

ASSOCIATION
OF AMERICAN
RAILROADS

John T. Gray
Senior Vice President - Policy & Economics

June 4, 2010

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

Dear Ms. Brown:

This submission is the AAR forecast of the third quarter 2010 All-Inclusive Index and Rail Cost Adjustment Factor, filed in Ex Parte No. 290 (Sub-No. 5) (2010-3) *Quarterly Rail Cost Adjustment Factor*. The versions of RCAF-related indices covered in this filing are: the All-Inclusive Index (initiated in the second quarter of 1985), the Unadjusted RCAF (produced since October 1982), the Adjusted RCAF (first published in the second quarter of 1989), and the RCAF-5 (created by the STB in its Ex Parte No. 290 (Sub-No. 7) decision served October 3, 1996). The table below summarizes the third quarter 2010 results on the fourth quarter 2007 base, and shows the percentage changes from the previous quarter.

	<u>2010Q2</u>	<u>2010Q3</u>	<u>% Change</u>
All-Inclusive Index	104.4	106.5	2.0
Preliminary RCAF	1.044	1.065	2.0
Forecast Error Adjustment	0.016	0.003	
RCAF (Unadjusted)	1.060	1.068	0.8
Productivity Adjustment Factor	2.2208	2.2275	
RCAF (Adjusted)	0.477	0.479	0.4
PAF-5	2.3469	2.3539	
RCAF-5	0.452	0.454	0.4

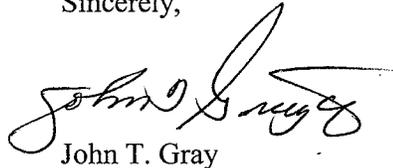
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June 4, 2010

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.

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

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Gray". The signature is fluid and cursive, with a large, sweeping flourish at the end.

John T. Gray

Attachments

**Third Quarter 2010
All-Inclusive Index**

Ex Parte No. 290 (Sub-No. 5) (2010-3)

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

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

June 4, 2010

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Introduction

On January 2, 1985, the Interstate Commerce Commission (ICC) [now the Surface Transportation Board (STB)] adopted the All-Inclusive Index of Railroad Costs as the basis for the Rail Cost Adjustment Factor (RCAF). The quarterly projection of railroad costs, as documented herein, employs the All-Inclusive Index as required by the regulations. Also presented in this submission is the RCAF, both Adjusted and Unadjusted, as required by the ICC in its decision in Ex Parte No. 290 (Sub-No. 4), *Rail Cost Recovery Procedures - Productivity Adjustment*, served March 24, 1989. In addition, the AAR has included (but does not endorse) the RCAF-5, which was instituted by an STB decision served October 3, 1996 in Ex Parte No. 290 (Sub-No. 7), *Productivity Adjustment - Implementation*. This quarter's projection of railroad costs is for the third quarter 2010.

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 2008 (current) and 2007 (previous) weights are shown below. The previous (2007) weights were used for the fourth quarter of 2008 through the third quarter of 2009. Beginning with the fourth quarter of 2009, the 2008 weights are used. Comparing 2008 to 2007, the weight for Fuel continued to go up as expected, increasing from 20.3 to 25.2 percent. Although fuel prices were falling at the end of 2008, they were up significantly for the first half of the year, and achieved record highs. The weight for Labor decreased 2.6 percentage points, even though Labor expenses increased in 2008, because the increase in Labor expenses was dwarfed by the huge increase in Fuel expenses. All other changes in weights were by less than 1 percentage point.

RCAF Weights		
	Previous 2007	Current 2008
Labor	32.8 %	30.2 %
Fuel	20.3	25.2
Materials & Supplies	5.0	5.1
Equipment Rents	7.2	6.3
Depreciation	11.0	10.4
Interest	2.7	2.3
Other	21.0	20.5

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

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

All-Inclusive Index Third Quarter 2010

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.

	2008 Weights	Forecast		Percent Change
		Previous 2010Q2	Current 2010Q3	
1. Labor	30.2%	357.3	356.3	-0.3 %
2. Fuel	25.2%	255.2	270.9	6.2
3. M&S	5.1%	240.0	241.0	0.4
4. Equipment Rents	6.3%	201.6	204.9	1.6
5. Depreciation	10.4%	204.3	205.9	0.8
6. Interest	2.3%	83.9	83.9	0.0
7. Other	20.5%	207.3	212.9	2.7
8. Weighted Average				
a. 1980 = 100		262.8	268.1	
b. 1980 = 100 (linked)		256.8	262.0 ¹	
c. 4Q07 = 100		104.4	106.5 ²	2.0

¹ To calculate the 1980 = 100 Linked Index:

$$\begin{aligned} \text{Index}_{80} &= (\text{Current Index} / \text{Previous Index}) * \text{the Previous Quarter Linked Index} \\ &= (268.1 / 262.8) \times 256.8 \\ &= 262.0 \end{aligned}$$

² To calculate the 4Q07 = 100 index:

$$\begin{aligned} \text{Index}_{4Q07} &= (\text{Current Linked Index} / 4Q07 Linking Factor) * 100 \\ &= 262.0 \text{ divided by } 245.9 \text{ times } 100 \\ &= 106.5 \end{aligned}$$

Indexes based on other periods:

4Q02 based index	= 262.0 / 192.1 x 100 = 136.4
4Q97 based index	= 262.0 / 173.2 x 100 = 151.3
4Q92 based index	= 262.0 / 156.9 x 100 = 167.0
4Q87 based index	= 262.0 / 132.2 x 100 = 198.2

Forecast vs. Actual All-Inclusive Index First Quarter 2010

Because of data availability, the forecast error adjustment has a two-quarter lag from each filing. As shown below, the first quarter actual index of 104.8 is 0.3 index points above the forecast value of 104.5. Therefore, the forecast error adjustment for third quarter 2010 is 0.3 index points.

	2008 Weights	First Quarter 2010		Amt Difference
		Forecast	Actual	
1. Labor	30.2%	356.9	356.9	
2. Fuel	25.2%	262.6	258.6	
3. M&S	5.1%	242.7	243.8	
4. Equipment Rents ¹	6.3%	198.7	199.6	
5. Depreciation	10.4%	203.3	204.8	
6. Interest	2.3%	83.9	83.9	
7. Other	20.5%	199.8	203.1	
8. Weighted Average				
a. 1980 = 100		262.9	262.8	
b. 1980 = 100 (linked)		256.9	257.6 ²	
c. 4Q07 = 100 ³		104.5	104.8	0.3

Forecast error \longrightarrow **0.3 index points**

¹

	2008 Weights	First Quarter 2010	
		Forecast	Actual
Car-Hire	43.9%	185.8	183.2
Lease Rentals	56.1%	199.8	203.1
Weighted Average		193.7	194.4
Weighted Average (linked)		198.7	199.6

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

$$257.6 = 262.8 / 254.4 \times 249.4$$

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

Productivity

On March 26, 2010, the Surface Transportation Board (STB) served a decision in Ex Parte 290 (Sub-No. 4) which corrected its February 1, 2010, decision (which was postponed later in February) that added the year 2008 to the Productivity Adjustment Factor (PAF) and deleted the year 2003. The decision revised data for 2007 and 2008, and created a geometric average annual productivity change for 2004 through 2008 of 1.2 percent per year. (The components of this average annual value are shown on the following table in ratio format – therefore, 1.012 is the same as an increase of 1.2 percent.) Although not explicitly mentioned in the Board's decision, the revision to 2007 means that the average annual productivity change for 2003 through 2007 should also have been 1.2 percent instead of 1.5 percent. In the Board's decision in Ex Parte No. 290 (Sub-No. 5)(2010-2) served March 31, 2010, the Board approved productivity adjustment factors (PAF and PAF-5) for the second quarter 2010 that reflected the Board's 2007 and 2008 corrections. In addition, the Board said in its footnote 3 that the "RCAF-5 will continue to use a productivity adjustment of 1.2% until January 1, 2011" – instead of the 1.5 percent change in productivity determined in its March 30, 2009 decision.

Year	Output Index (1)	Input Index (2)	Productivity ¹ Changes (3)
2004	1.033	1.057	0.977
2005	1.021	0.956	1.068
2006	1.018	1.024	0.994
2007	1.000	0.996	1.004
2008	0.990	0.970	1.021
Average			1.012
Corrected Previous Avg. (2003-2007)			1.012

Bold figures were revised by the STB in its March 26, 2010 decision.

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.

Quarter	Year	PAF	PAF-5
Q2	2010	2.2208	2.3469
Q3	2010	2.2275	2.3539
Q4	2010	2.2342	2.3610
Q1	2011	2.2409	2.3681

Q2 decided in Ex Parte No. 290 (Sub-No. 5) (2010-2) served March 31, 2010

2003-2007

2004-2008

Rail Cost Adjustment Factor Third Quarter 2010

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

	Previous 2010Q2	Current 2010Q3	Percent Change
All-Inclusive Index ¹	104.4	106.5	2.0
Preliminary RCAF ²	1.044	1.065	2.0
Forecast Error Adjustment ³	<u>0.016</u>	<u>0.003</u>	
RCAF (Unadjusted) ⁴	1.060	1.068	0.8
Productivity Adjustment Factor ⁵	2.2208	2.2275	
RCAF (Adjusted) ⁶	0.477	0.479	0.4
PAF-5 ⁷	2.3469	2.3539	
RCAF-5 ⁸	0.452	0.454	0.4

¹ See All-Inclusive Index on page 3.

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

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

⁴ Preliminary RCAF plus the forecast error adjustment.

⁵ See Productivity on page 5.

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

⁷ See Productivity on page 5.

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

Appendixes

Labor

Third Quarter 2010

The third quarter 2010 Labor Index is forecast to decrease 0.3 percent. Much of the small change was caused by smaller incentive bonuses and 401(k) matches. No general wage increases or cost-of-living allowance increases are scheduled in the national agreements for July.

Wage Rate Index

The Wage Rate Index portion of the Labor Index decreased 0.3 percent from the previous quarter. Although wage rates were 0.1 percent higher, the complete amortization and removal of certain back pay amounts plus a lower annual incentive compensation amount paid by one railroad caused a small decrease.

Wage Increases: There were no general wage increases scheduled for the third quarter in the *national* agreements. Independent wage increases are mostly cost-of-living allowances for various unions belonging to railroads owned by CN. Two independent agreements have general wage increases scheduled during the third quarter – one railroad's BLET union has a general wage increase scheduled for July, and another railroad's UTU has an increase scheduled for August. In addition, some independent labor agreements were recently received and added to the index – but these contracts affected much less than one percent of Class I employees. [See Appendix H for common railroad and union abbreviations.]

Lump Sums: The lump sum rate was unchanged, as a newly added bonus amount for a total of fewer than 100 employees was essentially offset by an amount from one year ago that was completely amortized and removed.

Back Pay: The back pay rate decreased by 3.1 cents because of the complete amortization and removal of two back pay amounts from last year.

Other: Other wages contains the amortization of incentive compensation payments that the BNSF Railway makes each year to its dispatchers, yardmasters, and engineers. The payment based on profit in 2008, paid in early 2009, has now been fully amortized and removed from the index. This quarter marks the first quarter of amortization for a payment made in 2010 for profit in 2009. As one might expect because of the drop in freight traffic in 2009, the payout is substantially lower than the previous year. On an hourly rate basis, the drop is about 60 percent, or 11.4 cents.

Supplements Index

Lower taxable earnings and lower 401(k) matches caused the 0.2 percent decrease in the Supplements Index.

Labor

Third Quarter 2010

Health & Welfare: The Health & Welfare rate decreased by one tenth of one cent from the second quarter. A group of newly received independent contracts with new employee health & welfare cost sharing amounts, which affected a small group of employees, caused the slight change.

Railroad Retirement: The Railroad Retirement Rate was down 0.2 percent because of the slight decrease in the taxable wage rate.

Unemployment Insurance: The unemployment insurance hourly rate was unchanged, as the maximum taxable earnings is too low to be affected by the small decrease in taxable earnings.

Other: The "Other" category is a reflection of all other fringe benefits, and currently contains known employer contributions to employee 401(k) accounts and employer contributions to employee stock plans that are recorded as fringe benefits. The rate decreased because of lower incentive 401(k) matches compared to the previous year.

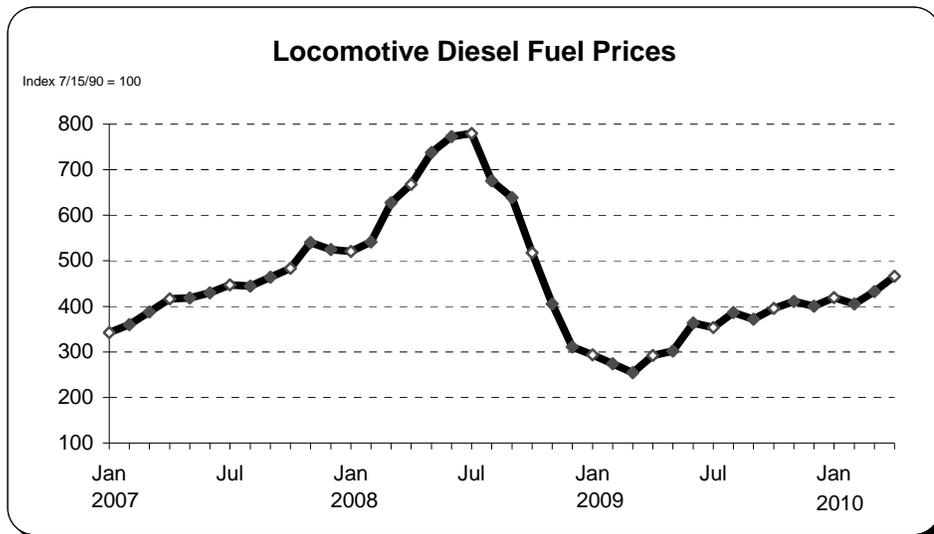
Labor Index Calculation

As shown in Table A-1 on the next page, the 0.3 percent decrease in the Wage Index and the 0.2 percent decrease in the Supplements Index had a combined effect of a 0.3 percent decrease in the Labor Index. The linked third quarter 2010 index is 356.3.

Fuel Third Quarter 2010

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.

After huge price drops in the last half of 2008, locomotive diesel fuel prices began increasing in April 2009. Since June 2009, locomotive diesel fuel prices been trending upward at a *relatively* lower and stable rate. April is the latest month available for locomotive diesel fuel prices, but weekly heating oil prices are available through the end of May from the U.S. Energy Information Administration.* Residential heating oil prices have been down in recent weeks. In addition, crude oil prices have also been down in recent weeks despite the disaster with one platform in the Gulf of Mexico.** Railroads believe locomotive diesel fuel prices for July 2010 (Q3) will be 5.9 percent lower than the average price actually experienced for April 2010 (Q2). (The forecast for July is a price level between the levels shown on the chart below that occurred for March and April.) However, because last period's forecast for Q2 was too low, the current forecast for July represents a 6.2 percent increase in the Fuel Index.



Forecast Fuel Index	270.9
Change from previous quarter forecast	6.2%
Change from previous quarter actual	-5.9%

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

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

Materials & Supplies

Third Quarter 2010

The third quarter 2010 Materials & Supplies Index increased 0.4 percent from a corrected Materials & Supplies Index for the second quarter.* The small increase was the result of increases in prices for metal products that were almost entirely offset by decreases in prices for forest and miscellaneous products.

2010Q3 Materials & Supplies Index = 241.0

2010Q2 Materials & Supplies Index = 240.0

Difference	1.0 basis points
	or
	0.4 %

* One railroad revised some numbers for the previous quarter. The revision was necessary because invoices were selected from a 75-day period instead of the normal 45-day period. The original M&S Index used in the Q2 filing was 240.2. Although the revision caused a small change in the M&S Index, the difference was too small to affect the All-Inclusive Index or RCAF. The corrected figure will be used in the forecast error calculation.

Equipment Rents Third Quarter 2010

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

Car Hire

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

Lease Rentals

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

Equipment Rent Index Calculation

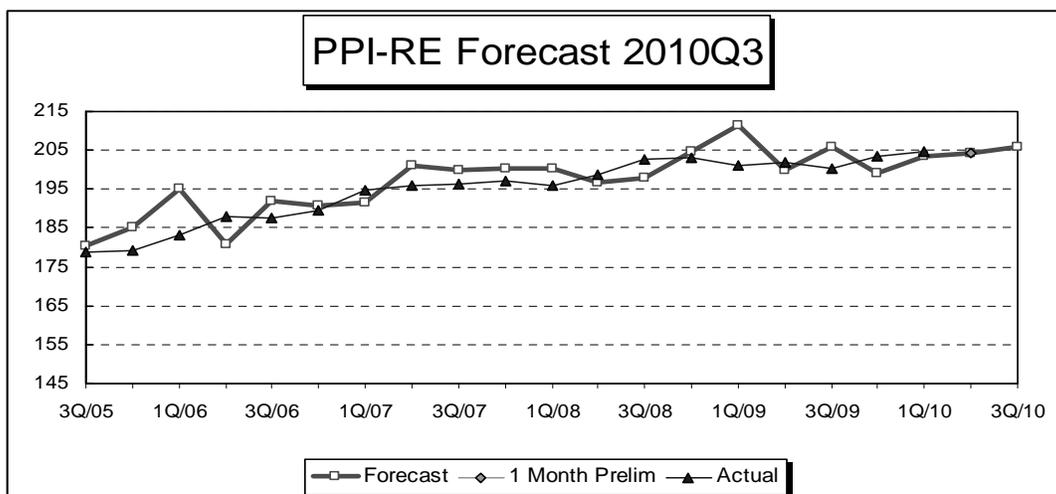
The table below calculates the Equipment Rent Index, which increased 1.6 percent. The Car Hire portion of the Index increased 0.1 percent because of higher rates for privately-owned cars. A 2.7 percent increase for the PPI-LF (See Appendix G) used as a proxy for Lease Rentals, combined with the 0.1 percent increase for Car Hire, caused the Equipment Rent Index to increase 1.6 percent.

	2008	2010Q2	2010Q3	Percent
	Weight			Change
Car Hire	43.9%	182.7	182.9	0.1 %
Lease Rentals	56.1%	207.3	212.9	2.7
Weighted Average		196.5	199.7	1.6
Weighted Average (Linked)		201.6	204.9	1.6

Depreciation Third Quarter 2010

The Producer Price Index for Railroad Equipment (PPI-RE) is used to index depreciation expense. The PPI-RE is forecast using an ARIMA (Auto-Regressive Integrated Moving Average) process where a statistical package picks the model that best fits the historical data set (see next page), and that model is then used for the forecast. The historical data set contains 6 years of monthly data (a sample size of 72), where the most recent available data point is the first month of the quarter prior to the forecast quarter. For a first quarter forecast, the most recent month of data available would be for October of the prior year. For a second quarter forecast, January would normally be the most recent period available. April and July would be the most recent months available for third and fourth quarter forecasts, respectively. The output from the forecast model is shown on page 2 of this appendix on a 1982=100 basis. The figure forecast by the model reflects monthly PPI-RE figures that have increased and decreased during 2010.

Forecast of Depreciation Index (1982=100)	186.1
Forecast of Depreciation Index (1980=100)	205.9
Change from previous quarter forecast	0.8%
Change from actual first month of previous quarter	0.9%
Change from same quarter of prior year (actual)	2.8%



Depreciation Third Quarter 2010

PPI RAILROAD EQUIPMENT

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

Component	Smoothing Weight	Final Value
Level	0.99713	184.50
Trend	0.03360	0.40050

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 171.1	Standard deviation 12.16
R-square 0.9863	Adjusted R-square 0.9861
Durbin-Watson 1.964	Ljung-Box(18)=22.11 P=0.7728
Forecast error 1.435	BIC 1.502
MAPE 0.006023	RMSE 1.415
MAD 1.02	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2009-11	183.600
2009-12	184.400
2010-01	185.000
2010-02	185.200
2010-03	185.000
2010-04	184.500

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2010-05	181.960	184.903	187.847
2010-06	181.077	185.304	189.530
2010-07	180.501	185.704	190.907
2010-08	180.082	186.105	192.127
2010-09	179.762	186.505	193.248
QTR AVG	180.115	186.105	192.094

Interest Third Quarter 2010

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 2009, the Interest Index is based on data for 2008.

Interest Expense (Schedule 210)

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

Average Total Debt (Schedule 200)

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

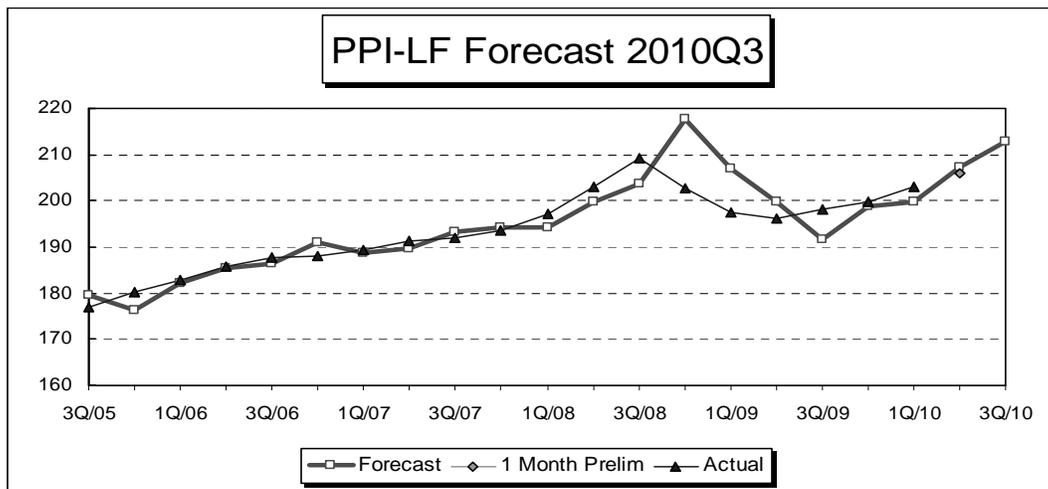
2008	Interest Rate	6.59%
1980	Interest Rate	7.85%
2010Q3	Interest Index	83.9
2010Q2	Interest Index	83.9
	Percent Change	0.0%

Other Expenses Third Quarter 2010

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

Like the PPI-RE, the PPI-LF is forecast using an ARIMA process on 6 years of monthly data (a sample size of 72) with the most recent available monthly data being the first month of the quarter prior to the forecast quarter. For a first quarter forecast, the most recent month of data available would be for October of the prior year. For a second quarter forecast, January would normally be the most recent month available. April and July would be the most recent months available for third and fourth quarter forecasts respectively. The output from the forecast model is shown on page 2 of this appendix for 1982=100. The figure forecast by the model for the third quarter reflects monthly PPI-LF figures that have been recently increasing at rates higher than typically seen during 2009. Despite the 2.7 percent increase in the quarterly Other Expenses Index, the 2010-Q3 forecast is still below the peak forecast from 2008.

Forecast of Other Expense Index (1982=100)	189.9
Forecast of Other Expense Index (1980=100)	212.9
Change from previous quarter forecast	2.7%
Change from actual first month of previous quarter	3.3%
Change from same quarter of prior year (actual)	7.5%



Other Expenses Third Quarter 2010

PPI INDUSTRIAL COMMODITIES LESS FUELS AND RELATED PRODUCTS AND POWER

Recommended model: Box-Jenkins

Forecast Model for PPILF

ARIMA(0,2,0) with log transform

Within-Sample Statistics

Sample size 72	Number of parameters 0
Mean 5.129	Standard deviation 0.05913
R-square 0.9951	Adjusted R-square 0.9952
Durbin-Watson 2.066	Ljung-Box(18)=15.94 P=0.4034
Forecast error 0.004108	BIC 0.6939
MAPE 0.003024	RMSE 0.7161
MAD 0.519	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2009-11	178.100
2009-12	178.900
2010-01	180.100
2010-02	181.100
2010-03	182.300
2010-04	183.800

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2010-05	183.805	185.312	186.832
2010-06	183.457	186.837	190.280
2010-07	182.707	188.374	194.218
2010-08	181.618	189.924	198.611
2010-09	180.236	191.487	203.441
QTR AVG	181.520	189.928	198.757

Railroad and Union Abbreviations

Third Quarter 2010

Railroads

BLE	Bessemer & Lake Erie Railroad (Part of CN's Grand Trunk Corp.)
BNSF	BNSF Railway Company
CC	Chicago, Central & Pacific (Part of CN's Grand Trunk Corp. Sometimes noted as CC&P.)
CN	Canadian National Railway (Commonly known as CN, owns Grand Trunk Corporation.)
CNGT	AAR's abbreviation for Grand Trunk Corporation (Almost all of CN's U.S. operations.)
CP	Canadian Pacific (Also noted as CPR. Owns the U.S. Class I railroad Soo Line.)
CSX	CSX Transportation
D&H	Delaware & Hudson (Canadian Pacific's U.S. operations, to be included beginning 2011Q4.)
DME	Dakota, Minnesota & Eastern (Canadian Pacific's U.S. operations, to be included beginning 2011Q4.)
DMIR	Duluth, Missabe & Iron Range Company (Part of CN's Grand Trunk Corp.)
DWP	Duluth, Winnipeg & Pacific Railway (Part of CN's Grand Trunk Corp.)
EJE	Elgin, Joliet & Eastern (To be included in CN's Grand Trunk Corp. beginning 2011Q4.)
GTW	Grand Trunk Western Railroad (Part of CN's Grand Trunk Corp.)
IC	Illinois Central Railroad (Part of CN's Grand Trunk Corp.)
KCS	Kansas City Southern Railway
NS	Norfolk Southern Combined Railroad Subsidiaries (a.k.a. Norfolk Southern Railway or NS Rail)
SOO	Soo Line Railroad (Canadian Pacific's western 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 Division of the International Brotherhood of Teamsters
BMWED	Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters
BRS	Brotherhood of Railroad Signalmen
IAM	International Association of Machinists and Aerospace Workers
IBBM	International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers
IBEW	International Brotherhood of Electrical Workers
NCFO	National Conference of Firemen and Oilers
SMW	Sheet Metal Workers' International Association
TCU	Transportation Communication International Union
TCU-Carmen	Brotherhood of Railway Carmen Division of the Transportation Communications International Union
UTU	United Transportation Union
UTU-Yard	United Transportation Union Yardmaster Department (also noted as UTU-YMD)

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

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

Workpapers E-filed with STB for 2010 Q3 RCAF

June 4, 2010

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. 40 relevant labor agreement pages relating to independent increases
6. Wall Street Journal - 13 week Treasury Bill Rate from latest auction (a.k.a. 3-Mo. T-Bill)
7. 2010/Q3 RCAF Lump Sum Amortization (3 pages)
8. 5 relevant labor agreement pages relating to lump sums
9. 2010/Q3 RCAF Back Pay Amortization (3 pages)
10. 16 relevant labor agreement pages relating to back pay
11. Health & Welfare worksheet (1 page, no change from Q2 except CNGT railroads)
12. 7 relevant labor agreement pages relating to H&W Employee Cost Sharing
13. Railroad Retirement spreadsheet (5 pages)
14. Unemployment Insurance worksheet
15. 2-page SAS run for Unemployment Insurance
16. One-page of spot price (oil and related products) information from U.S. Energy Information Administration
17. Materials & Supplies summary, 3-page memo including worksheet
18. Car Hire Spreadsheet (2 pages) plus source data page (two pages printed on one page) for June 1, 2010
19. 4 pages of PPI-RE for Depreciation including graph, input/output, and BLS source data
20. 4 pages of PPI-LF for Other (and Lease Rentals) incl. graph, input/output, BLS source data
21. Forecast Error calculation and workpapers (10 pages: calc, index, fuel, 3 car hire, 2 deprec, 2 other)

RCAF All-Inclusive Index's Labor Index Based on 2008 Benchmarks

	08 Wts.	3Q/09 Original	3Q/09 Rebenchd	% Chg	4Q/09	% Chg fr. Orig	1Q/10	% Chg	2Q/10	% Chg	3Q/10	% Chg
Straight Time		\$28.088	\$28.463	1.3%	\$28.467	1.3%	\$28.798	1.2%	\$28.851	0.2%	\$28.878	0.1%
PFTNW		\$6.399	\$6.721	5.0%	\$6.722	5.0%	\$6.736	0.2%	\$6.748	0.2%	\$6.755	0.1%
Total		\$34.487	\$35.184	2.0%	\$35.189	2.0%	\$35.534	1.0%	\$35.599	0.2%	\$35.633	0.1%
Adjustments												
Lump Sum		\$0.311	\$0.318		\$0.319		\$0.244		\$0.136		\$0.136	
Back Pay		\$0.923	\$0.947		\$0.163		\$0.033		\$0.053		\$0.022	
Other		\$0.186	\$0.191		\$0.191		\$0.191		\$0.191		\$0.077	
Total Wages		\$35.907	\$36.640	2.0%	\$35.862	-0.1%	\$36.002	0.4%	\$35.979	-0.1%	\$35.868	-0.3%
Pre-Tax Reduction		(\$1.050)	(\$1.040)		(\$1.040)		(\$1.192)		(\$1.192)		(\$1.192)	
Taxable Wages		\$34.857	\$35.600		\$34.822		\$34.810		\$34.787		\$34.676	
H & W		\$5.868	\$5.798	-1.2%	\$5.798	-1.2%	\$6.865	18.4%	\$6.865	0.0%	\$6.864	0.0%
RR Ret & Medicare		\$7.238	\$7.288	0.7%	\$7.176	-0.9%	\$7.174	0.0%	\$7.171	0.0%	\$7.155	-0.2%
Unemp. Insurance		\$0.208	\$0.208	0.0%	\$0.208	0.0%	\$0.275	32.2%	\$0.275	0.0%	\$0.275	0.0%
Other		\$0.157	\$0.161	2.5%	\$0.078	-50.3%	\$0.087	11.5%	\$0.146	67.8%	\$0.132	-9.6%
Total		\$13.471	\$13.455	-0.1%	\$13.260	-1.6%	\$14.401	8.6%	\$14.457	0.4%	\$14.426	-0.2%
Adjustments												
Total Suppl.		\$13.471	\$13.455	-0.1%	\$13.260	-1.6%	\$14.401	8.6%	\$14.457	0.4%	\$14.426	-0.2%
Total Labor		\$49.378	\$50.095	1.5%	\$49.122	-0.5%	\$50.403	2.6%	\$50.436	0.1%	\$50.294	-0.3%
Wage Rate Index	0.7230	307.3	313.6	2.1%	306.9	-0.1%	308.1	0.4%	307.9	-0.1%	307.0	-0.3%
Suppl Index	0.2770	497.8	497.2	-0.1%	490.0	-1.6%	532.2	8.6%	534.3	0.4%	533.1	-0.2%
Total Labor Index '07 Wts.		362.0										
Total Labor Index '08 Wts.		360.1	364.5	1.2%	357.6	-0.7%	370.2	3.5%	370.6	0.1%	369.6	-0.3%
Labor Index (Linked)		347.2			344.8	-0.7%	356.9	3.5%	357.3	0.1%	356.3	-0.3%

All Inclusive Index and RCAF

	08 Wts	3Q/09	3Q/09 08 Wts	% Chg	4Q/09	% Chg	1Q/10	% Chg	2Q/10	% Chg	3Q/10	% Chg
Labor	0.302	347.20	347.2	0.0%	344.8	-0.7%	356.9	3.5%	357.3	0.1%	356.3	-0.3%
Fuel	0.252	231.20	231.2	0.0%	234.4	1.4%	262.6	12.0%	255.2	-2.8%	270.9	6.2%
M&S	0.051	255.90	255.9	0.0%	238.8	-6.7%	243.8	2.1%	240.0	-1.6%	241.0	0.4%
Equip. Rents	0.063	192.40	192.4	0.0%	197.9	2.9%	198.7	0.4%	201.6	1.5%	204.9	1.6%
Depreciation	0.104	206.00	206.0	0.0%	198.9	-3.4%	203.3	2.2%	204.3	0.5%	205.9	0.8%
Interest	0.023	88.00	88.0	0.0%	83.9	-4.7%	83.9	0.0%	83.9	0.0%	83.9	0.0%
Other	0.205	191.50	191.5	0.0%	198.7	3.8%	199.8	0.6%	207.3	3.8%	212.9	2.7%
Weighted Avg.	1.000	252.70	251.0	-0.7%	251.2	0.1%	262.9	4.7%	262.8	0.0%	268.1	2.0%
Linked		245.30			245.5	0.1%	256.9	4.6%	256.8	0.0%	262.0	2.0%
	Basing Factor											
10/1/80 basis	102.7	238.90			239.0	0.0%	250.1	4.6%	250.0	0.0%	255.1	2.0%
10/1/82	120.9	202.90			203.1	0.1%	212.5	4.6%	212.4	0.0%	216.7	2.0%
4Q/87	132.2	185.60			185.7	0.1%	194.3	4.6%	194.3	0.0%	198.2	2.0%
4Q/92	156.9	156.30			156.5	0.1%	163.7	4.6%	163.7	0.0%	167.0	2.0%
4Q/97	173.2	141.60			141.7	0.1%	148.3	4.7%	148.3	0.0%	151.3	2.0%
4Q/02	192.1	127.70			127.8	0.1%	133.7	4.6%	133.7	0.0%	136.4	2.0%
4Q/07 basis	245.9	99.80			99.8	0.0%	104.5	4.7%	104.4	-0.1%	106.5	2.0%
Car Hire	0.439	182.40	182.4	0.0%	185.5	1.7%	185.8	0.2%	182.7	-1.7%	182.9	0.1%
Lease Rents	0.561	191.50	191.5	0.0%	198.7	3.8%	199.8	0.6%	207.3	3.8%	212.9	2.7%
Wghted Avg Eq Rents		187.60	187.5	-0.1%	192.9	2.9%	193.7	0.4%	196.5	1.4%	199.7	1.6%
Linked Equipment Rents		192.40			197.9	2.9%	198.7	0.4%	201.6	1.5%	204.9	1.6%
Preliminary RCAF		0.998			0.998	0.00%	1.045	4.7%	1.044	-0.1%	1.065	2.0%
Forecast Error Adj.		(0.060)			(0.002)		(0.007)		0.016		0.003	
RCAF Unadjusted		0.938			0.996	6.18%	1.038	4.2%	1.060	2.1%	1.068	0.8%
PAF		2.2040			2.2122	0.37%	2.2204	0.37%	2.2208	0.02%	2.2275	0.3%
RCAF Adjusted		0.426			0.450	5.63%	0.467	3.8%	0.477	2.1%	0.479	0.4%
PAF-5		2.3259			2.3329	0.30%	2.3415	0.37%	2.3469	0.23%	2.3539	0.30%
RCAF-5		0.403			0.427	5.96%	0.443	3.7%	0.452	2.0%	0.454	0.4%

Note: 2010Q1 M&S originally filed at 242.7, and revision had no impact on RCAF.
 Note: 2010Q2 M&S originally filed at 240.2, and revision had no impact on RCAF.

Per STB March 31 Decision

Hourly Rate for 2010 Q3

Straight Time and Time Paid For But Not Worked

2010Q3 Straight Time Hourly Rate (from national spreadsheet)
no change

\$28.627

Adjustments to 2008 base:

Adjustments added 2009 Q1

CN Railroads	3% GWI for GTW BMWE and WC BRS, COLA for WC&DMIR&DWP BMWE, 4% for non-unions	0.004
Dispatcher 4 (BNSF, CSX, KCS, NS)	No change	0.000
Misc. Independent BLET, Yardmasters, Dispatchers	4% for UP ATDA as non-union	0.006
SOO	COLA for BMWE	0.001

Adjustments added 2009 Q2

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

Adjustments added 2009 Q3

CN Railroads	New BLE BMWE and WC BLET, GWI for most of rest	0.026
Dispatcher 4 (BNSF, CSX, KCS, NS)	4.5% G.W.I. for BNSF and KCS, 4% for CSX	0.009
Misc. Independent BLET, Yardmasters, Dispatchers	4.5% G.W.I. for BNSF BLET, CSX & UP UTU-YMD, 5% G.W.I. for NS BLET	0.090
SOO	New BMWE with retro GWI, 4.5% G.W.I. for rest unions	0.021

Adjustments added 2009 Q4

CN Railroads	New agreement for WC UTU-YMD with 1 retro wage increase	0.004
Dispatcher 4 (BNSF, CSX, KCS, NS)	No change	0.000
Misc. Independent BLET, Yardmasters, Dispatchers	No change	0.000
SOO	No change	0.000

Adjustments added 2010 Q1

CN Railroads	Mostly non-union wage increases	0.002
Dispatcher 4 (BNSF, CSX, KCS, NS)	5% GWI for CSX ATDA-East (30% total)	0.001
Misc. Independent BLET, Yardmasters, Dispatchers	4.5% GWI for non-union UP dispatchers	0.007
SOO	No change	0.000

Adjustments added 2010 Q2

CN Railroads	WC BLET 3.24% GWI	0.002
Dispatcher 4 (BNSF, CSX, KCS, NS)	No change	0.000
Misc. Independent BLET, Yardmasters, Dispatchers	New agreements received for BNSF BLET and CSX BLET with January 2010 wage increases	0.051
SOO	No change	0.000

Adjustments added 2010 Q3

CN Railroads	\$0.10 for some unions plus 6 2006 and 1 2009 contracts that AAR received in May 2010	0.004
Dispatcher 4 (BNSF, CSX, KCS, NS)	No change	0.000
Misc. Independent BLET, Yardmasters, Dispatchers	3% GWI for NS BLET	0.023
SOO	No change	0.000

Adjusted STHR Total

\$28.878

Pay For Time Not Worked

PFTNW (from national spreadsheet)
Ratio Adj STHR to Nat STHR

28.878 / 28.627 =

\$6.696
1.00877

Adjusted Pay For Time Not Worked

\$6.755

Notes:

1. CN Railroads includes B&LE, CC&P, DMIR, DW&P, GTW, IC, and WC
2. "Dispatcher 4" was benchmarked based on 2008 Wage Statistics as independent, even though the new national ATDA contract was signed September 1, 2007.

RCAF Taxable Wages

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

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

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

Reduction Calculation for 3Q/2010

U.S. ST Hours = 322,915,071
 Wage Statistics are for 2008.

Union Group	Employees	Mo. Rate	Annual \$
National BLET (BNSF, CSX, KCS, NS, UP)	27,033	(\$200.00)	(\$64,879,200.00)
National BMW (BNSF, CSX, KCS, NS, UP)	24,330	(\$200.00)	(\$58,392,000.00)
National BRS (BNSF, CSX, KCS, NS, UP)	6,265	(\$200.00)	(\$15,036,000.00)
National IAM (BNSF, CSX, KCS, NS, UP)	6,838	(\$200.00)	(\$16,411,200.00)
National IBBM (BNSF, CSX, KCS, NS, UP)	1,012	(\$200.00)	(\$2,428,800.00)
National IBEW (BNSF, CSX, KCS, NS, UP)	5,119	(\$200.00)	(\$12,285,600.00)
National NCFO (BNSF, CSX, KCS, NS, UP)	2,466	(\$200.00)	(\$5,918,400.00)
National SMW (BNSF, CSX, KCS, NS, UP)	1,038	(\$200.00)	(\$2,491,200.00)
National TCU (BNSF, CSX, KCS, NS, UP)	6,863	(\$200.00)	(\$16,471,200.00)
National TCU-CAR (BNSF, CSX, KCS, NS, UP)	10,467	(\$200.00)	(\$25,120,800.00)
National UTU (BNSF, CSX, KCS, NS, UP)	42,698	(\$200.00)	(\$102,475,200.00)
National UTU-Yardmasters (BNSF, CSX, KCS, NS)	1,701	(\$200.00)	(\$4,082,400.00)
Indep. Dispatchers (wt avg BNSF, CSX, KCS, NS)	1,845	(\$200.00)	(\$4,428,000.00)
Independent CNGT (wt avg all 104 union categories)	5,917	(\$109.48)	(\$7,773,517.92)
Independent SOO (wt avg all 13 unions)	2,359	(\$200.00)	(\$5,661,600.00)
Independent UP (Yardmasters only)	22	(\$200.00)	(\$52,800.00)
Total Union	145,973		(\$343,907,917.92)
All Other @ \$3,424,986.86 total per month			(\$41,099,842.32)
Total			(\$385,007,760.24)

Reduction in Wage Rate Per ST Hour	-\$1.19228799
Deduct this amount from the Wage Rate	-\$1.192

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	0.25331	0.04116	0.179	0.0059	0.03797	0.14505	0.06311	0.0141	0.03989	0.00609	0.03034	0.01364	0.00976	0.16065	1.00000
2008 Avg.	23.391	23.949	25.376	23.621	25.553	22.283	23.161	19.295	23.557	21.757	24.037	34.958	28.753	42.802	362.492
12/31/08	23.847	24.414	25.688	24.085	26.047	22.706	23.618	19.673	24.047	22.184	24.507	35.254	29.284	42.802	368.155
1/1/09	23.847	24.414	25.688	24.085	26.047	22.706	23.618	19.673	24.047	22.184	24.507	35.254	29.284	44.514	
4/1/09	23.847	24.414	25.688	24.085	26.047	22.706	23.618	19.673	24.047	22.184	24.507	35.254	29.284	44.514	
7/1/09	24.866	25.394	26.068	25.144	27.159	23.655	24.606	20.527	25.082	23.125	25.559	35.254	30.016	44.514	
10/1/09	24.866	25.394	26.068	25.144	27.159	23.655	24.606	20.527	25.082	23.125	25.559	35.254	30.016	44.514	
1/1/10	24.866	25.394	26.068	25.144	27.159	23.655	24.606	20.527	25.082	23.125	25.559	35.254	30.016	46.517	
4/1/10	24.866	25.394	26.068	25.144	27.159	23.655	24.606	20.527	25.082	23.125	25.559	35.254	30.016	46.517	
7/1/10	24.866	25.394	26.068	25.144	27.159	23.655	24.606	20.527	25.082	23.125	25.559	35.254	30.016	46.517	

Weighted Straight Time Hourly Rate

	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2008 Avg.	5.925	0.986	4.542	0.139	0.970	3.232	1.462	0.272	0.940	0.133	0.729	0.477	0.281	6.876	26.964
12/31/08	6.041	1.005	4.598	0.142	0.989	3.294	1.491	0.277	0.959	0.135	0.744	0.481	0.286	6.876	27.318
1/1/09	6.041	1.005	4.598	0.142	0.989	3.294	1.491	0.277	0.959	0.135	0.744	0.481	0.286	7.151	27.593
4/1/09	6.041	1.005	4.598	0.142	0.989	3.294	1.491	0.277	0.959	0.135	0.744	0.481	0.286	7.151	27.593
7/1/09	6.299	1.045	4.666	0.148	1.031	3.431	1.553	0.290	1.000	0.141	0.776	0.481	0.293	7.151	28.306
10/1/09	6.299	1.045	4.666	0.148	1.031	3.431	1.553	0.290	1.000	0.141	0.776	0.481	0.293	7.151	28.306
1/1/10	6.299	1.045	4.666	0.148	1.031	3.431	1.553	0.290	1.000	0.141	0.776	0.481	0.293	7.473	28.627
4/1/10	6.299	1.045	4.666	0.148	1.031	3.431	1.553	0.290	1.000	0.141	0.776	0.481	0.293	7.473	28.627
7/1/10	6.299	1.045	4.666	0.148	1.031	3.431	1.553	0.290	1.000	0.141	0.776	0.481	0.293	7.473	28.627

Note: The 2008 Average and 12/31/08 Straight Time Hourly Rates are the industry rates, and include all Class I railroad employees. The rates for 1/1/09 through 7/1/10 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 2008 are not shown on this page and are handled separately.

National Contracts U.S.

Pay For Time Not Worked Hourly Rate

	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	
Weight	0.25331	0.04116	0.179	0.0059	0.03797	0.14505	0.06311	0.0141	0.03989	0.00609	0.03034	0.01364	0.00976	0.16065	1.00000
2008 Avg.	9.976	4.923	9.991	3.952	5.451	3.879	3.944	3.154	4.062	5.705	4.284	7.132	9.709	1.480	77.642
12/31/08	10.171	5.019	10.113	4.030	5.557	3.953	4.021	3.216	4.146	5.816	4.368	7.192	9.888	1.480	
1/1/09	10.171	5.019	10.113	4.030	5.557	3.953	4.021	3.216	4.146	5.816	4.368	7.192	9.888	1.540	
4/1/09	10.171	5.019	10.113	4.030	5.557	3.953	4.021	3.216	4.146	5.816	4.368	7.192	9.888	1.540	
7/1/09	10.605	5.220	10.263	4.207	5.794	4.118	4.190	3.355	4.325	6.063	4.556	7.192	10.136	1.540	
10/1/09	10.605	5.220	10.263	4.207	5.794	4.118	4.190	3.355	4.325	6.063	4.556	7.192	10.136	1.540	
1/1/10	10.605	5.220	10.263	4.207	5.794	4.118	4.190	3.355	4.325	6.063	4.556	7.192	10.136	1.609	
4/1/10	10.605	5.220	10.263	4.207	5.794	4.118	4.190	3.355	4.325	6.063	4.556	7.192	10.136	1.609	
7/1/10	10.605	5.220	10.263	4.207	5.794	4.118	4.190	3.355	4.325	6.063	4.556	7.192	10.136	1.609	

Pay For Time Not Worked Hourly Rate

	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2008 Avg.	2.527	0.203	1.788	0.023	0.207	0.563	0.249	0.044	0.162	0.035	0.130	0.097	0.095	0.238	6.361
12/31/08	2.576	0.207	1.810	0.024	0.211	0.573	0.254	0.045	0.165	0.035	0.133	0.098	0.097	0.238	6.466
1/1/09	2.576	0.207	1.810	0.024	0.211	0.573	0.254	0.045	0.165	0.035	0.133	0.098	0.097	0.247	6.476
4/1/09	2.576	0.207	1.810	0.024	0.211	0.573	0.254	0.045	0.165	0.035	0.133	0.098	0.097	0.247	6.476
7/1/09	2.686	0.215	1.837	0.025	0.220	0.597	0.264	0.047	0.173	0.037	0.138	0.098	0.099	0.247	6.684
10/1/09	2.686	0.215	1.837	0.025	0.220	0.597	0.264	0.047	0.173	0.037	0.138	0.098	0.099	0.247	6.684
1/1/10	2.686	0.215	1.837	0.025	0.220	0.597	0.264	0.047	0.173	0.037	0.138	0.098	0.099	0.258	6.696
4/1/10	2.686	0.215	1.837	0.025	0.220	0.597	0.264	0.047	0.173	0.037	0.138	0.098	0.099	0.258	6.696
7/1/10	2.686	0.215	1.837	0.025	0.220	0.597	0.264	0.047	0.173	0.037	0.138	0.098	0.099	0.258	6.696

U.S. National Contract

UTU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2008 Industry Avg.				23.39120	9.97628
12/31/08 Industry Rate				23.84680	10.17059
1/1/09			94.951%	23.84680	10.17059
4/1/09			94.951%	23.84680	10.17059
7/1/09	4.50%		94.951%	24.86573	10.60516
10/1/09			94.951%	24.86573	10.60516
1/1/10			94.951%	24.86573	10.60516
4/1/10			94.951%	24.86573	10.60516
7/1/10			94.951%	24.86573	10.60516

TCU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2008 Industry Avg.				23.94923	4.92321
12/31/08 Industry Rate				24.41374	5.01870
1/1/09			89.195%	24.41374	5.01870
4/1/09			89.195%	24.41374	5.01870
7/1/09	4.50%		89.195%	25.39365	5.22014
10/1/09			89.195%	25.39365	5.22014
1/1/10			89.195%	25.39365	5.22014
4/1/10			89.195%	25.39365	5.22014
7/1/10			89.195%	25.39365	5.22014

BLET

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2008 Industry Avg.				25.37580	9.99057
12/31/08 Industry Rate				25.68761	10.11333
1/1/09			32.914%	25.68761	10.11333
4/1/09			32.914%	25.68761	10.11333
7/1/09	4.50%		32.914%	26.06808	10.26312
10/1/09			32.914%	26.06808	10.26312
1/1/10			32.914%	26.06808	10.26312
4/1/10			32.914%	26.06808	10.26312
7/1/10			32.914%	26.06808	10.26312

U.S. National Contract

SMWIA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2008 Industry Avg.				23.62136	3.95243
12/31/08 Industry Rate				24.08453	4.02993
1/1/09			97.773%	24.08453	4.02993
4/1/09			97.773%	24.08453	4.02993
7/1/09	4.50%		97.773%	25.14420	4.20724
10/1/09			97.773%	25.14420	4.20724
1/1/10			97.773%	25.14420	4.20724
4/1/10			97.773%	25.14420	4.20724
7/1/10			97.773%	25.14420	4.20724

BRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2008 Industry Avg.				25.55267	5.45120
12/31/08 Industry Rate				26.04748	5.55676
1/1/09			94.844%	26.04748	5.55676
4/1/09			94.844%	26.04748	5.55676
7/1/09	4.50%		94.844%	27.15917	5.79392
10/1/09			94.844%	27.15917	5.79392
1/1/10			94.844%	27.15917	5.79392
4/1/10			94.844%	27.15917	5.79392
7/1/10			94.844%	27.15917	5.79392

BMWE

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2008 Industry Avg.				22.28288	3.87899
12/31/08 Industry Rate				22.70594	3.95264
1/1/09			92.841%	22.70594	3.95264
4/1/09			92.841%	22.70594	3.95264
7/1/09	4.50%		92.841%	23.65456	4.11777
10/1/09			92.841%	23.65456	4.11777
1/1/10			92.841%	23.65456	4.11777
4/1/10			92.841%	23.65456	4.11777
7/1/10			92.841%	23.65456	4.11777

U.S. National Contract

TCU-Carmen

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2008 Industry Avg.				23.16080	3.94353
12/31/08 Industry Rate				23.61778	4.02134
1/1/09			92.995%	23.61778	4.02134
4/1/09			92.995%	23.61778	4.02134
7/1/09	4.50%		92.995%	24.60613	4.18962
10/1/09			92.995%	24.60613	4.18962
1/1/10			92.995%	24.60613	4.18962
4/1/10			92.995%	24.60613	4.18962
7/1/10			92.995%	24.60613	4.18962

NCFO

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2008 Industry Avg.				19.29513	3.15370
12/31/08 Industry Rate				19.67347	3.21554
1/1/09			96.432%	19.67347	3.21554
4/1/09			96.432%	19.67347	3.21554
7/1/09	4.50%		96.432%	20.52718	3.35508
10/1/09			96.432%	20.52718	3.35508
1/1/10			96.432%	20.52718	3.35508
4/1/10			96.432%	20.52718	3.35508
7/1/10			96.432%	20.52718	3.35508

IAM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2008 Industry Avg.				23.55668	4.06186
12/31/08 Industry Rate				24.04707	4.14642
1/1/09			95.616%	24.04707	4.14642
4/1/09			95.616%	24.04707	4.14642
7/1/09	4.50%		95.616%	25.08175	4.32483
10/1/09			95.616%	25.08175	4.32483
1/1/10			95.616%	25.08175	4.32483
4/1/10			95.616%	25.08175	4.32483
7/1/10			95.616%	25.08175	4.32483

U.S. National Contract

IBBM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2008 Industry Avg.				21.75733	5.70456
12/31/08 Industry Rate				22.18363	5.81633
1/1/09			94.321%	22.18363	5.81633
4/1/09			94.321%	22.18363	5.81633
7/1/09	4.50%		94.321%	23.12520	6.06320
10/1/09			94.321%	23.12520	6.06320
1/1/10			94.321%	23.12520	6.06320
4/1/10			94.321%	23.12520	6.06320
7/1/10			94.321%	23.12520	6.06320

IBEW

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2008 Industry Avg.				24.03698	4.28436
12/31/08 Industry Rate				24.50749	4.36822
1/1/09			95.333%	24.50749	4.36822
4/1/09			95.333%	24.50749	4.36822
7/1/09	4.50%		95.333%	25.55886	4.55562
10/1/09			95.333%	25.55886	4.55562
1/1/10			95.333%	25.55886	4.55562
4/1/10			95.333%	25.55886	4.55562
7/1/10			95.333%	25.55886	4.55562

ATDA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2008 Industry Avg.				34.95760	7.13204
12/31/08 Industry Rate				35.25372	7.19246
1/1/09			0.000%	35.25372	7.19246
4/1/09			0.000%	35.25372	7.19246
7/1/09			0.000%	35.25372	7.19246
10/1/09			0.000%	35.25372	7.19246
1/1/10			0.000%	35.25372	7.19246
4/1/10			0.000%	35.25372	7.19246
7/1/10			0.000%	35.25372	7.19246

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

U.S. National Contract

YDMSTRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2008 Industry Avg.				28.75297	9.70919
12/31/08 Industry Rate				29.28383	9.88845
1/1/09			55.570%	29.28383	9.88845
4/1/09			55.570%	29.28383	9.88845
7/1/09	4.50%		55.570%	30.01611	10.13572
10/1/09			55.570%	30.01611	10.13572
1/1/10			55.570%	30.01611	10.13572
4/1/10			55.570%	30.01611	10.13572
7/1/10			55.570%	30.01611	10.13572

OTHER

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2008 Industry Avg.				42.80152	1.48043
12/31/08 Industry Rate				42.80152	1.48043
1/1/09	4.00%		100.000%	44.51358	1.53965
4/1/09			100.000%	44.51358	1.53965
7/1/09			100.000%	44.51358	1.53965
10/1/09			100.000%	44.51358	1.53965
1/1/10	4.50%		100.000%	46.51670	1.60893
4/1/10			100.000%	46.51670	1.60893
7/1/10			100.000%	46.51670	1.60893

Check Sums

	Increase	Applicable	ST HR	PFTNW HR
2008 AVG			362.49216	77.64235
12/31/08			368.15461	
		1132.785%		
		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.

following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

(b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.

(c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.

(d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

Effective Date of Adjustment	Maximum CPI Increase That May Be Taken Into Account
July 1, 2010	3% of September 2009 CPI
January 1, 2011	6% of September 2009 CPI, less the increase from September 2009 to March 2010

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

(ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.

(iii) If the increase in the BLS CPI from the base month of September 2009 to the measurement month of March 2010 exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be

ARTICLE II - COST-OF-LIVING ALLOWANCE AND ADJUSTMENTS
THERE TO AFTER JANUARY 1, 2010

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

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

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
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Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.

CN' U.S. IAM
B&LR, CCP, DMIR, DWA, GTW, IC, WC

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

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

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

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- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.

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- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2010	3% of September 2009 CPI
January 1, 2011	6% of September 2009 CPI, less the increase from September 2009 to March 2010

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the BLS CPI. The first such cost-of-living allowance shall be payable effective July 1, 2010 based, subject to paragraph (d), on the BLS CPI for September 2009 as compared with the BLS CPI for March 2010. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

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- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
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Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.
- (iii) If the increase in the BLS CPI from the base month of September 2009, to the measurement month of March 2010, exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from such base month of September; the increase in the index that will be taken into account will be limited to that portion of the increase that is in excess of 3% of such September base index; and the maximum increase in that portion of the index that may be taken into account will be 6% of such September base index less the 3% mentioned in the preceding clause, to which shall be added any residual tenths of points which had been dropped under paragraph (e) below in

shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

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Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.
- (iii) If the increase in the BLS CPI from the base month of September 2009, to the measurement month of March 2010, exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from such base month of September; the increase in the index that will be taken into account will be limited to that portion of the increase that is in excess of 3% of such September base index; and the maximum increase in that portion of the

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

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

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

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

Measurement Periods		Effective Date of Adjustment
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March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.

CCP IBEW

shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2010	3% of September 2009 CPI
January 1, 2011	6% of September 2009 CPI, less the increase from September 2009 to March 2010

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.
- (iii) If the increase in the BLS CPI from the base month of September 2009 to the measurement month of March 2010 exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from such base month of September; the increase in the index that will be taken into

DMIR & DWP BMW E
Uses WC BMW E

II: WAGES, RULES AND WORKING CONDITIONS

- A. On the effective date of this agreement, all agreements covering wages, rules and working conditions in effect between the BMW E and DMIR, BMW E and M&M, and BMW E and DWP are dissolved.
- B. On the effective date of this agreement, all employees working under agreements covering wages, rules, and working conditions in effect between the BMW E and DMIR, BMW E and M&M, and BMW E and DWP will be subject to the agreement in effect between the BMW E and WC covering wages, rules and working conditions, subject to the modifications contained herein.
1. BMW E/WC Agreement rules relating to the selection of forces and assignment to positions are modified as indicated in Article I of this Agreement.
 2. Effective 12:01 AM, January 1, 2005, Rule 4 Paragraphs A and B of the BMW E/WC agreement is amended as follows:

"RULE 04 - SENIORITY TERRITORY

* * * * *

- A. *The seniority territory for employees covered by this agreement shall be those portions of the former Wisconsin Central, Duluth, Winnipeg & Pacific, Duluth, Missabe & Iron Range, and Minnesota and Manitoba railroads, located within the United States, which are owned and maintained by the Canadian National Railway.*
 - B. *Employees may exercise their seniority to any position under his agreement consistent with the terms of the agreement and subject to the prior rights provisions of paragraphs C and D below and the Implementing Agreement dated December 8, 2004."*
3. Effective 12:01 AM, January 1, 2005, Rule 13 Paragraphs E, G and I of the BMW E/WC agreement are amended as follows:

WC BME

January 1, 2009 6% of September 2007 CPI, less the
increase from September, 2007 to
March, 2008

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.
 - (iii) If the increase in the BLS CPI from the base month of September 2007 to the measurement month of March 2008 exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from such base month of September; the increase in the index that will be taken into account will be limited to that portion of the increase that is in excess of 3% of such September base index; and the maximum increase in that portion of the index that may be taken into account will be 6% of such September base index less the 3% mentioned in the preceding clause, to which will be added any residual tenths of points which had been dropped under paragraph (e) below in calculation of the cost-of-living allowance which will have become effective July 1, 2008 during such measurement period.
 - (iv) Any increase in the BLS CPI from the base month of September 2007 to the measurement month of September 2008 in excess of 6% of the September 2007 base index will not be taken into account in the determination of subsequent cost-of-living adjustments.
 - (v) The procedure specified in subparagraphs (iii) and (iv) will be applicable to all subsequent periods during which this Article is in effect.
- (e) Formula. The number of points change in the BLS CPI during a measurement period, as limited by paragraph (d), will be converted into cents on the basis on one cent equals 0.3 full points. (By "0.3 full points" it is intended that any remainder of 0.1 point or 0.2 point of change after the conversion will not be counted.)

The cost-of-living allowance in effect on December 31, 2008 will be adjusted (increased or decreased) effective January 1, 2009 by the whole number of cents produced by dividing by 0.3 the number of points (including tenths of points) change, as limited by paragraph (d), in the BLS CPI during the applicable measurement period. Any residual tenths of a point resulting from such division will be dropped. The result of such division will be added to the amount of the cost-of-living allowance in effect on December 31, 2008 if the BLS CPI will have been higher at the end than at the beginning of the measurement period, and subtracted therefrom if the index will have been lower at the

which will become effective as described below, will be based on the change in the BLS CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2010	3% of September 2009 CPI
January 1, 2011	6% of September 2009 CPI, less the increase from September 2009 to March 2010

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.

to as the BLS CPI. The first such cost-of-living allowance shall be payable effective July 1, 2010 based, subject to paragraph (d), on the BLS CPI for September 2009, as compared with the BLS CPI for March 2010. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2010	3% of September 2009 CPI
January 1, 2011	6% of September 2009 CPI, less the increase from September 2009 to March 2010

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the BLS CPI. The first such cost-of-living allowance shall be payable effective July 1, 2010 based, subject to paragraph (d), on the BLS CPI for September 2009 as compared with the BLS CPI for March 2010. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2010	3% of September 2009 CPI
January 1, 2011	6% of March 2010 CPI, less the increase from September 2009 to March 2010

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

paragraph (d), on the BLS CPI for September 2009 as compared with the BLS CPI for March 2010. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2010	3% of September 2009 CPI
January 1, 2011	6% of September 2009 CPI, less the increase from September 2009 to March 2010

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.

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

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

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

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2010	3% of September 2009 CPI
January 1, 2011	6% of September 2009 CPI, less the increase from September 2009 to March 2010

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.
- (iii) If the increase in the BLS CPI from the base month of September 2009, to the measurement month of March 2010, exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from

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

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

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
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Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.

shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
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- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2010	3% of September 2009 CPI
January 1, 2011	6% of September 2009 CPI, less the increase from September 2009 to March 2010

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.
- (iii) If the increase in the BLS CPI from the base month of September 2009 to the measurement month of March 2010 exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from such base month of September; the increase in the index that will be taken into

DWP TCU

2010 based, subject to paragraph (d), on the BLS CPI for September 2009 compared with the BLS CPI for March 2010. Such allowance, and future cost-of-living adjustments thereto which will become effective as described below, shall be based on the change in the BLS CPI during the respective measurement period shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
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Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitrations representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2010	3% of September 2009 CPI
January 1, 2011	6% of September 2009 CPI, less the increase from September 2009 to March 2010

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.

measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2010	3% of September 2009 CPI
January 1, 2011	6% of September 2009 CPI, less the increase from September 2009 to March 2010

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.
- (iii) If the increase in the BLS CPI from the base month of September 2009, to the measurement month of March 2010, exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from such base month of September; the increase in the index that will be taken into account will be limited to

DWP UTU
includes locomotive engineers
normally in BLBT

1. Term of Contract

Collective Agreement dated June 23, 2003 covering employees on the former Duluth, Winnipeg and Pacific Railway Ltd. (DWP) represented by the United Transportation Union (UTU), will be renewed for a period of five years commencing September 1, 2006.

2. Labor Management Meetings changed to Semi-annually

Amend Article 2, Paragraph C, and amend all provisions in conflict to reflect the following:

The parties recognize that this is a new Agreement, which introduces changes in the workplace. In recognition of this a committee consisting of the two Union General Chairmen and the Company's General Manager Operations and Director Labor Relations, or their respective designates, will be established. This committee will be known as the Labor / Management Committee, and will meet semi-annually, or as otherwise mutually agreed, in the Duluth / Superior area to review the application of this Agreement.

3. Wages

Amend Articles 5, 12 and 21 and amend any provisions in conflict to reflect the following:

- a) Effective September 1, 2006, a wage increase of 3% on the rate of pay in effect on August 31, 2006.
- b) Effective September 1, 2007, a wage increase of 2% on the rate of pay in effect on August 31, 2007.
- c) Effective September 1, 2008, a wage increase of 2% on the rate of pay in effect on August 31, 2008.
- d) Effective September 1, 2009, a wage increase of 3% on the rate of pay in effect on August 31, 2009.
- e) Effective September 1, 2010, a wage increase of 3% on the rate of pay in effect on August 31, 2010.

4. Establish Engineer Training Rate

Amend Article 5 and amend all provisions in conflict to reflect the following:

The rate of pay for an Engineer Trainees is a rate equal to 90% of the Engineer hourly rate. The Basic Day for Engineer Trainees in a classroom situation is eight (8) hours, otherwise, the basic day is ten (10) hours. If an Engineer Trainee is required to work ten (10) hours or more, they will be paid for such time in excess of ten (10) hours at the rate of time-and-one-half.

5. Employment Security for New Hires

Amend Article 6, and amend all provisions in conflict to reflect the following:

GTW BRS

ARTICLE II - COST-OF-LIVING ALLOWANCE AND ADJUSTMENTS
THERE TO AFTER JANUARY 1, 2010

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

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

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.

2010 based, subject to paragraph (d), on the BLS CPI for September 2009 as compared with the BLS CPI for March 2010. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2010	3% of September 2009 CPI
January 1, 2011	6% of September 2009 CPI, less the increase from September 2009 to March 2010

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.

for March 2010. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2010	3% of September 2009 CPI
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Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.

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

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

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

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2010	3% of September 2009 CPI
January 1, 2011	6% of September 2009 CPI, less the increase from September 2009 to March 2010

BLS CPI for March 2010. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

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- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
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Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

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- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.

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be based on the change in the BLS CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

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Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.
- (iii) If the increase in the BLS CPI from the base month of September 2009 to the measurement month of March 2010 exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from

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- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
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- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.
- (iii) If the increase in the BLS CPI from the base month of September 2009, to the measurement month of March 2010, exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from such base month of September; the increase in the index that will be taken into account will be limited to that portion of the increase that is in excess of 3% of

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of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

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- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
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- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.

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- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.
- (iii) If the increase in the BLS CPI from the base month of September 2009 to the measurement month of March 2010 exceeds 3% of the September base index, the

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

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

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

Measurement Periods		Effective Date of Adjustment
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September 2009	March 2010	July 1, 2010
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Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

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- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2010	3% of September 2009 CPI
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shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
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Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d) (i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

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July 1, 2010	3% of September 2009 CPI
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Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.
- (iii) If the increase in the BLS CPI from the base month of September 2009 to the measurement month of March 2010 exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from such base month of September; the increase in the index that will be taken into

Measurement Periods		Effective Date of Adjustment
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September 2009	March 2010	July 1, 2010
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Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

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- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

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Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

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- (iii) If the increase in the BLS CPI from the base month of September 2009, to the measurement month of March 2010, exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from such base month of September; the increase in the index that will be taken into account will be limited to that portion of the increase that is in excess of 3% of such September base index; and the maximum increase in that portion of the index that may be taken into account will be 6% of such September base index less the 3% mentioned in the preceding clause, to which shall be added any

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shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
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- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.
- (iii) If the increase in the BLS CPI from the base month of September 2009 to the measurement month of March 2010 exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from

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

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

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- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

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- iv) Effective August 1, 2007, the rate of pay for Conductor will be \$30.00 per hour. This rate will apply to all time on duty, unless otherwise specified in the Agreement.
 - v) Effective August 1, 2008, the rate of pay for Conductor will be \$31.00 per hour. This rate will apply to all time on duty, unless otherwise specified in the Agreement.
 - vi) Effective August 1, 2009, the rate of pay for Conductor will be \$32.00 per hour. This rate will apply to all time on duty, unless otherwise specified in the Agreement.
 - vii) Effective August 1, 2010, the rate of pay for Conductor will be \$33.00 per hour. This rate will apply to all time on duty, unless otherwise specified in the Agreement. $33 \div 32 = 3.125\%$
- B. 1. Ten (10) hours or less shall constitute a basic day. Pay for all time on duty after ten (10) hours shall be at the rate of time and one half on the minute basis at the applicable rate.
2. The rates provided for herein shall apply to all time on duty, unless otherwise specified in the Agreement. The Company may require Trainmen to work in excess of ten (10) hours per tour of duty and Trainmen will be paid on a minute basis at the applicable rate of service performed. Trainmen requesting to be relieved during their tour of duty shall be paid actual time on duty provided a supervisor grants their request.
- C. New Trainmen shall be appointed to the entry-level training program and shall be paid at ninety percent (90%) of the Conductor's hourly rate of pay. Upon accumulating one (1) year of service or upon qualification as Conductor, whichever comes first, such Trainmen shall be paid at one hundred percent (100%) of the applicable hourly rate of pay.
- D. Unless otherwise provided in this Agreement, the rates of pay as indicated herein represent complete and total payment for the performance of all work, which is associated with the Trainmen covered by this Agreement.

ARTICLE 6 – EMPLOYMENT SECURITY

- A. A Trainman who has established seniority on the Trainmen's seniority roster(s) on or prior to the effective date of this Agreement shall be known and designated as a "Protected Trainman". Such Protected Trainmen shall not be furloughed as a Trainman for any reason.

Note: A Trainman who was suspended or dismissed prior to the effective date of this Agreement and is subsequently reinstated with seniority rights unimpaired shall be designated a Protected Trainman. A Protected Trainman who is or becomes dismissed or suspended and who is subsequently reinstated with seniority rights unimpaired shall remain a Protected Trainman.

- B. A Protected Trainman shall be provided a Regular Assignment or a Guaranteed Extra Board position.

ARTICLE 7 – SENIORITY

Section 1 – General

- A. The right to preference of work and the right to bid an assignment(s) shall be governed by seniority. The Trainman oldest in seniority shall be given the preference of work and the right to bid the assignment(s) of his choosing in accordance with the applicable provision(s) as contained in this Agreement.
- B. The Company will keep the General Chairperson and each Local Chairperson of the UTU supplied with lists of Trainmen and their seniority dates and rank numbers as Trainmen in conformity with their standing as recorded on the lists subject to the rules hereinafter provided for.

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- D. Effective July 1, 2008, all rates of pay in effect on June 30, 2008 are increased by four per cent (4%).
- E. Effective July 1, 2009, all rates of pay in effect on June 30, 2009 are increased by three per cent (3%).
- F. Rates of pay resulting from the application of A through E, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.
- G. A wage scale table to Carmen covered by this agreement is attached as Appendix A.

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

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

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

Measurement Periods		Effective Date of Adjustment
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September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the

SUBJECT: 2008 NSR/BLET Agreement

Norfolk – September 16, 2008

NA-08-BLET-NS

Mr. S. C. Tobias
Vice Chairman and Chief Operating Officer

Mr. M. D. Manion
Executive Vice President Operations

Attached is a copy of the agreement between Norfolk Southern Railway (NSR) and the Brotherhood of Locomotive Engineers and Trainmen (BLET). The following is a brief summary of the agreement:

The agreement term will be from September 1, 2008 through December 31, 2014. New Section Six notices may not be served before November 1, 2014 and would not become effective before January 1, 2015. Health and Welfare benefits will continue to be handled on the National level.

Signing Bonus\Lump Sum Payments

- \$1, 200 payable within three months of agreement signing.
- \$3,500 payable by January 1, 2009.

Thoroughbred Performance Bonus Program

The agreement continues engineer participation in the Thoroughbred Performance Bonus Program. However, for the first time, an engineer's bonus eligibility will be directly tied to the individual engineer's work history in the preceding year.

Beginning in 2009 and payable in 2010 and each year thereafter, an engineer's annual bonus eligibility and opportunity level will be based on the amount of starts made in the preceding year:

- A 10% bonus opportunity for engineers who work 235 or more factored starts in through freight service or 220 factored starts in other than through freight service.
- An additional 5% bonus opportunity for engineers who work 260 or more factored starts in through freight service or 248 factored starts in other than through freight service.

An engineer who fails to meet the minimum number of starts in the preceding year will not be eligible for a bonus in the payout year. The bonus payout will continue to be based on the engineer's earnings in the preceding year and the percentage of the maximum bonus paid to non-agreement employees under the Corporate Bonus Program.

General Wage Increases

- 5% effective July 1, 2009
- 3% effective July 1, 2010
- 5% effective July 1, 2011
- 2% effective July 1, 2012
- 2% effective July 1, 2013
- 2% effective July 1, 2014

Weekend Holiday Differential

Effective January 1, 2010, the weekend/holiday differential of \$30 per trip for engineers operating in through freight service is increased to \$45.

0.160%

CREDIT MAR

BORROWING BENCHMARKS

Money Rates

June 1, 2010

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

Inflation

	April Index level	CHG FROM (%)	
		March '10	April '09
U.S. consumer price index			
All items	218.009	0.2	2.2
Core	221.166	0.0	0.9

International rates

	Latest	Week ago	-52-WEEK-	
			High	Low
Prime rates				
U.S.	3.25	3.25	3.25	3.25
Canada	2.25	2.25	2.25	2.25
Euro zone	1.00	1.00	1.00	1.00
Japan	1.475	1.475	1.475	1.475
Switzerland	0.52	0.52	0.55	0.51
Britain	0.50	0.50	0.50	0.50
Australia	4.50	4.50	4.50	3.00
Hong Kong	5.00	5.00	5.25	5.00

Overnight repurchase

	Latest	Week ago	High	Low
U.S.	0.25	0.21	0.31	0.03
U.K. (BBA)	0.502	0.502	0.530	0.407
Euro zone	0.29	0.29	1.40	0.28

U.S. government rates

Discount	Latest	Week ago	High	Low
	0.75	0.75	0.75	0.50

Federal funds

Effective rate	Latest	Week ago	High	Low
High	0.3800	0.5000	0.5000	0.3125
Low	0.0800	0.0625	0.3200	0.0000
Bid	0.2000	0.2300	0.2500	0.0000
Offer	0.3000	0.3000	0.8333	0.0200

Treasury bill auction

	Latest	Week ago	High	Low
4 weeks	0.155	0.155	0.170	0.000
13 weeks	0.160	0.165	0.195	0.040
26 weeks	0.220	0.220	0.350	0.130

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 the charge 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; Freddie Mac RNY is the required net yield for the one-year 2% rate-capped ARM. 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. New York Funding Rate is the survey-based average of unsecured bank funding costs.

Sources: BofA-Merrill Lynch; Bureau of Labor Statistics; ICAP plc.; Thomson Reuters; General Electric Capital Corp.; Tullett Prebon Information, Ltd.

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones indexes.

Secondary market

Freddie Mac

	Latest	Week ago	High	Low
30-year mortgage yields				
30 days	4.53	4.47	5.95	4.34
60 days	4.58	4.53	5.55	4.42
One-year RNY	2.500	2.500	2.500	2.500

Fannie Mae

	Latest	Week ago	High	Low
30-year mortgage yields				
30 days	4.496	4.412	5.502	4.322
60 days	4.561	4.490	5.591	4.401

Bankers acceptance

	Latest	Week ago	High	Low
30 days	0.45	0.40	0.45	0.21
60 days	0.50	0.45	0.50	0.23
90 days	0.55	0.50	0.60	0.25
120 days	0.65	0.55	0.65	0.26
150 days	0.75	0.70	0.75	0.31
180 days	0.80	0.78	0.90	0.35

Other short-term rates

Call money	Latest	Week ago	High	Low
	2.00	2.00	2.00	2.00

Commercial paper

	Latest	Week ago	High	Low
30 to 39 days	0.27	...	...	...
40 to 59 days	0.28	...	...	...
60 to 89 days	0.33	...	...	...
90 to 119 days	0.43	...	...	...
120 to 149 days	0.44	...	...	...
150 to 179 days	0.48	...	...	...
180 to 209 days	0.55	...	...	...
210 to 239 days	0.60	...	...	...
240 to 270 days	0.65	...	...	...

Dealer commercial paper

	Latest	Week ago	High	Low
30 days	0.34	0.34	0.35	0.20
60 days	0.40	0.40	0.40	0.20
90 days	0.48	0.48	0.48	0.21

Euro commercial paper

	Latest	Week ago	High	Low
30 day	n.a.	n.a.	0.60	0.10
Two month	n.a.	n.a.	0.79	0.18
Three month	0.49	0.47	1.03	0.35
Four month	0.54	0.51	1.11	0.40
Five month	0.62	0.62	1.20	0.50
Six month	0.70	0.70	1.25	0.61

London interbank offered rate, or Libor

	Latest	Week ago	High	Low
One month	0.35088	0.35400	0.35406	0.22813
Three month	0.53625	0.53625	0.65000	0.24875
Six month	0.76113	0.75913	1.28250	0.38250
One year	1.20875	1.22413	1.85375	0.83406

New York Funding Rate

	Latest	Week ago	High	Low
One month	0.3823	0.3906	0.3998	0.2037
Three month	0.5670	0.5600	0.6556	0.2381

Libor Swaps (USD)

	Latest	Week ago	High	Low
Two year	1.233	1.277	1.941	0.994
Three year	1.642	1.644	2.596	1.523
Five year	2.402	2.346	3.511	2.275
Ten year	3.365	3.252	4.325	3.246
20 year	3.906	3.774	4.602	3.760
30 year	4.018	3.871	4.689	3.834

Euro Libor

	Latest	Week ago	High	Low
One month	0.394	0.396	0.948	0.364
Three month	0.637	0.639	1.283	0.576
Six month	0.941	0.945	1.498	0.882
One year	1.241	1.245	1.686	1.186

Euro interbank offered rate (Euribor)

	Latest	Week ago	High	Low
One month	0.428	0.426	0.965	0.397
Three month	0.702	0.697	1.286	0.634
Six month	0.991	0.990	1.490	0.944
One year	1.262	1.262	1.675	1.211

Hibor

	Latest	Week ago	High	Low
One month	0.207	0.167	0.207	0.050
Three month	0.278	0.238	0.380	0.099
Six month	0.448	0.389	0.774	0.210
One year	0.799	0.746	1.294	0.500

Asian dollars

	Latest	Week ago	High	Low
One month	0.368	0.366	0.373	0.235
Three month	0.546	0.533	0.666	0.255
Six month	0.756	0.730	1.288	0.384
One year	1.202	1.180	1.866	0.839

Eurodollars (mid rates)

	Latest	Week ago	High	Low
One month	0.35	0.45	0.40	0.48
Two month	0.40	0.50	0.45	0.60
Three month	0.45	0.55	0.50	0.75
Four month	0.50	0.60	0.55	0.75
Five month	0.50	0.60	0.55	0.90
Six month	0.55	0.75	0.65	1.00

The energy company once again failed to stop its oil well blowout in the Gulf of Mexico.

Investment-

- Issuer
- Nomura Holdings
- General Electric
- Baker Hughes
- RR Donnelley & S
- Banco Santander
- Anheuser-Busch I
- Citigroup
- Morgan Stanley

...And spread

- BP Capital Marke
- Evergrande Real I
- Dtek Finance BV
- Agile Property Hc
- Anadarko Petrole
- UBS AG
- Public Service of
- Goldman Sachs

High-yield is:

- Issuer
- Royal Caribbean C
- Discover Bank
- Wells Fargo Capit
- Navistar Internat
- Crown Americas
- Opti Canada
- RRI Energy
- Ally Financial

...And with th

- Verso Paper Holdi
- American Axle & M
- Clear Channel Con
- Realogy
- Steel Dynamics
- United Rentals
- Ally Financial
- North Fork Capita

*Estimated spread o spread. Note: Data ar

RCAF Lump Sum Amortization
2010/Q3

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hour	U.S. ST Hours	
CSX - ATDA-East	2009Q1	2009Q4	\$1,036,970	0.00321	0.01285	322,915,071	2008
NS - BLET & ATDA	2010Q1	2010Q2	\$15,282,392	0.04733	0.18931	322,915,071	2008
CSX - BLET	2010Q1	2010Q2	\$27,565,086	0.08536	0.34145	322,915,071	2008
CNGT - various ²	Various	2010Q3	\$114,500	0.00035	0.00142	322,915,071	2008
Total			\$43,998,949	0.13626			

Should be slightly less than amortized amount.

Fell out

CNGT - various ¹	Various	2009Q3	\$158,500	0.00049	0.00196	322,915,071	2008
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Interest Rate

2008/Q1	3.390
2008/Q2	2.160
2008/Q3	1.870
2008/Q4	1.710
2009/Q1	0.150
2009/Q2	0.300
2009/Q3	0.175
2009/Q4	0.150
2010/Q1	0.060
2010/Q2	0.125
2010/Q3	0.160
2010/Q4	

Lump Sum Adjustment for 2010/Q3 → 0.136385
or
0.136

¹ DMIR TCU and WC IBEW

² BLE BRS, BLE TCU-CAR, CCP IBEW, DWP TCU and WC TCU

SCHEDULE: CSX-East ATDA

Added 2009Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.01285			
2009/Q4	4	0.150	0.0375	\$0.00964	\$0.00321	\$0.00000	\$0.00321
2010/Q1	3	0.060	0.0150	\$0.00642	\$0.00321	\$0.00000	\$0.00321
2010/Q2	2	0.125	0.0313	\$0.00321	\$0.00321	\$0.00000	\$0.00321
2010/Q3	1	0.160	0.0400	(\$0.00000)	\$0.00321	\$0.00000	\$0.00321

SCHEDULE: NS BLET & ATDA

Added 2010Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.18931			
2010/Q2	4	0.125	0.0313	\$0.14200	\$0.04736	\$0.00006	\$0.04730
2010/Q3	3	0.160	0.0400	\$0.09469	\$0.04737	\$0.00006	\$0.04731
2010/Q4	2		0.0000	\$0.04734	\$0.04734	\$0.00000	\$0.04734
2011/Q1	1		0.0000	\$0.00000	\$0.04734	\$0.00000	\$0.04734

SCHEDULE: CSX BLET

Added 2009Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.34145			
2010/Q2	4	0.125	0.0313	\$0.25613	\$0.08543	\$0.00011	\$0.08532
2010/Q3	3	0.160	0.0400	\$0.17079	\$0.08544	\$0.00010	\$0.08534
2010/Q4	2		0.0000	\$0.08539	\$0.08539	\$0.00000	\$0.08539
2011/Q1	1		0.0000	\$0.00000	\$0.08539	\$0.00000	\$0.08539

SCHEDULE: BLE BRS, BLE TCU-CAR, CCP IBEW, DWP TCU and WC TCU

Added 2010Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00142			
2010/Q3	4	0.160	0.0400	\$0.00106	\$0.00035	\$0.00000	\$0.00035
2010/Q4	3		0.0000	\$0.00071	\$0.00035	\$0.00000	\$0.00035
2011/Q1	2		0.0000	\$0.00035	\$0.00035	\$0.00000	\$0.00035
2011/Q2	1		0.0000	\$0.00000	\$0.00035	\$0.00000	\$0.00035

BLE BRS
received May 2010

only. Future salary growth will be considered in the calculation of the pension benefit payable upon retirement or other termination of employment.

- not yet
- C. All participants in the Bessemer Non-Contributory Pension Plan in active service as of December 31, 2010, who have not attained 30 years of continuous service will receive a taxable lump sum payment of five thousand dollars (\$5,000.00). The lump sum payment will be made in January 2011, and will be made separate from other income. Participants in the Bessemer Non-Contributory Pension Plan that are not in active service on December 31, 2010 that have not attained 30 years of continuous service will be eligible for these payments upon their return to active service.

ARTICLE VIII - EMPLOYEE SHARE INVESTMENT PLAN

On the effective date of this agreement, the Company Employee Share Investment Plan will be made available to all employees subject to this Agreement in accordance with the terms of the Plan. The Company may, at its discretion, alter, amend, revise or discontinue the Plan, in any manner, in whole or in part. This provision will not form part of any Collective Bargaining Agreement.

ARTICLE IX - DIRECT DEPOSIT BI-WEEKLY PAYROLL

At the Company's discretion, all employees will be paid by direct deposit on a bi-weekly basis. If the Company elects to use direct deposit, it will hold an employee harmless for any bank charges or other finance charges caused by a missing or delayed deposit.

ARTICLE X - GRIEVANCE RESOLUTION/BONUS

- A. Within sixty (60) days of the effective date of this Agreement, all employees in active service on positions covered by this Agreement will be paid two thousand dollars (\$2,000.00) each, subject to applicable payroll deductions.
- B. Upon payment of the amount indicated in paragraph A, all claims and grievances, other than those involving disciplinary action, based on an occurrence prior to the effective date of this Agreement are considered resolved without prejudice to the position of either party and with the understanding that such settlements will not be cited by either party in any future case, nor used by either party to allege that the other has agreed to a particular practice.

BLE TCU-carmeh
received may 2010

- Bereavement leave non-availability shall be considered neutral for determining the qualifying day for holiday pay purposes. The workday preceding or following the employee's bereavement leave, as the case may be, shall be considered the qualifying day for holiday pay purposes.

ARTICLE IX-VACATIONS

- A. Effective January 1, 2007, employees entitled to two (2) or more weeks of vacation may split up to two (2) weeks of their vacations into single increment days, one or more days at a time.
- B. Such vacation days may be taken upon two (2) days advance notice, consistent with the needs of service.
- C. Employees must use their single increment days between January 1 and November 15. Any unused days as of November 15 will be paid for in lieu of vacation.

ARTICLE X – LEAD CARMAN

- A. On or after the effective date of this Agreement, the Company may bulletin a position of a Lead Carman.
- B. Lead Carmen will be assigned to the regular work of their craft in addition to leading and directing the work of others. Lead Carmen duties and job requirements include but are not limited to the following:
 - (1) Lead and direct employees including the scheduling of work to include the filing of proper reports concerning same.
 - (2) Have a working knowledge of CN/B&LE Safety Rules including Blue Flag procedures. Actively participate in the safety program to include holding safety meetings.
 - (3) Possess a good working knowledge of the Power Brake Law and required air brake test and inspections per FRA and CN/B&LE instructions and regulations. Have a good working knowledge of maintenance and repair procedures for railcars in compliance with FRA, AAR and CN/B&LE Mechanical Department Instructions and regulations.
 - (4) Carry a pager and cell phone while on duty for communication purposes.
- C. Lead Carman will be paid a differential of fifty (50) cents per hour worked as a Lead Carman.

ARTICLE XI – GRIEVANCE RESOLUTION/BONUS

- A. Within sixty (60) days of the date of this agreement, all employees in active service on December 31, 2005, on positions covered by this agreement, will be paid two thousand dollars (\$2,000) each, subject to applicable payroll deductions.

CCP IBEW
received May 2010

Upon ratification, at the Company's discretion all employees may be paid weekly or bi-weekly to the direct deposit account designated by the employee.

ARTICLE VI - BEREAVEMENT

Upon ratification, all bereavement rules are abrogated and the following is substituted therefore:

Employees in active service shall be entitled to bereavement leave of three (3) work days, to be taken at the discretion of the employee, upon furnishing proof of death of the employee's immediate family member. Bereavement leave will be taken within six months from the date of death of the employee's immediate family member. For purposes of this rule, immediate family consists of the employee's spouse, child, parent, grandparent, grandchild, brother, sister, half-brother, half-sister, step-parent, step-child and spouse's parent. In such cases, a basic day's pay at the rate of the last service rendered will be allowed for each of the three (3) days. Employees will make provision for taking leave with their supervisor in the usual manner.

- Family relationships created through the legal adoption process shall qualify for bereavement leave. Any other family relationship not specifically mentioned shall be excluded.
- Bereavement leave non-availability shall be considered neutral for determining the qualifying day for holiday pay purposes. The workday preceding or following the employee's bereavement leave, as the case may be, shall be considered the qualifying day for holiday pay purposes.

ARTICLE VII - VACATIONS

- A. Effective January 1, 2007, employees entitled to two (2) or more weeks of vacation may split up to two (2) weeks of their vacations into single increment days, one or more days at a time.
- B. Such vacation days may be taken upon two (2) days advance notice, consistent with the needs of service.
- C. Employees must use their single increment days between January 1 and November 15. Any unused days as of November 15 will be paid for in lieu of vacation.

ARTICLE VIII - GRIEVANCE RESOLUTION/BONUS

- A. Within sixty (60) days of the date of this agreement, all employees in active service on positions covered by this agreement will be paid five hundred dollars (\$500) each, subject to applicable payroll deductions.

DWP TCU
received May 2010

- B. The amount of employee cost sharing for National Health and Welfare Plans shall be One Hundred Dollars (\$100.00) per month effective January 1, 2006. This amount shall remain fixed and not subject to change except in accordance with Article VII of this Agreement.

ARTICLE IV - 401(k)

Effective within sixty (60) days of signing this agreement, employees covered by this agreement will be eligible to participate in the Illinois Central Union 401(k) plan. Under the plan, for the first four percent (4%) of an employee's salary contributed, the company will contribute \$.25 for each \$1.00 contributed by the employee. The employee may contribute an amount above 4% with no company participation, subject to IRS annual limits.

ARTICLE V - EMPLOYEE SHARE INVESTMENT PLAN

Effective upon signing of this Agreement, the Company Employee Share Investment Plan will be made available to all employees subject to this Agreement in accordance with the terms of the Plan. The Company may, at its discretion, alter, amend, revise or discontinue the Plan, in any manner, in whole or in part. This provision will not form part of any Collective Agreement.

ARTICLE VI - GRIEVANCE RESOLUTION/BONUS

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

WC TCU

received May 2010

ARTICLE VIII - VACATIONS

- A. Effective January 1, 2008, employees entitled to two (2) or more weeks of vacation may split up to two (2) weeks of their vacations into single increment days, one or more days at a time.
- B. Such vacation days may be taken upon two (2) days advance notice, consistent with the needs of service.
- C. Employees must use their single increment days between January 1 and November 15. Any unused days as of November 15 will be paid for in lieu of vacation.
- D. Paragraphs 1(a) and (b) of the National Vacation Agreement, as subsequently amended, are modified as follows: An annual vacation will be granted to employees who render compensated service on not less than one hundred (100) days during the preceding calendar year.

ARTICLE IX - ENTRY RATES

Effective April 1, 2007, Paragraphs (a) through (c) of Article III, Section 1 of the April 15, 1986 National Agreement, as modified by the December 5, 1994 Special Arbitration Board Award and the November 27, 2000 agreement regarding Entry Rates are eliminated in their entirety.

ARTICLE X - GRIEVANCE RESOLUTION/BONUS

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

**RCAF Back Pay Amortization
2010/Q3**

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hr.	U.S. ST Hours	
WC - UTU-YMD	2007Q4	2009Q4	(\$67,010)	-0.00020752	-0.00083	322,915,071	2008
GTC/CN - 3 unions ²	Various	2010Q1	(\$24,650)	-0.00007634	-0.00031	322,915,071	2008
CSX - BLET	2009Q4	2010Q2	\$4,922,337	0.01524344	0.06097	322,915,071	2008
BNSF - BLET	2010Q1	2010Q2	\$1,455,601	0.00450769	0.01803	322,915,071	2008
GTC/CN - 8 unions ³	Various	2010Q3	\$874,158	0.00270708	0.01083	322,915,071	2008
Total			\$7,160,436	0.02217436			
							Should be slightly less than amortized amount.
Fell out							
GTC/CN - 4 unions ¹	Various	2009Q3	\$8,138,167	0.02520219	0.10081	322,915,071	2008
SOO - BMWE	2009Q2	2009Q3	\$2,699,783	0.00836066	0.03344	322,915,071	2008

Interest Rate

2008/Q1	3.390
2008/Q2	2.160
2008/Q3	1.870
2008/Q4	1.710
2009/Q1	0.150
2009/Q2	0.300
2009/Q3	0.175
2009/Q4	0.150
2010/Q1	0.060
2010/Q2	0.125
2010/Q3	0.160
2010/Q4	

Back Pay Adjustment for 2010/Q3	→ 0.02220 or 0.022
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¹ BLE BMWE; DMIR TCU; WC BLET and IBEW

² BLE BMWE, DMIR BLET and UTU

³ BLE BRS, IBEW, TCU-CAR; CCP IBEW; DWP TCU, UTU, and engineers (represented by UTU); WC TCU.

SCHEDULE: WC UTU-YMD

Added 2009Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0.00083)			
2009/Q4	4	0.150	0.0375	(\$0.00062)	(\$0.00021)	(\$0.00000)	(\$0.00021)
2010/Q1	3	0.060	0.0150	(\$0.00042)	(\$0.00021)	(\$0.00000)	(\$0.00021)
2010/Q2	2	0.125	0.0313	(\$0.00021)	(\$0.00021)	(\$0.00000)	(\$0.00021)
2010/Q3	1	0.160	0.0400	\$0.00000	(\$0.00021)	(\$0.00000)	(\$0.00021)

SCHEDULE: BLE BMW, DMIR BLET and UTU

Added 2010Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0.00031)			
2009/Q4	4	0.150	0.0375	(\$0.00023)	(\$0.00008)	(\$0.00000)	(\$0.00008)
2010/Q1	3	0.060	0.0150	(\$0.00015)	(\$0.00008)	(\$0.00000)	(\$0.00008)
2010/Q2	2	0.125	0.0313	(\$0.00008)	(\$0.00008)	(\$0.00000)	(\$0.00008)
2010/Q3	1	0.160	0.0400	\$0.00000	(\$0.00008)	(\$0.00000)	(\$0.00008)

SCHEDULE: CSX BLET

Added 2010Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.06097			
2010/Q2	4	0.125	0.0313	\$0.04574	\$0.01526	\$0.00002	\$0.01524
2010/Q3	3	0.160	0.0400	\$0.03050	\$0.01526	\$0.00002	\$0.01524
2010/Q4	2		0.0000	\$0.01525	\$0.01525	\$0.00000	\$0.01525
2011/Q1	1		0.0000	\$0.00000	\$0.01525	\$0.00000	\$0.01525

SCHEDULE: BNSF BLET

Added 2010Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.01803			
2010/Q2	4	0.125	0.0313	\$0.01353	\$0.00451	\$0.00001	\$0.00451
2010/Q3	3	0.160	0.0400	\$0.00902	\$0.00451	\$0.00001	\$0.00451
2010/Q4	2		0.0000	\$0.00451	\$0.00451	\$0.00000	\$0.00451
2011/Q1	1		0.0000	\$0.00000	\$0.00451	\$0.00000	\$0.00451

SCHEDULE: BLE BRS, IBEW, TCU-CAR; CCP IBEW; DWP TCU, UTU, engineers; WC TCU

Added 2010Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.01083			
2010/Q3	4	0.160	0.0400	\$0.00812	\$0.00271	\$0.00000	\$0.00271
2010/Q4	3		0.0000	\$0.00542	\$0.00271	\$0.00000	\$0.00271
2011/Q1	2		0.0000	\$0.00271	\$0.00271	\$0.00000	\$0.00271
2011/Q2	1		0.0000	\$0.00000	\$0.00271	\$0.00000	\$0.00271

AAR rec'd May 2010

AGREEMENT

between the

BESSEMER AND LAKE ERIE RAILROAD COMPANY (BLE)

AND

its employees represented by the

BROTHERHOOD OF RAILROAD SIGNALMEN (BRS)

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

BLA E BRS

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

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

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

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.

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

This Article replaces any previous cost-of-living provision in effect prior to the effective date, and the arrangements set forth in this Article shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act.

ARTICLE III – HEALTH & WELFARE

- A. Effective January 1, 2007, all existing health and welfare plans applicable to employees subject to this Agreement are cancelled in their entirety, and the employees will participate in the National Health and Welfare Plans, including National Early Retirement, dental, hearing and vision care, National Off-Track Vehicle Plan, Supplemental Sickness Plan, including all subsequent amendments, excluding cost sharing, in effect between the National Carriers' Conference Committee and the Brotherhood of Railroad Signalmen.
- B. The amount of employee cost sharing for National Health and Welfare Plans shall be One Hundred Dollars (\$100.00) per month, and shall remain fixed not subject to change except in accordance with Article XI of this Agreement.

ARTICLE IV – 401(k)

On the effective date of this Agreement, all employees covered by this Agreement will be eligible to participate in the Illinois Central Union 401(k) plan. Under the plan, for the first four percent (4%) of an employee's salary contributed, the Company will contribute \$.25 for each \$1.00 contributed by the employee. An employee may contribute an amount above 4% with no Company participation, subject to IRS annual limits.

ARTICLE V – BEREAVEMENT LEAVE

The existing language providing bereavement leave under Rule No. 41-1, is abrogated in its entirety and the following is substituted therefore;

“Employees in active service shall be entitled to bereavement leave of three (3) work days, to be taken at the discretion of the employee, upon furnishing proof of death of the employee's immediate family member. Bereavement leave will be taken within six (6) months from the date of death of the employee's immediate family member. For purposes of this rule, immediate family consists of the employee's spouse, child, parent, grandparent, grandchild, brother, sister, half-brother, half-sister, step-parent, step-child and spouse's parent. In such cases, a basic day's pay at the rate of the last service rendered will be allowed for each of the three (3) days. Employees will make provision for taking leave with their supervisor in the usual manner.

rec'd May 2010

AGREEMENT BETWEEN
BESSEMER AND LAKE ERIE RAILROAD COMPANY (B&LE)

and

SYSTEM COUNCIL No. 7
of the
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

ARTICLE II - COST-OF-LIVING ALLOWANCE AND ADJUSTMENTS
THERE TO AFTER JANUARY 1, 2010

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

- (a) A cost-of-living allowance will be payable in the manner set forth in and subject to the provisions of this Article, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred

Welfare Plan, The Railroad Employees National Early Retirement Benefit Plan, The Railroad Employees National Dental Plan, the Railroad Employees National Vision Plan, and the Supplemental Sickness Benefit Plan Covering Railroad Shop Craft and Signal Employees, including all subsequent amendments, excluding cost sharing, in effect between the National Carriers' Conference Committee and the IBEW.

- B. Effective January 1, 2008, the amount of employee cost sharing for Health and Welfare Plans shall be one hundred dollars (\$100.00) per month.

ARTICLE IV – PENSION PLAN

Effective upon signing of this agreement:

- A. The Bessemer Non-Contributory Pension Plan will be closed to new participants.
- B. Effective July 1, 2011, employees presently participating in the Bessemer Non-Contributory Pension Plan will cease accruing further service credit under the plan. Service credit is used to calculate the amount of pension benefit with respect to completed years and months of plan participation. While the number of years of service credit under the plan will “freeze” July 1, 2011, future salary growth will be considered in the calculation of the pension benefit payable upon retirement or other termination of employment.

Continued employment with the Company after July 1, 2011, will count towards eligibility service. Eligibility service is used to determine which retirement category an employee qualifies for such as a 30-year retirement.

ARTICLE V – 401(k)

As soon as reasonably practical, all employees covered by this Agreement will be eligible to participate in the Canadian National Railway Company Union Savings Plan for U.S. Operations. Under the plan, for the first four percent (4%) of an employee's salary contributed, the Company will contribute \$.25 for each \$1.00 contributed by the employee. The employee may contribute an amount above 4% with no Company participation, subject to IRS annual limits.

ARTICLE VI - EMPLOYEE SHARE INVESTMENT PLAN

Effective upon signing of this Agreement, the Company Employee Share Investment Plan will be made available to all employees subject to this Agreement in accordance with the terms of the Plan. The Company may, at its discretion, alter, amend, revise or discontinue the Plan, in any manner, in whole or in part. This provision will not form part of any Collective Agreement.

AGREEMENT BETWEEN
CANADIAN NATIONAL (CN)
BESSEMER AND LAKE ERIE RAILROAD COMPANY (B&LE)

AND
BROTHERHOOD RAILWAY CARMEN DIVISION
TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

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

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

- (b) Minimum Daily Increases - The increase in rates of pay described in paragraph (a) shall be not less than eight times the applicable increase per hour for each full time day of eight hours, required to be paid for by the rules agreement. In instances where under the existing rules agreement an employee is worked less than eight hours per day, the increase will be determined by the number of hours required to be paid for by the rules agreement.
- (c) In making calculations under this Article, fraction of a cent shall be rounded to the nearest whole cent; fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

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

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

ARTICLE III - HEALTH & WELFARE

- A. Effective January 1, 2006, all BRCTCIU/B&LE Health and Welfare plans are cancelled in their entirety and all employees subject to this agreement and their dependents will be covered by the National Health and Welfare Plans, including all subsequent amendments, excluding cost sharing, in effect between the National Carriers' Conference Committee and the Brotherhood Railway Carmen Division Transportation Communications Union, as set forth below:
 - 1. The Railroad Employees National Health and Welfare Plan Covering Certain Employees Represented by the Transportation Communications International Union, Brotherhood Railway Carmen Division of Transportation Communications International Union, and Transport Workers Union
 - 2. Life Insurance Benefits for U.S. Employees and Retirees and Accidental Death and Dismemberment Insurance Benefits for U.S. Employees under The Railroad Employees National Health and Welfare Plan, Effective January 1, 2003
 - 3. The Railroad Employees National Early Retirement Major Medical Benefit Plan (formerly GA-46000)
 - 4. Railroad Employees National Dental Plan for U.S Employees as amended through January 1, 2003
 - 5. Railroad Employees National Vision Plan 1999
 - 6. Supplemental Sickness Benefit Plan covering Railroad Shop Craft Employees, January 1, 2003
 - 7. The National Off-Track Vehicle Plan
- B. The amount of employee cost sharing for National Health and Welfare Plans shall be one hundred dollars (\$100.00) per month for the duration of this agreement.

Rec'd by AAR
May 2010

**AGREEMENT BETWEEN
CANADIAN NATIONAL (CN)
CHICAGO, CENTRAL AND PACIFIC RAILROAD (CCP)
AND SYSTEM COUNCIL NO. 16 OF THE
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS**

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

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

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

- (a) Hourly Rates - Add the amount of the cost-of-living allowance to the hourly rate of pay produced by application of Article I.
- (b) Minimum Daily Increases - The increase in rates of pay described in paragraph (a) shall be not less than eight times the applicable increase per hour for each full time day of eight hours, required to be paid for by the rules agreement. In instances where under the existing rules agreement an employee is worked less than eight hours per day, the increase will be determined by the number of hours required to be paid for by the rules agreement.
- (c) In making calculations under this Article, fraction of a cent shall be rounded to the nearest whole cent; fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

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

This Article replaces any previous cost-of-living provision in effect prior to the effective date, and the arrangements set forth in this Article shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act. Any payments due or paid effective July 1, 2005 or later under previous provisions shall expire as of the effective date of this Agreement and shall be counted toward any retroactive pay due under the provisions of Article I.

ARTICLE III - HEALTH & WELFARE

- A. Effective upon ratification, all employees subject to this Agreement and their dependents will continue to be covered by the National Health and Welfare Plans, including all subsequent amendments, excluding cost sharing, in effect between the National Carriers' Conference Committee and the International Brotherhood of Electrical Workers.
- B. The amount of employee cost sharing for National Health and Welfare Plans shall be One Hundred Dollars (\$100.00) per month effective January 1, 2006. This amount shall remain fixed and not subject to change except in accordance with Article IX of this Agreement.

ARTICLE IV - EMPLOYEE SHARE INVESTMENT PLAN

Effective upon ratification of this Agreement, the Company Employee Share Investment Plan will be made available to all employees subject to this Agreement in accordance with the terms of the Plan. The Company may, at its discretion, alter, amend, revise or discontinue the Plan, in any manner, in whole or in part. This provision will not form part of any Collective Agreement.

ARTICLE V - PAYROLL DIRECT DEPOSIT

Received May 2010

**AGREEMENT BETWEEN
CANADIAN NATIONAL
DULUTH, WINNIPEG AND PACIFIC COMPANY
AND**

TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION

IT IS AGREED:

ARTICLE I - RATES OF PAY

- A. Effective January 1, 2004, all rates of pay in effect on December 31, 2003 are increased by three percent (3%).
- B. Effective July 1, 2005, all rates of pay in effect on June 30, 2005 are increased by three percent (3%).
- C. Effective July 1, 2006, all rates of pay in effect on June 30, 2006 are increased by three percent (3%).
- D. Effective July 1, 2007, all rates of pay in effect on June 30, 2007 are increased by three percent (3%).
- E. Effective July 1, 2008, all rates of pay in effect on June 30, 2008 are increased by four percent (4%).
- F. Effective July 1, 2009, all rates of pay in effect on June 30, 2009 are increased by three percent (3%).
- G. Rates of pay resulting from the application of paragraphs A through F, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

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

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

- (a) A cost-of-living allowance will be payable in the manner set forth in and subject to the provisions of this Article, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the BLS CPI. The first such cost-of-living allowance shall be payable effective July 1,

DWP TCU

- B. The amount of employee cost sharing for National Health and Welfare Plans shall be One Hundred Dollars (\$100.00) per month effective January 1, 2006. This amount shall remain fixed and not subject to change except in accordance with Article VII of this Agreement.

ARTICLE IV- 401(k)

Effective within sixty (60) days of signing this agreement, employees covered by this agreement will be eligible to participate in the Illinois Central Union 401(k) plan. Under the plan, for the first four percent (4%) of an employee's salary contributed, the company will contribute \$.25 for each \$1.00 contributed by the employee. The employee may contribute an amount above 4% with no company participation, subject to IRS annual limits.

ARTICLE V - EMPLOYEE SHARE INVESTMENT PLAN

Effective upon signing of this Agreement, the Company Employee Share Investment Plan will be made available to all employees subject to this Agreement in accordance with the terms of the Plan. The Company may, at its discretion, alter, amend, revise or discontinue the Plan, in any manner, in whole or in part. This provision will not form part of any Collective Agreement.

ARTICLE VI - GRIEVANCE RESOLUTION/BONUS

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

DWP UTU
engineers
rec'd May 2010

1. Term of Contract

Collective Agreement dated June 23, 2003 covering employees on the former Duluth, Winnipeg and Pacific Railway Ltd. (DWP) represented by the United Transportation Union (UTU), will be renewed for a period of five years commencing September 1, 2006.

2. Labor Management Meetings changed to Semi-annually

Amend Article 2, Paragraph C, and amend all provisions in conflict to reflect the following:

The parties recognize that this is a new Agreement, which introduces changes in the workplace. In recognition of this a committee consisting of the two Union General Chairmen and the Company's General Manager Operations and Director Labor Relations, or their respective designates, will be established. This committee will be known as the Labor / Management Committee, and will meet semi-annually, or as otherwise mutually agreed, in the Duluth / Superior area to review the application of this Agreement.

3. Wages

Amend Articles 5, 12 and 21 and amend any provisions in conflict to reflect the following:

- a) Effective September 1, 2006, a wage increase of 3% on the rate of pay in effect on August 31, 2006.
- b) Effective September 1, 2007, a wage increase of 2% on the rate of pay in effect on August 31, 2007.
- c) Effective September 1, 2008, a wage increase of 2% on the rate of pay in effect on August 31, 2008.
- d) Effective September 1, 2009, a wage increase of 3% on the rate of pay in effect on August 31, 2009.
- e) Effective September 1, 2010, a wage increase of 3% on the rate of pay in effect on August 31, 2010.

4. Establish Engineer Training Rate

Amend Article 5 and amend all provisions in conflict to reflect the following:

The rate of pay for an Engineer Trainees is a rate equal to 90% of the Engineer hourly rate. The Basic Day for Engineer Trainees in a classroom situation is eight (8) hours, otherwise, the basic day is ten (10) hours. If an Engineer Trainee is required to work ten (10) hours or more, they will be paid for such time in excess of ten (10) hours at the rate of time-and-one-half.

5. Employment Security for New Hires

Amend Article 6, and amend all provisions in conflict to reflect the following:

(Annulment of Assignments), will be paid at ten (10) hours at the straight time rate of pay. This PLD rate will be increased as follows:

- (1) Effective January 1, 2007, PLD's shall be paid at the rate of 9 hours at the straight time rate of pay.
- (2) Effective January 1, 2008, PLD's shall be paid at the rate of 9.5 hours at the straight time rate of pay.
- (3) Effective January 1, 2009, PLD's shall be paid at the rate of 10 hours at the straight time rate of pay.

Note: Qualification for PLDs will be determined in the same manner as Vacation qualification.

- B) Amend Article 19, paragraph F, and amend all provisions in conflict to reflect the following:

PLD's are earned in the current year. An Employee who enters or leaves the service of the Company during the year will have their PLD allocation adjusted on a pro-rata basis.

17. Health Care

Employees coming under the scope of this Agreement, along with their dependents and retirees (to the extent they are covered under the provisions of the applicable Plan) if any, will be subject to the National Railway Carriers and the United Transportation Union Health and Welfare Plan, the Railroad Employees National dental Plan and the Railroad Employees National Vision Plan, as may be amended, with the employee contribution levels limited to those contained in the November 6, 2003, National Railway Carriers and United Transportation Union Health and Welfare Plan, the Railroad Employees National Dental Plan, and the Railroad Employees National Vision Plan. For clarity, beginning January 1, 2007 and continuing during the term of this agreement, the formula for the cap on employee contributions as contained in the November 6, 2003 agreement shall apply thru the term of this agreement and beyond until amended by the parties signatory to this agreement.

18. Standardize Holiday Rate

Amend Article 21 and amend all provisions in conflict to reflect the following:

Employees who work on a holiday will be paid a holiday rate of pay of 1.2 times the hourly rate for the first ten (10) hours worked in recognition for service performed on the holiday. All time in excess of ten (10) hours worked on the holiday will be time and one-half based on the holiday rate outlined herein.

19. Increase Single Day Vacations

- A) Amend Article 22, Section 3, Paragraph C and amend all provisions in conflict to reflect the following:

An Employee may take up to two (2) weeks (14 calendar days), of his annual vacation in single day increments, provided, however, that such Employee shall be automatically marked up for service upon the

Received May 2010

AGREEMENT BETWEEN
CANADIAN NATIONAL (CN)
WISCONSIN CENTRAL TRANSPORTATION CORPORATION (WC)
AND
THE ALLIED SERVICES DIVISION/TRANSPORTATION COMMUNICATIONS
INTERNATIONAL UNION (TCU)

IT IS AGREED:

ARTICLE I – TERMS AND CONDITIONS OF AGREEMENT

Unless otherwise specified in this agreement:

- A. Effective midnight, April 1, 2007, the terms and conditions contained in the Agreement between the Canadian National Railway/Wisconsin Central Transportation Corporation and the Allied Services Division/Transportation Communications International Union are eliminated in their entirety.
- B. Effective 12:01 a.m. April 1, 2007, employees subject to the agreement between the Canadian National Railway/Wisconsin Central Transportation Corporation and the Allied Services Division/Transportation Communications International Union will become subject to the terms and conditions contained in the agreement between the Illinois Central Railroad Company and the Allied Services Division/Transportation Communications International Union, which includes the 1981 Protective Agreement.

ARTICLE II – RATES OF PAY

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

W/C TCU

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

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

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

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2010	3% of September 2009 CPI
January 1, 2011	6% of September 2009 CPI, less the increase from September 2009 to March 2010

4. Railroad Employees National Dental Plan for U.S Employees as amended through January 1, 2003.
5. Railroad Employees National Vision Plan 1999.
6. The National Off -Track Vehicle Plan.

B. The amount of employee cost sharing for National Health and Welfare Plans shall be One Hundred Dollars (\$100.00) per month effective January 1, 2006. This amount shall remain fixed and not subject to change except in accordance with Article XI of this Agreement.

ARTICLE V - EMPLOYEE SHARE INVESTMENT PLAN

Effective on the date of this Agreement, the Company Employee Share Investment Plan will be made available to all employees subject to this Agreement in accordance with the terms of the Plan. The Company may, at its discretion, alter, amend, revise or discontinue the Plan, in any manner, in whole or in part. This provision will not form part of any Collective Agreement.

ARTICLE VI – PAYROLL DIRECT DEPOSIT

Effective on the date of this Agreement, at the Company’s discretion all employees may be paid weekly or bi-weekly to the direct deposit account designated by the employee.

ARTICLE VII – BEREAVEMENT

Effective on the date of this Agreement, all bereavement rules are abrogated and the following is substituted therefore:

Employees in active service shall be entitled to bereavement leave of three (3) work days, to be taken at the discretion of the employee, upon furnishing proof of death of the employee's immediate family member. Bereavement leave will be taken within six months from the date of death of the employee’s immediate family member. For purposes of this rule, immediate family consists of the employee’s spouse, child, parent, grandparent, grandchild, brother, sister, half-brother, half-sister, step-parent, step-child and spouse's parent. In such cases, a basic day's pay at the rate of the last service rendered will be allowed for each of the three (3) days. Employees will make provision for taking leave with their supervisor in the usual manner.

- Family relationships created through the legal adoption process shall qualify for bereavement leave. Any other family relationship not specifically mentioned shall be excluded.
- Bereavement leave non-availability shall be considered neutral for determining the qualifying day for holiday pay purposes. The workday preceding or following the employee’s bereavement leave, as the case may be, shall be considered the qualifying day for holiday pay purposes.

Health and Welfare

	Employees Receiving			Total 2008 Avg.	Total 2010
	Pay 2008	Monthly Contribution			
		2008 Avg.	2010		
1. All Employees					
a. Group health	172,294	\$1,076.61	\$1,305.91	\$185,493,443.34	\$225,000,457.54
b. Group dental	172,294	45.72	57.29	7,877,281.68	9,870,723.26
c. Early retirement major medical	172,294	110.98	155.96	19,121,188.12	26,870,972.24
d. Group vision	172,294	10.16	10.41	1,750,507.04	1,793,580.54
2. Supplemental Sickness					
a. Signalmen	6,613	8.55	8.65	56,541.15	57,202.45
b. Shopcrafts	25,821	30.04	25.71	775,662.84	663,857.91
c. MOW	26,204	14.89	24.90	390,177.56	652,479.60
d. Yardmasters	1,881	33.21	32.16	62,468.01	60,492.96
3. Short-Term Disability					
a. Engineers (CSX, KCS, UP)	14,620	40.00	40.00	584,800.00	584,800.00
b. Engineers (SOO, \$40 began 2Q 2006)	456	40.00	40.00	18,240.00	18,240.00
4. Monthly Total Premiums				216,130,309.74	265,572,806.50
5. Monthly Employee Contributions To H&W					
a. National BLET (BNSF, CSX, KCS, NS, UP)	27,033	(\$166.25)	(\$200.00)	(\$4,494,236.25)	(\$5,406,600.00)
b. National BMW (BNSF, CSX, KCS, NS, UP)	24,330	(\$166.25)	(\$200.00)	(\$4,044,862.50)	(4,866,000.00)
c. National BRS (BNSF, CSX, KCS, NS, UP)	6,265	(\$166.25)	(\$200.00)	(\$1,041,556.25)	(1,253,000.00)
d. National IAM (BNSF, CSX, KCS, NS, UP)	6,838	(\$158.69)	(\$200.00)	(\$1,085,122.22)	(1,367,600.00)
e. National IBBM (BNSF, CSX, KCS, NS, UP)	1,012	(\$166.25)	(\$200.00)	(\$168,245.00)	(202,400.00)
f. National IBEW (BNSF, CSX, KCS, NS, UP)	5,119	(\$166.25)	(\$200.00)	(\$851,033.75)	(1,023,800.00)
g. National NCFO (BNSF, CSX, KCS, NS, UP)	2,466	(\$166.25)	(\$200.00)	(\$409,972.50)	(493,200.00)
h. National SMW (BNSF, CSX, KCS, NS, UP)	1,038	(\$166.25)	(\$200.00)	(\$172,567.50)	(207,600.00)
i. National TCU (BNSF, CSX, KCS, NS, UP)	6,863	(\$166.25)	(\$200.00)	(\$1,140,973.75)	(1,372,600.00)
j. National TCU-CAR (BNSF, CSX, KCS, NS, UP)	10,467	(\$166.25)	(\$200.00)	(\$1,740,138.75)	(2,093,400.00)
k. National UTU (BNSF, CSX, KCS, NS, UP)	42,698	(\$168.35)	(\$200.00)	(\$7,188,208.30)	(8,539,600.00)
l. National UTU-Yardmasters (BNSF, CSX, KCS, NS)	1,701	(\$168.35)	(\$200.00)	(\$286,363.35)	(340,200.00)
m. National ATDA (wt. avg. BNSF, KCS, NS, & CSX*)	1,845	(\$165.00)	(\$200.00)	(\$304,425.00)	(369,000.00)
n. Independent CNGT (wt avg all 104 union categories)	5,917	(\$92.65)	(\$109.48)	(\$548,210.05)	(647,793.16)
o. Independent SOO (weighted average all 13 unions)	2,359	(\$129.96)	(\$200.00)	(\$306,575.64)	(471,800.00)
p. Independent UP (Yardmasters only)	22	(\$164.75)	(\$200.00)	(\$3,624.50)	(4,400.00)
Total Major Union	145,973			(\$23,786,115.31)	(\$28,658,993.16)
All Other Employee Contributions**				(\$3,424,986.86)	(\$3,424,986.86)
6. Net Employer Monthly Payments				\$188,919,207.57	\$233,488,826.48
7. Ratio Projected Year to Base Year, Based on Net Monthly Payments					1.23592
8. H&W hourly rate for base year				\$5.554	
9. H&W hourly rate for projected quarter					\$6.864

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

** Mostly non-union employee contributions. The \$23,786,115.31 in major union contributions, plus \$3,424,986.86 in all other employee contributions, totals to the 12-month average of the total employee contributions reported to the AAR in its WF survey.

BAL E BRS

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

This Article replaces any previous cost-of-living provision in effect prior to the effective date, and the arrangements set forth in this Article shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act.

ARTICLE III – HEALTH & WELFARE

- A. Effective January 1, 2007, all existing health and welfare plans applicable to employees subject to this Agreement are cancelled in their entirety, and the employees will participate in the National Health and Welfare Plans, including National Early Retirement, dental, hearing and vision care, National Off-Track Vehicle Plan, Supplemental Sickness Plan, including all subsequent amendments, excluding cost sharing, in effect between the National Carriers' Conference Committee and the Brotherhood of Railroad Signalmen.
- B. The amount of employee cost sharing for National Health and Welfare Plans shall be One Hundred Dollars (\$100.00) per month, and shall remain fixed not subject to change except in accordance with Article XI of this Agreement.

ARTICLE IV – 401(k)

On the effective date of this Agreement, all employees covered by this Agreement will be eligible to participate in the Illinois Central Union 401(k) plan. Under the plan, for the first four percent (4%) of an employee's salary contributed, the Company will contribute \$.25 for each \$1.00 contributed by the employee. An employee may contribute an amount above 4% with no Company participation, subject to IRS annual limits.

ARTICLE V – BEREAVEMENT LEAVE

The existing language providing bereavement leave under Rule No. 41-1, is abrogated in its entirety and the following is substituted therefore;

“Employees in active service shall be entitled to bereavement leave of three (3) work days, to be taken at the discretion of the employee, upon furnishing proof of death of the employee's immediate family member. Bereavement leave will be taken within six (6) months from the date of death of the employee's immediate family member. For purposes of this rule, immediate family consists of the employee's spouse, child, parent, grandparent, grandchild, brother, sister, half-brother, half-sister, step-parent, step-child and spouse's parent. In such cases, a basic day's pay at the rate of the last service rendered will be allowed for each of the three (3) days. Employees will make provision for taking leave with their supervisor in the usual manner.

Welfare Plan, The Railroad Employees National Early Retirement Benefit Plan, The Railroad Employees National Dental Plan, the Railroad Employees National Vision Plan, and the Supplemental Sickness Benefit Plan Covering Railroad Shop Craft and Signal Employees, including all subsequent amendments, excluding cost sharing, in effect between the National Carriers' Conference Committee and the IBEW.

- B. Effective January 1, 2008, the amount of employee cost sharing for Health and Welfare Plans shall be one hundred dollars (\$100.00) per month.

ARTICLE IV – PENSION PLAN

Effective upon signing of this agreement:

- A. The Bessemer Non-Contributory Pension Plan will be closed to new participants.
- B. Effective July 1, 2011, employees presently participating in the Bessemer Non-Contributory Pension Plan will cease accruing further service credit under the plan. Service credit is used to calculate the amount of pension benefit with respect to completed years and months of plan participation. While the number of years of service credit under the plan will “freeze” July 1, 2011, future salary growth will be considered in the calculation of the pension benefit payable upon retirement or other termination of employment.

Continued employment with the Company after July 1, 2011, will count towards eligibility service. Eligibility service is used to determine which retirement category an employee qualifies for such as a 30-year retirement.

ARTICLE V – 401(k)

As soon as reasonably practical, all employees covered by this Agreement will be eligible to participate in the Canadian National Railway Company Union Savings Plan for U.S. Operations. Under the plan, for the first four percent (4%) of an employee's salary contributed, the Company will contribute \$.25 for each \$1.00 contributed by the employee. The employee may contribute an amount above 4% with no Company participation, subject to IRS annual limits.

ARTICLE VI - EMPLOYEE SHARE INVESTMENT PLAN

Effective upon signing of this Agreement, the Company Employee Share Investment Plan will be made available to all employees subject to this Agreement in accordance with the terms of the Plan. The Company may, at its discretion, alter, amend, revise or discontinue the Plan, in any manner, in whole or in part. This provision will not form part of any Collective Agreement.

- (b) Minimum Daily Increases - The increase in rates of pay described in paragraph (a) shall be not less than eight times the applicable increase per hour for each full time day of eight hours, required to be paid for by the rules agreement. In instances where under the existing rules agreement an employee is worked less than eight hours per day, the increase will be determined by the number of hours required to be paid for by the rules agreement.
- (c) In making calculations under this Article, fraction of a cent shall be rounded to the nearest whole cent; fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

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

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

ARTICLE III - HEALTH & WELFARE

A. Effective January 1, 2006, all BRCTCIU/B&LE Health and Welfare plans are cancelled in their entirety and all employees subject to this agreement and their dependents will be covered by the National Health and Welfare Plans, including all subsequent amendments, excluding cost sharing, in effect between the National Carriers' Conference Committee and the Brotherhood Railway Carmen Division Transportation Communications Union, as set forth below:

1. The Railroad Employees National Health and Welfare Plan Covering Certain Employees Represented by the Transportation Communications International Union, Brotherhood Railway Carmen Division of Transportation Communications International Union, and Transport Workers Union
2. Life Insurance Benefits for U.S. Employees and Retirees and Accidental Death and Dismemberment Insurance Benefits for U.S. Employees under The Railroad Employees National Health and Welfare Plan, Effective January 1, 2003
3. The Railroad Employees National Early Retirement Major Medical Benefit Plan (formerly GA-46000)
4. Railroad Employees National Dental Plan for U.S Employees as amended through January 1, 2003
5. Railroad Employees National Vision Plan 1999
6. Supplemental Sickness Benefit Plan covering Railroad Shop Craft Employees, January 1, 2003
7. The National Off -Track Vehicle Plan

B. The amount of employee cost sharing for National Health and Welfare Plans shall be one hundred dollars (\$100.00) per month for the duration of this agreement.

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- (a) Hourly Rates - Add the amount of the cost-of-living allowance to the hourly rate of pay produced by application of Article I.
- (b) Minimum Daily Increases - The increase in rates of pay described in paragraph (a) shall be not less than eight times the applicable increase per hour for each full time day of eight hours, required to be paid for by the rules agreement. In instances where under the existing rules agreement an employee is worked less than eight hours per day, the increase will be determined by the number of hours required to be paid for by the rules agreement.
- (c) In making calculations under this Article, fraction of a cent shall be rounded to the nearest whole cent; fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

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

This Article replaces any previous cost-of-living provision in effect prior to the effective date, and the arrangements set forth in this Article shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act. Any payments due or paid effective July 1, 2005 or later under previous provisions shall expire as of the effective date of this Agreement and shall be counted toward any retroactive pay due under the provisions of Article I.

ARTICLE III - HEALTH & WELFARE

- A. Effective upon ratification, all employees subject to this Agreement and their dependents will continue to be covered by the National Health and Welfare Plans, including all subsequent amendments, excluding cost sharing, in effect between the National Carriers' Conference Committee and the International Brotherhood of Electrical Workers.
- B. The amount of employee cost sharing for National Health and Welfare Plans shall be One Hundred Dollars (\$100.00) per month effective January 1, 2006. This amount shall remain fixed and not subject to change except in accordance with Article IX of this Agreement.

ARTICLE IV - EMPLOYEE SHARE INVESTMENT PLAN

Effective upon ratification of this Agreement, the Company Employee Share Investment Plan will be made available to all employees subject to this Agreement in accordance with the terms of the Plan. The Company may, at its discretion, alter, amend, revise or discontinue the Plan, in any manner, in whole or in part. This provision will not form part of any Collective Agreement.

ARTICLE V - PAYROLL DIRECT DEPOSIT

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- B. The amount of employee cost sharing for National Health and Welfare Plans shall be One Hundred Dollars (\$100.00) per month effective January 1, 2006. This amount shall remain fixed and not subject to change except in accordance with Article VII of this Agreement.

ARTICLE IV- 401(k)

Effective within sixty (60) days of signing this agreement, employees covered by this agreement will be eligible to participate in the Illinois Central Union 401(k) plan. Under the plan, for the first four percent (4%) of an employee's salary contributed, the company will contribute \$.25 for each \$1.00 contributed by the employee. The employee may contribute an amount above 4% with no company participation, subject to IRS annual limits.

ARTICLE V - EMPLOYEE SHARE INVESTMENT PLAN

Effective upon signing of this Agreement, the Company Employee Share Investment Plan will be made available to all employees subject to this Agreement in accordance with the terms of the Plan. The Company may, at its discretion, alter, amend, revise or discontinue the Plan, in any manner, in whole or in part. This provision will not form part of any Collective Agreement.

ARTICLE VI - GRIEVANCE RESOLUTION/BONUS

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

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includes engineers normally in BLIT

(Annulment of Assignments), will be paid at ten (10) hours at the straight time rate of pay. This PLD rate will be increased as follows:

- (1) Effective January 1, 2007, PLD's shall be paid at the rate of 9 hours at the straight time rate of pay.
- (2) Effective January 1, 2008, PLD's shall be paid at the rate of 9.5 hours at the straight time rate of pay.
- (3) Effective January 1, 2009, PLD's shall be paid at the rate of 10 hours at the straight time rate of pay.

Note: Qualification for PLDs will be determined in the same manner as Vacation qualification.

- B) Amend Article 19, paragraph F, and amend all provisions in conflict to reflect the following:

PLD's are earned in the current year. An Employee who enters or leaves the service of the Company during the year will have their PLD allocation adjusted on a pro-rata basis.

17. Health Care

Employees coming under the scope of this Agreement, along with their dependents and retirees (to the extent they are covered under the provisions of the applicable Plan) if any, will be subject to the National Railway Carriers and the United Transportation Union Health and Welfare Plan, the Railroad Employees National dental Plan and the Railroad Employees National Vision Plan, as may be amended, with the employee contribution levels limited to those contained in the November 6, 2003, National Railway Carriers and United Transportation Union Health and Welfare Plan, the Railroad Employees National Dental Plan, and the Railroad Employees National Vision Plan. For clarity, beginning January 1, 2007 and continuing during the term of this agreement, the formula for the cap on employee contributions as contained in the November 6, 2003 agreement shall apply thru the term of this agreement and beyond until amended by the parties signatory to this agreement.

18. Standardize Holiday Rate

Amend Article 21 and amend all provisions in conflict to reflect the following:

Employees who work on a holiday will be paid a holiday rate of pay of 1.2 times the hourly rate for the first ten (10) hours worked in recognition for service performed on the holiday. All time in excess of ten (10) hours worked on the holiday will be time and one-half based on the holiday rate outlined herein.

19. Increase Single Day Vacations

- A) Amend Article 22, Section 3, Paragraph C and amend all provisions in conflict to reflect the following:

An Employee may take up to two (2) weeks (14 calendar days), of his annual vacation in single day increments, provided, however, that such Employee shall be automatically marked up for service upon the

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4. Railroad Employees National Dental Plan for U.S Employees as amended through January 1, 2003.
5. Railroad Employees National Vision Plan 1999.
6. The National Off -Track Vehicle Plan.

B. The amount of employee cost sharing for National Health and Welfare Plans shall be One Hundred Dollars (\$100.00) per month effective January 1, 2006. This amount shall remain fixed and not subject to change except in accordance with Article XI of this Agreement.

ARTICLE V - EMPLOYEE SHARE INVESTMENT PLAN

Effective on the date of this Agreement, the Company Employee Share Investment Plan will be made available to all employees subject to this Agreement in accordance with the terms of the Plan. The Company may, at its discretion, alter, amend, revise or discontinue the Plan, in any manner, in whole or in part. This provision will not form part of any Collective Agreement.

ARTICLE VI - PAYROLL DIRECT DEPOSIT

Effective on the date of this Agreement, at the Company's discretion all employees may be paid weekly or bi-weekly to the direct deposit account designated by the employee.

ARTICLE VII - BEREAVEMENT

Effective on the date of this Agreement, all bereavement rules are abrogated and the following is substituted therefore:

Employees in active service shall be entitled to bereavement leave of three (3) work days, to be taken at the discretion of the employee, upon furnishing proof of death of the employee's immediate family member. Bereavement leave will be taken within six months from the date of death of the employee's immediate family member. For purposes of this rule, immediate family consists of the employee's spouse, child, parent, grandparent, grandchild, brother, sister, half-brother, half-sister, step-parent, step-child and spouse's parent. In such cases, a basic day's pay at the rate of the last service rendered will be allowed for each of the three (3) days. Employees will make provision for taking leave with their supervisor in the usual manner.

- Family relationships created through the legal adoption process shall qualify for bereavement leave. Any other family relationship not specifically mentioned shall be excluded.
- Bereavement leave non-availability shall be considered neutral for determining the qualifying day for holiday pay purposes. The workday preceding or following the employee's bereavement leave, as the case may be, shall be considered the qualifying day for holiday pay purposes.

Railroad Retirement and Medicare

Employees Receiving Pay	172,294 (2008 Benchmark, 2007 RRB Distribution)
Tier I Maximum	106,800 (Year = 2010)
Tier II Maximum	79,200 (Year = 2010)
Medicare Maximum	no limit (Year = 2010)
Tier I Tax Rate	6.20% (Year = 2010)
Tier II Tax Rate	12.10% (Year = 2010)
Medicare Tax Rate	1.45% (Year = 2010)

USA RCAF	Rate	Factor	RR Ret Tax	Hourly Rate	
2007	\$30.806				
2008	\$32.537	1.05619	\$559,200,955	\$6.755	RR Ret Tax from RR_Retirement_08annual.xls, Hourly rate from SUPPL2008.xls
1Q/2010	\$34.810	1.12997	\$593,903,622	\$7.174	Rate = Taxable Rate
2Q/2010	\$34.787	1.12923	\$593,635,712	\$7.171	
3Q/2010	\$34.676	1.12562	\$592,333,215	\$7.155	
4Q/2010		0.00000	\$0	\$0.000	

Railroad Retirement & Medicare, U.S.

1Q/2010

1Q/2010

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2008	Avg Annual Earnings (2007 RRB Stats)	Estimated Avg. Annual Earnings	Avg Qtlly Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Erngs	Tier II Tot Tax Erng	Medicare Tot Tax Erng
\$0 - 21699	0.416	717	\$8,597	\$9,714	\$2,429	\$2,429	\$2,429	\$2,429	\$1,740,681	\$1,740,681	\$1,740,681
21700 - 23699	0.046	79	\$21,950	24,803	6,201	6,201	6,201	6,201	491,441	491,441	491,441
23700 - 25699	0.093	160	\$24,743	27,959	6,990	6,990	6,990	6,990	1,119,990	1,119,990	1,119,990
25700 - 27699	0.185	319	\$27,005	30,515	7,629	7,629	7,629	7,629	2,431,615	2,431,615	2,431,615
27700 - 29699	0.139	239	\$28,634	32,356	8,089	8,089	8,089	8,089	1,937,206	1,937,206	1,937,206
29700 - 31699	0.370	637	\$30,598	34,575	8,644	8,644	8,644	8,644	5,510,280	5,510,280	5,510,280
31700 - 33699	0.509	877	\$32,918	37,197	9,299	9,299	9,299	9,299	8,155,115	8,155,115	8,155,115
33700 - 35699	1.157	1,993	\$34,798	39,321	9,830	9,830	9,830	9,830	19,595,959	19,595,959	19,595,959
35700 - 37699	1.249	2,152	\$36,958	41,762	10,440	10,440	10,440	10,440	22,467,243	22,467,243	22,467,243
37700 - 39699	1.064	1,833	\$38,770	43,809	10,952	10,952	10,952	10,952	20,077,808	20,077,808	20,077,808
39700 - 41699	1.620	2,791	\$40,791	46,093	11,523	11,523	11,523	11,523	32,163,125	32,163,125	32,163,125
41700 - 43699	3.054	5,262	\$42,838	48,406	12,101	12,101	12,101	12,101	63,676,194	63,676,194	63,676,194
43700 - 45699	3.239	5,581	\$44,701	50,511	12,628	12,628	12,628	12,628	70,470,453	70,470,453	70,470,453
45700 - 47699	5.183	8,930	\$46,788	52,869	13,217	13,217	13,217	13,217	118,030,586	118,030,586	118,030,586
47700 - 49699	4.859	8,372	\$48,828	55,174	13,794	13,794	13,794	13,794	115,476,792	115,476,792	115,476,792
49700 - 51699	5.044	8,691	\$50,721	57,313	14,328	14,328	14,328	14,328	124,520,759	124,520,759	124,520,759
51700 - 53699	5.507	9,488	\$52,702	59,552	14,888	14,888	14,888	14,888	141,260,600	141,260,600	141,260,600
53700 - 55699	3.887	6,697	\$54,652	61,755	15,439	15,439	15,439	15,439	103,394,985	103,394,985	103,394,985
55700 - 57699	4.489	7,734	\$56,747	64,123	16,031	16,031	16,031	16,031	123,985,640	123,985,640	123,985,640
57700 - 59699	4.165	7,176	\$58,680	66,307	16,577	16,577	16,577	16,577	118,955,352	118,955,352	118,955,352
59700 - 61699	3.795	6,539	\$60,668	68,553	17,138	17,138	17,138	17,138	112,059,926	112,059,926	112,059,926
61700 - 63699	3.378	5,820	\$62,676	70,822	17,706	17,706	17,706	17,706	103,048,053	103,048,053	103,048,053
63700 - 65699	3.517	6,060	\$64,618	73,017	18,254	18,254	18,254	18,254	110,612,639	110,612,639	110,612,639
65700 - 67699	3.008	5,183	\$66,733	75,407	18,852	18,852	18,852	18,852	97,700,628	97,700,628	97,700,628
67700 - 69699	3.332	5,741	\$68,641	77,563	19,391	19,391	19,391	19,391	111,318,532	111,318,532	111,318,532
69700 - 71699	2.915	5,022	\$70,641	79,823	19,956	19,956	19,800	19,956	100,224,586	99,442,928	100,224,586
71700 - 73699	2.776	4,783	\$72,631	82,071	20,518	20,518	19,800	20,518	98,134,194	94,701,053	98,134,194
73700 - 75699	2.175	3,747	\$74,664	84,368	21,092	21,092	19,800	21,092	79,040,447	74,198,411	79,040,447
75700 - 77699	1.990	3,429	\$76,668	86,633	21,658	21,658	19,800	21,658	74,258,485	67,887,282	74,258,485
77700 - 79699	2.082	3,587	\$78,663	88,887	22,222	22,222	19,800	22,222	79,713,175	71,025,789	79,713,175
79700 - 81699	2.082	3,587	\$80,749	91,244	22,811	22,811	19,800	22,811	81,827,023	71,025,789	81,827,023
81700 - 83699	1.897	3,268	\$82,733	93,486	23,372	23,372	19,800	23,372	76,387,972	64,714,660	76,387,972
83700 - 85699	1.805	3,110	\$84,822	95,847	23,962	23,962	19,800	23,962	74,518,583	61,576,153	74,518,583
85700 - 87699	1.712	2,950	\$86,633	97,893	24,473	24,473	19,800	24,473	72,188,163	58,403,531	72,188,163
87700 - 89699	1.666	2,870	\$88,609	100,126	25,031	25,031	19,800	25,031	71,850,816	56,834,277	71,850,816
89700 - 91699	1.388	2,391	\$90,672	102,457	25,614	25,614	19,800	25,614	61,254,999	47,350,526	61,254,999
91700 - 93699	1.249	2,152	\$92,524	104,550	26,137	26,137	19,800	26,137	56,246,527	42,608,651	56,246,527
93700 - 95699	1.018	1,754	\$94,554	106,844	26,711	26,700	19,800	26,711	46,830,543	34,728,268	46,849,672
95700 - over	11.940	20,572	\$142,633	161,172	40,293	26,700	19,800	40,293	549,269,826	407,323,691	828,902,059
TOTAL	100.000000	172,294	\$70,505					Total Taxable	3,151,946,940	2,882,022,610	3,431,598,302
								Tax Rate	0.062	0.121	0.0145
								Qtlly Pmt	\$195,420,710	\$348,724,736	\$49,758,175
								Tier I & II & Medicare			\$593,903,622

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2008	Avg Annual Earnings (2007 RRB Stats)	Estimated Avg. Annual Earnings	Avg Qtl Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Emrgs	Tier II Tot Tax Emrg	Medicare Tot Tax Emrg
\$0 - 21699	0.416	717	\$8,597	\$9,708	\$2,427	\$2,427	\$2,427	\$2,427	\$1,739,531	\$1,739,531	\$1,739,531
21700 - 23699	0.046	79	\$21,950	24,787	6,197	6,197	6,197	6,197	491,116	491,116	491,116
23700 - 25699	0.093	160	\$24,743	27,940	6,985	6,985	6,985	6,985	1,119,250	1,119,250	1,119,250
25700 - 27699	0.185	319	\$27,005	30,495	7,624	7,624	7,624	7,624	2,430,008	2,430,008	2,430,008
27700 - 29699	0.139	239	\$28,634	32,334	8,084	8,084	8,084	8,084	1,935,926	1,935,926	1,935,926
29700 - 31699	0.370	637	\$30,598	34,552	8,638	8,638	8,638	8,638	5,506,639	5,506,639	5,506,639
31700 - 33699	0.509	877	\$32,918	37,172	9,293	9,293	9,293	9,293	8,149,727	8,149,727	8,149,727
33700 - 35699	1.157	1,993	\$34,798	39,295	9,824	9,824	9,824	9,824	19,583,011	19,583,011	19,583,011
35700 - 37699	1.249	2,152	\$36,958	41,734	10,434	10,434	10,434	10,434	22,452,398	22,452,398	22,452,398
37700 - 39699	1.064	1,833	\$38,770	43,780	10,945	10,945	10,945	10,945	20,064,542	20,064,542	20,064,542
39700 - 41699	1.620	2,791	\$40,791	46,062	11,516	11,516	11,516	11,516	32,141,874	32,141,874	32,141,874
41700 - 43699	3.054	5,262	\$42,838	48,374	12,093	12,093	12,093	12,093	63,634,121	63,634,121	63,634,121
43700 - 45699	3.239	5,581	\$44,701	50,478	12,619	12,619	12,619	12,619	70,423,891	70,423,891	70,423,891
45700 - 47699	5.183	8,930	\$46,788	52,834	13,209	13,209	13,209	13,209	117,952,600	117,952,600	117,952,600
47700 - 49699	4.859	8,372	\$48,828	55,138	13,784	13,784	13,784	13,784	115,400,493	115,400,493	115,400,493
49700 - 51699	5.044	8,691	\$50,721	57,276	14,319	14,319	14,319	14,319	124,438,485	124,438,485	124,438,485
51700 - 53699	5.507	9,488	\$52,702	59,513	14,878	14,878	14,878	14,878	141,167,265	141,167,265	141,167,265
53700 - 55699	3.887	6,697	\$54,652	61,715	15,429	15,429	15,429	15,429	103,326,669	103,326,669	103,326,669
55700 - 57699	4.489	7,734	\$56,747	64,080	16,020	16,020	16,020	16,020	123,903,719	123,903,719	123,903,719
57700 - 59699	4.165	7,176	\$58,680	66,263	16,566	16,566	16,566	16,566	118,876,754	118,876,754	118,876,754
59700 - 61699	3.795	6,539	\$60,668	68,508	17,127	17,127	17,127	17,127	111,985,885	111,985,885	111,985,885
61700 - 63699	3.378	5,820	\$62,676	70,775	17,694	17,694	17,694	17,694	102,979,966	102,979,966	102,979,966
63700 - 65699	3.517	6,060	\$64,618	72,968	18,242	18,242	18,242	18,242	110,539,554	110,539,554	110,539,554
65700 - 67699	3.008	5,183	\$66,733	75,357	18,839	18,839	18,839	18,839	97,636,074	97,636,074	97,636,074
67700 - 69699	3.332	5,741	\$68,641	77,511	19,378	19,378	19,378	19,378	111,244,980	111,244,980	111,244,980
69700 - 71699	2.915	5,022	\$70,641	79,770	19,942	19,942	19,800	19,942	100,158,365	99,442,928	100,158,365
71700 - 73699	2.776	4,783	\$72,631	82,017	20,504	20,504	19,800	20,504	98,069,354	94,701,053	98,069,354
73700 - 75699	2.175	3,747	\$74,664	84,313	21,078	21,078	19,800	21,078	78,988,223	74,198,411	78,988,223
75700 - 77699	1.990	3,429	\$76,668	86,576	21,644	21,644	19,800	21,644	74,209,420	67,887,282	74,209,420
77700 - 79699	2.082	3,587	\$78,663	88,828	22,207	22,207	19,800	22,207	79,660,506	71,025,789	79,660,506
79700 - 81699	2.082	3,587	\$80,749	91,184	22,796	22,796	19,800	22,796	81,772,958	71,025,789	81,772,958
81700 - 83699	1.897	3,268	\$82,733	93,424	23,356	23,356	19,800	23,356	76,337,500	64,714,660	76,337,500
83700 - 85699	1.805	3,110	\$84,822	95,783	23,946	23,946	19,800	23,946	74,469,347	61,576,153	74,469,347
85700 - 87699	1.712	2,950	\$86,633	97,828	24,457	24,457	19,800	24,457	72,140,466	58,403,531	72,140,466
87700 - 89699	1.666	2,870	\$88,609	100,060	25,015	25,015	19,800	25,015	71,803,342	56,834,277	71,803,342
89700 - 91699	1.388	2,391	\$90,672	102,389	25,597	25,597	19,800	25,597	61,214,526	47,350,526	61,214,526
91700 - 93699	1.249	2,152	\$92,524	104,481	26,120	26,120	19,800	26,120	56,209,363	42,608,651	56,209,363
93700 - 95699	1.018	1,754	\$94,554	106,773	26,693	26,700	19,800	26,693	46,830,543	34,728,268	46,818,717
95700 - over	11.940	20,572	\$142,633	161,065	40,266	26,700	19,800	40,266	549,269,826	407,323,691	828,354,378
TOTAL	100.000	172,294						Total Taxable	3,150,258,217	2,880,945,488	3,429,330,944
								Tax Rate	0.062	0.121	0.0145
								Qtlly Pmt	\$195,316,009	\$348,594,404	\$49,725,299
								Tier I & II & Medicare			\$593,635,712

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2008	Avg Annual Earnings (2007 RRB Stats)	Estimated Avg. Annual Earnings	Avg Qtlly Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Erngs	Tier II Tot Tax Erng	Medicare Tot Tax Erng
\$0 - 21699	0.416	717	\$8,597	\$9,677	\$2,419	\$2,419	\$2,419	\$2,419	\$1,733,980	\$1,733,980	\$1,733,980
21700 - 23699	0.046	79	\$21,950	24,707	6,177	6,177	6,177	6,177	489,549	489,549	489,549
23700 - 25699	0.093	160	\$24,743	27,851	6,963	6,963	6,963	6,963	1,115,679	1,115,679	1,115,679
25700 - 27699	0.185	319	\$27,005	30,397	7,599	7,599	7,599	7,599	2,422,254	2,422,254	2,422,254
27700 - 29699	0.139	239	\$28,634	32,231	8,058	8,058	8,058	8,058	1,929,748	1,929,748	1,929,748
29700 - 31699	0.370	637	\$30,598	34,442	8,610	8,610	8,610	8,610	5,489,068	5,489,068	5,489,068
31700 - 33699	0.509	877	\$32,918	37,053	9,263	9,263	9,263	9,263	8,123,722	8,123,722	8,123,722
33700 - 35699	1.157	1,993	\$34,798	39,169	9,792	9,792	9,792	9,792	19,520,525	19,520,525	19,520,525
35700 - 37699	1.249	2,152	\$36,958	41,601	10,400	10,400	10,400	10,400	22,380,756	22,380,756	22,380,756
37700 - 39699	1.064	1,833	\$38,770	43,640	10,910	10,910	10,910	10,910	20,000,519	20,000,519	20,000,519
39700 - 41699	1.620	2,791	\$40,791	45,915	11,479	11,479	11,479	11,479	32,039,314	32,039,314	32,039,314
41700 - 43699	3.054	5,262	\$42,838	48,220	12,055	12,055	12,055	12,055	63,431,074	63,431,074	63,431,074
43700 - 45699	3.239	5,581	\$44,701	50,317	12,579	12,579	12,579	12,579	70,199,179	70,199,179	70,199,179
45700 - 47699	5.183	8,930	\$46,788	52,666	13,166	13,166	13,166	13,166	117,576,231	117,576,231	117,576,231
47700 - 49699	4.859	8,372	\$48,828	54,962	13,741	13,741	13,741	13,741	115,032,267	115,032,267	115,032,267
49700 - 51699	5.044	8,691	\$50,721	57,093	14,273	14,273	14,273	14,273	124,041,420	124,041,420	124,041,420
51700 - 53699	5.507	9,488	\$52,702	59,323	14,831	14,831	14,831	14,831	140,716,822	140,716,822	140,716,822
53700 - 55699	3.887	6,697	\$54,652	61,518	15,379	15,379	15,379	15,379	102,996,969	102,996,969	102,996,969
55700 - 57699	4.489	7,734	\$56,747	63,876	15,969	15,969	15,969	15,969	123,508,361	123,508,361	123,508,361
57700 - 59699	4.165	7,176	\$58,680	66,052	16,513	16,513	16,513	16,513	118,497,437	118,497,437	118,497,437
59700 - 61699	3.795	6,539	\$60,668	68,289	17,072	17,072	17,072	17,072	111,628,555	111,628,555	111,628,555
61700 - 63699	3.378	5,820	\$62,676	70,550	17,637	17,637	17,637	17,637	102,651,373	102,651,373	102,651,373
63700 - 65699	3.517	6,060	\$64,618	72,736	18,184	18,184	18,184	18,184	110,186,839	110,186,839	110,186,839
65700 - 67699	3.008	5,183	\$66,733	75,116	18,779	18,779	18,779	18,779	97,324,533	97,324,533	97,324,533
67700 - 69699	3.332	5,741	\$68,641	77,264	19,316	19,316	19,316	19,316	110,890,015	110,890,015	110,890,015
69700 - 71699	2.915	5,022	\$70,641	79,515	19,879	19,879	19,800	19,879	99,838,775	99,442,928	99,838,775
71700 - 73699	2.776	4,783	\$72,631	81,755	20,439	20,439	19,800	20,439	97,756,430	94,701,053	97,756,430
73700 - 75699	2.175	3,747	\$74,664	84,044	21,011	21,011	19,800	21,011	78,736,183	74,198,411	78,736,183
75700 - 77699	1.990	3,429	\$76,668	86,299	21,575	21,575	19,800	21,575	73,972,629	67,887,282	73,972,629
77700 - 79699	2.082	3,587	\$78,663	88,545	22,136	22,136	19,800	22,136	79,406,321	71,025,789	79,406,321
79700 - 81699	2.082	3,587	\$80,749	90,893	22,723	22,723	19,800	22,723	81,512,033	71,025,789	81,512,033
81700 - 83699	1.897	3,268	\$82,733	93,126	23,282	23,282	19,800	23,282	76,093,919	64,714,660	76,093,919
83700 - 85699	1.805	3,110	\$84,822	95,478	23,869	23,869	19,800	23,869	74,231,726	61,576,153	74,231,726
85700 - 87699	1.712	2,950	\$86,633	97,516	24,379	24,379	19,800	24,379	71,910,277	58,403,531	71,910,277
87700 - 89699	1.666	2,870	\$88,609	99,740	24,935	24,935	19,800	24,935	71,574,229	56,834,277	71,574,229
89700 - 91699	1.388	2,391	\$90,672	102,063	25,516	25,516	19,800	25,516	61,019,200	47,350,526	61,019,200
91700 - 93699	1.249	2,152	\$92,524	104,147	26,037	26,037	19,800	26,037	56,030,008	42,608,651	56,030,008
93700 - 95699	1.018	1,754	\$94,554	106,432	26,608	26,612	19,800	26,608	46,676,630	34,728,268	46,669,326
95700 - over	11.940	20,572	\$142,633	160,551	40,138	26,700	19,800	40,138	549,269,826	407,323,691	825,711,226
TOTAL	100.000	172,294						Total Taxable	3,141,954,376	2,875,747,200	3,418,388,473
								Tax Rate	0.062	0.121	0.0145
								Qtlly Pmt	\$194,801,171	\$347,965,411	\$49,566,633
								Tier I & II & Medicare			\$592,333,215

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2008	Avg Annual Earnings (2007 RRB Stats)	Estimated Avg. Annual Earnings	Avg Qtlly Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Erngs	Tier II Tot Tax Erng	Medicare Tot Tax Erng
\$0 - 4999	0.416	717	\$8,597	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5000 - 9999	0.046	79	\$21,950	0	0	0	0	0	0	0	0
10000 - 12499	0.093	160	\$24,743	0	0	0	0	0	0	0	0
12500 - 14999	0.185	319	\$27,005	0	0	0	0	0	0	0	0
15000 - 17499	0.139	239	\$28,634	0	0	0	0	0	0	0	0
17500 - 19999	0.370	637	\$30,598	0	0	0	0	0	0	0	0
20000 - 22499	0.509	877	\$32,918	0	0	0	0	0	0	0	0
22500 - 24999	1.157	1,993	\$34,798	0	0	0	0	0	0	0	0
25000 - 27499	1.249	2,152	\$36,958	0	0	0	0	0	0	0	0
27500 - 29999	1.064	1,833	\$38,770	0	0	0	0	0	0	0	0
30000 - 32499	1.620	2,791	\$40,791	0	0	(0)	(0)	0	(0)	(0)	0
32500 - 34999	3.054	5,262	\$42,838	0	0	(0)	(0)	0	(0)	(0)	0
35000 - 37499	3.239	5,581	\$44,701	0	0	0	0	0	0	0	0
37500 - 39999	5.183	8,930	\$46,788	0	0	0	0	0	0	0	0
40000 - 42499	4.859	8,372	\$48,828	0	0	0	0	0	0	0	0
42500 - 44999	5.044	8,691	\$50,721	0	0	(0)	(0)	0	(0)	(0)	0
45000 - 47499	5.507	9,488	\$52,702	0	0	0	0	0	0	0	0
47500 - 49999	3.887	6,697	\$54,652	0	0	0	0	0	0	0	0
50000 - 52499	4.489	7,734	\$56,747	0	0	0	0	0	0	0	0
52500 - 54999	4.165	7,176	\$58,680	0	0	0	0	0	0	0	0
55000 - 57499	3.795	6,539	\$60,668	0	0	0	0	0	0	0	0
57500 - 59999	3.378	5,820	\$62,676	0	0	0	0	0	0	0	0
60000 - 62499	3.517	6,060	\$64,618	0	0	0	0	0	0	0	0
62500 - 64999	3.008	5,183	\$66,733	0	0	0	0	0	0	0	0
65000 - 67499	3.332	5,741	\$68,641	0	0	0	0	0	0	0	0
67500 - 69999	2.915	5,022	\$70,641	0	0	0	377	0	0	1,892,942	0
70000 - 72499	2.776	4,783	\$72,631	0	0	0	2,061	0	0	9,856,820	0
72500 - 74999	2.175	3,747	\$74,664	0	0	0	3,781	0	0	14,169,620	0
75000 - 77499	1.990	3,429	\$76,668	0	0	(0)	5,477	0	(0)	18,778,689	0
77500 - 79999	2.082	3,587	\$78,663	0	0	0	7,165	0	0	25,702,633	0
80000 - 84999	2.082	3,587	\$80,749	0	0	0	8,930	0	0	32,034,646	0
85000 - 89999	1.897	3,268	\$82,733	0	0	0	10,609	0	0	34,675,410	0
90000 - 94999	1.805	3,110	\$84,822	0	0	0	12,377	0	0	38,491,198	0
95000 - 99999	1.712	2,950	\$86,633	0	0	0	13,909	0	0	41,028,312	0
100000 - 104999	1.666	2,870	\$88,609	0	0	(0)	15,582	0	(0)	44,725,556	0
105000 - 109999	1.388	2,391	\$90,672	0	0	0	17,327	0	0	41,437,146	0
110000 - 114999	1.249	2,152	\$92,524	0	0	0	18,894	0	0	40,659,946	0
115000 - 119999	1.018	1,754	\$94,554	0	0	0	19,800	0	0	34,728,268	0
120000 - 124999	11.940	20,572	\$142,633	0	0	26,700	19,800	0	549,269,826	407,323,691	0
TOTAL	100.000	172,294						Total Taxable	549,269,826	785,504,877	0
								Tax Rate	0.062	0.121	0.0145
								Qtlly Pmt	\$34,054,729	\$95,046,090	\$0
								Tier I & II & Medicare			\$129,100,819

RCAF Unemployment Insurance Tax

	Unemployment Ins.			RRB	Factor	Avg. Ann.	Un. Ins.
	Tax	Earnings	Hourly	Sample	To Update	Taxable	Hourly
	Rate	Base	Earnings	Year	RRB Sample	Earnings	Rate
			\$28.151	(2004)			
2005 Avg.	2.29%	\$13,800	\$28.884		1.026038	\$12,810.75	\$0.162
4Q/06	2.36%	\$14,340	\$29.136		1.034990	\$13,295.94	\$0.173
1Q/07	2.47%	\$14,760	\$29.220		1.037974	\$13,670.56	\$0.186
2Q/07	2.47%	\$14,760	\$29.238		1.038613	\$13,670.92	\$0.186
3Q/07	2.47%	\$14,760	\$29.336		1.042094	\$13,672.83	\$0.186
			\$28.884	(2005)			
2006 Avg.	2.36%	\$14,340	\$29.465		1.020115	\$13,053.43	\$0.173
4Q/07	2.47%	\$14,760	\$30.476		1.055117	\$13,438.69	\$0.186
1Q/08	2.48%	\$15,360	\$31.071		1.075717	\$13,972.06	\$0.195
2Q/08	2.48%	\$15,360	\$31.090		1.076374	\$13,972.45	\$0.195
3Q/08	2.48%	\$15,360	\$31.594		1.093824	\$13,982.57	\$0.195
			\$29.465	(2006)			
2007 Avg.	2.47%	\$14,760	\$30.806		1.045512	\$13,903.99	\$0.192
3Q/08 reb.	2.48%	\$15,360	\$32.327		1.097132	\$14,473.48	\$0.201
4Q/08	2.48%	\$15,360	\$33.207		1.126998	\$14,487.09	\$0.201
1Q/09	2.47%	\$15,960	\$33.561		1.139012	\$15,038.39	\$0.208
2Q/09	2.47%	\$15,960	\$33.672		1.142780	\$15,040.15	\$0.208
3Q/09	2.47%	\$15,960	\$34.857		1.182997	\$15,058.23	\$0.208
			\$30.806	(2007)			
2008 Avg.	2.48%	\$15,360	\$32.537		1.056190	\$14,329.53	\$0.201
3Q/09 reb.	2.47%	\$15,960	\$35.600		1.155619	\$14,914.18	\$0.208
4Q/09	2.47%	\$15,960	\$34.822		1.130364	\$14,903.49	\$0.208
1Q/10	3.26%	\$15,960	\$34.810		1.129975	\$14,903.32	\$0.275
2Q/10	3.26%	\$15,960	\$34.787		1.129228	\$14,903.00	\$0.275
3Q/10	3.26%	\$15,960	\$34.676		1.125625	\$14,901.45	\$0.275

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

TOTAL GROSS EARNINGS AND AVERAGE GROSS EARNINGS-2007 RRB File

The MEANS Procedure

Variable	N	Sum	Mean
ANUAL_US	2806	40208655.30	14329.53
QTRLY_US	2806	41813476.54	14901.45

The MEANS Procedure

Variable	N	Sum	Mean
FactorA	2806	2963.67	1.0561900
FactorQ	2806	3158.50	1.1256250
Capa	2806	43100160.00	15360.00
Capq	2806	44783760.00	15960.00



Home > Petroleum > Navigator

Petroleum Navigator

Home	Prices	Crude Reserves & Production	Refining & Processing	Imports/Exports & Movements	Stocks	Consumption/Sales	Publications & Analysis
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Spot Prices

(Crude Oil in Dollars per Barrel, Products in Cents per Gallon)

Period: Weekly

Product by Area	04/16/10	04/23/10	04/30/10	05/07/10	05/14/10	05/21/10	View History
Crude Oil							
WTI - Cushing, Oklahoma	84.34	82.90	84.22	80.24	74.98	69.14	1986-2010
Brent - Europe	85.23	84.61	85.98	82.50	78.32	72.17	1987-2010
Conventional Gasoline							
New York Harbor, Regular	220.51	219.52	226.05	215.50	209.88	192.12	1986-2010
U.S. Gulf Coast, Regular	217.26	218.07	222.51	213.35	206.21	189.62	1986-2010
Los Angeles, Regular	221.97	227.53	234.69	225.30	215.74	197.21	1986-2010
Amsterdam-Rotterdam-Antwerp (ARA) - 10 ppm Sulfur, Regular	222.46	221.81	226.62	214.62	210.39	193.25	2003-2010
Amsterdam-Rotterdam-Antwerp (ARA) - 50 ppm Sulfur, Regular							1987-2008
Singapore, Premium	224.55	221.62	225.05	219.55	208.11	194.85	1992-2010
Reformulated Gasoline							
New York Harbor, Regular							1994-2006
U.S. Gulf Coast, Regular							1994-2006
Los Angeles, Regular							1995-2003
RBOB Regular Gasoline							
New York Harbor	229.46	229.47	235.55	225.70	217.94	201.23	2006-2010
U.S. Gulf Coast	225.67	225.06	230.06	220.10	212.64	195.71	2006-2010
Los Angeles	225.97	227.83	237.09	226.10	217.74	199.21	2003-2010
No. 2 Heating Oil							
New York Harbor	220.05	217.44	221.87	218.16	211.37	193.16	1986-2010
U.S. Gulf Coast	218.05	215.96	220.66	214.57	208.57	190.71	1986-2010
Gasoil							
Amsterdam-Rotterdam-Antwerp (ARA)	226.15	224.54	229.98	217.82	213.98	196.40	1986-2010
Singapore	226.43	223.83	228.14	226.52	217.69	199.90	1987-2010
Low-Sulfur No. 2 Diesel Fuel							
New York Harbor	225.30	221.06	227.37	223.81	215.82	199.16	1995-2010
U.S. Gulf Coast	219.55	220.41	224.56	216.47	212.42	193.61	1995-2010
Los Angeles	227.45	226.20	233.44	225.67	218.57	200.39	1986-2010
Kerosene-Type Jet Fuel							
New York Harbor	226.55	222.16	226.22	222.56	216.82	200.28	1990-2010
U.S. Gulf Coast	223.70	220.63	226.51	219.77	212.62	195.46	1990-2010
Los Angeles	229.25	226.90	232.49	225.42	218.42	201.31	1990-2010
Amsterdam-Rotterdam-Antwerp (ARA)	228.08	224.57	232.44	219.64	218.36	201.44	1986-2010
Singapore	226.86	223.74	228.52	226.67	217.14	200.29	1986-2010
Residual Fuel Oil							
New York Harbor	180.19	182.06	185.77	179.96	174.14	157.09	1993-2010
U.S. Gulf Coast	175.30	175.12	178.40	175.91	171.76	157.92	1993-2010

AAR MATERIALS AND SUPPLIES INDEX
 Region By Composition
 Second Quarter 2010
 June 2, 2010

United States by Composition Category - Summary

Composition Category	Weight	Previous Quarter Index	Current Quarter Index	Relative Of Change
Forest Products	.1342	251.61	248.97	.9895
Metal Products	.5894	180.81	188.37	1.0418
Miscellaneous Products	.2764	313.71	301.98	.9626
U.S. By Composition	--	227.05	227.91	1.0038
U.S. By Composition (Linked)	--	226.24	227.10	1.0038
United States (1977=100)	--	321.94	323.16	1.0038
Linking Factor: 1.423				
United States (1980=100)	--	240.04	240.95	1.0038
Linking Factor: 1.061				



ASSOCIATION OF
AMERICAN RAILROADS

MEMORANDUM

TO: File
FROM: Shou-Lien Liu
Cc: Clyde Crimmel
DATE: June 1, 2010
RE: Materials & Supplies Price Revision for [REDACTED]

A railroad (named above) reported P-2010q1 prices in the period 2/15/10. These prices were included in the M&S Index calculation for the 2010Q2 RCAF which was submitted to the STB on March 5, 2010. When this railroad reported P-2010q2 prices, it also revised its P-2010q1 prices for 9 items because the original invoice selection period accidentally included December 2009 with the normal January 1 through February 15, 2010 invoice selection period. A comparison of price originally used to price corrected is listed below:

<u>Item Description</u>	<u>Price Filed</u>	<u>Price Corrected</u>
Iter		

**Prices are Highly Confidential
Not shown in this document**

A test RCAF calculation, using the corrected prices, resulted in an M&S Index of **240.0** for the 2010Q2 Rail Cost Adjustment Factor – while **240.2** was originally filed. However, the RCAF's All-Inclusive Index, which uses the M&S Index as a component, rounds to the same number with either version of the M&S Index. Therefore, the revision has **no effect** on any version of the 2010Q2 RCAF. Calculations using both versions of the M&S Index are shown in the attached page.

All Inclusive Index and RCAF

	08 Wts	3Q/09	3Q/09	% Chg	4Q/09	% Chg	1Q/10	% Chg	As Decided	With Revised M&S		
			08 Wts							2Q/10	% Chg	2Q/10	% Chg
Labor	0.302	347.20	347.2	0.0%	344.8	-0.7%	356.9	3.5%	357.3	0.1%	357.3	0.0%
Fuel	0.252	231.20	231.2	0.0%	234.4	1.4%	262.6	12.0%	255.2	-2.8%	255.2	0.0%
M&S	0.051	255.90	255.9	0.0%	238.8	-6.7%	243.8	2.1%	240.2	-1.5%	240.0	-0.1%
Equip. Rents	0.063	192.40	192.4	0.0%	197.9	2.9%	198.7	0.4%	201.6	1.5%	201.6	0.0%
Depreciation	0.104	206.00	206.0	0.0%	198.9	-3.4%	203.3	2.2%	204.3	0.5%	204.3	0.0%
Interest	0.023	88.00	88.0	0.0%	83.9	-4.7%	83.9	0.0%	83.9	0.0%	83.9	0.0%
Other	0.205	191.50	191.5	0.0%	198.7	3.8%	199.8	0.6%	207.3	3.8%	207.3	0.0%
Weighted Avg. Linked	1.000	252.70	251.0	-0.7%	251.2	0.1%	262.9	4.7%	262.8	0.0%	262.8	0.0%
		245.30			245.5	0.1%	256.9	4.6%	256.8	0.0%	256.8	0.0%
	Basing Factor											
10/1/80 basis	102.7	238.90			239.0	0.0%	250.1	4.6%	250.0	0.0%	250.0	0.0%
10/1/82	120.9	202.90			203.1	0.1%	212.5	4.6%	212.4	0.0%	212.4	0.0%
4Q/87	132.2	185.60			185.7	0.1%	194.3	4.6%	194.3	0.0%	194.3	0.0%
4Q/92	156.9	156.30			156.5	0.1%	163.7	4.6%	163.7	0.0%	163.7	0.0%
4Q/97	173.2	141.60			141.7	0.1%	148.3	4.7%	148.3	0.0%	148.3	0.0%
4Q/02	192.1	127.70			127.8	0.1%	133.7	4.6%	133.7	0.0%	133.7	0.0%
4Q/07 basis	245.9	99.80			99.8	0.0%	104.5	4.7%	104.4	-0.1%	104.4	0.0%
Car Hire	0.439	182.40	182.4	0.0%	185.5	1.7%	185.8	0.2%	182.7	-1.7%	182.7	0.0%
Lease Rents	0.561	191.50	191.5	0.0%	198.7	3.8%	199.8	0.6%	207.3	3.8%	207.3	0.0%
Wghted Avg Eq Rents		187.60	187.5	-0.1%	192.9	2.9%	193.7	0.4%	196.5	1.4%	196.5	0.0%
Linked Equipment Rents		192.40			197.9	2.9%	198.7	0.4%	201.6	1.5%	201.6	0.0%
Preliminary RCAF		0.998			0.998	0.00%	1.045	4.7%	1.044	-0.1%	1.044	0.0%
Forecast Error Adj.		(0.060)			(0.002)		(0.007)		0.016		0.016	
RCAF Unadjusted		0.938			0.996	6.18%	1.038	4.2%	1.060	2.1%	1.060	0.0%
PAF		2.2040			2.2208	0.76%	2.2208	0.0%	2.2208	0.02%	2.2208	0.0%
RCAF Adjusted		0.426			0.450	5.63%	0.467	3.8%	0.477	2.1%	0.477	0.0%
PAF-5		2.3259			2.3329	0.30%	2.3415	0.37%	2.3469	0.23%	2.3469	0.00%
RCAF-5		0.403			0.427	5.96%	0.443	3.7%	0.452	2.0%	0.452	0.0%
Weighted Average at 5 digits after the decimal instead of one (as info only)									262.83940		262.82920	

Weighted Average rounds to same number

No Difference to Q2 RCAF

Per STB March 31 Decision

To make certain that the original price (and the resulting M&S Index that was 0.2 index points too high) does not affect future RCAF calculations (although the probability is low), it was decided that the corrected price should be used in all future calculations. A quick summary of the revision is listed below.

- The M&S Index used in the 2010Q2 RCAF filing was 0.2 index points too high.
- A corrected M&S Index value has **no effect on the 2010Q2 RCAF**.
- The M&S Index calculation for the 2010Q3 RCAF treats the prior quarter as if the revised numbers were always in place. This ensures that the railroad's original prices have **no impact on the 2010Q3 RCAF** or any future RCAFs. Therefore, the M&S work paper for the 2010Q3 RCAF will show 240.0 as the previous quarter index instead of the original number, 240.2.
- The Forecast Error Adjustment calculation to be used in the 2011Q1 RCAF, which will compare the Q3 forecast to a Q3 actual, will have a rare difference in the M&S Indexes. The forecast will use the as-filed 240.2, while the actual will use 240.0.

Car Hire for RCAF

RCAF (Forecast)

	1980	June 3Q/09	Sept. 4Q/09	Dec. 1Q/10	Mar. 2Q/10	June 3Q/10
RATE						
RR-OWNED TIME	31.00	67.00	67.00	67.00	67.00	67.00
RR-OWNED MILEAGE	4.69	7.20	7.20	7.20	7.20	7.20
PRIVATELY-OWNED CARS	25.47	45.80	46.90	47.02	45.91	46.03
AUTORACKS	47.00	50.49	51.27	51.07	46.57	46.55
INDEX						
RR-OWNED TIME	100.0	216.1	216.1	216.1	216.1	216.1
RR-OWNED MILEAGE	100.0	153.5	153.5	153.5	153.5	153.5
PRIVATELY-OWNED CARS	100.0	179.8	184.1	184.6	180.3	180.7
AUTORACKS	100.0	107.4	109.1	108.7	99.1	99.0
CAR HIRE INDEX (old wts) 2007	100.0	183.3	--	--	--	--
CAR HIRE INDEX (new wts) 2008	100.0	182.8	185.9	186.2	183.1	183.3
CAR HIRE INDEX (LINKED)	100.0	182.4	185.5	185.8	182.7	182.9

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

	2009 (first day of month)						2010 (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)	9,269	9,276	9,275	9,314	9,246	9,239	10,230	10,462	10,444	10,469	10,429	10,403		
Rate (in cents)														
Superstructures #3 - Auto Rack	21.0	21.0	21.0	20.0	20.0	20.0	18.0	17.0	17.0	17.0	17.0	17.0		
All other #1 - Time	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0		
All other #2 - Mileage	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2		
Private Equipment														
No. of Cars (cars with rates only)														
Superstructures (Vehicular Flats)	49,413	49,130	48,952	48,776	48,533	48,399	48,201	48,078	48,007	47,891	47,806	47,689		
Covered Hoppers	339,231	338,505	338,948	337,548	335,536	334,357	333,685	332,058	331,133	332,017	331,245	330,217		
Tank Cars	313,946	313,234	313,605	312,685	311,553	311,463	310,730	309,009	308,790	308,190	307,873	307,923		
Others	308,148	308,917	307,863	306,370	309,260	308,655	307,420	305,942	306,387	305,982	306,037	305,011		
Rate (in cents)														
Superstructures #1 - Time	78.0	78.0	78.0	76.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0		
Superstructures #2 - Mileage	0.8	0.8	0.8	0.8	0.8	0.8	1.2	1.2	1.2	1.2	1.2	1.2		
Superstructures #3 - Auto Rack	56.0	57.0	57.0	57.0	57.0	57.0	57.0	52.0	53.0	53.0	53.0	53.0		
Covered Hoppers #2 - Mileage	44.2	44.3	44.3	44.4	44.4	44.5	44.6	42.7	42.8	42.9	42.9	42.9		
Tank Cars #2 - Mileage	76.6	76.7	80.3	80.4	80.5	80.6	80.8	79.3	78.4	78.5	78.6	78.7		
Others #1 - Time	61.0	61.0	61.0	60.0	61.0	61.0	62.0	62.0	62.0	62.0	62.0	62.0		
Others #2 - Mileage	6.6	6.6	6.6	6.6	6.7	6.7	6.9	6.9	6.9	6.9	6.9	6.8		
AVERAGE RATES														
Private Superstructures	19.13	19.13	19.13	18.66	19.13	19.13	19.53	19.53	19.53	19.53	19.53	19.53	0.00	0.00
Private Others	20.14	20.14	20.14	19.92	20.24	20.24	20.66	20.66	20.66	20.66	20.66	20.56	0.00	0.00
Private Total	45.70	45.74	46.90	46.89	46.94	47.02	47.28	46.17	45.91	45.97	45.99	46.03	#DIV/0!	#DIV/0!
Autoracks	50.47	51.28	51.27	51.07	51.08	51.07	50.17	45.74	46.57	46.54	46.55	46.55	#DIV/0!	#DIV/0!

WEIGHTS	"Old Wts"	"New Wts"
	2007	2008
For RCAF & RCR		
RR-owned Time	0.169	0.179
RR-owned Mileage	0.100	0.100
Privately-owned Cars	0.731	0.709
Autoracks	0.000	0.012
----- Check sum	1.000	1.000

Weights for Equipment Rents (not used in Car Hire calculation)		
	2007	2008
Car Hire - U.S.	0.432	0.439
Lease Rentals - U.S.	0.568	0.561
----- Check sum	1.000	1.000

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

1PROGRAM: DPRB799
 CURRENT DATE: JUNE 01, 2010

RAILROAD EQUIPMENT 1/

PAGE NO: 37

AVERAGE RATE FOR 06/10

CAR GROUP	CAR COUNT	TIME	CAR RENTAL RATES	
			MILEAGE	AUTO RACK
-VEHICULAR FLATS	10,403	147 ¢/HR	.089 \$/MILE	17 ¢/HR
ONO. OF ZERO RATED VEH. FLATS 2/	54			
-ALL OTHER CARS	606,013	67 ¢/HR	.072 \$/MILE	
ONO. OF ZERO RATED "OTHER" CARS 2/	33,351			
0	TOTAL:			
	649,821			

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:

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

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

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

1PROGRAM: DPRB799
 CURRENT DATE: JUNE 01, 2010

PRIVATE EQUIPMENT 1/

PAGE NO: 81

AVERAGE RATE FOR 06/10

CAR GROUP	CAR COUNT	TIME	CAR RENTAL RATES	
			MILEAGE	AUTO RACK
-VEHICULAR FLATS	47,689	78 ¢/HR	.012 \$/MILE	53 ¢/HR
ONO. OF ZERO RATED VEH. FLATS 2/	6			
-COVERED HOPPERS	330,217	0 ¢/HR	.429 \$/MILE	
ONO. OF ZERO RATED COVERED HOPPERS 2/	10,106			
-TANKS	307,923	0 ¢/HR	.787 \$/MILE	
ONO. OF ZERO RATED TANKS 2/	8,975			
-ALL OTHER CARS	305,011	62 ¢/HR	.068 \$/MILE	
ONO. OF ZERO RATED "OTHER" CARS 2/	36,351			
0	TOTAL:			
	1,046,278			

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:

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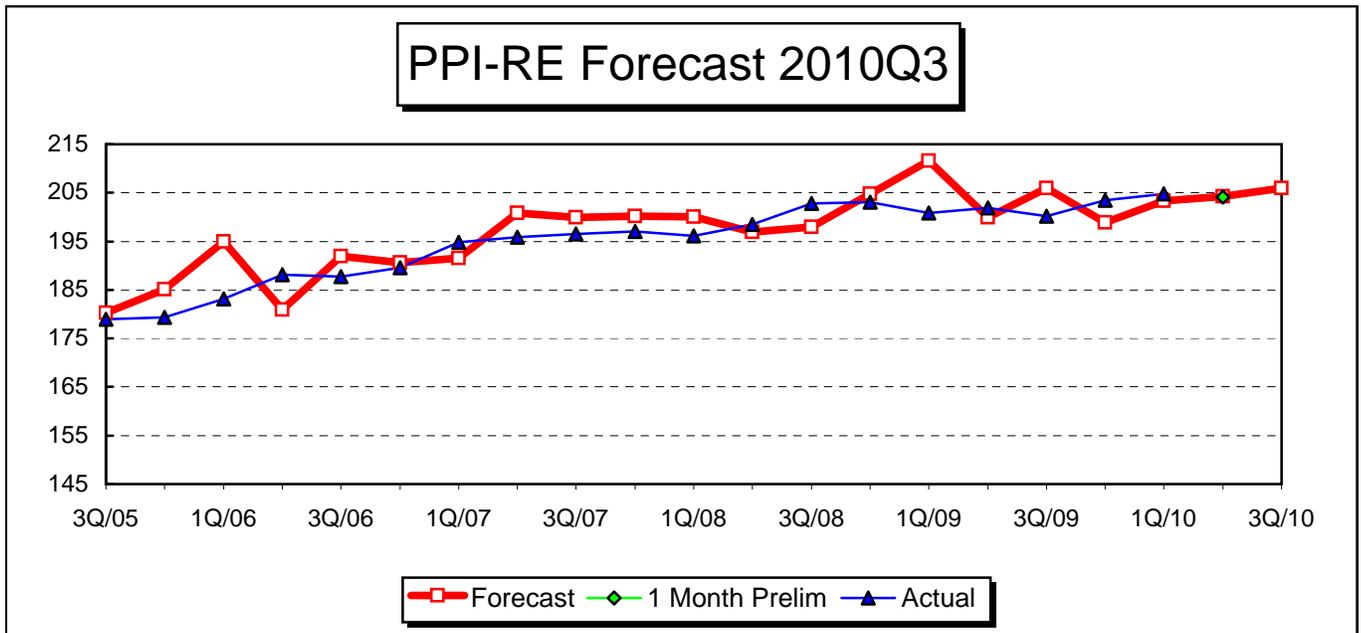
-2/ EQUIPMENT CAN BE ZERO RATED DUE TO OWNERS SUPPLYING INCORRECT OR INSUFFICIENT INFORMATION TO THE CAR ACCOUNTING PROCESS OR CARS WITH RATE INDICATOR SIX (6). THIS EQUIPMENT IS ELIMINATED FROM THE AVERAGING PROCESS.

PPI-RE Forecast (for Depreciation Component)

	Forecast	Actual	1 Month Prelim
3Q/05	180.3	178.9	
4Q/05	185.1	179.4	
1Q/06	195.0	183.1	
2Q/06	180.9	188.1	
3Q/06	191.9	187.7	
4Q/06	190.6	189.6	
1Q/07	191.6	194.8	
2Q/07	200.9	195.9	
3Q/07	199.9	196.5	
4Q/07	200.2	197.0	
1Q/08	200.1	196.1	
2Q/08	196.9	198.5	
3Q/08	197.9	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		204.1
3Q/10	205.9		

1980 Base

	PPI-RE Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2010Q3						
Low	180.1	199.2	-0.5%			
Midpoint	186.1	205.9	2.8%	0.9%	0.5%	0.8%
High	192.1	212.5	6.1%			



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Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2010Q3\5Deprec\FPre_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPIRE

Length 72 Minimum 143.200 Maximum 185.200
Mean 171.150 Standard deviation 12.156

Classical decomposition (multiplicative)
Trend-cycle: 94.70% Seasonal: 0.77% Irregular: 4.54%

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

Exponential smoothing outperforms Box-Jenkins by 1.764 to 2.197 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	0.99713	184.50
Trend	0.03360	0.40050

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 171.1	Standard deviation 12.16
R-square 0.9863	Adjusted R-square 0.9861
Durbin-Watson 1.964	Ljung-Box(18)=22.11 P=0.7728
Forecast error 1.435	BIC 1.502
MAPE 0.006023	RMSE 1.415
MAD 1.02	

Forecast Report
Wed May 19 11:23:45 2010
Exponential Smoothing model for PPIRE
Analysis of Historic Fit Set

Date	Historic
2004-05	143.500
2004-06	143.700
2004-07	143.200
2004-08	143.500
2004-09	144.200
2004-10	145.000
2004-11	147.000
2004-12	153.200
2005-01	153.400
2005-02	156.000
2005-03	161.600
2005-04	161.100
2005-05	161.300
2005-06	161.200
2005-07	161.500
2005-08	161.800
2005-09	161.800
2005-10	161.700
2005-11	161.900
2005-12	162.200
2006-01	164.200
2006-02	165.500
2006-03	168.200
2006-04	168.200
2006-05	169.600
2006-06	171.300
2006-07	170.600
2006-08	170.900

re_ppi . txt

2006-09	170. 400
2006-10	170. 200
2006-11	170. 300
2006-12	172. 700
2007-01	173. 900
2007-02	175. 600
2007-03	176. 100
2007-04	174. 200
2007-05	175. 600
2007-06	176. 400
2007-07	177. 400
2007-08	177. 400
2007-09	177. 900
2007-10	177. 500
2007-11	177. 700
2007-12	177. 500
2008-01	178. 400
2008-02	178. 200
2008-03	177. 600
2008-04	178. 700
2008-05	178. 000
2008-06	181. 200
2008-07	180. 800
2008-08	181. 700
2008-09	182. 900
2008-10	181. 900
2008-11	181. 600
2008-12	180. 700
2009-01	181. 600
2009-02	181. 800
2009-03	181. 600
2009-04	183. 100
2009-05	180. 000
2009-06	180. 000
2009-07	179. 900
2009-08	179. 900
2009-09	183. 800
2009-10	183. 600
2009-11	183. 600
2009-12	184. 400
2010-01	185. 000
2010-02	185. 200
2010-03	185. 000
2010-04	184. 500

Forecasted Values

Date	2. 5 Lower	Forecast	97. 5 Upper
2010-05	181. 960	184. 903	187. 847
2010-06	181. 077	185. 304	189. 530
2010-07	180. 501	185. 704	190. 907
2010-08	180. 082	186. 105	192. 127
2010-09	179. 762	186. 505	193. 248
2010-10	179. 511	186. 906	194. 300
2010-11	179. 314	187. 306	195. 298
2010-12	179. 158	187. 707	196. 255
2011-01	179. 036	188. 107	197. 178
2011-02	178. 943	188. 508	198. 072
2011-03	178. 874	188. 908	198. 942
2011-04	178. 826	189. 309	199. 791



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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
2009	181.6	181.8	181.6	183.1	180.0	180.0	179.9	179.9	183.8	183.6	183.6	184.4	181.9
2010	185.0(P)	185.2(P)	185.0(P)	184.5(P)									

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

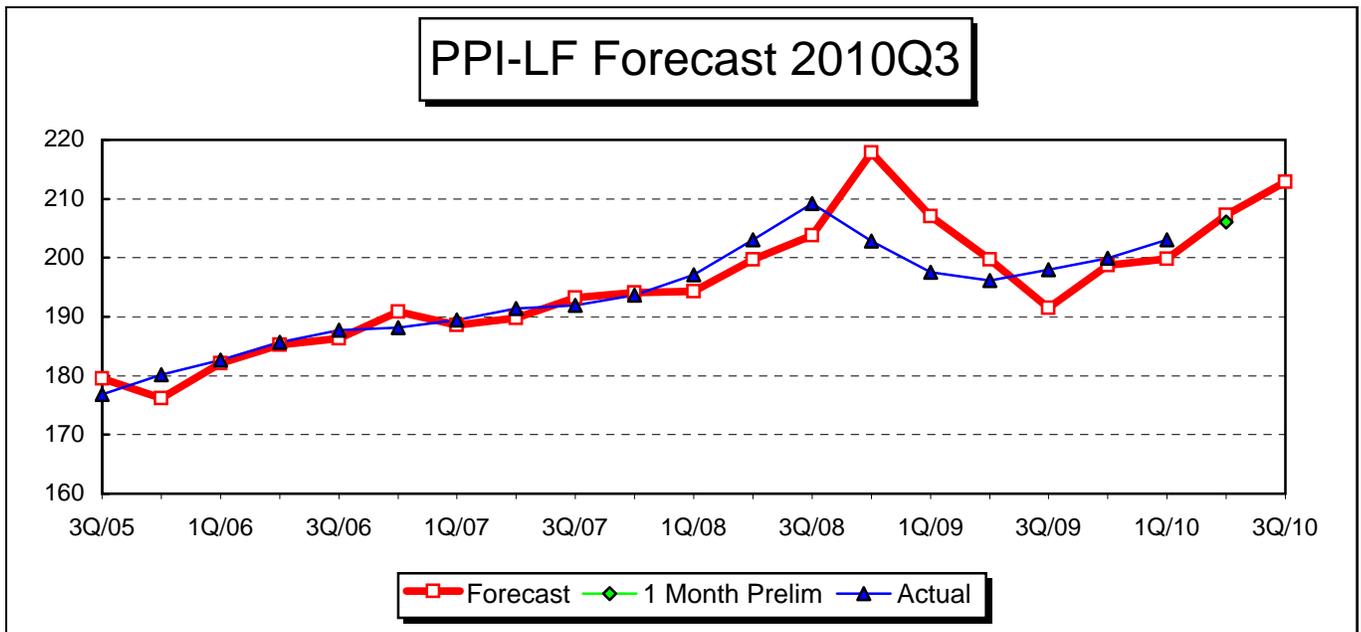
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PPI-LF Forecast (for Other and Lease Rentals Components)

	Forecast	Actual	1 Month Prelim
3Q/05	179.5	176.8	
4Q/05	176.2	180.2	
1Q/06	182.1	182.7	
2Q/06	185.3	185.7	
3Q/06	186.3	187.7	
4Q/06	190.9	188.2	
1Q/07	188.6	189.5	
2Q/07	189.8	191.4	
3Q/07	193.2	191.9	
4Q/07	194.1	193.7	
1Q/08	194.3	197.1	
2Q/08	199.7	203.1	
3Q/08	203.8	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		206.1
3Q/10	212.9		

1980 Base

	PPI-LF Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2010Q3						
Low	181.5	203.5	2.8%			
Midpoint	189.9	212.9	7.5%	3.3%	4.8%	2.7%
High	198.8	222.9	12.6%			



Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2010Q3\70ther\FPIf_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPI LF

 Length 72 Minimum 150.500 Maximum 186.600
 Mean 169.219 Standard deviation 9.924

Classical decomposition (multiplicative)
 Trend-cycle: 96.15% Seasonal: 0.19% Irregular: 3.67%

Log transform recommended for Box-Jenkins.

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

Box-Jenkins outperforms exponential smoothing by 2.886 to 2.988 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12. For Box-Jenkins, I used a log transform.

Series is trended and nonseasonal.

Recommended model: Box-Jenkins
 Forecast Model for PPI LF
 ARIMA(0,2,0) with log transform

Within-Sample Statistics

Sample size 72	Number of parameters 0
Mean 5.129	Standard deviation 0.05913
R-square 0.9951	Adjusted R-square 0.9952
Durbin-Watson 2.066	Ljung-Box(18)=15.94 P=0.4034
Forecast error 0.004108	BIC 0.6939
MAPE 0.003024	RMSE 0.7161
MAD 0.519	

Forecast Report
 Wed May 19 16:07:15 2010
 Box-Jenkins model for PPI LF
 Analysis of Historic Fit Set

Date	Historic
2004-05	150.500
2004-06	150.900
2004-07	151.500
2004-08	152.600
2004-09	153.300
2004-10	154.600
2004-11	155.000
2004-12	155.400
2005-01	156.400
2005-02	156.900
2005-03	157.400
2005-04	157.600
2005-05	157.400
2005-06	157.000
2005-07	157.300
2005-08	157.500
2005-09	158.700
2005-10	160.500
2005-11	161.000
2005-12	161.300
2006-01	162.500
2006-02	163.200
2006-03	163.800
2006-04	164.800
2006-05	166.400
2006-06	166.800
2006-07	167.100
2006-08	167.500
2006-09	167.600
2006-10	167.700
2006-11	167.800

lf_ppi.txt

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	180.100
2010-02	181.100
2010-03	182.300
2010-04	183.800

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2010-05	183.805	185.312	186.832
2010-06	183.457	186.837	190.280
2010-07	182.707	188.374	194.218
2010-08	181.618	189.924	198.611
2010-09	180.236	191.487	203.441
2010-10	178.596	193.063	208.701
2010-11	176.726	194.651	214.395
2010-12	174.650	196.253	220.528
2011-01	172.390	197.868	227.111
2011-02	169.964	199.496	234.160
2011-03	167.389	201.138	241.690
2011-04	164.682	202.793	249.723



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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
2009	176.9	176.1	175.6	175.0	174.9	175.2	175.5	176.6	177.2	177.7	178.1(R)	178.9	176.5
2010	180.1(P)	181.1(P)	182.3(P)	183.8(P)									

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

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Forecast Error Calculation

	2008 Weight	First Quarter 2010		Diff				
		2010Q1 Forecast	2010Q1 Actual					
Labor	30.2%	356.9	356.9	0.0	* actual=forecast			
Fuel	25.2%	262.6	258.6	-4.0	from 1st month of quarter			
M&S	5.1%	242.7	243.8	1.1	* actual=forecast, exception for 2010Q1 RR revision			
Equip Rents	6.3%	198.7	199.6	0.9	from Equipment Rents below			
Depreciation	10.4%	203.3	204.8	1.5	PPI-RE <table border="1"><tr><td>185.00</td><td>185.20</td><td>185.00</td></tr></table> 0.9040	185.00	185.20	185.00
185.00	185.20	185.00						
Interest	2.3%	83.9	83.9	0.0	* actual=forecast			
Other	20.5%	199.8	203.1	3.3	PPI-LF <table border="1"><tr><td>180.10</td><td>181.10</td><td>182.30</td></tr></table> 0.8920	180.10	181.10	182.30
180.10	181.10	182.30						
Weighted Avg	100.0%							
1980 = 100		262.9	262.8		calculated			
1980 = 100 (linked)		256.9	257.6		calculated			
4Q07 = 100	2.459	104.5	104.8					
4Q02 = 100	1.921	133.7	134.1		calculated			
4Q97 = 100	1.732	148.3	148.7		calculated			
4Q92 = 100	1.569	163.7	164.2		calculated			

Forecast Error → **0.3**

calculated

Prior Quarter

1980 = 100	251.2	254.4 ***	
1980 = 100 (linked)	245.5	249.4	
4Q07 = 100	99.8	101.4	calculated
4Q02 = 100	127.8	129.8	calculated
4Q97 = 100	141.7	144.0	calculated
4Q92 = 100	156.5	159.0	calculated

Equipment Rents

Car Hire	43.9%	185.8	183.2	from UMLER equipment rents
Lease Rentals	56.1%	199.8	203.1	calculated (equals PPI-LF from above)
Weighted Average		193.7	194.4	calculated
Linked		198.7	199.6	calculated

Prior Quarter

Weighted Average	192.9	193.6 ***
Linked	197.9	198.8

Sum of Weights ok
Sum of ER Wt. ok

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

All-Inclusive Index (Actual)

	08 Wts	3Q/09 07 Wts	3Q/09 08 Wts	% Chg.	4Q/09 08 Wts	% Chg.	1Q/10 08 Wts	% Chg.	2Q/10 08 Wts	% Chg.	3Q/10 08 Wts	% Chg.
Labor	30.2%	347.2	347.2	0.0%	344.8	-0.7%	356.9	3.5%		NA		NA
Fuel	25.2%	218.3	218.3	0.0%	244.0	11.8%	258.6	6.0%		NA		NA
M&S	5.1%	255.9	255.9	0.0%	238.8	-6.7%	243.8	2.1%		NA		NA
Equipment Rents	6.3%	196.2	196.2	0.0%	198.8	1.3%	199.6	0.4%	0.0	NA	#DIV/0!	NA
Depreciation	10.4%	200.2	200.2	0.0%	203.5	1.6%	204.8	0.6%		NA		NA
Interest	2.3%	88.0	88.0	0.0%	83.9	-4.7%	83.9	0.0%	83.9	0.0%	83.9	0.0%
Other	20.5%	198.0	198.0	0.0%	199.9	1.0%	203.1	1.6%		NA		NA
	1.0000											
Weighted Avg.		251.1	248.7	-1.0%	254.4	2.3%	262.8	3.3%	1.9	NA	#DIV/0!	NA
Linked		243.8			249.4	2.3%	257.6	3.3%	1.9	NA	#DIV/0!	NA
10/1/80	1.027	237.4			242.8	2.3%	250.8	3.3%	1.9	NA	#DIV/0!	NA
10/1/82	1.209	201.7			206.3	2.3%	213.1	3.3%	1.6	NA	#DIV/0!	NA
4Q/87	1.322	184.4			188.7	2.3%	194.9	3.3%	1.4	NA	#DIV/0!	NA
4Q/92	1.569	155.4			159.0	2.3%	164.2	3.3%	1.2	NA	#DIV/0!	NA
4Q/97	1.732	140.8			144.0	2.3%	148.7	3.3%	1.1	NA	#DIV/0!	NA
4Q/02	1.921	126.9			129.8	2.3%	134.1	3.3%	1.0	NA	#DIV/0!	NA
4Q/07	2.459	99.1			101.4	2.3%	104.8	3.4%	0.8	NA	#DIV/0!	NA
Equipment Rents												
Car Hire	43.9%	182.2	182.2	0.0%	185.5	1.8%	183.2	-1.2%		NA		NA
Lease Rentals	56.1%	198.0	198.0	0.0%	199.9	1.0%	203.1	1.6%	0.0	NA	0.0	NA
	1.0000											
ER Weighted Avg		191.2	191.1	-0.1%	193.6	1.3%	194.4	0.4%	0.0	NA	0.0	NA
ER Linked		196.2			198.8	1.3%	199.6	0.4%	0.0	NA	#DIV/0!	NA

Impact/Check of weight change	07 Wts	08 Wts
Labor	113.882	104.854
Fuel	44.315	55.012
Material & Supplies	12.795	13.051
Equipment Rents	14.126	12.361
Depreciation	22.022	20.821
Interest	2.376	2.024
Other	41.580	40.590
Weighted Avg.	251.096	248.712
ER Weighted Avg.	191.1744	191.0638

Note: 2010Q1 M&S Index has been corrected from 242.7 to 243.8 -- resulting Weighted Average remained 262.8, so all linked indexes were not affected.

RCAF Fuel (Actual All-Inclusive Index)

January 2010

Monthly Report

	January 2010 Price (cents) (1)	1/1/81 Price (cents) (2)	1/91 New Method Linking Factors (3)	January 2010 Index 1/1/81=100 (4)	Linking Factor 1980=100 (5)	January 2010 1980=100 Current Index (6)
U.S.	211.61	89.34	99.415	235.47	1.096	258.08

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

(6) = (4) x (5)

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

	January 2010 1980=100 Current Index	Adjustment Factor	January 2010 1980=100 Linked Index
U.S.	258.08	1.00192	258.58 ←

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

Car Hire for RCAF

RCAF (Actual)		1980	Aug 3Q/09	Nov 4Q/09	Feb 1Q/10	May 2Q/10	Aug 3Q/10
RATE							
	RR-OWNED TIME	31.00	67.00	67.00	67.00	--	--
	RR-OWNED MILEAGE	4.69	7.20	7.20	7.20	--	--
	PRIVATELY-OWNED CARS	25.47	45.74	46.94	46.17	--	--
	AUTORACKS	47.00	51.28	51.08	45.74	--	--
INDEX							
	RR-OWNED TIME	100.0	216.1	216.1	216.1	--	--
	RR-OWNED MILEAGE	100.0	153.5	153.5	153.5	--	--
	PRIVATELY-OWNED CARS	100.0	179.6	184.3	181.3	--	--
	AUTORACKS	100.0	109.1	108.7	97.3	--	--
	CAR HIRE INDEX (old wts)	2007	100.0	183.2	--	--	--
	CAR HIRE INDEX (new wts)	2008	100.0	182.7	186.0	183.7	--
	CAR HIRE INDEX (LINKED)		100.0	182.2	185.5	183.2	--

Note: Indexes are rounded, rates are full float.

Equipment Rents Data From CHARM

	2009 (first day of month)						2010 (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)	9,269	9,276	9,275	9,314	9,246	9,239	10,230	10,462	10,444					
Rate (in cents)														
Superstructures #3 - Auto Rack	21.0	21.0	21.0	20.0	20.0	20.0	18.0	17.0	17.0					
All other #1 - Time	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0					
All other #2 - Mileage	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2					
Private Equipment														
No. of Cars (cars with rates only)														
Superstructures (Vehicular Flats)	49,413	49,130	48,952	48,776	48,533	48,399	48,201	48,078	48,007					
Covered Hoppers	339,231	338,505	338,948	337,548	335,536	334,357	333,685	332,058	331,133					
Tank Cars	313,946	313,234	313,605	312,685	311,553	311,463	310,730	309,009	308,790					
Others	308,148	308,917	307,863	306,370	309,260	308,655	307,420	305,942	306,387					
Rate (in cents)														
Superstructures #1 - Time	78.0	78.0	78.0	76.0	78.0	78.0	78.0	78.0	78.0					
Superstructures #2 - Mileage	0.8	0.8	0.8	0.8	0.8	0.8	1.2	1.2	1.2					
Superstructures #3 - Auto Rack	56.0	57.0	57.0	57.0	57.0	57.0	57.0	52.0	53.0					
Covered Hoppers #2 - Mileage	44.2	44.3	44.3	44.4	44.4	44.5	44.6	42.7	42.8					
Tank Cars #2 - Mileage	76.6	76.7	80.3	80.4	80.5	80.6	80.8	79.3	78.4					
Others #1 - Time	61.0	61.0	61.0	60.0	61.0	61.0	62.0	62.0	62.0					
Others #2 - Mileage	6.6	6.6	6.6	6.6	6.7	6.7	6.9	6.9	6.9					
AVERAGE RATES														
Private Superstructures	19.13	19.13	19.13	18.66	19.13	19.13	19.53	19.53	19.53	0.00	0.00	0.00	0.00	0.00
Private Others	20.14	20.14	20.14	19.92	20.24	20.24	20.66	20.66	20.66	0.00	0.00	0.00	0.00	0.00
Private Total	45.70	45.74	46.90	46.89	46.94	47.02	47.28	46.17	45.91	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Autoracks	50.47	51.28	51.27	51.07	51.08	51.07	50.17	45.74	46.57	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

WEIGHTS	"Old Wts"	"New Wts"
	2007	2008
For RCAF & RCR		
RR-owned Time	0.169	0.179
RR-owned Mileage	0.100	0.100
Privately-owned Cars	0.731	0.709
Autoracks	0.000	0.012
----- Check sum	1.000	1.000

Weights for Equipment Rents (not used in Car Hire calculation)		
	2007	2008
Car Hire - U.S.	0.432	0.439
Lease Rentals - U.S.	0.568	0.561
----- Check sum	1.000	1.000

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

1PROGRAM: DPRB799
CURRENT DATE: FEBRUARY 01, 2010

RAILROAD EQUIPMENT 1/

PAGE NO: 37

AVERAGE RATE FOR 02/10

CAR GROUP	CAR COUNT	TIME	CAR RENTAL RATES	
			MILEAGE	AUTO RACK
-VEHICULAR FLATS	10,462	147 ¢/HR	.090 \$/MILE	17 ¢/HR
ONO. OF ZERO RATED VEH. FLATS 2/	60			
-ALL OTHER CARS	609,185	67 ¢/HR	.072 \$/MILE	
ONO. OF ZERO RATED "OTHER" CARS 2/	40,673			
0 TOTAL:	660,380			

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:

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

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

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

1PROGRAM: DPRB799
CURRENT DATE: FEBRUARY 01, 2010

PRIVATE EQUIPMENT 1/

PAGE NO: 81

AVERAGE RATE FOR 02/10

CAR GROUP	CAR COUNT	TIME	CAR RENTAL RATES	
			MILEAGE	AUTO RACK
-VEHICULAR FLATS	48,078	78 ¢/HR	.012 \$/MILE	52 ¢/HR
ONO. OF ZERO RATED VEH. FLATS 2/	6			
-COVERED HOPPERS	332,058	0 ¢/HR	.427 \$/MILE	
ONO. OF ZERO RATED COVERED HOPPERS 2/	10,589			
-TANKS	309,009	1 ¢/HR	.793 \$/MILE	
ONO. OF ZERO RATED TANKS 2/	10,291			
-ALL OTHER CARS	305,942	62 ¢/HR	.069 \$/MILE	
ONO. OF ZERO RATED "OTHER" CARS 2/	36,012			
0 TOTAL:	1,051,985			

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:

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

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

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

Source: CHAR.DPRB799.REPORT.G0199V00

□

RCAF - Depreciation

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Forecast Year 2010

As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast	→	10Q1	10Q2	10Q3	10Q4
For Actual	→	09Q3	09Q4	10Q1	10Q2
January	2009	181.6	181.6	181.6	181.6
February	2009	181.8	181.8	181.8	181.8
March	2009	181.6	181.6	181.6	181.6
April	2009	183.1	183.1	183.1	183.1
May	2009	180.0	180.0	180.0	180.0
June	2009	180.0	180.0	180.0	180.0
July	2009	179.6	179.9	179.9	179.9
August	2009	179.6	179.9	179.9	179.9
September	2009	183.9	183.8	183.8	183.8
October	2009	183.9	183.9	183.6	183.6
November	2009		183.7	183.6	183.6
December	2009		184.5	184.4	184.4
January	2010		185.0	185.0	
February	2010			185.2	
March	2010			185.0	
April	2010			184.5	
May	2010				
June	2010				
July	2010				
Actual Qtr.		181.0	184.0	185.1	NA

1980=100

Actual Qtr.	200.2	203.5	204.8	NA
First Mo. next qtr.	203.4	204.6	204.1	NA

0.904 =1980



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Producer Price Index-Commodities

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

Download: .xls

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2009	181.6	181.8	181.6	183.1	180.0	180.0	179.9	179.9	183.8	183.6	183.6	184.4	181.9
2010	185.0(P)	185.2(P)	185.0(P)	184.5(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 2010

As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast	→	10Q1	10Q2	10Q3	10Q4
For Actual	→	08Q3	08Q4	09Q1	09Q2
January	2009	176.9	176.9	176.9	176.9
February	2009	176.1	176.1	176.1	176.1
March	2009	175.6	175.6	175.6	175.6
April	2009	175.0	175.0	175.0	175.0
May	2009	174.9	174.9	174.9	174.9
June	2009	175.2	175.2	175.2	175.2
July	2009	175.6	175.5	175.5	175.5
August	2009	176.5	176.6	176.6	176.6
September	2009	177.7	177.2	177.2	177.2
October	2009	177.8	177.8	177.7	177.7
November	2009		178.2	178.1	178.1
December	2009		178.9	178.9	178.9
January	2010		180.1	180.1	
February	2010			181.1	
March	2010			182.3	
April	2010			183.8	
May	2010				
June	2010				
July	2010				
Actual Qtr.		176.6	178.3	181.2	NA

1980=100

Actual Qtr.	198.0	199.9	203.1	NA
First Mo. next qtr.	199.3	201.9	206.1	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
2009	176.9	176.1	175.6	175.0	174.9	175.2	175.5	176.6	177.2	177.7	178.1(R)	178.9	176.5
2010	180.1(P)	181.1(P)	182.3(P)	183.8(P)									

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

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