rate is on reserves traded among commercial banks for overnight use in amounts of \$1 million or more;
 Call money rate is the charge on loans to brokers on stock-exchange collateral;
 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.

Syndicated Loans: Past Week's Biggest Movers

**RCAF Lump Sum Amortization
2013/Q1**

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hour	U.S. ST Hours	
Nat'l - UTU&UTU-YMD	2011Q4	2012Q2	\$24,266,164	0.07935	0.31741	305,798,449	2011
Nat'l - 9 unions ¹	2012Q1	2012Q2	\$17,931,840	0.05864	0.23456	305,798,449	2011
NS - BLET & ATDA	2012Q1	2012Q2				305,798,449	2011
CSX - BLET	2012Q1	2012Q2				305,798,449	2011
Nat'l - BLET	2012Q1	2012Q3	\$686,234	0.00224	0.00898	305,798,449	2011
Nat'l - BMWED	2012Q2	2012Q3	\$9,727,255	0.03181	0.12724	305,798,449	2011
UP - BLET&Yardmaster	2012Q3	2012Q4				305,798,449	2011
CNGT - 8 unions ²	2012Q4	2012Q4				305,798,449	2011
DH - 7 unions ³	2012Q4	2012Q4				305,798,449	2011
CNGT - 18 unions ⁴	2012Q4	2013Q1				305,798,449	2011
CSX - ATDA-East	2012Q1	2013Q1				305,798,449	2011
Total			\$136,383,669	0.44599			

Should be slightly less than amortized amount.

Fell out

CSX - ATDA-East	2011Q1	2012Q1				305,798,449	2011
DMIR - BLET	2011Q3	2012Q1				305,798,449	2011

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	0.105
2013/Q1	0.100
2013/Q2	
2013/Q3	
2013/Q4	

Lump Sum Adjustment for 2013/Q1 → 0.446273
or
0.446

¹ National ATDA, BRC, BRS, IAM, IBBM, IBEW, NCFO, SMW, TCU

² CNGT IAM; BLE NCFO; GTW BLET & NCFO; IC IBBM & NCFO & SMW; WC BRS

³ DH BLET, BMWED, BRS, IAM, NCFO, TCU, TCU-CAR

⁴ BLE IBEW, TCU-CAR; CCP TCU-CAR; DMIR IBEW, TCU-CAR; DWP IBEW; GTW IBEW, TCU; IC/CCP BRS, IBEW, TCU; IC TCU-CAR; and WC IBEW, TCU, TCU-CAR

**RCAF Back Pay Amortization
2013/Q1**

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hr.	U.S. ST Hours	
National - 10 unions ¹	2012Q1	2012Q2	\$114,213,459	0.37349260	1.49397	305,798,449	2011
DH - IAM	2012Q1	2012Q2				305,798,449	2011
National - IAM (ECS)	2012Q1	2012Q3	\$1,157,159	0.00378406	0.01514	305,798,449	2011
National - BMW E	2012Q2	2012Q3	\$74,232,926	0.24275115	0.97100	305,798,449	2011
UP - BLET	2012Q3	2012Q3				305,798,449	2011
DME - All	2012Q3	2012Q3				305,798,449	2011
CNGT - 18 unions ²	2012Q3	2012Q4				305,798,449	2011
DH - 7 unions ³	2012Q3	2012Q4				305,798,449	2011
UP - Yardmasters	2012Q4	2012Q4				305,798,449	2011
CNGT - 18 unions ⁴	2012Q4	2013Q1				305,798,449	2011
Total			\$238,445,225	0.77974635			

Should be slightly less than amortized amount.

Fell out

National - UTU & UTU-YMD	2011Q3	2012Q1	\$88,459,353	0.28927339	1.15709	305,798,449	2011
DMIR - BLET	2011Q3	2012Q1				305,798,449	2011
DME - BRS	2011Q3	2012Q1				305,798,449	2011
DH - UTU and UTU-YMD	2011Q3	2012Q1				305,798,449	2011

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	0.105
2013/Q1	0.100
2013/Q2	
2013/Q3	
2013/Q4	

Back Pay Adjustment for 2013/Q1 → **0.78023**
or
0.780

¹ National ATDA, BLET, BRS, IAM, IBBM, IBEW, NCFO, SMW, TCU, TCU-CAR

² CNGT IAM (6 unions); BLE NCFO; DMIR BLET, UTU; DWP BLET, UTU; GTW BLET, NCFO; IC IBBM, NCFO, SMW; WC BRS, UTU

³ DH BLET, BMW E, BRS, IAM, NCFO, TCU, TCU-CAR

⁴ BLE IBEW, TCU-CAR; CCP TCU-CAR; DMIR IBEW, TCU-CAR; DWP IBEW; GTW IBEW, TCU; IC/CCP BRS, IBEW, TCU; IC TCU-CAR; and WC IBEW, TCU, TCU-CAR

Health and Welfare

	Employees Receiving			Total 2011 Avg.	Total 2013
	Pay 2011	Monthly Contribution			
		2011 Avg.	2013		
1. All Employees					
a. Group health	165,098	\$1,401.06	\$1,350.36	\$231,312,203.88	\$222,941,735.28
b. Group dental	165,098	59.47	55.90	9,818,378.06	9,228,978.20
c. Early retirement major medical	165,098	164.41	139.04	27,143,762.18	22,955,225.92
d. Group vision	165,098	10.46	8.37	1,726,925.08	1,381,870.26
2. Supplemental Sickness					
a. Signalmen	7,226	25.62	30.74	185,130.12	222,127.24
b. Shopcrafts	24,752	48.28	48.28	1,195,026.56	1,195,026.56
c. MOW	25,419	36.52	32.87	928,301.88	835,522.53
d. Yardmasters	2,062	33.48	34.95	69,035.76	72,066.90
3. Short-Term Disability					
a. Engineers (CSX, KCS, SOO, UP)	13,665	40.00	40.00	546,600.00	546,600.00
4. Monthly Total Premiums				272,925,363.52	259,379,152.89
5. Monthly Employee Contributions To H&W					
a. National BLET (BNSF, CSX, KCS, NS, SOO, UP)	25,344	(\$200.00)	(\$198.00)	(\$5,068,800.00)	(\$5,018,112.00)
b. National BMW (BNSF, CSX, KCS, NS, SOO, UP)	23,694	(\$200.00)	(\$198.00)	(\$4,738,800.00)	(4,691,412.00)
c. National BRS (BNSF, CSX, KCS, NS, SOO, UP)	6,847	(\$200.00)	(\$198.00)	(\$1,369,400.00)	(1,355,706.00)
d. National IAM (BNSF, CSX, KCS, NS, SOO, UP)	6,740	(\$216.08)	(\$198.00)	(\$1,456,379.20)	(1,334,520.00)
e. National IBBM (BNSF, CSX, KCS, NS, SOO, UP)	1,316	(\$200.00)	(\$198.00)	(\$263,200.00)	(260,568.00)
f. National IBEW (BNSF, CSX, KCS, NS, SOO, UP)	5,272	(\$200.00)	(\$198.00)	(\$1,054,400.00)	(1,043,856.00)
g. National NCFO (BNSF, CSX, KCS, NS, SOO, UP)	2,350	(\$200.00)	(\$198.00)	(\$470,000.00)	(465,300.00)
h. National SMW (BNSF, CSX, KCS, NS, SOO, UP)	1,000	(\$200.00)	(\$198.00)	(\$200,000.00)	(198,000.00)
i. National TCU (BNSF, CSX, KCS, NS, SOO, UP)	6,068	(\$200.00)	(\$198.00)	(\$1,213,600.00)	(1,201,464.00)
j. National TCU-CAR (BNSF, CSX, KCS, NS, SOO, UP)	9,313	(\$200.00)	(\$198.00)	(\$1,862,600.00)	(1,843,974.00)
k. National UTU (BNSF, CSX, KCS, NS, SOO, UP)	39,481	(\$202.90)	(\$198.00)	(\$8,010,694.90)	(7,817,238.00)
l. Yardmasters (BNSF, CSX, KCS, NS, SOO, UP)	1,935	(\$202.12)	(\$198.00)	(\$391,102.20)	(383,130.00)
m. National ATDA (wt. avg. BNSF, CSX, KCS, NS, SOO)	1,799	(\$200.00)	(\$198.00)	(\$359,800.00)	(356,202.00)
n. Independent CNGT (wt avg all union categories)	6,135	(\$122.05)	(\$157.45)	(\$748,776.75)	(965,955.75)
o. Independent SLC (wt avg all DH & DME union categories)	1,319	(\$156.22)	(\$180.27)	(\$206,054.18)	(237,776.13)
p.					
Total Major Union	138,613			(\$27,413,607.23)	(\$27,173,213.88)
All Other Employee Contributions**				(\$3,065,489.94)	(\$3,065,489.94)
6. Net Employer Monthly Payments				\$242,446,266.35	\$229,140,449.07
7. Ratio Projected Year to Base Year, Based on Net Monthly Payments					0.94512
8. H&W hourly rate for base year 2011				\$8.428	
9. H&W hourly rate for projected quarter					\$7.965
9a. Adjustment for overpayment during 2012Q1 & Q2*					(\$0.200)
9b. Adjusted H&W hourly rate for projected quarter					\$7.765

* 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.

** Non-union employee contributions net of opt-outs. The \$27,413,607.23 in major union contributions, plus \$3,065,489.94 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

		2011 Pd.	East	West
Supplemental Sickness Plan:		Employees		
a. Signalmen	BRS	7,226	3,205	4,021
b. Shopcrafts	Total	24,752	10,217	14,535
	IBEW	5,501	2,096	3,405
	IBBM	1,389	518	871
	TCU-Car	9,858	4,464	5,394
	IAM	6,987	2,595	4,392
	SMW	1,017	544	473
c. MOW	BMWED	25,419	10,254	15,165
d. Yardmasters	UTU-YMD	2,062	1,178	884

Short-Term Disability Contribution:

a. Engineers	Total BLET	13,665	5,009	8,656
	CSX	5,009		
	KCS	509		
	UP	7,629		
	SOO	518		

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. BMWE	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)

RCAF "Back Pay" Amortization for Employer H&W Contributions
2013/Q1

	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) <small>from original calculation</small>	-0.19961314	-0.79845	305,798,449	2011

Should be slightly less than amortized amount.

Interest Rate	
2012/Q3	0.085
2012/Q4	0.105
2013/Q1	0.100
2013/Q2	

Back Pay Adjustment for 2013/Q1	→ -0.19974 or -0.200
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SCHEDULE: H&W Employer Overpayment Adjustment

Added 2012Q3

	Periods Remaining	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Back Pay				(\$0.79845)			
2012/Q3	4	0.085	0.0213	(\$0.59890)	(\$0.19972)	(\$0.00017)	(\$0.19955)
2012/Q4	3	0.105	0.0263	(\$0.39932)	(\$0.19974)	(\$0.00016)	(\$0.19958)
2013/Q1	2	0.100	0.0250	(\$0.19969)	(\$0.19974)	(\$0.00010)	(\$0.19964)
2013/Q2	1		0.0000	\$0.00000	(\$0.19969)	\$0.00000	(\$0.19969)

NATIONAL RAILWAY LABOR CONFERENCE

EMPLOYEE BENEFITS DEPARTMENT

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November 26, 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, 2013 are as follows:

Aetna - Supplemental Sickness Plans		
ShopCrafts (no change)	\$	48.28
Signalmen	\$	30.74
Maintenance of Way	\$	32.87
Trustmark - Supplemental Sickness Plans		
Yardmasters (no change)	\$	34.95
Railroad Employees National Health & Welfare Plan & National Railway Carriers/United Transportation Union H&W Plan Non-Hospital Road		\$1,350.36
Railroad Employees National Early Retirement Major Medical Benefit Plan Non-Hospital Road	\$	139.04
Aetna - National Dental Plan (no change)	\$	55.90
VSP - National Vision Plan	\$	8.37

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	2010	Tier I Maximum Taxable Earnings for 2013	113,700
Wage Statistics Year	2011	Tier II Maximum Taxable Earnings for 2013	84,300
Current Year	2013	Medicare Maximum Taxable Earnings for 2013	no limit
Employees Receiving Pay*	165,098	Tier I Employer Tax Rate for 2013	6.20%
* from 2011 wage statistics		Tier II Employer Tax Rate for 2013	12.60%
		Medicare Employer Tax Rate for 2013	1.45%

Note: The 2010 wage rate shown below is from the 2010 wage statistics that were revised November 2011.

USA RCAF	Wage Rate	Update Factor	Railroad Retirement Tax	Hourly Rate	
2010	\$33.913				
2011	\$34.752	1.02474	\$555,926,521	\$7.216	hourly rate from SUPPL2011.xlsx
1Q/2013	\$37.771	1.11376	\$615,382,007	\$7.988	Rate = Taxable Rate
2Q/2013		0.00000	--	\$0.000	
3Q/2013		0.00000	--	\$0.000	
4Q/2013		0.00000	--	\$0.000	

Railroad Retirement & Medicare, U.S.

From 2010 Earnings Distribution			1Q/2013 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	Tier II	Medicare	Total Taxable Earnings (Taxable x Employees)			
						Taxable	Taxable	Taxable	Tier I	Tier II	Medicare	
\$0 - 41,699	\$32,794	4.238 %	6,997	\$36,525	\$9,131	\$9,131	\$9,131	\$9,131	\$63,889,493	\$63,889,493	\$63,889,493	
41,700 - 43,699	\$42,800	1.310	2,163	47,669	11,917	11,917	11,917	11,917	25,774,435	25,774,435	25,774,435	
43,700 - 45,699	\$44,737	1.462	2,414	49,826	12,457	12,457	12,457	12,457	30,066,877	30,066,877	30,066,877	
45,700 - 47,699	\$46,787	2.117	3,495	52,110	13,027	13,027	13,027	13,027	45,532,359	45,532,359	45,532,359	
47,700 - 49,699	\$48,731	3.377	5,575	54,275	13,569	13,569	13,569	13,569	75,650,269	75,650,269	75,650,269	
49,700 - 51,699	\$50,781	5.847	9,653	56,558	14,139	14,139	14,139	14,139	136,492,390	136,492,390	136,492,390	
51,700 - 53,699	\$52,707	5.141	8,488	58,703	14,676	14,676	14,676	14,676	124,563,269	124,563,269	124,563,269	
53,700 - 55,699	\$54,705	5.040	8,321	60,928	15,232	15,232	15,232	15,232	126,745,238	126,745,238	126,745,238	
55,700 - 57,699	\$56,741	4.788	7,905	63,196	15,799	15,799	15,799	15,799	124,889,297	124,889,297	124,889,297	
57,700 - 59,699	\$58,792	4.133	6,824	65,480	16,370	16,370	16,370	16,370	111,701,173	111,701,173	111,701,173	
59,700 - 61,699	\$60,712	3.931	6,490	67,619	16,905	16,905	16,905	16,905	109,711,380	109,711,380	109,711,380	
61,700 - 63,699	\$62,715	4.032	6,657	69,850	17,462	17,462	17,462	17,462	116,242,795	116,242,795	116,242,795	
63,700 - 65,699	\$64,545	3.730	6,158	71,888	17,972	17,972	17,972	17,972	110,673,981	110,673,981	110,673,981	
65,700 - 67,699	\$66,535	2.671	4,410	74,104	18,526	18,526	18,526	18,526	81,695,502	81,695,502	81,695,502	
67,700 - 69,699	\$68,839	3.831	6,325	76,670	19,168	19,168	19,168	19,168	121,232,985	121,232,985	121,232,985	
69,700 - 71,699	\$70,621	3.175	5,242	78,655	19,664	19,664	19,664	19,664	103,074,607	103,074,607	103,074,607	
71,700 - 73,699	\$72,580	2.671	4,410	80,837	20,209	20,209	20,209	20,209	89,117,900	89,117,900	89,117,900	
73,700 - 75,699	\$74,566	3.982	6,574	83,049	20,762	20,762	20,762	20,762	136,494,828	136,494,828	136,494,828	
75,700 - 77,699	\$76,710	2.369	3,911	85,437	21,359	21,359	21,075	21,359	83,539,359	82,427,942	83,539,359	
77,700 - 79,699	\$78,473	2.268	3,744	87,400	21,850	21,850	21,075	21,850	81,815,841	78,913,707	81,815,841	
79,700 - 81,699	\$80,613	2.873	4,743	89,784	22,446	22,446	21,075	22,446	106,466,948	99,964,321	106,466,948	
81,700 - 83,699	\$82,701	2.671	4,410	92,109	23,027	23,027	21,075	23,027	101,545,047	92,935,852	101,545,047	
83,700 - 85,699	\$84,701	2.520	4,160	94,337	23,584	23,584	21,075	23,584	98,121,273	87,681,897	98,121,273	
85,700 - 87,699	\$86,591	2.369	3,911	96,442	24,110	24,110	21,075	24,110	94,300,047	82,427,942	94,300,047	
87,700 - 89,699	\$88,509	1.764	2,912	98,578	24,644	24,644	21,075	24,644	71,772,836	61,377,328	71,772,836	
89,700 - 91,699	\$90,575	2.167	3,578	100,879	25,220	25,220	21,075	25,220	90,228,004	75,399,472	90,228,004	
91,700 - 93,699	\$92,632	1.613	2,663	103,170	25,792	25,792	21,075	25,792	68,686,202	56,123,373	68,686,202	
93,700 - 95,699	\$94,761	1.008	1,664	105,541	26,385	26,385	21,075	26,385	43,910,083	35,072,759	43,910,083	
95,700 - 97,699	\$96,625	1.310	2,163	107,617	26,904	26,904	21,075	26,904	58,188,196	45,580,669	58,188,196	
97,700 - 99,699	\$98,617	1.109	1,831	109,836	27,459	27,459	21,075	27,459	50,275,619	38,586,993	50,275,619	
99,700 - 101,699	\$100,607	1.210	1,998	112,052	28,013	28,013	21,075	28,013	55,961,283	42,101,228	55,961,283	
101,700 - 103,699	\$102,747	1.058	1,747	114,436	28,609	28,609	21,075	28,609	49,650,995	36,812,479	49,972,251	
103,700 - 105,699	\$104,705	0.706	1,166	116,616	29,154	28,425	21,075	29,154	33,131,949	24,564,849	33,981,787	
105,700 - 107,699	\$106,587	0.806	1,331	118,713	29,678	28,425	21,075	29,678	37,824,860	28,044,289	39,492,386	
107,700 - 109,699	\$108,670	0.554	915	121,032	30,258	28,425	21,075	30,258	25,998,725	19,276,100	27,675,376	
109,700 - 111,699	\$110,636	0.504	832	123,222	30,806	28,425	21,075	30,806	23,652,270	17,536,379	25,633,098	
111,700 - 113,699	\$112,713	0.403	665	125,535	31,384	28,425	21,075	31,384	18,912,430	14,022,145	20,881,089	
113,700 - 115,699	\$114,669	0.202	333	127,714	31,928	28,425	21,075	31,928	9,479,680	7,028,470	10,648,084	
\$115,700 - over	\$181,962	5.040	8,321	202,662	50,666	28,425	21,075	50,666	<u>236,522,697</u>	<u>175,363,794</u>	<u>421,585,177</u>	
TOTAL	\$73,270	100.000	165,098						Total Taxable Earnings	3,173,533,120	2,934,790,764	3,368,228,764
									Employer Tax Rate	6.20%	12.60%	1.45%
									Quarterly Payment	\$196,759,053	\$369,783,636	\$48,839,317
									Total Tier I, Tier II, and Medicare Paid this Quarter			\$615,382,007

Railroad Retirement & Medicare, U.S.

From 2010 Earnings Distribution			2Q/2013 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	\$32,794	4.238 %	6,997	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
41,700 - 43,699	\$42,800	1.310	2,163	0	0	0	0	0	0	0	0	0	0
43,700 - 45,699	\$44,737	1.462	2,414	0	0	0	0	0	0	0	0	0	0
45,700 - 47,699	\$46,787	2.117	3,495	0	0	0	0	0	0	0	0	0	0
47,700 - 49,699	\$48,731	3.377	5,575	0	0	0	0	0	0	0	0	0	0
49,700 - 51,699	\$50,781	5.847	9,653	0	0	0	0	0	0	0	0	0	0
51,700 - 53,699	\$52,707	5.141	8,488	0	0	0	0	0	0	0	0	0	0
53,700 - 55,699	\$54,705	5.040	8,321	0	0	0	0	0	0	0	0	0	0
55,700 - 57,699	\$56,741	4.788	7,905	0	0	0	0	0	0	0	0	0	0
57,700 - 59,699	\$58,792	4.133	6,824	0	0	0	0	0	0	0	0	0	0
59,700 - 61,699	\$60,712	3.931	6,490	0	0	0	0	0	0	0	0	0	0
61,700 - 63,699	\$62,715	4.032	6,657	0	0	0	0	0	0	0	0	0	0
63,700 - 65,699	\$64,545	3.730	6,158	0	0	0	0	0	0	0	0	0	0
65,700 - 67,699	\$66,535	2.671	4,410	0	0	0	0	0	0	0	0	0	0
67,700 - 69,699	\$68,839	3.831	6,325	0	0	0	0	0	0	0	0	0	0
69,700 - 71,699	\$70,621	3.175	5,242	0	0	0	0	0	0	0	0	0	0
71,700 - 73,699	\$72,580	2.671	4,410	0	0	0	0	0	0	0	0	0	0
73,700 - 75,699	\$74,566	3.982	6,574	0	0	0	0	0	0	0	0	0	0
75,700 - 77,699	\$76,710	2.369	3,911	0	0	0	284	0	0	1,111,417	0	0	0
77,700 - 79,699	\$78,473	2.268	3,744	0	0	0	775	0	0	2,902,134	0	0	0
79,700 - 81,699	\$80,613	2.873	4,743	0	0	0	1,371	0	0	6,502,627	0	0	0
81,700 - 83,699	\$82,701	2.671	4,410	0	0	0	1,952	0	0	8,609,195	0	0	0
83,700 - 85,699	\$84,701	2.520	4,160	0	0	0	2,509	0	0	10,439,376	0	0	0
85,700 - 87,699	\$86,591	2.369	3,911	0	0	0	3,035	0	0	11,872,105	0	0	0
87,700 - 89,699	\$88,509	1.764	2,912	0	0	0	3,569	0	0	10,395,509	0	0	0
89,700 - 91,699	\$90,575	2.167	3,578	0	0	0	4,145	0	0	14,828,531	0	0	0
91,700 - 93,699	\$92,632	1.613	2,663	0	0	0	4,717	0	0	12,562,829	0	0	0
93,700 - 95,699	\$94,761	1.008	1,664	0	0	0	5,310	0	0	8,837,325	0	0	0
95,700 - 97,699	\$96,625	1.310	2,163	0	0	0	5,829	0	0	12,607,528	0	0	0
97,700 - 99,699	\$98,617	1.109	1,831	0	0	0	6,384	0	0	11,688,626	0	0	0
99,700 - 101,699	\$100,607	1.210	1,998	0	0	0	6,938	0	0	13,860,055	0	0	0
101,700 - 103,699	\$102,747	1.058	1,747	0	0	184	7,534	0	321,256	13,159,772	0	0	0
103,700 - 105,699	\$104,705	0.706	1,166	0	0	729	8,079	0	849,838	9,416,938	0	0	0
105,700 - 107,699	\$106,587	0.806	1,331	0	0	1,253	8,603	0	1,667,526	11,448,097	0	0	0
107,700 - 109,699	\$108,670	0.554	915	0	0	1,833	9,183	0	1,676,651	8,399,276	0	0	0
109,700 - 111,699	\$110,636	0.504	832	0	0	2,381	9,731	0	1,980,828	8,096,719	0	0	0
111,700 - 113,699	\$112,713	0.403	665	0	0	2,959	10,309	0	1,968,659	6,858,945	0	0	0
113,700 - 115,699	\$114,669	0.202	333	0	0	3,503	10,853	0	1,168,405	3,619,615	0	0	0
\$115,700 - over	\$181,962	5.040	8,321	0	0	22,241	21,075	0	185,062,480	175,363,794	0	0	0
TOTAL		100.000	165,098							194,695,644	362,580,411		0
										Employer Tax Rate	6.20%	12.60%	1.45%
										Quarterly Payment	\$12,071,130	\$45,685,132	\$0

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

\$57,756,262

Railroad Retirement & Medicare, U.S.

From 2010 Earnings Distribution			3Q/2013 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	\$32,794	4.238 %	6,997	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
41,700 - 43,699	\$42,800	1.310	2,163	0	0	0	0	0	0	0	0	0
43,700 - 45,699	\$44,737	1.462	2,414	0	0	0	0	0	0	0	0	0
45,700 - 47,699	\$46,787	2.117	3,495	0	0	0	0	0	0	0	0	0
47,700 - 49,699	\$48,731	3.377	5,575	0	0	0	0	0	0	0	0	0
49,700 - 51,699	\$50,781	5.847	9,653	0	0	0	0	0	0	0	0	0
51,700 - 53,699	\$52,707	5.141	8,488	0	0	0	0	0	0	0	0	0
53,700 - 55,699	\$54,705	5.040	8,321	0	0	0	0	0	0	0	0	0
55,700 - 57,699	\$56,741	4.788	7,905	0	0	0	0	0	0	0	0	0
57,700 - 59,699	\$58,792	4.133	6,824	0	0	0	0	0	0	0	0	0
59,700 - 61,699	\$60,712	3.931	6,490	0	0	0	0	0	0	0	0	0
61,700 - 63,699	\$62,715	4.032	6,657	0	0	0	0	0	0	0	0	0
63,700 - 65,699	\$64,545	3.730	6,158	0	0	0	0	0	0	0	0	0
65,700 - 67,699	\$66,535	2.671	4,410	0	0	0	0	0	0	0	0	0
67,700 - 69,699	\$68,839	3.831	6,325	0	0	0	0	0	0	0	0	0
69,700 - 71,699	\$70,621	3.175	5,242	0	0	0	0	0	0	0	0	0
71,700 - 73,699	\$72,580	2.671	4,410	0	0	0	0	0	0	0	0	0
73,700 - 75,699	\$74,566	3.982	6,574	0	0	0	0	0	0	0	0	0
75,700 - 77,699	\$76,710	2.369	3,911	0	0	0	0	0	0	0	0	0
77,700 - 79,699	\$78,473	2.268	3,744	0	0	0	0	0	0	0	0	0
79,700 - 81,699	\$80,613	2.873	4,743	0	0	0	0	0	0	0	0	0
81,700 - 83,699	\$82,701	2.671	4,410	0	0	0	0	0	0	0	0	0
83,700 - 85,699	\$84,701	2.520	4,160	0	0	0	0	0	0	0	0	0
85,700 - 87,699	\$86,591	2.369	3,911	0	0	0	0	0	0	0	0	0
87,700 - 89,699	\$88,509	1.764	2,912	0	0	0	0	0	0	0	0	0
89,700 - 91,699	\$90,575	2.167	3,578	0	0	0	0	0	0	0	0	0
91,700 - 93,699	\$92,632	1.613	2,663	0	0	0	0	0	0	0	0	0
93,700 - 95,699	\$94,761	1.008	1,664	0	0	0	0	0	0	0	0	0
95,700 - 97,699	\$96,625	1.310	2,163	0	0	0	0	0	0	0	0	0
97,700 - 99,699	\$98,617	1.109	1,831	0	0	0	0	0	0	0	0	0
99,700 - 101,699	\$100,607	1.210	1,998	0	0	0	0	0	0	0	0	0
101,700 - 103,699	\$102,747	1.058	1,747	0	0	0	0	0	0	0	0	0
103,700 - 105,699	\$104,705	0.706	1,166	0	0	0	0	0	0	0	0	0
105,700 - 107,699	\$106,587	0.806	1,331	0	0	0	0	0	0	0	0	0
107,700 - 109,699	\$108,670	0.554	915	0	0	0	0	0	0	0	0	0
109,700 - 111,699	\$110,636	0.504	832	0	0	0	0	0	0	0	0	0
111,700 - 113,699	\$112,713	0.403	665	0	0	0	0	0	0	0	0	0
113,700 - 115,699	\$114,669	0.202	333	0	0	0	0	0	0	0	0	0
\$115,700 - over	\$181,962	5.040	8,321	0	0	0	8,516	0	0	70,857,589	0	0
TOTAL		100.000	165,098				Total Taxable Earnings			0	70,857,589	0
							Employer Tax Rate			6.20%	12.60%	1.45%
							Quarterly Payment			\$0	\$8,928,056	\$0

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

\$8,928,056

Railroad Retirement & Medicare, U.S.

From 2010 Earnings Distribution			4Q/2013 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	\$32,794	4.238 %	6,997	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
41,700 - 43,699	\$42,800	1.310	2,163	0	0	0	0	0	0	0	0	0
43,700 - 45,699	\$44,737	1.462	2,414	0	0	0	0	0	0	0	0	0
45,700 - 47,699	\$46,787	2.117	3,495	0	0	0	0	0	0	0	0	0
47,700 - 49,699	\$48,731	3.377	5,575	0	0	0	0	0	0	0	0	0
49,700 - 51,699	\$50,781	5.847	9,653	0	0	0	0	0	0	0	0	0
51,700 - 53,699	\$52,707	5.141	8,488	0	0	0	0	0	0	0	0	0
53,700 - 55,699	\$54,705	5.040	8,321	0	0	0	0	0	0	0	0	0
55,700 - 57,699	\$56,741	4.788	7,905	0	0	0	0	0	0	0	0	0
57,700 - 59,699	\$58,792	4.133	6,824	0	0	0	0	0	0	0	0	0
59,700 - 61,699	\$60,712	3.931	6,490	0	0	0	0	0	0	0	0	0
61,700 - 63,699	\$62,715	4.032	6,657	0	0	0	0	0	0	0	0	0
63,700 - 65,699	\$64,545	3.730	6,158	0	0	0	0	0	0	0	0	0
65,700 - 67,699	\$66,535	2.671	4,410	0	0	0	0	0	0	0	0	0
67,700 - 69,699	\$68,839	3.831	6,325	0	0	0	0	0	0	0	0	0
69,700 - 71,699	\$70,621	3.175	5,242	0	0	0	0	0	0	0	0	0
71,700 - 73,699	\$72,580	2.671	4,410	0	0	0	0	0	0	0	0	0
73,700 - 75,699	\$74,566	3.982	6,574	0	0	0	0	0	0	0	0	0
75,700 - 77,699	\$76,710	2.369	3,911	0	0	0	0	0	0	0	0	0
77,700 - 79,699	\$78,473	2.268	3,744	0	0	0	0	0	0	0	0	0
79,700 - 81,699	\$80,613	2.873	4,743	0	0	0	0	0	0	0	0	0
81,700 - 83,699	\$82,701	2.671	4,410	0	0	0	0	0	0	0	0	0
83,700 - 85,699	\$84,701	2.520	4,160	0	0	0	0	0	0	0	0	0
85,700 - 87,699	\$86,591	2.369	3,911	0	0	0	0	0	0	0	0	0
87,700 - 89,699	\$88,509	1.764	2,912	0	0	0	0	0	0	0	0	0
89,700 - 91,699	\$90,575	2.167	3,578	0	0	0	0	0	0	0	0	0
91,700 - 93,699	\$92,632	1.613	2,663	0	0	0	0	0	0	0	0	0
93,700 - 95,699	\$94,761	1.008	1,664	0	0	0	0	0	0	0	0	0
95,700 - 97,699	\$96,625	1.310	2,163	0	0	0	0	0	0	0	0	0
97,700 - 99,699	\$98,617	1.109	1,831	0	0	0	0	0	0	0	0	0
99,700 - 101,699	\$100,607	1.210	1,998	0	0	0	0	0	0	0	0	0
101,700 - 103,699	\$102,747	1.058	1,747	0	0	0	0	0	0	0	0	0
103,700 - 105,699	\$104,705	0.706	1,166	0	0	0	0	0	0	0	0	0
105,700 - 107,699	\$106,587	0.806	1,331	0	0	0	0	0	0	0	0	0
107,700 - 109,699	\$108,670	0.554	915	0	0	0	0	0	0	0	0	0
109,700 - 111,699	\$110,636	0.504	832	0	0	0	0	0	0	0	0	0
111,700 - 113,699	\$112,713	0.403	665	0	0	0	0	0	0	0	0	0
113,700 - 115,699	\$114,669	0.202	333	0	0	0	0	0	0	0	0	0
\$115,700 - over	\$181,962	5.040	8,321	0	0	0	0	0	0	0	0	0
TOTAL		100.000	165,098							0	0	0
										Total Taxable Earnings	0	0
										Employer Tax Rate	6.20%	12.60%
										Quarterly Payment	\$0	\$0
										Total Tier I, Tier II, and Medicare Paid this Quarter		\$0



RRB News

U.S. Railroad Retirement Board

844 North Rush Street Chicago, Illinois 60611-2092

www.rrb.gov
877-772-5772 general information

Public Affairs
312-751-4777 media inquiries

No. 12-16

For Immediate Release
December 2012

Railroad Retirement and Unemployment Insurance Taxes in 2013

The amounts of compensation subject to railroad retirement tier I and tier II payroll taxes will increase in 2013. The tier I tax rates will remain the same on railroad employers, while railroad employees will see their effective tier I rate increase from 5.65 percent to 7.65 percent. The tier II tax rate on both employers and employees will increase by 0.5 percent. Also, railroad unemployment insurance tax rates paid by employers will not include a surcharge in 2013.

Tier I and Medicare Tax.--The railroad retirement tier I payroll tax rate on covered rail employers for the year 2013 remains at 7.65 percent. However, railroad employees will see their effective tier I rate increase from 5.65 percent to 7.65 percent. Legislation enacted in 2011 and 2012 provided for a temporary reduction of 2 percentage points in the social security payroll tax paid by employees, but that is currently scheduled to expire at the end of 2012. The railroad retirement tier I tax rate is the same as the social security tax, and for withholding and reporting purposes is divided into 6.20 percent for retirement and 1.45 percent for Medicare hospital insurance. The maximum amount of an employee's earnings subject to the 6.20 percent rate increases from \$110,100 to \$113,700 in 2013, but there is no maximum on earnings subject to the 1.45 percent Medicare rate.

The Medicare payroll tax on high-income earners will also be increasing. Starting in 2013, an additional tax of 0.9 percent will be due on an individual's income exceeding \$200,000, or \$250,000 for a married couple filing a joint tax return. While employers will begin withholding the additional Medicare tax as soon as an individual's wages exceed the \$200,000 threshold, the final amount owed or refunded will be calculated as part of the individual's Federal income tax return.

Tier II Tax.--The railroad retirement tier II tax rate on employees will increase to 4.4 percent in 2013, up from 3.9 percent, and the employers' rate will increase to 12.6 percent from 12.1 percent. The maximum amount of earnings subject to railroad retirement tier II taxes will increase from \$81,900 to \$84,300 in 2013. Since 2004, tier II tax rates are based on an average account benefits ratio

(More)

reflecting railroad retirement fund levels. Depending on this ratio, the tier II tax rate for employees can be between 0 percent and 4.9 percent, while the tier II rate for employers can range between 8.2 percent and 22.1 percent.

Unemployment Insurance Tax.--Employers, but not employees, pay railroad unemployment insurance taxes, which are experience-rated by employer. The Railroad Unemployment Insurance Act also provides for a surcharge in the event the Railroad Unemployment Insurance Account balance falls below an indexed threshold amount, and a surcharge of 1.5 percent applied in 2012. The accrual balance of the Railroad Unemployment Insurance Account was more than \$184.9 million on June 30, 2012. Since the balance exceeded the indexed threshold of \$137.3 million, no surcharge applies to the basic tax rates for 2013. A surcharge of 2.5 percent applied in 2011, with a surcharge of 1.5 percent in the years 2004-2010.

As a result, the unemployment insurance tax rates on railroad employers in 2013 will range from the minimum basic rate of 0.65 percent to the maximum of 12 percent on monthly compensation up to \$1,405, an increase from \$1,365 in 2012.

In 2013, the minimum rate of 0.65 percent will apply to 74 percent of covered employers, with 10 percent paying the maximum rate of 12 percent.

During the year, new employers will pay an initial tax rate of 3.69 percent, which represents the average rate paid by all employers in the period 2009-2011.

###

RCAF Unemployment Insurance Tax

	<u>Unemployment Ins.</u> Tax Rate	<u>Earnings</u> Base	Hourly Earnings	RRB Sample Year	Factor To Update RRB Sample	Avg. Ann. Taxable Earnings	Un. Ins. Hourly Rate
			\$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	\$0.273
3Q/11 reb.	7.10%	\$15,960	\$34.350		0.997271	\$15,055.23	\$0.595
4Q/11	7.10%	\$15,960	\$34.347		0.997184	\$15,055.18	\$0.595
1Q/12	5.00%	\$16,380	\$35.205		1.022094	\$15,450.63	\$0.430
2Q/12	5.00%	\$16,380	\$36.076		1.047381	\$15,464.39	\$0.430
3Q/12	5.00%	\$16,380	\$37.569		1.090727	\$15,487.33	\$0.431
			\$33.913	(2010)			
2011 Avg.	7.10%	\$15,960	\$34.752		1.024740	\$15,110.68	\$0.595
3Q/12 reb.	5.00%	\$16,380	\$37.546		1.107127	\$15,534.63	\$0.431
4Q/12	5.00%	\$16,380	\$37.613		1.109103	\$15,535.53	\$0.431
1Q/13	0.67%	\$16,860	\$37.771		1.113762	\$15,978.07	\$0.059
2Q/13					0.000000		\$0.000
3Q/13					0.000000		\$0.000

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	2553	38577560.13	15110.68
QTRLY_US	2553	40792022.65	15978.07

The MEANS Procedure

Variable	N	Sum	Mean
FactorA	2553	2616.16	1.0247400
FactorQ	2553	2843.43	1.1137620
Capa	2553	40745880.00	15960.00
Capq	2553	43043580.00	16860.00



ASSOCIATION OF AMERICAN RAILROADS

MEMORANDUM

TO: File
FROM: Shou-Lien Liu
cc: Clyde Crimmel
DATE: November 16, 2012
RE: Unemployment Insurance Tax Rate for 2013

Unemployment Insurance rates for 2013 can range from a minimum of 0.65 percent to a maximum of 12 percent on monthly earnings up to \$1,405. No surcharge will be in effect for 2013. Marla Huddleston, Chief, Division of Benefit and Employment Analysis at the Railroad Retirement Board, said in her November 15 e-mail that the weighted average 2013 Unemployment Insurance rate for Class I railroads is **0.67 percent** which includes Delaware and Hudson Railway (D&H) and Dakota, Minnesota & Eastern Railroad Corporation (DME).



U.S. Energy Information Administration

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Summary

Crude Oil

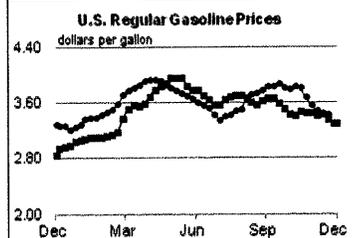
Gasoline

Distillate

Propane

Scroll over labels below to see different charts.

Retail Prices (Dollars per Gallon)



Retail Prices	Change From Last	
	11/19/12	Week Year
Gasoline	3.429	↓ -0.020 ↑ 0.061
Diesel Fuel	3.976	↓ -0.004 ↓ -0.034
Heating Oil	3.976	↓ -0.005 ↑ 0.041
Propane	2.406	↑ 0.005 ↓ -0.434

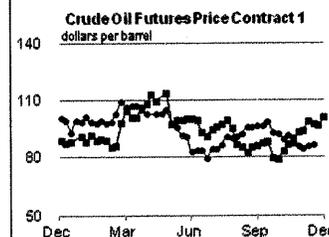
Released: November 21, 2012
 Next Release: November 28, 2012

Distillate Market Tightness Continues in Northeast

Inventories of distillate fuel remain below seasonally typical levels in the Northeast, a region that includes New England and the Middle Atlantic states. Stocks of distillate fuel, including both diesel fuel and heating oil, are closely watched in this region, which is home to 80 percent of U.S. households that consume heating oil. As discussed in the [October 11 edition of This Week in Petroleum \(TWIP\)](#), the pull on distillate supplies from global markets and backwardation in heating oil prices for future delivery have both discouraged inventory builds in the Northeast. More recently, [Hurricane Sandy](#) disrupted shipments of petroleum products into the Northeast, further limiting distillate inventory builds. However, additional distillate fuel supplies are likely to become available in the region over the coming weeks with the restart of refineries in the New York Harbor area and an increase in shipments from the Gulf Coast.

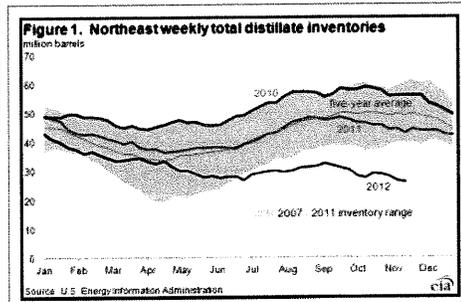
Distillate fuel inventories in the Northeast fell in nine of the last ten weeks to 26.1 million barrels on November 16 (Figure 1). Inventories are now 6.3 million barrels (20 percent) lower than they were on September 7, and 23.1 million barrels (47 percent) below the five-year average. About 40 percent of the 6-million-barrel draw has taken place in the three weeks since Hurricane Sandy, as storm-related damage to terminal, pipeline, and refinery infrastructure has limited product flows into the Northeast.

Futures Prices (Dollars per Gallon*)



Futures Prices	Change From Last	
	11/16/12	Week Year
Crude Oil	86.67	↑ 0.60 ↓ -10.74
Gasoline	2.710	↑ 0.011 ↑ 0.232
Heating Oil	2.987	↓ -0.019 ↓ -0.046

*Note: Crude Oil Price in Dollars per Barrel.



Recent draws are only one part of the Northeast distillate inventory story. In 2012, distillate inventories did not increase over the summer months as they typically do, and as a result were low heading into autumn. From 2007 to 2011, distillate fuel inventories in the Northeast typically increased by about 16.3 million barrels (48 percent) from late April through late September, before leveling off between late September and Thanksgiving. Draws have historically picked up in December as colder weather takes hold in the Northeast. This year, a strong global distillate market lifted prices for heating oil in Europe above prices in New York Harbor during the spring, encouraging distillate exports from the Northeast. Year-to-date in 2012, distillate exports from the East Coast have averaged 138,000 barrels per day (bbl/d), a 49,000-bbl/d (54-percent) increase compared to the same period in 2011. Higher exports contributed to the 2.4-million-barrel decline in inventories from late April through late September.

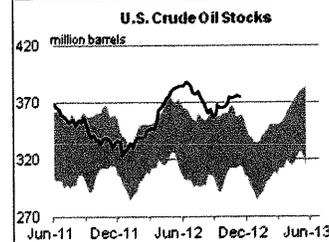
There are some signs that supplies of distillate in the Northeast could increase in the next few weeks. As of November 16, weekly data indicated that refinery runs on the East Coast were 218,000 bbl/d below their pre-storm four-week average level. However, the 70,000-bbl/d Hess Port Reading refinery has recently begun to operate. Also, Phillips 66 has reported plans for its 238,000-bbl/d Bayway Refinery in Linden, New Jersey to be partially operational late this month, adding more locally produced distillate supplies to the New York Harbor market.

Additionally, distillate price spreads between New York Harbor and other major product hubs could attract products to New York. As of November 20, heating oil in New York Harbor was trading at premiums of four cents per gallon and five cents per gallon to Europe's Amsterdam-Rotterdam-Antwerp (ARA) hub and the U.S. Gulf Coast, respectively. It is unlikely that the differentials to ARA will encourage significant shipments of distillate from Europe to the Northeast; in the short term, however, it will likely discourage flows the opposite way.

Backwardation (where futures contracts settling in the prompt month are trading at a higher value than those settling further in the future) on the front end of the heating oil futures curve has also moderated, lessening the short-term incentive to sell inventories into the prompt market. On October 29, the prompt November futures contract sold at a 5-cent-per-gallon premium to the contract settling in January, which is much stronger backwardation than typically is seen during October. However, backwardation declined sharply with the rolling of the prompt contract to December and with regulatory waivers easing supply concerns. As of November 20, the prompt contract was selling at a penny-per-gallon discount to the third-month contract, which is now for delivery in February.

Despite possible easing in the Northeast distillate market in the coming weeks, the heating season typically gathers steam in December. Over the past five years, consumption of distillate fuel increased by an average of 181,000 bbl/d from November to December in [Petroleum Administration for Defense District \(PADD\) 1](#) which includes the Lower Atlantic states as well as the Northeast. The increase typically resulted in a draw from Northeast distillate inventories in December of 4.4 million barrels. However, this year, demand growth is uncertain. The residential heating oil market has been in structural decline over the last decade as many consumers have switched to more economically competitive fuels for space heating, such as natural gas. With the heating oil market shrinking, fewer inventories are needed to cover space heating demand. While the magnitude of the decline in heating oil demand is unclear, inventories are likely still below historical levels on a demand-cover basis, but more adequate than what current levels relative to a five-year average suggest. Additionally, the extent to which Hurricane Sandy affected distillate demand is not yet evident. Weather also adds uncertainty to expectations of heating oil demand. Based on the National Oceanic and Atmospheric Administration forecast, in its [\(November Short-Term Energy Outlook\)](#) the U.S. Energy Information Administration

Stocks (Million Barrels)



Stocks	Change From Last	
	11/16/12	Week Year
Crude Oil	374.5	↓ -1.5 ↑ 43.7
Gasoline	200.4	↓ -1.5 ↓ -9.2
Distillate	112.8	↓ -2.7 ↓ -20.1
Propane	72.666	↓ -0.517 ↑ 13.281

projects heating degree days in the Northeast will be about 20 percent higher than last winter, but about 2 percent lower than the 30-year normal. Significant deviations from this forecast could affect heating oil demand, inventories, and prices.

Gasoline prices fall for a sixth straight week, diesel fuel for a fifth

The U.S. average retail price of regular gasoline decreased two cents last week to \$3.43 per gallon, six cents higher than last year at this time. The largest decrease came on the West Coast for the fourth consecutive week, with the price down eight cents from last week to \$3.71 per gallon. The Rocky Mountain price dropped a nickel from last week to \$3.51 per gallon. East of the Rockies, the East Coast price is now \$3.48 per gallon, down a penny from last week. The Gulf Coast price remains the lowest in the Nation at \$3.17 per gallon, a decrease of four cents per gallon. Going against the trend, the Midwest price increased a penny to \$3.34 per gallon.

The national average diesel fuel price decreased less than a penny to remain at \$3.98 per gallon, three cents lower than last year at this time. The largest decrease came in the Rocky Mountain region, where the price fell five cents to \$4.06 per gallon. The West Coast price is now \$4.09 per gallon, four cents lower than last week. Down a penny, the Gulf Coast price is \$3.87 per gallon. The Midwest price is up less than a penny to remain at \$3.91 per gallon, and the East Coast price increased two cents to \$4.05 per gallon.

Propane inventories fall again

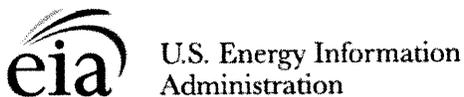
Total U.S. inventories of propane dropped 0.5 million barrels last week to end at 72.7 million barrels, 22 percent higher than a year ago. The Midwest region led the decline, withdrawing 0.8 million barrels. Meanwhile, East Coast stocks fell 0.2 million barrels and Rocky Mountain/West Coast stocks fell slightly. The Gulf Coast region added 0.5 million barrels of propane inventory. Propylene non-fuel-use inventories represented 5.8 percent of total propane inventories.

Residential heating oil and propane prices show little change

Residential heating oil prices remained flat during the period ending November 19, 2012. The average residential heating oil price fell a fraction of a cent to remain at \$3.98 per gallon for the third week in a row, 4 cents per gallon higher than the same time last year. Wholesale heating oil prices rose by 4 cents per gallon last week to reach \$3.21 per gallon, almost 8 cents per gallon more than last year at this time.

The average residential propane price increased by less than a penny last week to \$2.41 per gallon, 43 cents per gallon lower than the same period last year. Wholesale propane prices decreased by a penny to just under \$0.95 per gallon for the week ending November 19, 2012, almost 53 cents per gallon lower than the November 21, 2011 price.

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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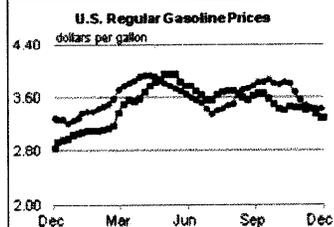
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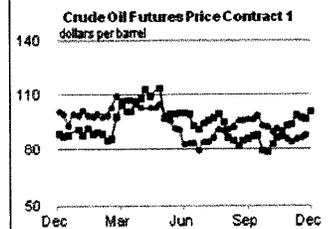
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Retail Prices (Dollars per Gallon)



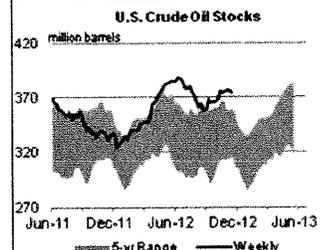
	Retail Prices	Change From Last
	11/26/12	Week Year
Gasoline	3.176	↑ 3.133 ; ↑ 3.1463
Diesel Fuel	7.1367	↑ 3.138 ; ↑ 3.13 : 3
Heating Oil	7.1337	↑ 3.135 < ↑ 3.143 ;
Propane	5.1747	↑ 3.133 < ↓ 0.1765

Futures Prices (Dollars per Gallon*)



	Futures Prices	Change From Last
	11/23/12	Week Year
Crude Oil	101.35	↑ 4.194 ↓ 0.17 <
Gasoline	51.77	↑ 3.1367 ↑ 3.15 < 8
Heating Oil	61.3	↑ 3.13 < 3 ↑ 3.14 8.3

Stocks (Million Barrels)



	Stocks	Change From Last
	11/23/12	Week Year
Crude Oil	373.4	↓ 0.316 ↓ 6 < 17
Gasoline	537.16	↑ 6.1 < ↓ 0.819
Distillate	445.13	↓ 0.31 ↓ 0.5917
Propane	51.7	↑ 3.14 ; 4 ↑ 4.613 : 9

Crude Oil

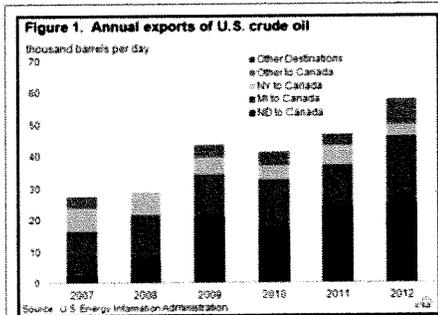
Released: November 28, 2012
 Next Release: December 5, 2012

Market Implications of Increased Domestic Production of Light Sweet Crude Oil

Rising domestic production of light sweet crude oil, especially from tight oil formations in North Dakota and Texas, is already leading to adjustments in oil markets. U.S. Gulf Coast refineries are using these high-quality domestically produced streams to replace imported oil from West Africa and other sources. Flows of light sweet crude oil via rail to both East and West Coast refineries are also increasing.

If U.S. light sweet crude oil production continues to rise strongly over the next several years, Gulf Coast refiners may be able to satisfy all of their current demand for light sweet crude oil with domestic production. Gulf Coast refiners could probably absorb additional volumes of light sweet crude oil to replace some imports of heavier crude oil streams that many of the refineries in the region are designed to use, but this could reduce the production of some high-value products and also reduce operating rates of some sophisticated refinery units used to convert low-quality, lower-priced heavy crudes into high-value products. Traditional price premiums for light crude would probably have to fall to incentivize such behavior. For this reason, increased exports may be a more attractive option for producers if an excess of light sweet crude oil in the Gulf Coast market actually develops. In the November Short-Term Energy Outlook, the U.S. Energy Information Administration (EIA) projected that U.S. crude oil production will reach 6.85 million barrels per day (bbl/d) in 2013, a 0.52-million-bbl/d increase from the 2012 level that is itself projected to be 0.78 million bbl/d above the 2011 level.

Currently, crude oil produced in the United States can be exported only when a license is granted by the Bureau of Industry and Security (BIS), which is a part of the U.S. Department of Commerce, under regulations promulgated in the Code of Federal Regulations Title 15 Part 754.2. Notwithstanding these requirements, export volumes are growing. Year-to-date (through August) exports of crude oil averaged 58,000 bbl/d, more than twice the volume exported in 2007 (Figure 1). Most exported crude oil is shipped from the Midwest to Canada.



According to the regulation, BIS will approve applications to export crude oil for the following kinds of transactions if BIS determines that the export is consistent with the specific requirements pertinent to that export:

- Exports from Alaska's Cook Inlet
- Exports to Canada for consumption or use therein
- Exports in connection with refining or exchange of Strategic Petroleum Reserve oil
- Exports of 25,000 bbl/d of California heavy crude oil
- Exports that are consistent with findings made by the president under an applicable statute
- Exports of foreign-origin crude oil where, based on written documentation satisfactory to BIS, the exporter can demonstrate that the oil is not of U.S. origin and has not been commingled with oil of U.S. origin.

Outside of these conditions, the regulation stipulates that BIS will review all other applications to export crude oil on a case-by-

case basis, and will approve such applications if it determines that the proposed export is consistent with the national interest and the purposes of the Energy Policy and Conservation Act (EPCA). License exceptions are provided for certain types of crude oil exports, including Alaska North Slope crude transported through the Trans-Alaska Pipeline System.

When BIS grants a license to export crude oil, the license is granted for a defined period of time, limited to one year from date of issue, and for a specific dollar value, as opposed to a specific volume of crude oil. Licenses for export of crude oil to Canada are regularly requested, and BIS is obligated by statute to approve such requests so long as they meet the requirement that the crude oil be processed in Canada, rather than stored and then re-exported.

As noted, exports of crude oil from the United States have been increasing and, at 58,000 bbl/d year-to-date through August, are on pace to be the highest since 1999, when the United States exported 118,000 bbl/d of crude oil, more than half of which came from Alaska. Most of the growth in export volumes has come from North Dakota. Year-to-date through August, North Dakota has exported 25,000 bbl/d of crude oil to Canada, up from just 2,000 bbl/d in 2007. Prior to the growth in North Dakota exports, the largest volumes came from Michigan for processing in refineries in Samia, Ontario. Other significant export flows from the United States to Canada have come from New York. Prior to 2007, licenses were also granted to export Alaskan North Slope crude to the Pacific Rim countries, most notably South Korea. Some limited volumes have also gone to Latin American countries such as Mexico and Costa Rica.

Since 2011, applications received by BIS to export crude have increased along with the increase in light sweet crude production from tight oil formations in Texas and North Dakota (Eagle Ford and Bakken). As light sweet crude oil production in the United States continues to increase, applications to export crude oil are also likely to rise.

Gasoline and diesel fuel prices both increase

The U.S. average retail price of regular gasoline increased a penny last week to \$3.44 per gallon, 13 cents higher than last year at this time. Prices east of the Rockies increased, while those in the West decreased. The largest increase came in the Midwest, where the average price rose four cents to \$3.39 per gallon, while both the East Coast and Gulf Coast prices increased a penny, to \$3.49 per gallon and \$3.17 per gallon, respectively. The Rocky Mountain price is now \$3.47 per gallon and the West Coast price is \$3.67 per gallon, both decreases of four cents from last week.

The national average diesel fuel price increased six cents to \$4.03 per gallon, seven cents higher than last year at this time. The only decrease came in the Rocky Mountain region, where the price is down less than a penny to remain at \$4.06 per gallon. The largest increase came in the Midwest, where the price increased 11 cents to \$4.02 per gallon. The East and Gulf Coast prices both increased four cents, to \$4.09 per gallon and \$3.90 per gallon, respectively. The Gulf Coast is now the only region where the price is less than \$4 per gallon. Rounding out the regions, the West Coast price remains the highest in the Nation at \$4.12 per gallon, an increase of two cents from last week.

Propane inventories post unseasonal build

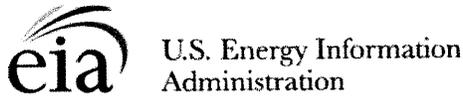
Total U.S. inventories of propane increased 0.2 million barrels last week to end at 72.8 million barrels, 22 percent higher than the same week a year ago. The Gulf Coast region led the gain, with 0.5 million barrels. Meanwhile, Midwest, Rocky Mountain/West Coast, and East Coast stocks each fell 0.1 million barrels. Propylene non-fuel-use inventories represented 5.8 percent of total propane inventories.

Residential heating fuel prices increase, wholesale changes mixed

Residential heating oil prices increased during the period ending November 26, 2012. The average residential heating oil price increased by 3 cents to \$4.00 per gallon, nearly 11 cents per gallon higher than the same time last year. Wholesale heating oil prices rose less than 5 cents per gallon last week to reach \$3.25 per gallon, almost 19 cents per gallon more than last year at this time.

The average residential propane price increased by less than a penny last week to slightly more than \$2.41 per gallon, 43 cents per gallon lower than the same period last year. Wholesale propane prices decreased by 2 cents to \$0.92 per gallon for the week ending November 26, 2012, 53 cents per gallon lower than the November 28, 2011 price.

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



PETROLEUM & OTHER LIQUIDS

OVERVIEW DATA ANALYSIS & PROJECTIONS

GLOSSARY FAQS

This Week In Petroleum

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

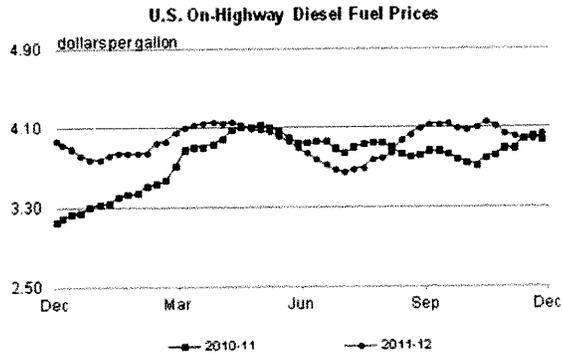
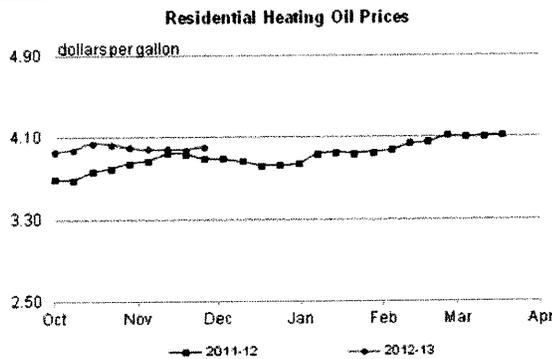
Summary Prices Crude Oil Stocks Gasoline Production Distillate Imports Propane Demand

Residential Heating Oil Prices (Dollars per Gallon)

	Residential Heating Oil Prices							more data
	Most Recent							Year Ago
	10/15/12	10/22/12	10/29/12	11/05/12	11/12/12	11/19/12	11/26/12	11/28/11
Average	4.037	4.030	3.993	3.983	3.981	3.975	4.004	3.896
East Coast (PADD 1)	4.048	4.046	4.012	4.005	4.003	3.995	4.020	3.919
New England (PADD 1A)	4.018	4.026	3.982	3.958	3.944	3.930	3.961	3.900
Central Atlantic (PADD 1B)	4.115	4.106	4.079	4.086	4.094	4.091	4.112	3.976
Lower Atlantic (PADD 1C)	3.773	3.767	3.757	3.768	3.770	3.756	3.783	3.697
Midwest (PADD 2)	3.889	3.832	3.748	3.698	3.707	3.725	3.793	3.603

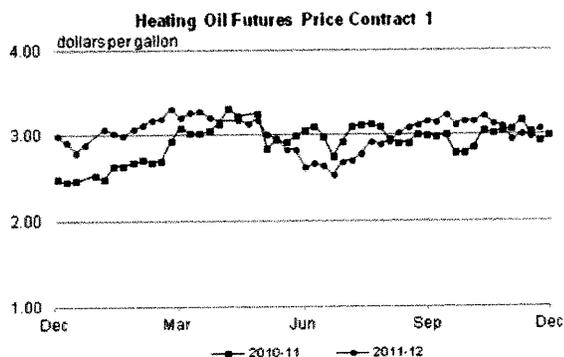
On-Highway Diesel Fuel Prices (Dollars per Gallon)

	On-Highway Diesel Fuel Prices							more data
	Most Recent							Year Ago
	10/15/12	10/22/12	10/29/12	11/05/12	11/12/12	11/19/12	11/26/12	11/28/11
U.S.	4.150	4.116	4.030	4.010	3.980	3.976	4.034	3.964
East Coast (PADD 1)	4.128	4.108	4.036	4.034	4.037	4.052	4.092	3.953
New England (PADD 1A)	4.238	4.243	4.205	4.211	4.198	4.197	4.203	4.045
Central Atlantic (PADD 1B)	4.208	4.203	4.149	4.155	4.165	4.171	4.203	4.057
Lower Atlantic (PADD 1C)	4.047	4.011	3.921	3.910	3.912	3.935	3.990	3.882
Midwest (PADD 2)	4.150	4.101	3.984	3.959	3.908	3.909	4.023	3.949
Gulf Coast (PADD 3)	4.022	3.999	3.945	3.920	3.875	3.865	3.902	3.859
Rocky Mountain (PADD 4)	4.268	4.243	4.195	4.160	4.104	4.059	4.057	4.094
West Coast (PADD 5)	4.346	4.298	4.187	4.153	4.131	4.094	4.115	4.142
California	4.437	4.385	4.268	4.225	4.160	4.142	4.153	4.224



Heating Oil Futures Prices (Dollars per Gallon)

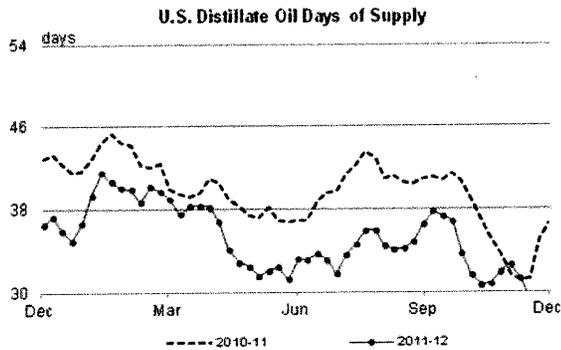
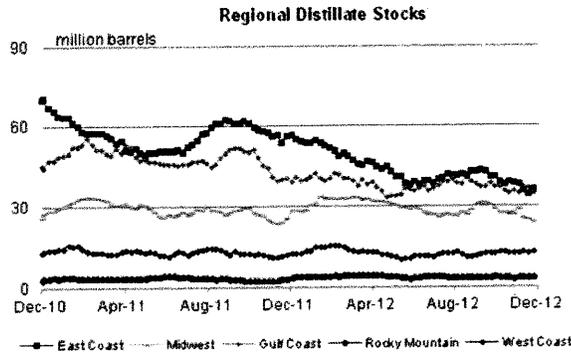
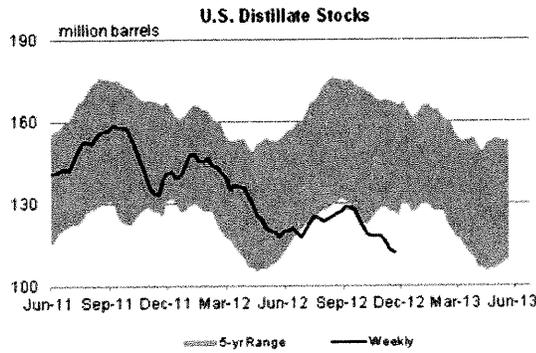
	Heating Oil Futures Prices							more data
	Most Recent							Year Ago
	10/12/12	10/19/12	10/26/12	11/02/12	11/09/12	11/16/12	11/23/12	11/25/11
Contract 1	3.224	3.135	3.098	2.947	3.006	2.987	3.077	2.927
Contract 2	3.203	3.118	3.076	2.952	3.011	2.995	3.086	2.941
Contract 3	3.181	3.100	3.057	2.947	3.008	2.994	3.086	2.946
Contract 4	3.154	3.079	3.036	2.933	2.997	2.986	3.075	2.942



Distillate Stocks (Million Barrels) and Days of Supply

Total Distillate Stocks									more data
	Most Recent							Year Ago	
	10/12/12	10/19/12	10/26/12	11/02/12	11/09/12	11/16/12	11/23/12	11/25/11	
U.S.	118.7	118.0	117.9	118.1	115.5	112.8	112.0	138.5	
East Coast (PADD 1)	38.4	39.5	38.8	38.3	36.1	34.4	36.4	56.7	
New England (PADD 1A)	8.1	8.6	8.2	7.5	7.1	6.8	6.6	11.5	
Central Atlantic (PADD 1B)	19.3	20.2	20.4	20.5	19.3	19.3	20.9	33.0	
Lower Atlantic (PADD 1C)	11.1	10.7	10.2	10.3	9.7	8.3	8.9	12.2	
Midwest (PADD 2)	27.7	27.4	27.3	29.0	25.8	25.1	24.4	25.7	
Gulf Coast (PADD 3)	36.0	35.3	36.0	34.8	37.5	37.0	34.9	40.8	
Rocky Mountain (PADD 4)	3.3	3.3	3.1	3.3	3.3	3.6	3.5	2.9	
West Coast (PADD 5)	13.2	12.6	12.7	12.7	12.9	12.7	12.9	12.4	
15 ppm sulfur and Under Stocks									more data
	Most Recent							Year Ago	
	10/12/12	10/19/12	10/26/12	11/02/12	11/09/12	11/16/12	11/23/12	11/25/11	
U.S.	85.8	85.6	84.7	84.0	81.1	79.8	79.6	91.1	
East Coast (PADD 1)	18.2	19.0	18.4	17.9	16.2	14.9	16.6	22.2	
New England (PADD 1A)	1.6	1.9	1.6	1.7	1.4	1.7	1.7	2.0	
Central Atlantic (PADD 1B)	7.4	7.9	8.5	7.5	6.9	7.0	7.7	10.2	
Lower Atlantic (PADD 1C)	9.1	9.2	8.2	8.8	8.0	6.2	7.2	10.0	
Midwest (PADD 2)	25.4	25.0	25.1	26.7	23.7	23.1	22.5	23.5	
Gulf Coast (PADD 3)	28.1	27.7	27.5	25.5	27.2	28.0	26.5	32.4	
Rocky Mountain (PADD 4)	3.0	3.0	2.8	2.9	3.0	3.3	3.2	2.6	
West Coast (PADD 5)	11.1	10.8	10.9	10.9	11.0	10.5	10.7	10.4	
Greater than 15 ppm to 500 ppm sulfur Stocks									more data
	Most Recent							Year Ago	
	10/12/12	10/19/12	10/26/12	11/02/12	11/09/12	11/16/12	11/23/12	11/25/11	
U.S.	6.2	5.8	5.6	5.8	6.2	6.0	6.1	9.0	
East Coast (PADD 1)	0.8	0.8	0.7	0.6	0.7	0.7	0.9	3.3	
New England (PADD 1A)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	
Central Atlantic (PADD 1B)	0.4	0.5	0.4	0.3	0.4	0.4	0.5	2.4	
Lower Atlantic (PADD 1C)	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.9	
Midwest (PADD 2)	1.1	1.3	1.1	1.2	1.1	1.2	1.1	1.4	
Gulf Coast (PADD 3)	3.3	2.7	3.0	3.1	3.4	3.1	3.2	3.1	
Rocky Mountain (PADD 4)	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.3	
West Coast (PADD 5)	0.9	0.9	0.7	0.7	0.8	0.8	0.8	0.9	
Greater than 500 ppm sulfur Stocks									more data
	Most Recent							Year Ago	
	10/12/12	10/19/12	10/26/12	11/02/12	11/09/12	11/16/12	11/23/12	11/25/11	
U.S.	26.7	26.7	27.6	28.2	28.2	27.0	26.4	38.4	
East Coast (PADD 1)	19.5	19.7	19.8	19.7	19.1	18.8	18.9	31.1	
New England (PADD 1A)	6.4	6.7	6.6	5.8	5.7	5.0	4.9	9.5	
Central Atlantic (PADD 1B)	11.5	11.9	11.6	12.8	12.1	12.0	12.7	20.4	
Lower Atlantic (PADD 1C)	1.6	1.1	1.6	1.2	1.4	1.8	1.3	1.3	
Midwest (PADD 2)	1.2	1.1	1.2	1.2	0.9	0.8	0.8	0.9	
Gulf Coast (PADD 3)	4.6	4.8	5.5	6.2	6.8	5.9	5.2	5.3	
Rocky Mountain (PADD 4)	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1	
West Coast (PADD 5)	1.3	0.9	1.0	1.0	1.1	1.4	1.4	1.1	
Days of Supply (number of days)									more data
	Most Recent							Year Ago	
	10/12/12	10/19/12	10/26/12	11/02/12	11/09/12	11/16/12	11/23/12	11/25/11	
U.S.	30.6	30.8	31.9	32.5	31.3	29.2	28.5	34.9	

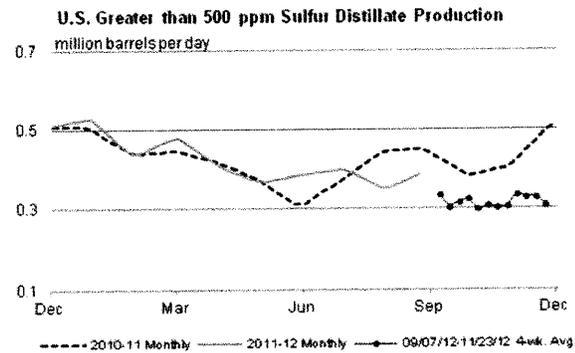
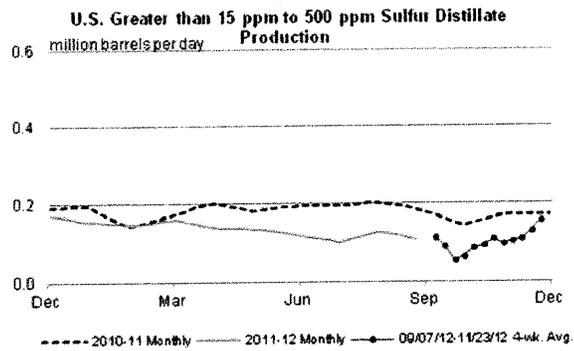
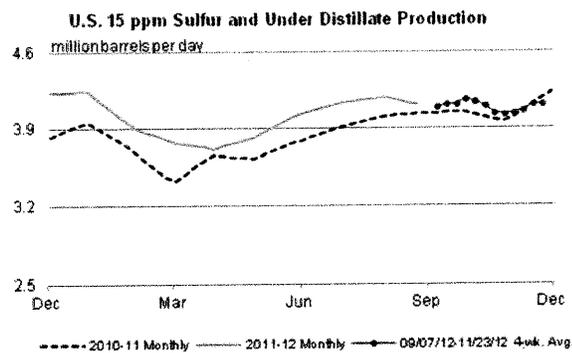
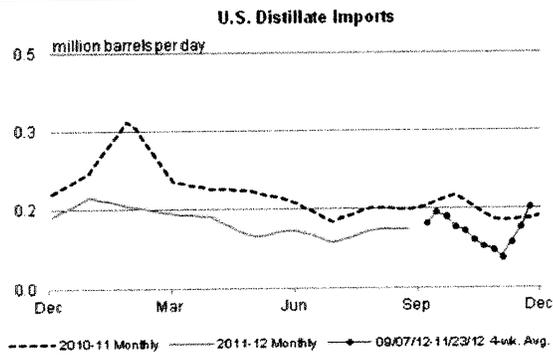
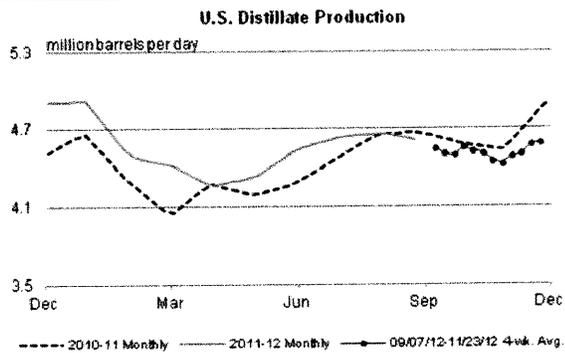
Note: Days of Supply calculated as: U.S. Total Distillate Stocks / Four-Week Average U.S. Distillate Fuel Oil Demand



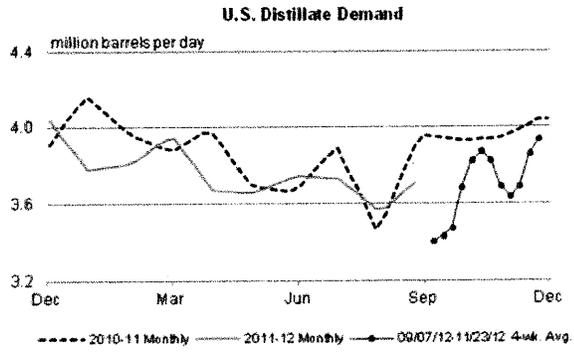
Distillate Production and Imports (Million Barrels per Day)

Total Distillate Production more data								
	Four-Week Averages			Year Ago	Week Ending			Year Ago
	11/09/12	11/16/12	11/23/12	11/25/11	11/09/12	11/16/12	11/23/12	11/25/11
U.S.	4.504	4.576	4.590	4.665	4.569	4.669	4.561	4.827
East Coast (PADD 1)	0.294	0.279	0.278	0.410	0.269	0.301	0.304	0.431
Midwest (PADD 2)	1.019	1.002	0.996	1.004	0.944	0.985	0.981	1.123
Gulf Coast (PADD 3)	2.493	2.596	2.606	2.527	2.652	2.684	2.565	2.502
Rocky Mountain (PADD 4)	0.178	0.177	0.181	0.190	0.179	0.172	0.178	0.199
West Coast (PADD 5)	0.520	0.522	0.529	0.534	0.525	0.527	0.533	0.572
15 ppm sulfur and Under Production more data								
	Four-Week Averages			Year Ago	Week Ending			Year Ago
	11/09/12	11/16/12	11/23/12	11/25/11	11/09/12	11/16/12	11/23/12	11/25/11
U.S.	4.065	4.116	4.123	4.100	4.142	4.141	4.152	4.182
East Coast (PADD 1)	0.221	0.204	0.188	0.227	0.198	0.191	0.196	0.200
Midwest (PADD 2)	1.021	1.014	1.008	0.960	0.962	0.999	1.004	1.060
Gulf Coast (PADD 3)	2.177	2.258	2.266	2.261	2.311	2.337	2.245	2.242
Rocky Mountain (PADD 4)	0.172	0.170	0.175	0.176	0.171	0.170	0.173	0.184
West Coast (PADD 5)	0.474	0.470	0.486	0.475	0.500	0.444	0.533	0.496
Greater than 15 ppm to 500 ppm sulfur Production more data								
	Four-Week Averages			Year Ago	Week Ending			Year Ago
	11/09/12	11/16/12	11/23/12	11/25/11	11/09/12	11/16/12	11/23/12	11/25/11
U.S.	0.109	0.131	0.158	0.214	0.135	0.175	0.166	0.227
East Coast (PADD 1)	0.009	0.005	0.011	0.000	0.021	0.002	0.016	-0.002
Midwest (PADD 2)	0.006	0.001	0.004	0.070	0.005	0.009	-0.010	0.075
Gulf Coast (PADD 3)	0.075	0.103	0.119	0.110	0.081	0.141	0.138	0.122
Rocky Mountain (PADD 4)	0.006	0.006	0.006	0.016	0.008	0.003	0.007	0.016
West Coast (PADD 5)	0.014	0.015	0.018	0.018	0.021	0.020	0.015	0.016
Greater than 500 ppm sulfur Production more data								
	Four-Week Averages			Year Ago	Week Ending			Year Ago
	11/09/12	11/16/12	11/23/12	11/25/11	11/09/12	11/16/12	11/23/12	11/25/11
U.S.	0.329	0.329	0.309	0.351	0.292	0.353	0.243	0.418
East Coast (PADD 1)	0.064	0.069	0.079	0.182	0.050	0.108	0.091	0.232
Midwest (PADD 2)	-0.008	-0.013	-0.016	-0.025	-0.023	-0.023	-0.013	-0.012
Gulf Coast (PADD 3)	0.240	0.235	0.221	0.156	0.260	0.206	0.182	0.138
Rocky Mountain (PADD 4)	0.000	0.001	0.000	-0.003	0.000	-0.001	-0.002	0.000
West Coast (PADD 5)	0.032	0.037	0.025	0.041	0.004	0.062	-0.015	0.059
Distillate Imports more data								
	Four-Week Averages			Year Ago	Week Ending			Year Ago
	11/09/12	11/16/12	11/23/12	11/25/11	11/09/12	11/16/12	11/23/12	11/25/11
Total Distillate	0.087	0.116	0.155	0.117	0.200	0.176	0.188	0.150
15 ppm sulfur and Under	0.056	0.077	0.090	0.088	0.113	0.127	0.083	0.143

Greater than 15 ppm to 500 ppm sulfur	0.010	0.010	0.010	0.000	0.041	0.000	0.000	0.000
Greater than 500 ppm to 2000 ppm sulfur	0.021	0.028	0.055	0.030	0.046	0.049	0.105	0.007
Greater than 2000 ppm sulfur	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000



Distillate Demand (Million Barrels per Day)								more data
	Four-Week Averages			Year Ago	Week Ending			Year Ago
	11/09/12	11/16/12	11/23/12	11/25/11	11/09/12	11/16/12	11/23/12	11/25/11
Distillate Fuel Oil	3.691	3.860	3.933	3.965	4.106	4.201	3.837	3.240



NA = Not Available.
W = Data Withheld.

AAR MATERIALS AND SUPPLIES INDEX
 Region By Composition
 Fourth Quarter 2012
 November 28, 2012

United States by Composition Category - Summary

Composition Category -----	Weight -----	Previous Quarter Index -----	Current Quarter Index -----	Relative Of Change -----
Forest Products	.0977	256.69	265.08	1.0327
Metal Products	.6230	198.66	201.78	1.0157
Miscellaneous Products	.2792	361.46	342.19	.9467
U.S. By Composition	--	249.77	247.15	.9895
U.S. By Composition (Linked)	--	250.84	248.21	.9895
United States (1977=100) Linking Factor: 1.423	--	356.95	353.20	.9895
United States (1980=100) Linking Factor: 1.061	--	266.14	263.35	.9895

Car Hire for RCAF

RCAF (Forecast)

	1980	June 3Q/12	Sept. 4Q/12	Dec. 1Q/13	Mar. 2Q/13	June 3Q/13
RATE						
RR-OWNED TIME	31.00	63.00	63.00	63.00	--	--
RR-OWNED MILEAGE	4.69	6.80	6.80	6.80	--	--
PRIVATELY-OWNED CARS	25.47	43.88	45.15	45.52	--	--
AUTORACKS	47.00	38.32	40.33	41.15	--	--
INDEX						
RR-OWNED TIME	100.0	203.2	203.2	203.2	--	--
RR-OWNED MILEAGE	100.0	145.0	145.0	145.0	--	--
PRIVATELY-OWNED CARS	100.0	172.3	177.3	178.7	--	--
AUTORACKS	100.0	81.5	85.8	87.5	--	--
CAR HIRE INDEX (old wts) 2010	100.0	174.5	--	--	--	--
CAR HIRE INDEX (new wts) 2011	100.0	174.2	177.9	179.0	--	--
CAR HIRE INDEX (LINKED)	100.0	173.6	177.3	178.4	--	--

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

	2012 (first day of month)						2013 (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)	7,351	7,363	7,381	7,402	7,428	7,570								
Rate (in cents)														
Superstructures #3 - Auto Rack	29.0	30.0	30.0	32.0	34.0	36.0								
All other #1 - Time	63.0	63.0	63.0	63.0	63.0	63.0								
All other #2 - Mileage	6.8	6.8	6.8	6.8	6.8	6.8								
Private Equipment														
No. of Cars (cars with rates only)														
Superstructures (Vehicular Flats)	45,301	45,389	45,500	45,550	45,561	45,612								
Covered Hoppers	320,604	321,677	322,901	323,792	324,427	325,043								
Tank Cars	300,576	301,647	302,836	304,207	305,434	306,842								
Others	286,271	286,670	286,866	286,743	287,176	286,634								
Rate (in cents)														
Superstructures #1 - Time	78.0	78.0	78.0	78.0	78.0	78.0								
Superstructures #2 - Mileage	1.4	1.4	1.4	1.4	1.4	1.4								
Superstructures #3 - Auto Rack	40.0	41.0	42.0	42.0	42.0	42.0								
Covered Hoppers #2 - Mileage	43.7	43.7	43.8	43.9	43.9	43.9								
Tank Cars #2 - Mileage	68.4	68.5	71.5	71.6	71.8	71.9								
Others #1 -Time	72.0	72.0	72.0	72.0	73.0	73.0								
Others #2 - Mileage	6.9	6.9	6.9	7.0	7.0	7.0								
AVERAGE RATES														
Private Superstructures	19.73	19.73	19.73	19.73	19.73	19.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Private Others	22.88	22.88	22.88	22.98	23.21	23.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Private Total	44.10	44.15	45.15	45.28	45.43	45.52	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Autoracks	38.46	39.46	40.33	40.60	40.88	41.15	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

WEIGHTS	"Old Wts"	"New Wts"
	2010	2011
For RCAF & RCR		
RR-owned Time	0.174	0.170
RR-owned Mileage	0.084	0.078
Privately-owned Cars	0.732	0.738
Autoracks	0.010	0.014
----- Check sum	1.000	1.000

Weights for Equipment Rents (not used in Car Hire calculation)		
	2010	2011
Car Hire - U.S.	0.458	0.486
Lease Rentals - U.S.	0.542	0.514
----- 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 12/2012

Ownership	Car Group	Car Count	Time Rate (cents/hour)	Mileage Rate (\$/mile)	Auto Rack Rate (cents/hour)
Railroad	Vehicular Flats	7,570	116	0.080	36
Railroad	Number of Zero-Rated Vehicular Flats	75	.	.	.
Railroad	All Other Cars	498,441	63	0.068	.
Railroad	Number of Zero-Rated Other Cars	20,127	.	.	.
Railroad	Total Railroad Equipment	526,213	.	.	.
	
Private	Vehicular Flats	45,612	78	0.014	42
Private	Number of Zero-Rated Vehicular Flats	3	.	.	.
Private	Covered Hoppers	325,043	0	0.439	.
Private	Number of Zero-Rated Covered Hoppers	9,550	.	.	.
Private	Tanks	306,842	0	0.719	.
Private	Number of Zero-Rated Tanks	7,997	.	.	.
Private	All Other Cars	286,634	73	0.070	.
Private	Number of Zero-Rated Other Cars	30,402	.	.	.
Private	Total Private Equipment	1,012,083	.	.	.

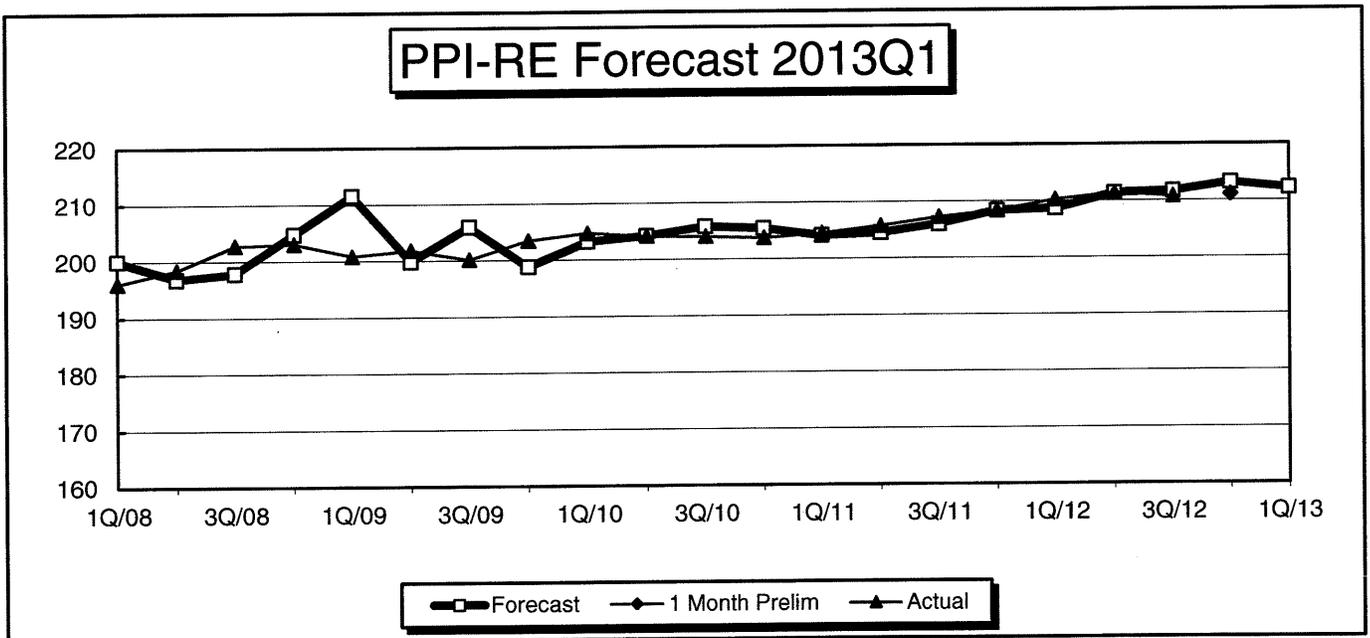
Notes
This report excludes these car types: D (Locomotives), M (MoW, EOTs, etc.), U (Containers), Z (Trailers).
All TTX equipment (including ABOX, RBOX, GONX) is contained in the Private section of report.
Equipment can be zero rated due to owners supplying incorrect or insufficient information to the 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
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	211.4	
3Q/12	211.7	210.8	
4Q/12	213.2		211.1
1Q/13	212.2		

1980 Base

	PPI-RE Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2013Q1						
Low	188.1	208.1	-1.0%			
Midpoint	191.8	212.2	0.9%	0.5%	0.7%	-0.5%
High	195.4	216.2	2.8%			



Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2013Q1\5Deprec\FPre_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPIRE

 Length 72 Minimum 170.300 Maximum 191.800
 Mean 182.938 Standard deviation 5.098

Classical decomposition (multiplicative)
 Trend-cycle: 93.65% Seasonal: 0.83% Irregular: 5.52%

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

Exponential smoothing outperforms Box-Jenkins by 1.250 to 1.572 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	0.81566	190.80
Trend	0.01668	0.24262

within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 182.9	Standard deviation 5.098
R-square 0.9599	Adjusted R-square 0.9594
Durbin-watson 2.031	Ljung-Box(18)=21.45 P=0.7426
Forecast error 1.028	BIC 1.075
MAPE 0.003808	RMSE 1.013
MAD 0.691	

Forecast Report
 Wed Nov 14 10:39:15 2012
 Exponential Smoothing model for PPIRE
 Analysis of Historic Fit Set

Date	Historic
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	190.100
2012-02	190.100
2012-03	190.600
2012-04	191.800
2012-05	191.600
2012-06	191.500
2012-07	191.700
2012-08	189.600
2012-09	190.600
2012-10	190.800

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2012-11	188.932	191.040	193.147
2012-12	188.544	191.282	194.020
2013-01	188.277	191.525	194.773
2013-02	188.079	191.767	195.456
2013-03	187.929	192.010	196.091
2013-04	187.813	192.253	196.692
2013-05	187.724	192.495	197.267
2013-06	187.657	192.738	197.819
2013-07	187.607	192.980	198.354
2013-08	187.573	193.223	198.874
2013-09	187.551	193.466	199.380
2013-10	187.541	193.708	199.876

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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	190.1	190.1	190.6	191.8	191.6	191.5	191.7(P)	189.6(P)	190.6(P)	190.8(P)			

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

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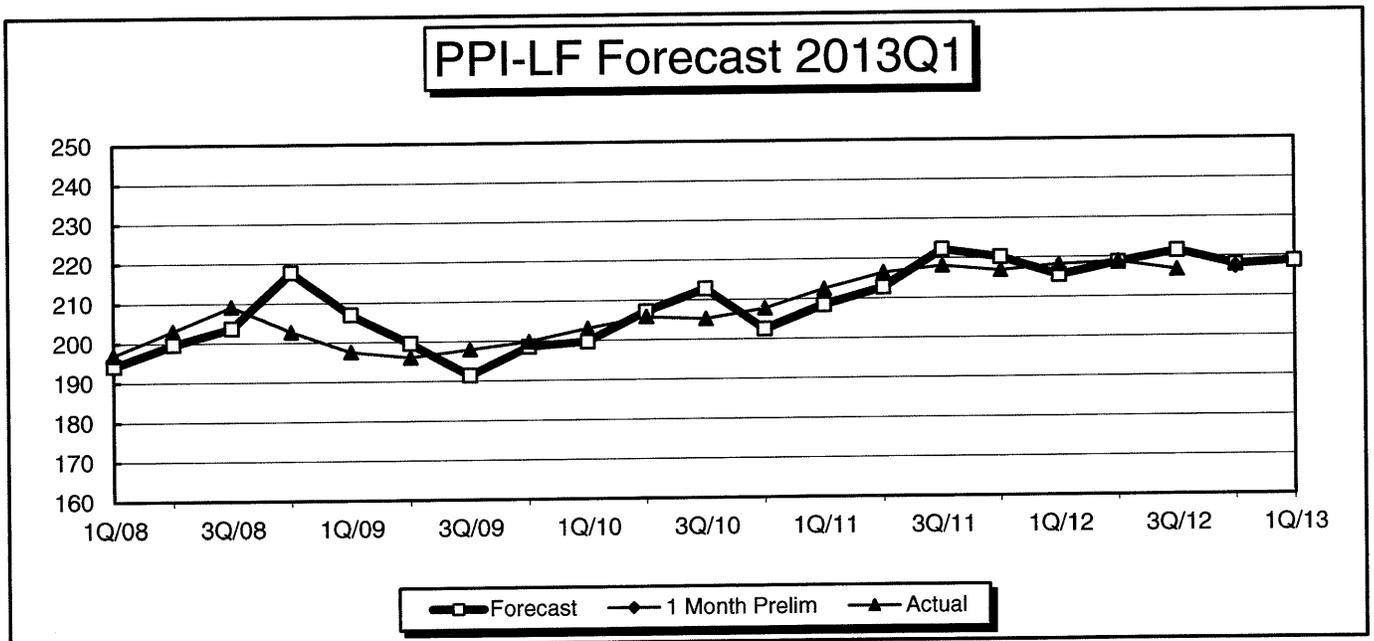
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PPI-LF Forecast (for Other and Lease Rentals Components)

	Forecast	Actual	1 Month Prelim
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	218.9	
3Q/12	221.6	216.8	
4Q/12	218.0		217.4
1Q/13	218.8		

1980 Base

	PPI-LF Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2013Q1						
Low	190.6	213.7	-2.1%			
Midpoint	195.2	218.8	0.2%	0.6%	0.9%	0.4%
High	199.7	223.9	2.6%			



Database I:\Indexes2\RCAF\2013Q1\70ther\FPI\lf_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPILF

 Length 72 Minimum 167.800 Maximum 195.800
 Mean 182.414 Standard deviation 8.814

Classical decomposition (multiplicative)
 Trend-cycle: 96.07% Seasonal: 0.92% Irregular: 3.01%

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

Exponential smoothing outperforms Box-Jenkins by 4.052 to 4.054 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12.

Series is trended and seasonal.

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

Component	Smoothing weight	Final Value
Level	1.00000	193.90
Trend	0.01781	0.32015

 Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 182.4	Standard deviation 8.814
R-square 0.9847	Adjusted R-square 0.9845
Durbin-watson 0.553	** Ljung-Box(18)=85.74 P=1
Forecast error 1.097	BIC 1.148
MAPE 0.004273	RMSE 1.081
MAD 0.7821	

Forecast Report
 Wed Nov 14 11:23:46 2012
 Exponential Smoothing model for PPILF
 Analysis of Historic Fit Set

Date	Historic
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	193.800
2012-02	194.700
2012-03	195.700
2012-04	195.800
2012-05	195.400
2012-06	193.700
2012-07	193.200
2012-08	193.200
2012-09	193.700
2012-10	193.900

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2012-11	191.971	194.220	196.469
2012-12	191.331	194.540	197.750
2013-01	190.918	194.860	198.803
2013-02	190.622	195.181	199.739
2013-03	190.399	195.501	200.602
2013-04	190.229	195.821	201.412
2013-05	190.099	196.141	202.183
2013-06	190.000	196.461	202.922
2013-07	189.926	196.781	203.636
2013-08	189.874	197.101	204.329
2013-09	189.841	197.422	205.003
2013-10	189.823	197.742	205.661

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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

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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	193.8	194.7	195.7	195.8	195.4	193.7	193.2(P)	193.2(P)	193.7(P)	193.9(P)			

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

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Forecast Error Calculation

	2010 Weight	Third Quarter 2012		Pct. Diff.	Notes			
		2012Q3 Forecast	2012Q3 Actual					
Labor	33.3%	391.4	391.4	0.0	* actual=forecast			
Fuel	18.0%	353.4	359.0	5.6	from 1st month of quarter			
M&S	5.0%	274.8	274.8	0.0	* actual=forecast			
Equip Rents	6.2%	205.8	203.6	-2.2	from Equipment Rents below			
Depreciation	12.8%	211.7	210.8	-0.9	PPI-RE <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>191.70</td><td>189.60</td><td>190.60</td></tr></table> 0.9040	191.70	189.60	190.60
191.70	189.60	190.60						
Interest	2.9%	90.6	90.6	0.0	* actual=forecast			
Other	21.8%	221.6	216.8	-4.8	PPI-LF <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>193.20</td><td>193.20</td><td>193.70</td></tr></table> 0.8920	193.20	193.20	193.70
193.20	193.20	193.70						
Weighted Avg	100.0%							
1980 = 100		298.5	298.2		calculated			
1980 = 100 (linked)		289.4	288.8		calculated			
4Q12 = 100	2.975	97.3	97.1		calculated			
4Q07 = 100	2.459	117.7	117.4		calculated			
4Q02 = 100	1.921	150.7	150.3		calculated			
4Q97 = 100	1.732	167.1	166.7		calculated			
4Q92 = 100	1.569	184.4	184.1		calculated			
Forecast Error →		-0.2			calculated -0.002 = RCAF adj.			
<u>Prior Quarter</u>								
1980 = 100		305.9	304.8 **					
1980 = 100 (linked)		296.6	295.2					
4Q12 = 100		99.7	99.2		calculated			
4Q07 = 100		120.6	120.0		calculated			
4Q02 = 100		154.4	153.7		calculated			
4Q97 = 100		171.2	170.4		calculated			
4Q92 = 100		189.0	188.1		calculated			
<u>Equipment Rents</u>								
Car Hire	45.8%	173.6	174.3		from Equipment Rents/CHARM			
Lease Rentals	54.2%	221.6	216.8		(equals PPI-LF from above)			
Weighted Average		199.6	197.3		calculated			
Linked		205.8	203.6		calculated			
<u>Prior Quarter</u>								
Weighted Average		198.6	198.0 **					
Linked		204.8	204.3					
Sum of Weights	ok				** if fourth quarter, weighted avg for prior needs to use new			
Sum of ER Wt.	ok				weights, linked is 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%	385.8	1.7%	391.4	1.5%
Fuel	18.0%	387.0	387.0	0.0%	375.4	-3.0%	375.7	0.1%	403.2	7.3%	359.0	-11.0%
M&S	5.0%	257.9	257.9	0.0%	265.7	3.0%	263.6	-0.8%	274.0	3.9%	274.8	0.3%
Equipment Rents	6.2%	207.0	207.0	0.0%	204.2	-1.4%	205.3	0.5%	204.3	-0.5%	203.6	-0.3%
Depreciation	12.8%	207.3	207.3	0.0%	208.4	0.5%	210.3	0.9%	211.4	0.5%	210.8	-0.3%
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%	218.9	0.3%	216.8	-1.0%
	<u>1.0000</u>											
Weighted Avg.		295.9	299.2	1.1%	294.6	-1.5%	297.0	0.8%	304.8	2.6%	298.2	-2.2%
Linked		289.8			285.3	-1.6%	287.6	0.8%	295.2	2.6%	288.8	-2.2%
10/1/80	1.027	282.2			277.8	-1.6%	280.0	0.8%	287.4	2.6%	281.2	-2.2%
10/1/82	1.209	239.7			236.0	-1.5%	237.9	0.8%	244.2	2.6%	238.9	-2.2%
4Q/87	1.322	219.2			215.8	-1.6%	217.5	0.8%	223.3	2.7%	218.5	-2.1%
4Q/92	1.569	184.7			181.8	-1.6%	183.3	0.8%	188.1	2.6%	184.1	-2.1%
4Q/97	1.732	167.3			164.7	-1.6%	166.1	0.9%	170.4	2.6%	166.7	-2.2%
4Q/02	1.921	150.9			148.5	-1.6%	149.7	0.8%	153.7	2.7%	150.3	-2.2%
4Q/07	2.459	117.9			116.0	-1.6%	117.0	0.9%	120.0	2.6%	117.4	-2.2%
4Q/12	2.975				95.9		96.7	0.8%	99.2	2.6%	97.1	-2.1%

Equipment Rents

Car Hire	45.8%	179.8	179.8	0.0%	175.5	-2.4%	176.2	0.4%	173.3	-1.6%	174.3	0.6%
Lease Rentals	54.2%	218.2	218.2	0.0%	216.9	-0.6%	218.3	0.6%	218.9	0.3%	216.8	-1.0%
	<u>1.0000</u>											
ER Weighted Avg		202.0	200.6	-0.7%	197.9	-1.3%	199.0	0.6%	198.0	-0.5%	197.3	-0.4%
ER Linked		207.0			204.2	-1.4%	205.3	0.5%	204.3	-0.5%	203.6	-0.3%

	09 Wts	10 Wts
<i>Impact/Check of weight change</i>		
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)

July 2012

Monthly Report

	July 2012 Price (cents) (1)	1/1/81 Price (cents) (2)	1/91 New Method Linking Factors (3)	July 2012 Index 1/1/81=100 (4)	Linking Factor 1980=100 (5)	July 2012 1980=100 Current Index (6)
U.S.	293.79	89.34	99.415	326.92	1.096	358.31

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

(6) = (4) x (5)

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

	July 2012 1980=100 Current Index	Adjustment Factor	July 2012 1980=100 Linked Index
U.S.	358.31	1.00192	359.00 ←

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

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	63.00	63.00
RR-OWNED MILEAGE		4.69	7.20	7.20	7.10	6.80	6.80
PRIVATELY-OWNED CARS		25.47	45.00	43.50	44.03	43.79	44.15
AUTORACKS		47.00	42.33	42.33	37.32	38.33	39.46
INDEX							
RR-OWNED TIME		100.0	216.1	216.1	212.9	203.2	203.2
RR-OWNED MILEAGE		100.0	153.5	153.5	151.4	145.0	145.0
PRIVATELY-OWNED CARS		100.0	176.7	170.8	172.9	171.9	173.3
AUTORACKS		100.0	90.1	90.1	79.4	81.5	84.0
CAR HIRE INDEX (old wts)	2009	100.0	180.2	--	--	--	--
CAR HIRE INDEX (new wts)	2010	100.0	180.7	176.4	177.1	174.2	175.2
CAR HIRE INDEX (LINKED)		100.0	179.8	175.5	176.2	173.3	174.3

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	Novr	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	7,351	7,363
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	29.0	30.0
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	45,301	45,389
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	320,604	321,677
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	300,576	301,647
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	286,271	286,670
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	41.0
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	43.7	43.7
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	68.4	68.5
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	72.0	72.0
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	19.73	19.73
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	22.88	22.88
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	44.10	44.15
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	38.46	39.46

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 08/2012

Ownership	Car Group	Car Count	Time Rate (cents/hour)	Mileage Rate (\$/mile)	Auto Rack Rate (cents/hour)
Railroad	Vehicular Flats	7,363	116	0.079	30
Railroad	Number of Zero-Rated Vehicular Flats	62	.	.	.
Railroad	All Other Cars	503,846	63	0.068	.
Railroad	Number of Zero-Rated Other Cars	21,528	.	.	.
Railroad	Total Railroad Equipment	532,799	.	.	.
	
Private	Vehicular Flats	45,389	78	0.014	41
Private	Number of Zero-Rated Vehicular Flats	4	.	.	.
Private	Covered Hoppers	321,677	0	0.437	.
Private	Number of Zero-Rated Covered Hoppers	9,602	.	.	.
Private	Tanks	301,647	0	0.685	.
Private	Number of Zero-Rated Tanks	7,978	.	.	.
Private	All Other Cars	286,670	72	0.069	.
Private	Number of Zero-Rated Other Cars	30,211	.	.	.
Private	Total Private Equipment	1,003,178	.	.	.

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

RCAF - Depreciation

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Forecast Year 2013
As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast →		13Q1	13Q2	13Q3	13Q4
For Actual →		12Q3	12Q4	13Q1	13Q2
January	2012	190.1	190.1	190.1	190.1
February	2012	190.1	190.1	190.1	190.1
March	2012	190.6	190.6	190.6	190.6
April	2012	191.8	191.8	191.8	191.8
May	2012	191.6	191.6	191.6	191.6
June	2012	191.5	191.5	191.5	191.5
July	2012	191.7			
August	2012	189.6			
September	2012	190.6			
October	2012	190.8			
November	2012				
December	2012				
January	2013				
February	2013				
March	2013				
April	2013				
May	2013				
June	2013				
July	2013				
Actual Qtr.		190.6	NA	NA	NA

1980=100

Actual Qtr.	210.8	NA	NA	NA
First Mo. next qtr.	211.1	NA	NA	NA

0.904 =1980

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Producer Price Index-Commodities

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

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Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
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	190.1	190.1	190.6	191.8	191.6	191.5	191.7(P)	189.6(P)	190.6(P)	190.8(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 2013 As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast →		13Q1	13Q2	13Q3	13Q4
For Actual →		12Q3	12Q4	13Q1	13Q2
January	2012	193.8	193.8	193.8	193.8
February	2012	194.7	194.7	194.7	194.7
March	2012	195.7	195.7	195.7	195.7
April	2012	195.8	195.8	195.8	195.8
May	2012	195.4	195.4	195.4	195.4
June	2012	193.7			
July	2012	193.2			
August	2012	193.2			
September	2012	193.7			
October	2012	193.9			
November	2012				
December	2012				
January	2013				
February	2013				
March	2013				
April	2013				
May	2013				
June	2013				
July	2013				
Actual Qtr.		193.4	NA	NA	NA

1980=100

Actual Qtr.	216.8	NA	NA	NA
First Mo. next qtr.	217.4	NA	NA	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	193.8	194.7	195.7	195.8	195.4	193.7	193.2(P)	193.2(P)	193.7(P)	193.9(P)			

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

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