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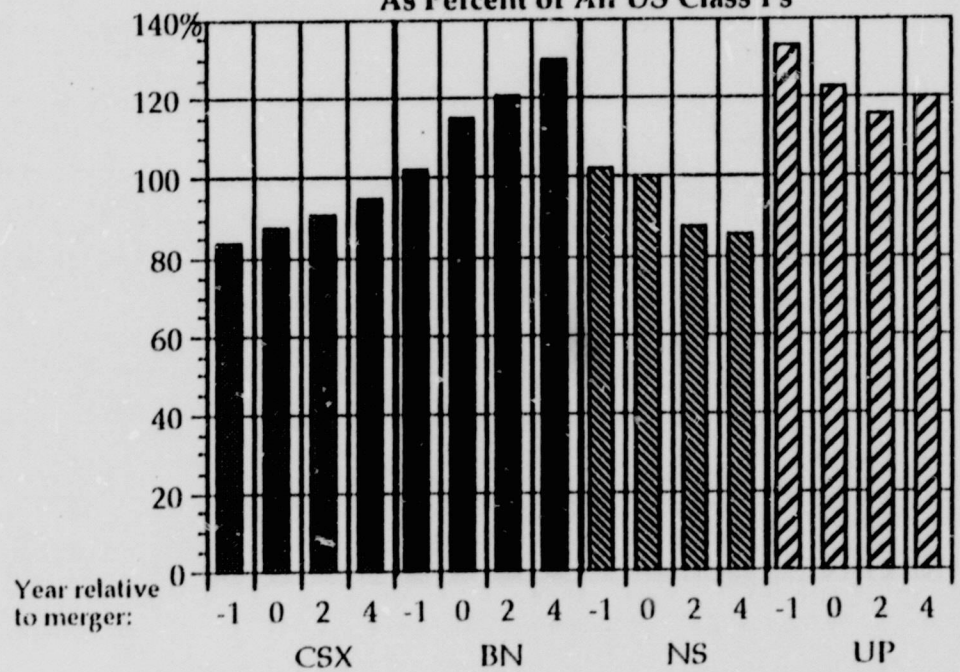
Figure APP-17
GTM per Miles of Main Track
As Percent of All US Class I's



Appendix C: Canadian Analysis Bibliography

Appendix D: Merger Database

NOMINAL DOLLARS	1979 US	1979 B&O	1979 C&O	1979 WM	1979 Chessie	1979 L&N	1979 SCL	1979 FAM LINES	1979 PRE-CSX
1. Total Operating Revenues (000)	$25,352,257	$922,248	$812,635	$78,411	$1,813,294	$973,239	$1,049,747	$2,022,986	$3,836,280
2. Total Operating Expenses (000)	$24,089,500	$857,172	$746,494	$57,907	$1,661,573	$926,410	$949,241	$1,675,651	$3,537,224
5. Net Railway Operating Income (000)	$860,684	$59,121	$47,066	$13,667	$119,854	$63,028	$99,487	$162,515	$282,369
6. Net Income (000)	$913,450	$56,068	$110,129	$13,656	$187,853	$28,779	$135,466	$164,245	$352,098
7. Capital Expenditures (000)	$3,145,049	$47,327	$54,289	$25,937	$127,553	$57,268	$90,464	$147,732	$275,285
9. Total Assets (000)	$41,480,412	$1,695,574	$2,179,463	$217,137	$4,092,174	$1,543,076	$2,472,601	$4,015,677	$8,107,851
10. Total Liabilities (000)	$24,127,290	$860,822	$855,438	$117,090	$1,833,350	$959,468	$1,082,041	$2,041,509	$3,874,859
11. Avg. Shareholders' Equity (000)	$16,718,846	$817,104	$1,252,088	$94,151	$2,163,343	$545,209	$1,310,121	$1,855,330	$4,018,673
12. Return on Shareholders' Equity	5.46%	6.86%	9.43%	14.50%	8.68%	5.28%	10.34%	8.85%	8.76%
13. Miles of Road Operated	183,388	5,163	4,757	940	10,860	6,632	8,850	15,482	26,342
14. Average Employment	474,501	16,647	20,258	1,181	38,086	15,173	19,577	34,750	72,836
15. Freight Revenue (000)	$23,576,056	$877,941	$760,050	$73,388	$1,719,379	$945,916	$1,015,652	$1,961,568	$3,680,947
26. Freight Service Revenue (000)	$24,516,027	$916,247	$810,341	$78,411	$1,804,999	$973,239	$1,049,747	$2,022,986	$3,827,985
29. Net Revenue from Operations(000)	$1,262,757	$65,076	$66,141	$20,504	$151,721	$46,829	$100,506	$147,335	$299,056
35. Income Before Fixed Charges (000)	$2,219,778	$99,241	$162,973	$25,833	$288,047	$66,438	$185,645	$252,083	$540,130
41. Total Fixed Charges (000)	$847,323	$36,676	$25,503	$5,311	$67,490	$49,630	$48,815	$98,445	$165,935
42. Income After Fixed Charges (000)	$1,335,645	$62,565	$137,470	$20,522	$220,557	$16,808	$136,830	$153,638	$374,195
48. Total Income Taxes Paid (000)	$209,634	($705)	($11,161)	$483	($11,383)	($8,327)	$2,124	($6,203)	($17,586)
49. Provision for Deferred Taxes (000)	$213,837	$7,202	$30,502	$44	$37,748	($4,145)	($760)	($4,905)	$32,843
51. Ordinary Income (000)	$883,718	$56,068	$118,129	$4,450	$178,647	$28,779	$135,466	$164,245	$342,892
52. Total Extraordinary Items (000)	$29,732	$0	$0	$0	$0	$0	$0	$0	$0
54. Net Income (000)	$913,450	$56,068	$118,129	$4,450	$178,647	$28,779	$135,466	$164,245	$342,892
65. Total Current Assets (000)	$7,780,858	$277,258	$276,038	$52,902	$606,198	$260,980	$495,451	$756,431	$1,362,629
66. Total Other Assets (000)	$5,106,851	$311,663	$924,420	$17,023	$1,253,106	$105,639	$676,274	$781,913	$2,035,019
71. Net Road and Equipment (000)	$28,592,703	$1,106,653	$973,005	$75,768	$2,161,426	$1,176,457	$1,300,876	$2,477,333	$4,638,759
77. Total Current Liabilities (000)	$7,213,939	$285,034	$241,236	$34,767	$561,037	$291,664	$340,725	$632,389	$1,193,426
86. Total Liabilities (000)	$24,127,290	$860,822	$855,438	$117,090	$1,833,350	$959,468	$1,082,041	$2,041,509	$3,874,859
99. Net Working Capital (000)	$566,919	($7,776)	$34,802	$27,959	$54,985	($30,684)	$154,726	$124,042	$179,027
104. Cash Flow (000)	$1,965,593	$89,252	$138,570	$19,911	$247,733	$69,248	$124,237	$193,485	$441,218
127. Total Working Capital from Oper. (000)	$2,185,720	$77,611	$130,104	$20,273	$227,988	$65,548	$131,528	$197,076	$425,064
128. Proceeds from Issuance of LT Liab (000)	$1,587,690	$28,391	$24,863	$18,199	$71,453	$8,333	$102,349	$110,682	$182,135
129. Proceeds Sale/Disp Carr. Oper Prop(000)	$236,416	$9,214	$13,615	$3,426	$26,255	$15,732	$15,954	$31,687	$57,942
130. Proceeds Sale/Disp Tangible Proprty(000)	$96,891	$0	$0	$0	$0	$3,996	$639	$4,635	$4,635
133. Proceeds from Issuance Capital Stk(000)	$1,029,552	$2,013	$75,000	$0	$77,013	$50,000	$60,000	$110,000	$187,013
135. Working Capital Sources Other Oper(000)	$3,510,345	$49,695	$133,238	$27,771	$210,704	$91,506	$383,963	$475,469	$686,173
136. Total Sources of Working Capital (000)	$5,692,067	$127,306	$263,342	$48,044	$438,692	$157,054	$515,491	$672,545	$1,111,237
146. Net Incr (Decr) Working Capital (000)	$109,366	($52,416)	$42,049	$12,283	$1,914	($6,090)	$98,670	$92,580	$94,494
149. Total Oper. Exp. - Road (000)	$4,601,481	$160,005	$137,009	$13,147	$310,161	$166,022	$175,234	$341,256	$651,417
150. Operating Expense - Locomotives (000)	$1,969,691	$55,651	$65,181	$2,177	$123,009	$82,543	$71,443	$153,986	$276,995
153. Operating Expense - Freight Cars (000)	$3,397,076	$149,708	$103,997	$4,556	$258,251	$146,763	$147,973	$294,736	$552,987
159. Oper. Exp. Transp. - Train Operat (000)	$6,865,142	$228,680	$176,921	$15,552	$421,153	$272,592	$291,470	$564,062	$985,215
160. Oper. Exp. - Transp. - Yd Operatns(000)	$2,857,034	$131,215	$127,264	$7,326	$265,805	$117,661	$104,678	$222,339	$488,144
161. Oper. Exp.-Transp.-Train Yard Comm(000)	$344,204	$14,858	$7,090	$428	$22,376	$20,233	$12,507	$32,740	$55,116
163. Oper. Exp. - Admin. Supp. Operatns(000)	$935,781	$29,395	$27,545	$4,480	$61,420	$28,867	$29,870	$58,737	$120,157
164. Total Oper. Exp. - Transportation (000)	**$11,387,799**	**$416,545**	**$366,897**	**$29,173**	**$812,615**	**$443,444**	**$449,879**	**$893,323**	**$1,705,938**
[illegible] Admin. (000)	**$2,057,654**	**$63,814**	**$58,693**	**$8,216**	**$130,723**	**$60,694**	**$77,063**	**$146,557**	**$277,280**

NOMINAL DOLLARS	1979 BN	1979 SLSF	1979 BN+SLSF	1980 US	1980 B&O	1980 C&O	1980 WM	1980 Chessie	1980 L&N
1. Total Operating Revenues (000)	$2,446,402	$430,387	$2,884,789	$28,257,548	$945,950	$949,007	$92,752	$1,987,709	$1,064,395
2. Total Operating Expenses (000)	$2,340,185	$401,737	$2,741,922	$26,355,103	$889,353	$830,420	$84,308	$1,004,081	$999,746
5. Net Railway Operating Income (000)	$126,063	$33,352	$159,415	$1,338,551	$51,186	$71,355	$6,654	$129,195	$71,688
6. Net Income (000)	$175,221	$19,753	$194,974	$1,129,392	$34,629	$131,620	$6,536	$172,785	$44,217
7. Capital Expenditures (000)	$272,219	$32,615	$304,834	$3,238,362	$45,113	$77,894	$20,448	$143,455	$148,437
9. Total Assets (000)	$4,091,867	$666,847	$4,758,714	$45,513,629	$1,722,005	$2,365,516	$231,316	$4,318,837	$1,715,374
10. Total Liabilities (000)	$1,936,128	$405,876	$2,342,004	$26,113,952	$878,200	$954,557	$127,519	$1,960,276	$1,042,216
11. Avg. Shareholders' Equity (000)	$2,057,677	$254,162	$2,311,839	$18,777,051	$837,641	$1,363,676	$101,814	$2,303,131	$623,941
12. Return on Shareholders' Equity	8.52%	7.77%	8.43%	6.01%	4.31%	9.65%	6.42%	7.50%	7.09%
13. Miles of Road Operated	22,798	4,408	27,206	176,629	5,208	4,754	1,180	11,142	6,570
14. Average Employment	49,346	8,261	57,607	458,332	15,995	19,453	1,144	36,592	14,459
15. Freight Revenue (000)	$2,370,650	$424,982	$2,795,632	$26,349,565	$913,355	$904,078	$88,753	$1,906,186	$1,037,313
26. Freight Service Revenue (000)	$2,419,313	$438,387	$2,857,700	$27,110,784	$953,206	$953,859	$94,828	$2,001,893	$1,067,276
29. Net Revenue from Operations(000)	$106,217	$36,650	$142,867	$1,902,445	$56,597	$118,587	$8,444	$183,628	$64,649
35. Income Before Fixed Charges (000)	$232,911	$42,174	$275,085	$2,628,183	$74,575	$203,906	$14,906	$293,387	$88,745
41. Total Fixed Charges (000)	$77,469	$17,673	$95,142	$1,022,171	$33,171	$24,851	$6,548	$64,570	$46,999
42. Income After Fixed Charges (000)	$155,442	$24,501	$179,943	$1,610,911	$41,404	$179,055	$8,358	$228,817	$41,746
48. Total Income Taxes Paid (000)	($7,699)	$1,380	($6,319)	$310,282	$1,019	($873)	$1,986	$2,132	$2,450
49. Provision for Deferred Taxes (000)	($12,080)	$2,020	($10,060)	$281,465	$5,756	$48,308	($164)	$53,900	($5,368)
51. Ordinary Income (000)	$175,221	$19,753	$194,974	$1,129,392	$34,629	$131,620	$6,536	$172,785	$44,217
52. Total Extraordinary Items (000)	$0	$0	$0	$0	$0	$0	$0	$0	$0
54. Net Income (000)	$175,221	$19,753	$194,974	$1,129,392	$34,629	$131,620	$6,536	$172,785	$44,217
65. Total Current Assets (000)	$671,191	$90,269	$761,450	$8,677,629	$275,715	$397,238	$51,370	$724,323	$315,294
66. Total Other Assets (000)	$478,873	$33,763	$512,636	$5,570,975	$236,039	$947,702	$23,023	$1,206,784	$118,432
71. Net Road and Equipment (000)	$2,941,813	$542,815	$3,484,628	$31,265,025	$1,210,251	$1,020,576	$156,923	$2,387,750	$1,281,648
77. Total Current Liabilities (000)	$578,231	$102,221	$680	$7,756,283	$280,703	$275,367	$33,132	$589,202	$283,258
86. Total Liabilities (000)	$1,936,128	$405,876	$2,342	$26,113,952	$878,200	$954,557	$127,519	$1,960,276	$1,042,216
99. Net Working Capital (000)	$92,950	($11,952)	$80,998	$921,346	($4,988)	$121,871	$18,238	$135,121	$32,036
104. Cash Flow (000)	$220,238	$38,082	$258,320	$2,413,084	$72,858	$177,891	$12,719	$263,466	$84,926
127. Total Working Capital from Oper. (000)	$233,097	$38,748	$271,845	$2,704,207	$94,604	$107,736	$15,573	$297,873	$91,403
128. Proceeds from Issuance of LT Liab (000)	$114,850	$14,238	$129,088	$1,861,693	$33,406	$34,412	$9,587	$77,405	$107,807
129. Proceeds Sale/Disp Carr. Oper Prop(000)	$24,507	$6,604	$31,111	$278,057	$7,454	$10,183	$5,140	$22,777	$10,226
130. Proceeds Sale/Disp Tangible Propty(000)	$12,593	$0	$12,593	$137,967	$0	$0	$0	$0	$97
133. Proceeds from Issuance Capital Stk(000)	$57,202	$477	$57,679	$949,295	$593	$20,000	$0	$20,593	$0
135. Working Capital Sources Other Oper(000)	$232,916	$23,291	$256,207	$3,968,055	$64,668	$105,233	$16,817	$186,718	$282,930
136. Total Sources of Working Capital (000)	$456,013	$62,039	$528,052	$6,672,262	$159,272	$292,969	$32,350	$484,591	$374,333
146. Net Incr (Decr) Working Capital (000)	$21,520	$4,291	$25,811	$400,388	$6,288	$88,869	($9,321)	$85,836	$65,525
149. Total Oper. Exp. - Road (000)	$508,738	$72,027	$580,765	$4,940,091	$179,784	$158,631	$21,694	$360,109	$179,479
150. Operating Expense - Locomotives (000)	$206,268	$27,727	$233,995	$2,023,022	$52,877	$53,119	$4,285	$110,281	$79,255
153. Operating Expense - Freight Cars (000)	$302,784	$55,461	$358,245	$3,647,222	$137,968	$119,947	$9,508	$267,423	$150,054
159. Oper. Exp.-Transp.- Train Operat (000)	$695,602	$123,722	$819,324	$8,017,501	$250,604	$204,469	$24,915	$479,968	$317,771
160. Oper. Exp. - Transp. - Yd Operatns(000)	$236,148	$46,406	$282,554	$2,965,727	$132,145	$127,863	$9,092	$269,100	$119,748
161. Oper. Exp.-Transp.-Train Yard Comm(000)	$19,619	$6,817	$26,436	$296,515	$5,140	$4,867	$1,299	$11,306	$20,864
163. Oper. Exp. - Admin. Supp. Operatns(000)	$88,721	$13,503	$102,224	$997,425	$41,493	$24,010	$2,910	$68,403	$30,202
164. Total Oper. Exp. - Transportation (000)	$1,076,530	$195,868	$1,272,398	$12,704,116	$424,425	$399,479	$40,682	$864,586	$494,404
165. Oper. Exp. - Gen. and Admin. (000)	$199,335	$35,957	$235,292	$2,291,966	$76,395	$79,035	$7,890	$163,320	$79,939

CSX,BN 1979,1980,1982,1984
NS,UP 1981,1982, 1984, 1986

	NOMINAL DOLLARS	1980 SCL	1980 FAM LINES	1980 Pre CSX	1980 BN	1982 LS	1982 B&O	1982 C&O	1982 WM	1982 Chessie
1	Total Operating Revenues (000)	$1,220,131	$2,284,526	$4,272,235	$3,450,356	$27,503,503	$899,937	$1,041,113	$86,834	$2,027,884
2	Total Operating Expenses (000)	$1,111,386	$2,111,132	$3,915,213	$3,166,408	$26,490,278	$929,071	$940,018	$67,691	$1,936,780
5	Net Railway Operating Income (000)	$102,240	$173,926	$303,123	$210,437	$742,231	$4,871	$63,429	$9,203	$77,506
6	Net Income (000)	$175,369	$219,586	$392,371	$248,317	$1,151,548	$2,475	$118,335	$11,573	$132,383
7	Capital Expenditures (000)	$147,379	$295,816	$439,271	$318,057	$2,167,808	$18,579	$77,193	$824	$96,596
9	Total Assets (000)	$2,713,385	$4,428,759	$8,747,556	$5,092,569	$47,767,460	$1,744,157	$2,695,320	$243,671	$4,683,148
10	Total Liabilities (000)	$1,157,131	$2,199,347	$4,159,623	$2,545,806	$26,418,555	$864,054	$1,158,451	$125,227	$2,147,732
11	Avg. Shareholders' Equity (000)	$1,475,298	$2,099,239	$4,402,370	$2,481,736	$21,199,739	$869,994	$1,525,777	$114,207	$2,529,976
12	Return on Shareholders' Equity	11.89%	10.46%	8.91%	10.01%	5.43%	0.28%	7.76%	10.13%	5.23%
13	Miles of Road Operated	8,740	15,310	26,452	27,361	174,034	5,054	4,699	1,152	10,905
14	Average Employment	19,799	34,258	70,850	56,540	378,904	14,000	18,286	995	33,281
15	Freight Revenue (000)	$1,179,679	$2,216,992	$4,123,178	$3,340,122	$25,627,354	$859,917	$994,509	$84,099	$1,936,525
26	Freight Service Revenue (000)	$1,219,280	$2,286,556	$4,288,449	$3,435,000	$26,422,772	$893,001	$1,038,879	$86,834	$2,018,714
29	Net Revenue from Operations(000)	$108,745	$173,394	$357,022	$283,948	$1,013,225	($26,134)	$101,095	$19,143	$91,104
35	Income Before Fixed Charges (000)	$234,261	$323,006	$616,393	$442,518	$2,464,755	$8,951	$186,153	$27,693	$222,837
41	Total Fixed Charges (000)	$52,041	$99,040	$163,610	$119,330	$1,065,316	$37,255	$29,903	$6,157	$73,315
42	Income After Fixed Charges (000)	$182,220	$223,966	$452,783	$323,188	$1,399,439	($28,304)	$156,250	$21,536	$149,522
48	Total Income Taxes Paid (000)	$8,273	$10,723	$12,855	$23,518	($58,209)	$867	($13,611)	$6,263	($6,481)
49	Provision for Deferred Taxes (000)	($1,422)	($6,790)	$47,110	$50,154	$399,188	($31,646)	$51,616	$3,700	$23,670
51	Ordinary Income (000)	$175,369	$219,586	$392,371	$248,317	$1,151,548	$2,475	$118,335	$11,573	$132,383
52	Total Extraordinary Items (000)	$0	$0	$0	$0	$0	$0	$0	$0	$0
54	Net Income (000)	$175,369	$219,586	$392,371	$248,317	$1,151,548	$2,475	$118,335	$11,573	$132,383
65	Total Current Assets (000)	$508,967	$824,261	$1,548,584	$1,066,233	$8,813,361	$259,620	$348,321	$84,211	$692,152
66	Total Other Assets (000)	$814,990	$933,422	$2,140,186	$571,182	$5,922,588	$263,533	$1,204,951	$9,743	$1,478,227
71	Net Road and Equipment (000)	$1,389,428	$2,671,076	$5,058,826	$3,455,154	$33,031,451	$1,221,004	$1,142,048	$149,717	$2,512,769
77	Total Current Liabilities (000)	$374,650	$657,908	$1,247,110	$788,318	$7,441,699	$286,167	$289,592	$37,147	$613,606
86	Total Liabilities (000)	$1,157,131	$2,199,347	$4,159,623	$2,545,806	$26,418,555	$864,054	$1,158,451	$125,227	$2,147,732
99	Net Working Capital (000)	$134,317	$166,353	$301,474	$277,915	$1,371,662	($26,547)	$58,629	$47,064	$79,146
104	Cash Flow (000)	$161,991	$246,917	$510,383	$369,032	$2,802,987	$2,733	$216,863	$21,865	$241,461
127	Total Working Capital from Oper. (000)	$171,803	$263,206	$561,079	$375,434	$2,764,286	($31,013)	$194,181	$12,746	$175,914
128	Proceeds from Issuance of LT Liab (000	$87,170	$194,977	$272,382	$310,075	$791,743	$109,479	$46,671	$0	$156,150
129	Proceeds Sale/Disp Carr. Oper Prop(00	$14,661	$24,887	$47,664	$22,882	$367,993	$7,416	$12,196	$1,109	$20,721
130	Proceeds Sale/Disp Tangible Propty(00	$1,115	$1,212	$1,212	$15,953	$109,020	$0	$0	$0	$0
133	Proceeds from Issuance Capital Stk(000	$0	$0	$20,593	$321,191	$63,483	$759	$0	$0	$759
135	Working Capital Sources Other Oper(00	$241,146	$521,076	$719,794	$700,396	$2,522,116	$208,126	$238,573	$1,293	$447,992
136	Total Sources of Working Capital (000)	$412,949	$787,282	$1,271,873	$1,075,830	$5,266,402	$177,113	$132,754	$14,039	$623,906
146	Net Incr (Decr) Working Capital (000)	($18,653)	$46,872	$132,708	$184,965	($257,493)	($5,190)	($57,072)	$1,467	($60,795)
149	Total Oper Exp - Road (000)	$195,873	$375,352	$735,461	$655,497	$5,208,584	$205,779	$207,586	$19,045	$432,410
150	Operating Expense - Locomotives (000)	$81,399	$160,654	$270,935	$272,016	$1,966,777	$51,849	$70,399	$2,605	$124,853
153	Operating Expense - Freight Cars (000)	$189,565	$339,619	$607,042	$393,239	$3,588,420	$134,779	$124,206	$6,503	$265,488
159	Oper. Exp. Transp. - Train Operat (000)	$359,539	$677,310	$1,157,298	$1,022,519	$7,784,229	$258,612	$233,708	$18,441	$510,791
160	Oper. Exp. - Transp. - Yd Operatns(000)	$129,944	$249,692	$518,792	$299,083	$2,777,729	$125,351	$147,740	$8,590	$281,561
161	Oper. Exp. Transp. Train Yard Comm(00	$3,881	$24,745	$36,051	$31,943	$204,505	$5,841	$3,485	$291	$7,620
163	Oper. Exp. - Admin. Supp. Operatns(00	$29,472	$59,674	$128,077	$113,617	$1,164,441	$24,531	$26,598	$2,311	$53,443
164	Total Oper. Exp. - Transportation (000)	$537,222	$1,031,628	$1,896,212	$1,506,965	$12,366,145	$426,088	$445,579	$30,340	$902,007
165	Oper. Exp. - Gen. and Admin. (000)	$91,243	$171,242	$334,562	$261,013	$2,502,340	$89,401	$70,341	$8,783	$168,525

NS,UP: 1981,1982, 1984, 1986

NOMINAL DOLLARS	1982 L&N	1982 SCL	1982 FAM LINES	1982 CSX	1982 BN	1984 US	1984 B&O	1984 C&O	1984 Chessie
1 Total Operating Revenues (000)	$1,103,897	$1,191,311	$2,295,200	$4,323,092	$3,767,163	$29,453,446	$1,050,905	$1,050,474	$2,101,379
2 Total Operating Expenses (000)	$1,056,127	$1,176,918	$2,233,045	$4,169,825	$3,526,207	$25,800,454	$994,453	$908,906	$1,903,359
5 Net Railway Operating Income (000)	$70,418	$22,189	$92,607	$170,115	$183,195	$2,536,673	$69,825	$79,452	$149,277
6 Net Income (000)	$32,699	$226,634	$259,333	$391,716	$174,331	$2,701,064	$43,656	$142,346	$186,002
7 Capital Expenditures (000)	$55,716	$83,068	$138,784	$235,380	$177,723	$4,120,553	$143,102	$172,682	$315,784
9 Total Assets (000)	$1,793,855	$3,121,952	$4,915,807	$9,598,955	$5,370,416	$58,042,771	$2,086,193	$3,232,589	$5,318,782
10 Total Liabilities (000)	$1,037,049	$1,299,954	$2,337,003	$4,484,735	$2,862,028	$30,057,143	$1,052,646	$1,364,316	$2,416,962
11 Avg Shareholders' Equity (000)	$764,810	$1,753,331	$2,518,141	$5,048,119	$2,616,893	$27,171,974	$1,023,228	$1,837,038	$2,860,266
12 Return on Shareholders' Equity	4.28%	12.93%	10.30%	7.76%	6.66%	9.94%	4.27%	7.75%	6.50%
13 Miles of Road Operated	6,441	8,772	15,213	26,118	28,937	166,811	5,316	4,579	9,895
14 Average Employment	11,829	18,415	30,244	63,525	46,015	323,030	0	27,136	27,136
15 Freight Revenue (000)	$1,084,807	$1,153,478	$2,238,285	$4,176,810	$3,676,038	$28,471,789	$1,009,929	$1,012,690	$2,022,619
26 Freight Service Revenue (000)	$1,103,897	$1,191,310	$2,295,207	$4,313,921	$3,728,540	$29,276,887	$1,042,770	$1,050,276	$2,093,046
29 Net Revenue from Operations(000)	$47,770	$14,393	$62,163	$153,267	$240,956	$3,652,992	$56,452	$141,568	$198,020
35 Income Before Fixed Charges (000)	$63,066	$278,044	$341,110	$563,947	$356,610	$4,892,575	$85,414	$238,391	$323,805
41 Total Fixed Charges (000)	$46,919	$56,090	$103,009	$176,324	$121,322	$989,583	$31,493	$33,945	$65,438
42 Income After Fixed Charges (000)	$16,147	$221,954	$238,101	$387,623	$235,288	$3,902,992	$53,921	$204,446	$258,367
48 Total Income Taxes Paid (000)	($4,942)	($51,787)	($56,729)	($63,210)	$14,203	$254,510	($5,032)	($2,902)	($7,934)
49 Provision for Deferred Taxes (000)	($12,007)	$47,107	$35,100	$58,770	$43,597	$930,284	$15,927	$65,002	$80,929
51 Ordinary Income (000)	$32,699	$226,634	$259,333	$391,716	$174,331	$2,653,814	$43,656	$142,346	$186,002
52 Total Extraordinary Items (000)	$0	$0	$0	$0	$0	$47,250	$0	$0	$0
54 Net Income (000)	$32,699	$226,634	$259,333	$391,716	$174,331	$2,701,064	$43,656	$142,346	$186,002
65 Total Current Assets (000)	$278,466	$656,317	$934,783	$1,626,935	$1,259,847	$9,821,217	$306,474	$305,811	$612,285
66 Total Other Assets (000)	$135,121	$928,998	$1,064,117	$2,542,344	$278,798	$5,676,988	$229,695	$1,393,144	$1,622,839
71 Net Road and Equipment (000)	$1,380,268	$1,536,639	$2,916,907	$5,429,676	$3,031,771	$42,544,566	$1,550,024	$1,533,634	$3,083,658
77 Total Current Liabilities (000)	$321,772	$440,664	$762,436	$1,375,442	$1,008,939	$7,976,990	$311,965	$278,246	$590,211
86 Total Liabilities (000)	$1,037,049	$1,299,954	$2,337,003	$4,484,735	$2,862,028	$30,057,143	$1,052,646	$1,364,316	$2,416,962
99 Net Working Capital (000)	($43,306)	$215,653	$172,347	$251,493	$250,908	$1,844,227	($5,491)	$27,565	$22,074
104 Cash Flow (000)	$65,288	$331,083	$396,371	$637,832	$318,494	$5,443,818	$120,983	$234,681	$355,664
127 Total Working Capital from Oper. (000)	$65,985	$310,032	$376,017	$551,931	$325,516	$5,372,110	$121,582	$247,505	$369,087
128 Proceeds from Issuance of LT Liab (000	$0	$7,349	$7,349	$163,499	$118,173	$1,172,944	$73,208	$43,537	$116,745
129 Proceeds Sale/Disp Carr. Oper Prop(00	$5,554	$13,565	$19,119	$39,840	$18,487	$384,599	$4,338	$13,417	$17,755
130 Proceeds Sale/Disp Tangible Propty(00	($3)	$1,126	$1,123	$1,123	$0	$71,952	$0	$0	$0
133 Proceeds from Issuance Capital Stk(000	$0	$0	$0	$759	$0	$40,574	$0	$0	$0
135 Working Capital Sources Other Oper(00	$82,294	$190,354	$272,648	$720,640	$194,285	$3,420,786	$111,556	$122,682	$234,238
136 Total Sources of Working Capital (000)	$148,279	$500,386	$648,665	$1,272,571	$519,801	$8,792,896	$233,138	$370,187	$603,325
146 Net Incr (Decr) Working Capital (000)	($77,588)	$96,695	$19,107	($41,688)	($55,385)	$473,059	$11,725	($48,037)	($36,312)
149 Total Oper. Exp. - Road (000)	$196,076	$217,573	$413,649	$846,059	$794,354	$4,250,275	$134,715	$140,606	$325,321
150 Operating Expense - Locomotives (000)	$86,657	$81,961	$168,618	$293,471	$300,072	$2,034,477	$65,267	$67,522	$136,789
153 Operating Expense - Freight Cars (000)	$167,365	$204,927	$372,292	$637,780	$380,777	$3,776,470	$133,146	$137,305	$270,751
159 Oper. Exp.-Transp.- Train Operat (000)	$322,664	$342,212	$664,876	$1,175,667	$1,126,138	$7,864,530	$275,[illegible]00	$228,392	$503,692
160 Oper. Exp. - Transp. - Yd Operatns(000)	$122,677	$141,483	$264,160	$545,841	$310,007	$2,762,351	$127,752	[illegible]	$266,123
161 Oper. Exp.-Transp.-Train Yard Comm(00	$10,698	$13,116	$23,814	$33,434	$18,635	$142,708	$3,946	$2,260	$6,206
163 Oper. Exp. - Admin. Supp. Operatns(00	$35,705	$43,686	$79,391	$132,834	$160,389	$1,058,272	$53,366	$64,623	$118,289
164 Total Oper. Exp. - Transportation (000)	$500,098	$553,280	$1,053,378	$1,955,385	$1,654,930	$12,281,567	$487,177	$451,260	$938,437
165 Oper. Exp. - Gen. and Admin. (000)	$80,746	$95,995	$176,941	$345,466	$306,988	$2,695,931	$88,851	$83,373	$172,224

CSX,BN 1979,1980,1982,1984
NS,UP 1981,1982, 1984, 1986

NOMINAL DOLLARS	1984 FAMILIES	1984 CSX	1984 BN	1981 NS	1981 NW	1981 SAS	1981 Pre-NS	1981 UP	1981 MP
1 Total Operating Revenues (000)	$2,746,793	$4,848,172	$4,440,241	$30,698,610	$1,785,907	$1,790,669	$3,576,576	$2,100,793	$1,887,660
2 Total Operating Expenses (000)	$2,364,580	$3,267,939	$3,493,153	$28,586,890	$1,341,925	$1,454,200	$2,793,125	$1,808,443	$1,660,169
5 Net Railway Operating Income (000)	$264,774	$414,051	$547,132	$1,360,611	$239,257	$226,002	$465,259	$214,407	$178,502
6 Net Income (000)	$246,315	$432,317	$551,323	$2,140,905	$291,063	$212,080	$503,143	$167,368	$148,323
7 Capital Expenditures (000)	$411,780	$727,564	$619,087	$2,751,046	$169,404	$263,419	$372,903	$141,808	$298,583
9 Total Assets (000)	$4,937,344	$10,256,126	$7,430,223	$48,449,803	$3,254,318	$3,452,306	$6,706,624	$3,517,183	$2,956,992
10 Total Liabilities (000)	$2,640,948	$5,057,910	$3,973,734	$27,196,842	$1,439,776	$1,963,646	$3,403,422	$1,830,882	$2,000,371
11 Avg Shareholders' Equity (000)	$2,220,938	$5,081,204	$3,344,186	$20,320,268	$1,696,711	$1,415,478	$3,112,189	$1,638,991	$902,959
12 Return on Shareholders' Equity	11.09%	8.51%	16.49%	10.54%	17.15%	14.98%	16.17%	10.21%	16.43%
13 Miles of Road Operated	14,414	24,309	27,583	176,466	7,803	10,057	17,860	9,096	11,272
14 Average Employment	28,670	55,806	39,793	436,397	21,208	20,496	41,704	26,215	20,830
15 Freight Revenue (000)	$2,684,612	$4,707,231	$4,350,464	$28,925,436	$1,719,259	$1,751,074	$3,470,333	$2,070,520	$1,834,704
26 Freight Service Revenue (000)	$2,746,793	$4,839,839	$4,408,184	$29,782,026	$1,786,000	$1,790,000	$3,576,000	$2,100,000	$1,887,660
29 Net Revenue from Operations(000)	$492,213	$580,233	$947,008	$2,311,720	$443,982	$339,469	$783,451	$292,350	$227,491
35 Income Before Fixed Charges (000)	$477,872	$801,677	$1,064,170	$4,147,079	$543,656	$414,105	$957,761	$310,022	$293,174
41 Total Fixed Charges (000)	$101,550	$166,988	$112,851	$1,118,661	$40,689	$83,229	$123,918	$64,431	$86,272
42 Income After Fixed Charges (000)	$376,322	$634,689	$951,319	$3,028,418	$502,967	$330,876	$833,843	$245,591	$206,906
48 Total Income Taxes Paid (000)	($314)	($8,248)	$101,306	$45,401	$104,160	($1,346)	$102,814	($40,567)	($74,551)
49 Provision for Deferred Taxes (000)	$130,619	$210,948	$298,690	$936,578	$106,428	$120,142	$226,570	$118,790	$123,756
51 Ordinary Income (000)	$246,315	$432,317	$551,323	$2,041,265	$291,063	$212,080	$503,143	$167,368	$148,323
52 Total Extraordinary Items (000)	$0	$0	$0	$106,297	$0	$0	$0	$0	$0
54 Net Income (000)	$246,315	$432,317	$551,323	$2,140,905	$291,063	$212,080	$503,143	$167,368	$148,323
65 Total Current Assets (000)	$846,954	$1,459,239	$1,330,942	$9,665,105	$785,015	$722,858	$1,507,873	$467,513	$566,428
66 Total Other Assets (000)	$351,031	$1,973,873	$473,540	$6,273,066	$557,153	$143,771	$700,924	$124,417	$169,351
71 Net Road and Equipment (000)	$3,739,356	$6,823,014	$5,625,741	$32,511,632	$1,912,150	$2,585,677	$4,497,827	$2,925,253	$2,221,213
77 Total Current Liabilities (000)	$769,472	$1,359,683	$1,011,151	$7,973,496	$352,325	$464,752	$817,057	$499,295	$426,114
86 Total Liabilities (000)	$2,640,948	$5,057,910	$3,973,734	$27,196,842	$1,439,776	$1,963,646	$3,403,422	$1,830,882	$2,000,371
99 Net Working Capital (000)	$77,482	$99,556	$319,791	$1,691,609	$432,690	$258,126	$690,816	($31,782)	$140,314
104 Cash Flow (000)	$488,707	$844,371	$1,075,969	$3,932,143	$471,456	$430,912	$902,368	$390,568	$314,565
127 Total Working Capital from Oper (000)	$491,840	$860,927	$1,059,361	$3,902,430	$474,830	$432,195	$907,033	$394,641	$319,503
128 Proceeds from Issuance of LT Hab (000)	$105,560	$222,305	$40,425	$1,114,077	$39,075	$103,113	$142,188	$51,000	$103,923
129 Proceeds Sale/Disp Curr Oper Prop(000)	$16,830	$36,593	$50,060	$414,063	$12,669	$0	$12,669	$14,163	$16,521
130 Proceeds Sale/Disp Tangible Property(000)	$2,683	$2,683	$0	$139,130	$47	$26,391	$26,438	$357	$152
133 Proceeds from Issuance Capital Stk(000)	$0	$0	$0	$359,596	$29,190	$7,222	$36,420	$0	$0
135 Working Capital Sources Other Oper(000)	$288,986	$523,224	$1,112,791	$2,976,143	$178,905	$128,229	$307,134	$80,635	$151,703
136 Total Sources of Working Capital (000)	$780,826	$1,384,151	$2,172,152	$6,878,573	$653,743	$560,424	$1,214,167	$475,276	$501,206
146 Net Incr (Decr) Working Capital (000)	($28,714)	($65,026)	$409,273	$776,971	$195,862	$99,496	$295,358	$206,600	$75,988
149 Total Oper Exp - Road (000)	$344,447	$669,768	$628,450	$5,535,815	$291,967	$282,003	$573,970	$329,545	$314,331
150 Operating Expense - Locomotives (000)	$190,608	$333,397	$313,551	$2,130,138	$66,634	$94,369	$161,003	$151,749	$110,891
153 Operating Expense - Freight Cars (000)	$417,792	$688,543	$359,800	$3,918,945	$198,939	$205,711	$404,650	$218,449	$285,867
159 Oper Exp Transp - Train Operat (000)	$713,784	$1,217,476	$1,241,669	$8,729,227	$378,431	$452,016	$830,447	$639,930	$526,437
160 Oper Exp - Transp - Yd Operations(000)	$284,973	$551,096	$268,048	$3,086,474	$155,091	$145,898	$300,989	$133,235	$171,298
161 Oper Exp Transp Train Yard Comm(000)	$11,776	$17,982	$10,800	$248,291	$6,964	$13,134	$20,098	$22,496	$13,085
163 Oper Exp - Admin Supp Operations(000)	$85,306	$203,595	$120,229	$1,125,770	$62,905	$49,371	$112,356	$61,937	$71,620
164 Total Oper Exp - Transportation (000)	$1,125,220	$2,063,665	$1,694,709	$13,605,130	$629,024	$670,095	$1,299,119	$867,734	$803,644
165 Oper Exp - Gen and Admin (000)	$218,374	$390,598	$392,118	$2,579,439	$128,668	$165,263	$293,931	$203,860	$113,733

NOMINAL DOLLARS	1981 WP	1981 Pre-UP	1982 US	1982 NW	1982 SRS	1982 NS	1982 UP	1982 MP	1982 WP
1 Total Operating Revenues (000)	$188,250	$4,176,703	$27,503,503	$1,737,286	$1,603,597	$3,340,883	$1,773,337	$1,678,763	$171,797
2 Total Operating Expenses (000)	$193,517	$3,662,529	$26,490,278	$1,420,624	$1,381,955	$2,802,579	$1,604,369	$1,508,611	$183,117
5 Net Railway Operating Income (000)	($10,380)	$302,529	$742,231	$185,228	$150,444	$335,672	$127,733	$148,101	($8,145)
6 Net Income (000)	$9,132	$324,823	$1,151,548	$273,497	$143,590	$417,087	$105,028	$108,620	($4,050)
7 Capital Expenditures (000)	$29,798	$470,189	$2,167,808	$106,711	$219,374	$326,085	$93,120	$286,449	$4,352
9 Total Assets (000)	$202,205	$6,676,380	$47,767,400	$3,431,154	$3,485,357	$6,916,511	$3,497,187	$3,112,297	$181,181
10 Total Liabilities (000)	$169,156	$4,000,409	$26,418,555	$1,405,822	$1,923,338	$3,329,160	$1,782,359	$2,091,056	$152,289
11 Avg Shareholders' Equity (000)	$28,470	$2,570,420	$21,199,739	$1,919,937	$1,525,339	$3,445,276	$1,700,564	$988,831	$30,970
12 Return on Shareholders' Equity	32.08%	12.64%	5.43%	14.25%	9.41%	12.11%	6.18%	10.98%	-13.08%
13 Miles of Road Operated	1,435	21,803	174,034	7,865	10,474	18,339	9,082	11,167	1,426
14 Average Employment	2,668	49,713	378,904	20,057	18,966	39,023	22,167	18,321	2,368
15 Freight Revenue (000)	$185,939	$4,091,163	$25,627,354	$1,673,773	$1,566,654	$3,240,427	$1,748,678	$1,627,401	$169,503
26 Freight Service Revenue (000)	$188,250	$4,175,910	$26,422,772	$1,736,032	$1,603,597	$3,339,629	$1,773,337	$1,678,763	$171,797
29 Net Revenue from Operations(000)	($5,667)	$514,174	$1,013,225	$316,662	$221,642	$538,304	$168,968	$170,152	($11,320)
35 Income Before Fixed Charges (000)	$24,057	$627,257	$2,464,755	$484,670	$304,327	$788,997	$202,384	$232,718	$3,786
41 Total Fixed Charges (000)	$10,091	$160,794	$1,065,316	$41,445	$80,603	$122,048	$55,782	$92,058	$10,891
42 Income After Fixed Charges (000)	$13,966	$466,463	$1,399,439	$443,225	$223,724	$666,949	$146,602	$140,660	($7,105)
48 Total Income Taxes Paid (000)	$249	($114,869)	($56,209)	$103,550	($38,303)	$65,247	$32,061	($77,542)	($266)
49 Provision for Deferred Taxes (000)	$4,464	$247,010	$399,188	$64,877	$118,437	$183,314	$9,513	$100,565	($2,909)
51 Ordinary Income (000)	$9,132	$324,823	$1,151,548	$273,497	$143,590	$417,087	$105,028	$108,620	($4,050)
52 Total Extraordinary Items (000)	$0	$0	$0	$0	$0	$0	$0	$0	$0
54 Net Income (000)	$9,132	$324,823	$1,151,548	$273,497	$143,590	$417,087	$105,028	$108,620	($4,050)
65 Total Current Assets (000)	$90,934	$1,124,875	$8,913,361	$786,670	$651,368	$1,438,038	$476,367	$507,185	$75,942
66 Total Other Assets (000)	$12,866	$306,634	$5,922,588	$695,955	$146,471	$842,426	$120,651	$167,105	$11,550
71 Net Road and Equipment (000)	$98,405	$5,244,871	$33,031,451	$1,948,529	$2,687,518	$4,636,047	$2,900,169	$2,438,007	$93,689
77 Total Current Liabilities (000)	$64,268	$989,677	$7,441,699	$344,279	$395,111	$739,390	$393,219	$438,069	$59,132
86 Total Liabilities (000)	$169,156	$4,000,409	$26,418,555	$1,405,822	$1,923,338	$3,329,160	$1,782,359	$2,091,056	$152,289
99 Net Working Capital (000)	$26,666	$135,198	$1,371,662	$442,391	$256,257	$698,648	$83,148	$71,116	$16,810
104 Cash Flow (000)	$20,913	$756,046	$2,802,987	$368,636	$361,777	$730,413	$217,391	$284,361	$634
127 Total Working Capital from Oper. (000)	($4,863)	$739,281	$2,764,288	$401,699	$369,967	$771,666	$218,924	$278,436	($10,622)
128 Proceeds from Issuance of LT Liab (000)	$24,178	$179,099	$791,743	$24,000	$4,150	$28,150	$102,800	$61,398	$1,640
129 Proceeds Sale/Disp Carr. Oper Prop(000)	$3,373	$34,057	$367,993	$18,584	$0	$18,584	$13,020	$11,651	$566
130 Proceeds Sale/Disp Tangible Propty(000)	$21,250	$21,759	$108,020	($260)	$27,805	$27,545	$142	$120	$11,088
133 Proceeds from Issuance Capital Stk(000)	$25	$25	$63,483	$11,115	$15,837	$26,952	$0	$0	$25
135 Working Capital Sources Other Oper(000)	$57,113	$289,451	$2,522,116	$309,307	$62,700	$372,007	$127,185	$113,648	$17,028
136 Total Sources of Working Capital (000)	$52,250	$1,028,732	$5,286,402	$711,006	$432,667	$1,143,673	$346,109	$392,084	$6,406
146 Net Incr (Decr) Working Capital (000)	$9,455	$292,043	($257,493)	$9,701	($1,869)	$7,832	$114,930	($69,198)	($9,656)
149 Total Oper. Exp. - Road (000)	$30,066	$673,942	$5,208,584	$349,168	$250,881	$600,049	$266,668	$262,693	$29,100
150 Operating Expense - Locomotives (000)	$15,469	$278,109	$1,966,777	$68,675	$95,749	$164,424	$151,285	$96,001	$14,235
153 Operating Expense - Freight Cars (000)	$23,587	$527,803	$3,588,420	$201,881	$189,695	$391,576	$190,473	$267,871	$22,063
159 Oper. Exp - Transp - Train Operat (000)	$60,560	$1,226,827	$7,784,229	$359,782	$413,503	$773,285	$560,043	$456,830	$54,004
160 Oper. Exp - Transp - Yd Operatns(000)	$16,927	$321,460	$2,777,729	$148,229	$148,330	$296,559	$116,229	$157,828	$14,718
161 Oper. Exp - Transp - Train Yard Comm(000)	$1,733	$37,314	$204,505	$9,766	$8,948	$18,714	$18,781	$9,348	$1,640
163 Oper. Exp - Admin. Supp. Operatns(000)	$8,308	$141,935	$1,164,441	$72,930	$53,856	$126,786	$60,052	$66,035	$6,[illegible]35
164 Total Oper. Exp - Transportation (000)	$99,729	$1,771,107	$12,366,145	$615,812	$636,042	$1,251,854	$764,117	$711,602	$92,612
165 Oper. Exp - Gen. and Admin. (000)	$21,372	$338,965	$2,502,340	$155,738	$172,090	$327,828	$196,171	$140,558	$20,653

NOMINAL DOLLARS	1982 MOPUP	1984 US	1984 NW	1984 SRS	1984 NS	1984 UP	1984 MP	1984 WP	1984 MOPUP
1 Total Operating Revenues (000)	$3,623,897	$29,453,446	$1,714,558	$1,795,407	$3,509,965	$1,920,860	$1,795,227	$146,740	$3,862,827
2 Total Operating Expenses (000)	$3,296,097	$25,800,454	$1,386,576	$1,406,251	$2,792,827	$1,725,940	$1,608,601	$163,315	$3,497,859
5 Net Railway Operating Income (000)	$267,689	$2,536,673	$167,774	$228,407	$396,181	$134,057	$148,047	$325	$282,429
6 Net Income (000)	$209,598	$2,701,064	$263,918	$221,125	$485,043	$122,690	$129,910	($6,820)	$245,780
7 Capital Expenditures (000)	$383,921	$4,120,553	$150,608	$183,406	$334,014	$209,692	$341,621	$61,334	$612,647
9 Total Assets (000)	$6,790,665	$58,042,771	$4,036,745	$4,682,443	$8,719,188	$3,946,918	$3,585,953	$288,789	$7,821,660
10 Total Liabilities (000)	$4,025,704	$30,057,143	$1,667,493	$2,488,536	$4,156,029	$2,044,995	$2,460,482	$260,268	$4,765,745
11 Avg Shareholders' Equity (000)	$2,720,365	$27,171,974	$2,290,270	$2,127,799	$4,418,069	$1,881,475	$1,082,516	$31,931	$2,995,922
12 Return on Shareholders' Equity	7.70%	9.94%	11.52%	10.39%	10.98%	6.52%	12.00%	-21.36%	8.20%
13 Miles of Road Operated	21,675	166,811	7,746	10,018	17,764	8,932	10,992	1,426	21,350
14 Average Employment	42,856	323,030	0	37,273	37,273	21,290	17,457	[illegible]	40,450
15 Freight Revenue (000)	$3,545,582	$28,471,789	$1,647,528	$1,754,324	$3,401,852	$1,896,721	$1,748,350	$143,675	$3,788,746
26 Freight Service Revenue (000)	$3,623,897	$29,276,887	$1,713,288	$1,795,407	$3,508,695	$1,920,860	$1,795,227	$146,740	$3,862,827
29 Net Revenue from Operations(000)	$327,800	$3,652,992	$327,982	$389,156	$717,138	$194,920	$186,623	($16,575)	$364,968
35 Income Before Fixed Charges (000)	$438,888	$4,892,575	$467,334	$458,803	$926,137	$232,188	$262,459	($2,099)	$492,548
41 Total Fixed Charges (000)	$158,731	$989,583	$20,375	$71,167	$91,542	$48,434	$81,572	$21,523	$154,529
42 Income After Fixed Charges (000)	$280,157	$3,902,992	$446,959	$387,636	$834,595	$183,754	$177,887	($23,622)	$338,019
48 Total Income Taxes Paid (000)	($45,747)	$254,510	$94,854	$81,493	$176,347	$13,141	($31,849)	($26,240)	($44,948)
49 Provision for Deferred Taxes (000)	$107,169	$930,284	$87,343	$85,018	$172,361	$47,923	$70,991	$9,340	$128,254
51 Ordinary Income (000)	$209,598	$2,653,814	$263,918	$221,125	$485,043	$12[illegible]	$129,910	($6,820)	$245,780
52 Total Extraordinary Items (000)	$0	$47,250	$0	$0	$0	$0	$0	$0	$0
54 Net Income (000)	$209,598	$2,701,064	$263,918	$221,125	$485,043	$122,690	$129,910	($6,820)	$245,780
65 Total Current Assets (000)	$1,059,494	$9,821,217	$1,038,679	$774,151	$1,812,830	$567,351	$470,889	$[illegible],276	$1,113,516
66 Total Other Assets (000)	$299,306	$5,676,988	$696,498	$232,920	$929,418	$263,890	$210,787	$11,442	$486,119
71 Net Road and Equipment (000)	$5,431,865	$42,544,566	$2,301,568	$3,675,372	$5,976,940	$3,115,677	$2,904,277	$202,071	$6,222,025
77 Total Current Liabilities (000)	$888,420	$7,976,990	$442,763	$496,778	$939,541	$452,655	$625,848	$61,070	$1,139,573
86 Total Liabilities (000)	$4,025,704	$30,057,143	$1,667,493	$2,488,536	$4,156,029	$2,044,995	$2,460,482	$260,268	$4,765,745
99 Net Working Capital (000)	$171,074	$1,844,227	$595,916	$277,373	$873,289	$114,696	($154,959)	$14,206	($25,057)
104 Cash Flow (000)	$502,386	$5,443,818	$421,322	$452,745	$874,067	$328,108	$311,837	$12,640	$652,585
127 Total Working Capital from Oper (000)	$486,738	$5,372,110	$424,367	$451,701	$876,068	$362,777	$339,862	$7,600	$710,239
128 Proceeds from Issuance of LT Liab (000)	$165,836	$1,172,944	$0	$0	$0	$300	$48,357	$0	$48,657
129 Proceeds Sale/Disp Carr. Oper Prop(000)	$25,239	$384,599	$16,820	$0	$16,820	$4,951	$21,909	$1,207	$28,058
130 Proceeds Sale/Disp Tangible Proply(000)	$11,350	$71,952	$0	$16,348	$16,348	$1,610	$313	$9,597	$11,520
133 Proceeds from Issuance Capital Stk(000)	$25	$40,574	$0	$0	$0	$0	$0	$0	$0
135 Working Capital Sources Other Oper(000)	$257,861	$3,420,786	$60,684	$9,954	$70,638	$18,501	$85,203	$71,423	$175,127
136 Total Sources of Working Capital (000)	$744,599	$8,792,896	$485,051	$461,655	$946,706	$381,278	$425,065	$79,023	$885,366
146 Net Incr (Decr) Working Capital (000)	$35,876	$473,059	$47,512	($16,700)	$30,812	($54,419)	($104,601)	$9,553	($149,467)
149 Total Oper Exp - Road (000)	$558,461	$4,250,275	$291,156	$234,412	$525,568	$299,479	$262,484	$27,487	$589,450
150 Operating Expense - Locomotives (000)	$261,521	$2,034,477	$74,410	$84,359	$158,769	$161,989	$120,347	$7,987	$290,323
153 Operating Expense - Freight Cars (000)	$480,407	$3,776,470	$217,209	$239,752	$456,961	$214,815	$239,498	$18,716	$473,029
159 Oper Exp Transp - Train Operat (000)	$1,070,877	$7,864,530	$371,543	$371,247	$742,790	$595,186	$520,440	$52,291	$1,167,917
160 Oper Exp - Transp - Yd Operatns(000)	$288,775	$2,762,351	$162,072	$175,341	$337,413	$107,641	$161,017	$11,198	$279,856
161 Oper Exp Transp Train Yard Comn(000)	$29,769	$142,708	$5,893	$7,468	$13,361	$16,272	$5,841	$1,506	$23,619
163 Oper Exp - Admin Supp Operatns(000)	$134,222	$1,058,272	$48,606	$58,079	$106,685	$66,482	$67,241	$5,047	$138,770
164 Total Oper Exp - Transportation (000)	**$1,568,331**	**$12,281,567**	**$609,548**	**$627,289**	**$1,236,837**	**$795,501**	**$771,723**	**$74,[illegible]82**	**$1,641,406**
185 Oper. Exp - Gen. and Admin. (000)	**$357,382**	**$2,695,931**	**$168,009**	**$195,022**	**$363,031**	**$200,702**	**$178,345**	**$28,3[illegible]2**	**$407,379**

NOMINAL DOLLARS	1986 US	1986 NS	1986 UP
1. Total Operating Revenues (000)	$26,204,122	$3,327,786	$3,766,929
2. Total Operating Expenses (000)	$24,896,015	$2,665,850	$3,085,227
5. Net Railway Operating Income (000)	$506,591	$340,559	$50,875
6. Net Income (000)	$544,407	$505,208	$4,697
7. Capital Expenditures (000)	$3,645,326	$587,682	$480,164
9. Total Assets (000)	$55,942,378	$9,114,159	$7,748,198
10. Total Liabilities (000)	$30,500,757	$4,501,220	$4,737,192
11. Avg. Shareholders' Equity (000)	$25,968,536	$4,471,631	$3,078,657
12. Return on Shareholders' Equity	2.10%	11.30%	0.15%
13. Miles of Road Operated	155,488	17,520	21,416
14. Average Employment	275,817	34,857	33,271
15. Freight Revenue (000)	$25,343,911	$3,218,487	$3,693,618
26. Freight Service Revenue (000)	$26,026,291	$3,325,992	$3,766,929
29. Net Revenue from Operations(000)	$1,308,107	$661,936	$681,702
35. Income Before Fixed Charges (000)	$2,479,675	$894,512	$793,852
41. Total Fixed Charges (000)	$901,154	$61,173	$148,818
42. Income After Fixed Charges (000)	$1,578,521	$833,339	$645,034
48. Total Income Taxes Paid (000)	$489,625	$177,922	$76,817
49. Provision for Deferred Taxes (000)	($326,542)	$149,528	($104,926)
51. Ordinary Income (000)	$746,965	$505,208	$664,431
52. Total Extraordinary Items (000)	$133,283	$0	($659,734)
54. Net Income (000)	$544,407	$505,208	$4,697
65. Total Current Assets (000)	$9,132,495	$1,485,861	$803,931
66. Total Other Assets (000)	$3,073,865	$686,588	$380,113
71. Net Road and Equipment (000)	$43,736,018	$6,941,710	$6,564,154
77. Total Current Liabilities (000)	$8,389,756	$957,923	$1,101,677
86. Total Liabilities (000)	$30,500,757	$4,501,220	$4,737,192
99. Net Working Capital (000)	$742,739	$527,938	($297,746)
104. Cash Flow (000)	$3,243,294	$906,081	$176,018
127. Total Working Capital from Oper. (000)	$4,361,292	$867,784	$837,974
128. Proceeds from Issuance of LT Liab (000)	$828,674	$93,111	$76,878
129. Proceeds Sale/Disp Carr. Oper Prop(000)	$867,243	$61,236	$38,594
130. Proceeds Sale/Disp Tangible Propty(000)	$17,416	$2,767	$1,293
133. Proceeds from Issuance Capital Stk(000)	$268	$0	$0
135. Working Capital Sources Other Oper(000)	$2,591,581	$271,482	$200,941
136. Total Sources of Working Capital (000)	$6,952,873	$1,139,266	$1,038,915
146. Net Incr (Decr) Working Capital (000)	($229,049)	$21,499	($111,723)
149. Total Oper. Exp. - Road (000)	$4,779,691	$510,935	$503,660
150. Operating Expense - Locomotives (000)	$1,927,624	$163,516	$244,073
153. Operating Expense - Freight Cars (000)	$3,824,583	$441,483	$439,866
159. Oper. Exp.-Transp.-Train Operat (000)	$6,264,651	$637,673	$946,555
160. Oper. Exp. - Transp. - Yd Operatns(000)	$2,371,427	$308,217	$221,003
161. Oper. Exp.-Transp.-Train Yard Comm(000)	$126,356	$12,088	$26,899
163. Oper. Exp. - Admin. Supp. Operatns(000)	$947,744	$89,979	$133,565
164. Total Oper. Exp. - Transportation (000)	$10,196,636	$1,085,209	$1,368,281
165. Oper. Exp. - Gen. and Admin. (000)	$3,346,623	$391,284	$391,815

	NOMINAL DOLLARS	1979 US	1979 B&O	1979 C&O	1979 WM	1979 Chessie	1979 L&N	1979 SCL	1979 FAM LINES	1979 PRE-CSX
166	Total Railway Operating Expenses (000)	$24,085,171	$857,172	$746,494	$57,907	$1,661,573	$926,410	$949,241	$1,875,651	$3,537,224
174	Total Way Structures (000)	$4,441,885	$159,702	$137,009	$13,147	$309,858	$166,022	$175,234	$341,256	$651,114
250	Tot Fit Serv Exp - Labor (000)	$9,735,803	$339,062	$395,426	$25,783	$760,271	$363,597	$392,298	$755,895	$1,516,166
251	Tot Fit Serv Exp - Fringe Ben (000)	$2,232,288	$83,442	$88,817	$7,772	$180,031	$83,593	$92,920	$176,513	$356,544
252	Tot Fit Serv Exp - M & S (000)	$3,008,132	$89,046	$75,462	$3,992	$168,500	$101,245	$117,003	$218,248	$386,748
253	Tot Fit Serv Exp - Fuel & Pow (000)	$2,325,689	$70,575	$57,201	$2,756	$138,532	$98,859	$91,210	$190,069	$328,601
254	Tot Fit Serv Exp - Cas & Ins (000)	$559,693	$15,276	$16,549	$945	$32,770	$28,376	$22,306	$50,682	$83,452
255	Tot Fit Serv Exp - Lease Rents(000)	$1,919,971	$109,997	$52,623	$14,206	$176,826	$92,554	$88,209	$180,763	$357,589
256	Tot Fit Serv Exp - Depreciat (000)	$1,021,662	$35,774	$29,450	$5,501	$70,725	$45,535	$38,641	$84,176	$154,901
257	Tot Fit Serv Exp - Freight L&D(000)	$308,792	$14,216	$6,292	$109	$20,617	$16,120	$12,250	$28,370	$48,987
258	Tot Fit Serv Exp Prop Tax etc (000)	$378,601	$12,114	$7,326	$1,810	$21,250	$15,574	$19,381	$34,955	$56,205
259	Tot Fit Serv Exp - All Other (000)	$1,719,060	$73,544	$17,348	($4,967)	$85,925	$80,957	$75,023	$155,980	$241,905
260	GRAND TOT FRT SERVICE EXPS (000)	$23,209,691	$851,046	$746,494	$57,907	$1,655,447	$926,410	$949,241	$1,875,651	$3,531,098
277	Total Equipment Rents (000)	$1,122,902	$44,894	$21,767	($2,914)	$63,747	$39,336	$49,576	$88,912	$152,659
280	Current Ratio	1.1	1.0	1.1	1.5	1.1	0.9	1.5	1.2	1.1
284	Fixed Charge Coverage (Times)	2.6	2.7	6.4	4.9	4.3	1.3	3.8	2.6	3.3
286	Debt/Equity Ratio	67.57%	51.86%	22.31%	50.63%	33.26%	86.34%	38.75%	52.73%	42.25%
287	Rat Int Exp to Tot Outst Debt	7.40%	8.47%	8.63%	10.49%		9.95%	9.06%		
288	Profit Margin	4.98%	7.06%	8.14%	26.15%	8.37%	4.81%	9.57%	7.28%	7.80%
292	Rate of Ret on Tot Cap(alt tax)	6.12%	7.32%	8.87%	12.59%		7.26%	9.55%		
293	Operating Ratio	95.02%	92.94%	91.86%	73.85%	91.63%	95.19%	90.43%	92.72%	92.20%
294	Expense Ratio	98.44%	96.92%	95.00%	80.62%	95.35%	100.29%	95.08%	97.58%	96.53%
299	Freight Revenue per Mile of Road	$128,558	$170,045	$161,457	$78,072	$158,322	$142,629	$114,763	$126,700	$139,737
300	Freight Expense per Mile of Road	$126,561	$164,836	$156,925	$61,603	$152,435	$139,688	$107,259	$121,150	$134,048
301	Avg No Emp Exec ,Off & Staff	16,933	627	671	52	1,350	582	807	1,389	2,739
302	Avg No Emp Prof & Administr	94,199	2,068	4,642	94	6,804	2,396	3,258	5,654	12,458
303	Avg No Emp Maint of W & S	87,919	3,283	2,679	232	6,194	2,797	3,612	6,409	12,603
304	Avg No Emp Maint of Equip &St	104,791	3,501	5,434	269	9,204	2,925	4,542	7,467	16,671
305	Avg No Emp Trans(Excl Train&Eng)	21,503	1,122	1,103	26	2,251	633	973	1,606	3,857
306	Avg No Emp Transp -Yard & Swit	8,412	435	476	26	937	389	413	802	1,739
307	Avg No Emp Transp -Train & Eng	140,744	5,611	5,253	482	11,346	5,451	5,972	11,423	22,769
308	Avg No Emp Total	474,501	16,647	20,258	1,181	38,086	15,173	19,577	34,750	72,836
325	Total Hours Paid For (000)	1,163,724	37,545	43,750	2,693	83,988	40,951	48,813	89,764	173,752
326	Total Hours Worked (000)	942,815	32,675	38,472	2,324	73,471	33,611	39,012	72,623	146,094
327	Avg $ Exec , Offic & Staff Ass	$32,138	$30,549	$31,883	$29,542	$31,173	$30,868	$30,567	$30,693	$30,930
328	Avg $ Professional & Administr.	$19,900	$19,547	$20,004	$20,166	$19,867	$19,609	$19,876	$19,763	$19,820
329	Avg $ Maint of Way and Structure	$19,419	$18,228	$18,180	$18,779	$18,228	$19,362	$18,049	$18,622	$18,428
330	Avg $ Maint of Equip and Stores	$20,386	$19,810	$19,230	$20,407	$19,485	$24,904	$19,867	$21,840	$20,540
331	Avg $ Transp (Excl Train & Eng)	$21,580	$20,214	$20,627	$20,409	$20,419	$21,798	$21,784	$21,790	$20,989
332	Avg $ Transp - Yard & Switching	$23,810	$22,942	$22,025	$24,656	$22,930	$21,042	$21,669	$21,365	$22,208
333	Avg $ Transportation Train & Eng	$27,095	$23,720	$22,580	$23,906	$23,200	$26,977	$27,054	$27,017	$25,115
334	Avg $ Total	$22,634	$21,297	$20,717	$21,992	$21,010	$23,791	$22,300	$22,951	$21,936
341	Total Miles of Track Operated	298,187	9,835	9,561	1,600	20,996	10,695	13,895	24,590	45,586
342	Mi of Rd Oper (excl. Track Rts)	169,927	4,952	4,068	621	9,641	6,361	8,747	15,108	24,749
343	Miles of Trk Oper. (Excl Trkg Rts)	277,242	9,363	8,182	1,067	18,612	10,136	13,712	23,848	42,460
354	Total GTM per Mi of Maint Trk(000)	8,144	6,216	6,697	3,380	6,265	8,258	6,503	7,249	6,318
37[illegible]	Avg. Wt. of Rail (Lbs. per Yard)	111	119	119	111	119	113	110	111	115
[illegible]	[illegible] Rail Inst to Date	18,900	4,767	2,550	176	7,493	2,065	8	2,073	9,566

	BN	SLSF	1979 BN+SLSF	1980 US	1980 B&O	1980 C&O	1980 WM	1980 Chessie	1980 L&N
166. Total Railway Operating Expenses (000)	$2,340,185	$401,735	$2,741,920	$26,348,606	$889,353	$830,420	$84,308	$1,804,081	$999,746
174. Total Way Structures (000)	$503,500	$72,027	$575,527	$4,750,432	$179,391	$158,631	$21,694	$359,716	$179,479
250. Tot. Fit. Serv. Exp. - Labor (000)	$987,414	$166,178	$1,153,592	$10,140,547	$356,052	$422,709	$20,443	$807,284	$375,820
251. Tot. Fit. Serv. Exp. - Fringe Ben (000)	$239,411	$40,603	$280,014	$2,293,541	$82,616	$88,111	$7,555	$178,282	$87,125
252. Tot. Fit. Serv. Exp. - M & S (000)	$344,990	$61,098	$406,088	$3,212,016	$97,015	$81,933	$5,374	$184,322	$108,641
253. Tot. Fit. Serv. Exp. - Fuel & Pow (000)	$272,021	$47,503	$319,524	$3,246,231	$93,527	$76,160	$7,318	$177,005	$136,231
254. Tot. Fit. Serv. Exp. - Cas. & Ins (000)	$46,869	$7,823	$54,692	$641,490	$19,706	$24,078	$2,609	$46,393	$36,754
255. Tot. Fit. Serv. Exp. - Lease Rents(000)	$161,133	$37,359	$198,492	$2,034,347	$61,708	$67,439	$3,693	$152,840	$87,309
256. Tot. Fit. Serv. Exp. - Depreciat. (000)	$84,629	$17,631	$102,260	$1,141,106	$35,867	$21,187	$6,417	$63,471	$44,805
257. Tot. Fit. Serv. Exp. - Freight L&D(000)	$15,441	$7,609	$23,050	$264,046	$4,568	$4,333	$1,027	$9,920	$15,865
258. Tot. Fit. Serv. Exp. Prop Tax etc.(000)	$48,298	$6,045	$54,343	$364,013	$10,647	$7,900	$1,304	$19,851	$14,524
259. Tot. Fit. Serv. Exp. - All Other (000)	$111,027	$9,886	$120,913	$1,991,533	$100,475	$36,490	$20,563	$157,533	$92,672
260. GRAND TOT. FIT. SERVICE EXPS. (000)	$2,311,233	$401,735	$2,712,968	$25,328,670	$882,181	$830,420	$84,308	$1,796,909	$999,746
277. Total Equipment Rents (000)	$79,919	$24,747	$104,666	($198,008)	($59,814)	($53,904)	($14,022)	($127,740)	($27,673)
280. Current Ratio	1.2	0.9	1.1	1.1	1.0	1.4	1.6	1.2	1.1
284. Fixed Charge Coverage (Times)	3.0	2.4	2.9	2.5	2.2	8.2	2.3	4.5	1.9
286. Debt/Equity Ratio	48.16%	90.68%		65.34%	51.35%	21.12%	57.92%		82.42%
287. Rat. Int. Exp. to Tot. Outst. Debt	7.46%	8.04%		8.22%	7.66%	8.34%	10.89%		8.55%
288. Profit Margin	4.34%	8.36%	4.95%	6.73%	5.98%	12.50%	9.10%	9.24%	6.07%
292. Rate of Ret. on Tot. Cap(aft. tax)	7.91%	7.79%		6.77%	5.31%	9.16%	7.98%		7.46%
293. Operating Ratio	95.66%	91.64%	95.05%	93.27%	94.02%	87.50%	90.90%	90.76%	93.93%
294. Expense Ratio	98.82%	95.67%	98.35%	96.95%	97.52%	90.12%	97.96%	94.01%	98.34%
299. Freight Revenue per Mile of Road	$103,985	$94,693	$102,457	$147,510	$175,375	$190,172	$75,214	$171,081	$157,886
300. Freight Expense per Mile of Road	$101,379	$89,513	$99,427	$141,796	$169,390	$174,678	$71,447	$161,273	$152,168
301. Avg. No. Emp.-Exec.,Off. & Staff	1,330	287	1,617	17,395	638	705	51	1,394	521
302. Avg. No. Emp.-Prof. & Administr.	9,445	1,440	10,885	92,663	1,947	4,609	86	6,642	2,125
303. Avg. No. Emp. Maint. of W & S	11,648	1,607	13,255	84,259	3,315	2,714	233	6,262	2,865
304. Avg. No. Emp. Maint. of Equip.&St.	11,187	1,696	12,883	99,487	3,298	4,970	261	8,529	2,901
305. Avg.No. Emp.-Trans(Excl.Train&Eng)	2,538	378	2,916	20,730	1,092	1,133	25	2,250	629
306. Avg. No. Emp.-Transp.-Yard & Swit.	750	130	880	8,368	429	470	22	921	412
307. Avg. No. Emp.-Transp.-Train & Eng.	12,448	2,723	15,171	135,520	5,276	4,852	466	10,594	5,006
308. Avg. No. Emp.-Total	49,346	8,261	57,607	458,332	15,995	19,453	1,144	36,592	14,459
325. Total Hours Paid For (000)	120,610	18,837	139,447	1,108,184	35,396	41,690	2,594	79,680	38,104
326. Total Hours Worked (000)	98,045	15,445	113,490	892,572	30,639	36,582	2,234	69,455	30,936
327. Avg. $-Exec., Offic. & Staff Ass.	$35,082	$34,341	$34,950	$35,721	$37,074	$39,229	$36,216	$38,132	$34,405
328. Avg. $-Professional & Administr.	$19,393	$19,159	$19,362	$22,003	$21,434	$22,204	$22,020	$21,976	$21,839
329. Avg. $-Maint. of Way and Structure	$18,630	$18,445	$18,608	$21,323	$19,778	$19,663	$20,465	$19,754	$21,334
330. Avg. $-Maint. of Equip. and Stores	$19,885	$19,088	$19,780	$22,160	$21,712	$20,872	$22,459	$21,245	$26,177
331. Avg. $-Transp.(Excl.Train & Eng.)	$20,512	$20,608	$20,524	$23,953	$22,344	$24,643	$23,164	$23,511	$23,635
332. Avg. $-Transp.-Yard & Switching	$22,537	$21,275	$22,351	$25,503	$24,941	$24,676	$22,334	$24,743	$22,987
333. Avg. $-Transportation Train & Eng.	$27,892	$22,674	$26,955	$29,148	$25,484	$24,701	$26,312	$25,162	$28,728
334. Avg. $-Total	$21,997	$20,791	$21,824	$24,695	$23,264	$22,951	$24,216	$23,127	$25,558
341. Total Miles of Track Operated	33,556	6,516	40,072	293,298	9,960	9,521	1,997	21,478	10,596
342. Mi. of Rd Oper. (excl. Track Rts)	21,967	4,332	26,299	164,822	4,970	4,065	620	9,655	6,299
343. Miles of Trk Oper. (Excl.Trkg Rts)	32,308	6,257	38,565	270,623	9,435	8,143	1,068	18,646	10,037
354. Total GTM per Mi of Maint Trk(000)	8,599	6,604	8,275	7,903	5,621	7,242	3,279	6,195	6,434
373. Avg. Wt. of Rail (Lbs. per Yard)	104	109	111	112	119	119	111	119	114
374. Track Mi. Welded Rail Inst to Date	511	0	511	18,908	2,762	5,010	0	7,772	2,067

NOMINAL DOLLARS	1980 SCL	1980 FAM LINES	1980 Pre CSX	1980 BN	1982 US	1982 B&O	1982 C&O	1982 WM	1982 Chessie
166 Total Railway Operating Expenses (000)	$1,111,386	$2,111,132	$3,915,213	$3,166,408	$26,490,265	$929,701	$940,018	$67,691	$1,937,410
174 Total Way Structures (000)	$195,873	$375,352	$735,068	$649,972	$4,991,389	$205,629	$207,586	$19,045	$432,260
250 Tot Fit Serv Exp - Labor (000)	$427,446	$803,266	$1,610,550	$1,246,722	$9,973,368	$388,539	$512,723	$28,997	$930,259
251 Tot Fit Serv Exp - Fringe Ben (000)	$101,776	$188,903	$367,185	$299,079	$2,814,803	$94,459	$123,514	$7,299	$225,272
252 Tot Fit Serv Exp - M & S (000)	$131,502	$240,143	$424,465	$503,724	$2,744,190	$100,628	$93,956	$7,013	$201,597
253 Tot Fit Serv Exp - Fuel & Pow (000)	$136,605	$272,836	$449,841	$476,199	$2,989,529	$79,573	$78,925	$3,592	$162,090
254 Tot Fit Serv Exp - Cas & Ins (000)	$34,581	$71,335	$117,728	$54,623	$644,165	$18,670	$23,213	$192	$42,075
255 Tot Fit Serv Exp - Lease Rents(000)	$114,568	$201,877	$354,717	$238,374	$2,411,215	$109,972	$86,590	$3,902	$200,464
256 Tot Fit Serv Exp - Depreciat (000)	$44,320	$69,125	$152,596	$104,593	$1,225,683	$37,132	$20,676	$6,580	$64,388
257 Tot Fit Serv Exp - Freight L&D(000)	$13,895	$29,760	$39,688	$26,867	$151,129	$5,289	$2,975	$62	$8,326
258 Tot Fit Serv Exp -Prop Tax etc (000)	$14,157	$28,681	$49,532	$49,013	$326,497	$10,722	$7,553	$1,311	$19,586
259 Tot Fit Serv Exp - All Other (000)	$92,534	$185,206	$342,739	$136,876	$2,079,629	$76,285	($10,107)	$8,743	$74,921
260 GRAND TOT FRT SERVICE EXPS (000	$1,111,386	$2,111,132	$3,908,041	$3,136,070	$25,360,208	$921,269	$940,018	$67,691	$1,928,978
277 Total Equipment Rents (000)	$2,825	($24,848)	($152,588)	$32,951	$1,557,567	$38,431	$33,400	($5,845)	$65,986
280 Current Ratio	1.4	1.3	1.2	1.4	1.2	0.9	1.2	2.3	1.1
284 Fixed Charge Coverage (Times)	4.5	3.3	3.8	3.7	2.3	0.2	6.2	4.5	3.0
286 Debt/Equity Ratio				53.29%	54.71%	42.42%	24.61%	44.81%	
287 Rat Int Exp to Tot Outst Debt	9.09%			7.56%	9.30%	9.98%	7.91%	11.60%	
288 Profit Margin	8.91%	7.59%	8.36%	8.23%	3.68%	3.24%	9.71%	22.05%	4.49%
292 Rate of Ret on Tot Cap(aft tax)	10.68%			8.33%	6.77%	3.17%	7.74%	10.34%	
293 Operating Ratio	91.09%	92.41%	91.64%	91.77%	96.32%	103.24%	90.29%	77.95%	95.51%
294 Expense Ratio	95.35%	96.75%	95.47%	95.23%	100.26%	107.38%	93.16%	85.05%	99.12%
299 Freight Revenue per Mile of Road	$134,975	$144,887	$155,874	$122,076	$147,255	$170,146	$211,643	$73,003	$177,765
300 Freight Expense per Mile of Road	$127,161	$137,892	$147,741	$114,618	$145,720	$182,285	$200,046	$58,760	$176,889
301 Avg No Emp Exec ,Off & Staff	855	1,376	2,770	1,654	16,866	616	781	43	1,440
302 Avg No Emp Prof & Administr.	3,465	5,590	12,232	10,936	80,044	1,670	4,490	77	6,237
303 Avg No Emp Maint of W & S	3,634	6,499	12,761	12,200	72,700	3,040	2,574	226	5,840
304 Avg No Emp Maint of Equip &St	4,530	7,431	15,360	12,460	75,001	3,000	4,509	204	7,713
305 Avg No Emp Trans(Excl Train&Eng)	958	1,587	3,637	2,902	18,010	911	1,025	21	1,957
306 Avg No Emp Transp Yard & Swit	428	840	1,761	901	6,961	343	438	17	798
307 Avg No Emp Transp Train & Eng	5,929	10,935	21,529	15,487	109,322	4,420	4,469	407	9,296
308 Avg No Emp Total	19,799	34,258	70,850	56,540	378,904	14,000	18,286	995	33,281
325 Total Hours Paid For (000)	48,620	86,724	166,404	135,684	898,989	30,187	38,640	2,200	71,027
326 Total Hours Worked (000)	39,494	70,430	139,885	108,976	708,221	25,799	33,660	1,875	61,334
327 Avg $ Exec , Offic & Staff Ass	$34,871	$34,695	$36,425	$38,239	$42,091	$43,066	$44,126	$41,542	$43,595
328 Avg $ Professional & Administr.	$22,033	$21,959	$21,968	$21,351	$26,217	$26,108	$27,240	$26,749	$26,931
329 Avg $ Maint of Way and Structure	$19,834	$20,495	$20,131	$20,533	$25,410	$23,815	$24,703	$24,179	$24,220
330 Avg $ Maint of Equip and Stores	$21,708	$23,453	$22,273	$21,756	$26,333	$25,670	$25,087	$26,478	$25,351
331 Avg $ Transp (Excl Train & Eng)	$23,901	$23,796	$23,629	$22,567	$28,392	$26,938	$29,891	$29,290	$28,510
332 Avg $ Transp - Yard & Switching	$23,373	$23,184	$23,999	$24,181	$28,788	$30,246	$29,773	$30,027	$29,982
333 Avg $ Transportation Train & Eng	$29,593	$29,197	$27,211	$29,226	$33,550	$30,070	$29,072	$30,538	$29,611
334 Avg $ Total	$24,493	$24,942	$24,005	$24,022	$29,058	$27,669	$27,730	$28,409	$27,725
341 Total Miles of Track Operated	13,738	24,334	45,812	39,980	292,506	9,682	9,371	1,940	20,993
342 Mi of Rd Oper (excl Track Rts)	8,637	14,936	24,591	25,810	159,123	4,700	3,804	615	9,119
343 Miles of Trk Oper (Excl Trkg Rts)	13,556	23,593	42,239	37,940	263,330	9,041	7,797	1,057	17,895
354 Total GTM per Mi of Maint Trk(000)	6,828	7,511	6,930	9,056	6,936	5,149	7,249	2,402	5,902
372 Avg Wt. of Rail (Lbs. per Yard)	110	112	115	107	120	119	117	111	118
[illegible]	[illegible]	2,075	9,847	2,416	19,282	0	0	0	0

	L&N	SCL	1982 FAM LINES	1982 CSX	1982 BN	1984 US	1984 B&O	1984 C&O	1984 Chessie
166 Total Railway Operating Expenses (000)	$1,056,127	$1,176,918	$2,233,045	$4,170,455	$3,526,194	$25,800,469	$994,453	$908,906	$1,903,359
174 Total Way Structures (000)	$196,076	$217,573	$413,649	$845,909	$706,969	$4,228,331	$184,676	$140,606	$325,282
250 Tot. Frt. Serv. Exp. - Labor (000)	$396,099	$453,293	$850,192	$1,700,451	$1,288,032	$9,827,497	$415,296	$431,884	$847,180
251 Tot. Frt. Serv. Exp. - Fringe Ben (000)	$114,475	$131,452	$245,927	$471,199	$371,821	$3,129,639	$127,086	$135,398	$262,484
252 Tot. Frt. Serv. Exp. - M & S (000)	$106,878	$118,433	$225,311	$426,908	$520,348	$2,007,600	$68,431	$42,594	$111,025
253 Tot. Frt. Serv. Exp. - Fuel & Pow (000)	$132,890	$131,342	$264,232	$426,322	$496,418	$2,779,396	$78,763	$61,479	$140,242
254 Tot. Frt. Serv. Exp. - Cas. & Ins (000)	$29,278	$33,944	$63,222	$105,297	$73,805	$715,235	$22,343	$23,164	$45,507
255 Tot. Frt. Serv. Exp. - Lease Rents(000)	$109,115	$151,778	$260,893	$461,357	$330,606	$2,517,160	$95,033	$79,672	$174,705
256 Tot. Frt. Serv. Exp. - Depreciat. (000)	$48,471	$46,707	$95,178	$159,566	$98,204	$1,893,947	$68,847	$46,362	$115,209
257 Tot. Frt. Serv. Exp. - Freight L&D(000)	$7,166	$7,576	$14,742	$23,068	$17,550	$99,535	$3,466	$1,963	$5,429
258 Tot. Frt. Serv. Exp.-Prop Tax etc (000)	$13,179	$19,233	$32,412	$51,998	$47,840	$362,614	$11,882	$8,706	$20,588
259 Tot. Frt. Serv. Exp. - All Other (000)	$97,776	$83,160	$180,936	$255,857	$248,337	$2,291,288	$95,053	$77,684	$172,737
260 GRAND TOT. FRT. SERVICE EXPS. (000)	$1,056,127	$1,176,918	$2,233,045	$4,162,023	$3,493,761	$25,623,911	$966,200	$908,906	$1,895,106
277 Total Equipment Rents (000)	$50,075	$87,966	$138,041	$204,027	$176,976	$1,780,659	$48,921	$47,844	$96,765
280 Current Ratio	0.9	1.5	1.2	1.2	1.2	1.2	1.0	1.1	1.0
284 Fixed Charge Coverage (Times)	1.3	5.0	3.3	3.2	2.9	4.9	2.7	7.0	4.9
286 Debt/Equity Ratio	68.39%	32.01%			47.94%		36.57%	21.28%	
287 Rat. Int. Exp. to Tot. Outst. Debt	9.14%	9.62%			10.09%		8.33%	8.54%	
288 Profit Margin	4.33%	1.21%	2.71%	3.55%	6.40%	12.40%	5.37%	13.48%	9.42%
292 Rate of Ret. on Tot. Cap(aft. tax)	6.28%	11.75%			7.97%	10.00%	5.32%	7.78%	
293 Operating Ratio	95.67%	98.79%	97.29%	96.45%	93.60%	87.60%	94.63%	86.52%	90.58%
294 Expense Ratio	99.92%	103.50%	101.78%	100.53%	96.82%	91.02%	97.62%	89.75%	93.69%
299 Freight Revenue per Mile of Road	$168,422	$131,495	$147,130	$159,921	$127,036	$170,683	$109,979	$221,160	$204,408
300 Freight Expense per Mile of Road	$163,969	$134,168	$146,785	$159,355	$120,737	$153,610	$105,515	$198,494	$191,522
301 Avg. No. Emp.-Exec.,Off. & Staff	258	1,119	1,377	2,817	1,612	14,335	0	1,147	1,147
302 Avg. No. Emp.-Prof. & Administr.	1,355	3,690	5,045	11,262	8,747	60,477	0	4,563	4,563
303 Avg. No. Emp.-Maint. of W & S	2,658	3,493	6,151	11,991	10,548	66,359	0	5,151	5,151
304 Avg. No. Emp.-Maint. of Equip.&St	2,428	3,695	6,123	13,836	8,566	61,233	0	5,876	5,876
305 Avg.No. Emp.-Trans(Excl.Train&Eng)	548	964	1,512	3,469	2,502	22,054	0	2,531	2,531
306 Avg. No. Emp.-Transp.-Yard & Swit.	407	418	825	1,623	706	0	0	0	0
307 Avg. No. Emp.-Transp.-Train & Eng.	4,175	5,036	9,211	18,507	13,334	98,572	0	7,868	7,868
308 Avg. No. Emp.-Total	11,829	18,415	30,244	63,525	46,015	323,030	0	27,136	27,136
325 Total Hours Paid For (000)	30,026	43,963	73,989	145,016	110,574	794,957	0	62,180	62,180
326 Total Hours Worked (000)	23,214	35,292	58,506	119,840	86,044	621,857	0	53,842	53,842
327 Avg. $ Exec., Offic. & Staff Ass.	$34,057	$41,320	$39,959	$41,018	$43,608	$47,647	$0	$46,141	$46,141
328 Avg. $ Professional & Administr.	$26,989	$25,779	$26,104	$26,561	$26,495	$30,236	$0	$32,611	$32,611
329 Avg. $ Maint. of Way and Structure	$25,097	$24,318	$24,655	$24,443	$25,545	$29,270	$0	$28,436	$28,436
330 Avg. $ Maint. of Equip. and Stores	$31,224	$26,545	$28,400	$26,700	$26,935	$30,209	$0	$30,683	$30,683
331 Avg. $ Transp.(Excl.Train & Eng.)	$28,880	$27,783	$28,181	$28,366	$27,713	$32,291	$0	$33,753	$33,753
332 Avg. $ Transp. - Yard & Switching	$25,762	$28,617	$27,209	$28,572	$29,194	$0	$0	$0	$0
333 Avg. $ Transportation-Train & Eng.	$34,671	$34,443	$34,546	$32,067	$36,826	$40,457	$0	$38,526	$38,526
334 Avg. $ Total	$30,344	$29,139	$29,610	$28,622	$30,060	$34,064	$0	$33,795	$33,795
341 Total Miles of Track Operated	10,396	13,840	24,236	45,229	42,322	281,801	10,143	8,979	19,122
342 Mi. of Rd Oper. (excl. Track Rts)	6,124	8,652	14,776	23,895	27,430	151,998	4,970	3,697	8,667
343 Miles of Trk Oper. (Excl.Trkg Rts)	9,786	13,641	23,427	41,322	40,170	252,748	9,530	7,419	16,949
354 Total GTM per Mi of Maint Trk(000)	7,840	5,834	6,672	6,338	8,360	8,157	6,124	8,302	7,377
373 Avg. Wt. of Rail (Lbs. per Yard)	115	111	113	115	107	115	119	117	118
374 Track Mi. Welded Rail Inst to Date	2,091	12	2,103	2,103	713	28,112	5,928	3,754	9,682

	NOMINAL DOLLARS	1984 FAM LINES	1984 CSX	1984 BN	1981 US	1981 NW	1981 SRS	1981 Pre-NS	1981 UP	1981 MP
166	Total Railway Operating Expenses (000)	$2,364,580	$4,267,939	$3,493,146	$28,586,887	$1,341,925	$1,451,200	$2,793,125	$1,808,443	$1,660,169
174	Total Way Structures (000)	$344,447	$669,729	$625,021	$5,329,655	$291,822	$282,003	$573,825	$329,545	$314,331
250	Tot Fit Serv Exp - Labor (000)	$885,243	$1,732,423	$1,245,501	$10,663,093	$544,166	$527,107	$1,071,273	$691,090	$578,929
251	Tot Fit Serv Exp - Fringe Ben (000)	$283,606	$546,090	$403,150	$2,761,051	$144,889	$144,326	$289,215	$177,699	$143,333
252	Tot Fit Serv Exp - M & S (000)	$174,308	$285,333	$324,547	$3,456,121	$175,506	$104,735	$360,241	$210,430	$209,150
253	Tot Fit Serv Exp - Fuel & Pow (000)	$261,293	$401,535	$480,520	$3,729,319	$166,823	$212,805	$379,628	$297,676	$244,056
254	Tot Fit Serv Exp - Cas & Ins (000)	$47,458	$92,965	$84,013	$664,780	$45,922	$32,274	$78,196	$34,718	$35,832
255	Tot Fit Serv Exp - Lease Rents(000)	$290,925	$465,630	$307,677	$2,302,855	$74,374	$68,800	$143,174	$77,265	$156,801
256	Tot Fit Serv Exp - Depreciat (000)	$131,685	$246,894	$222,643	$1,204,246	$69,237	$98,690	$167,927	$109,989	$72,634
257	Tot Fit Serv Exp - Freight L&D(000)	$6,410	$11,839	$10,776	$192,573	$7,079	$12,623	$19,702	$15,769	$16,797
258	Tot Fit Serv Exp Prop Tax etc (000)	$35,268	$55,876	$63,520	$401,685	$22,877	$39,042	$61,919	$38,818	$13,549
259	Tot Fit Serv Exp - All Other (000)	$248,364	$421,101	$321,548	$2,101,176	$89,874	$130,798	$220,672	$154,989	$189,088
260	GRAND TOT FRT SERVICE EXPS (000)	$2,364,580	$4,259,686	$3,463,895	$27,476,899	$1,340,747	$1,451,200	$2,791,947	$1,808,443	$1,660,169
277	Total Equipment Rents (000)	$170,222	$266,987	$168,377	$1,441,598	$57,206	$56,045	$113,251	$77,990	$147,966
280	Current Ratio	1.1	1.1	1.3	1.2	2.2	1.6	1.8	0.9	1.3
284	Fixed Charge Coverage (Times)	4.7	4.8	9.4	3.6	13.4	5.0	7.7	4.8	3.4
286	Debt/Equity Ratio	42.96%		33.91%	58.47%	25.29%	60.51%		33.20%	114.31%
287	Rat Int Exp to Tot Outst Debt	10.32%		9.63%	9.19%	9.15%	9.24%		11.51%	8.75%
288	Profit Margin	13.91%	11.97%	21.33%	7.48%	24.86%	18.96%	21.91%	13.92%	12.05%
292	Rate of Ret on Tot Cap(aft tax)	10.60%		14.35%	9.75%	14.65%	12.36%		10.32%	11.90%
293	Operating Ratio	86.09%	88.03%	78.67%	92.52%	75.14%	81.04%	78.09%	86.08%	87.95%
294	Expense Ratio	89.78%	91.48%	81.21%	96.21%	77.42%	85.69%	81.56%	89.15%	92.52%
299	Freight Revenue per Mile of Road	$186,250	$193,641	$157,723	$163,915	$220,333	$174,115	$194,308	$227,630	$162,767
300	Freight Expense per Mile of Road	$164,047	$175,231	$125,581	$155,706	$171,825	$144,298	$156,324	$198,817	$147,283
301	Avg No Emp Exec,Off & Staff	895	2,042	1,647	17,550	1,133	913	2,046	931	843
302	Avg No Emp Prof & Administr	4,356	8,919	6,491	88,738	4,045	3,761	7,806	6,878	3,652
303	Avg No Emp Maint of W & S	5,818	10,969	9,442	82,725	4,353	3,318	7,671	5,244	4,131
304	Avg No Emp Maint of Equip &St	6,280	12,156	7,105	92,668	4,444	3,670	8,114	5,815	4,001
305	Avg No Emp Trans(Excl Train&Eng)	1,995	4,526	2,381	19,719	739	1,151	1,890	855	731
306	Avg No Emp Transp Yard & Swit	0	0	0	7,713	408	229	637	437	421
307	Avg No Emp Transp Train & Eng	9,326	17,194	12,727	127,284	6,086	7,454	13,540	6,055	7,051
308	Avg No Emp Total	28,670	55,806	39,793	436,397	21,208	20,496	41,704	26,215	20,830
325	Total Hours Paid For (000)	73,510	135,690	99,727	1,045,943	47,935	45,628	93,563	64,840	53,484
326	Total Hours Worked (000)	57,389	111,231	77,557	837,552	40,212	37,909	78,121	48,084	42,190
327	Avg $ Exec, Offic & Staff Ass	$47,470	$46,723	$49,528	$39,374	$39,674	$39,868	$39,761	$40,510	$38,798
328	Avg $ Professional & Administr	$30,155	$31,412	$31,728	$24,254	$25,327	$23,849	$24,615	$24,034	$23,871
329	Avg $ Maint of Way and Structure	$29,706	$29,110	$29,159	$23,118	$22,938	$23,422	$23,147	$20,994	$24,415
330	Avg $ Maint of Equip and Stores	$30,156	$30,411	$30,643	$24,265	$23,961	$23,436	$23,724	$24,137	$23,167
331	Avg $ Transp (Excl Train & Eng)	$30,828	$32,464	$31,888	$26,122	$28,019	$24,563	$25,914	$28,225	$27,195
332	Avg $ Transp - Yard & Switching	$0	$0	$0	$26,735	$26,586	$25,425	$26,169	$27,446	$26,248
333	Avg $ Transportation Train & Eng	$41,661	$40,226	$44,761	$30,839	$26,737	$25,446	$26,026	$38,075	$33,356
334	Avg $ Total	$34,394	$34,103	$35,839	$26,698	$25,822	$25,058	$25,447	$27,470	$27,830
341	Total Miles of Track Operated	23,354	42,476	40,606	295,407	14,931	16,123	31,054	15,568	16,709
342	Mi of Rd Oper (excl Track Rts)	14,116	22,783	26,294	162,160	6,945	9,903	16,848	8,465	10,334
343	Miles of Trk Oper. (Excl Trkg Rts)	22,703	39,652	38,745	267,589	13,066	15,676	28,742	14,229	15,117
354	Total GTM per Mi of Maint Trk(000)	8,319	7,788	10,630	7,804	7,925	7,970	7,950	12,876	8,571
373	Avg Wt of Rail (Lbs per Yard)	116	117	110	114	121	116	113	123	113
374	Track Mi Welded Rail Inst to Date	2,109	11,791	808	25,337	248	6,118	6,366	26	31

NOMINAL DOLLARS	1981 WP	1981 Pre-UP	1982 US	1982 NW	1982 SRS	1982 NS	1982 UP	1982 MP	1982 WP
166 Total Railway Operating Expenses (000)	$193,917	$3,662,529	$26,490,265	$1,420,624	$1,381,955	$2,802,579	$1,[illegible]04,369	$1,508,611	$183,117
174 Total Way Structures (000)	$30,066	$673,942	$4,991,389	$349,037	$250,081	$599,918	$266,668	$262,693	$29,100
250 Tot Fit Serv Exp - Labor (000)	$71,695	$1,341,714	$9,973,368	$563,206	$517,014	$1,081,020	$651,006	$541,197	$66,959
251 Tot Fit Serv Exp - Fringe Ben (000)	$16,712	$337,744	$2,014,803	$159,680	$158,617	$318,297	$188,253	$151,350	$18,821
252 Tot Fit Serv Exp - M & S (000)	$22,535	$442,115	$2,744,190	$162,075	$138,927	$301,002	$140,036	$145,221	$20,261
253 Tot Fit Serv Exp - Fuel & Pow (000)	$28,655	$570,387	$2,989,529	$143,575	$174,846	$318,421	$[illegible]20,290	$185,517	$22,183
254 Tot Fit Serv Exp - Cas & Ins (000)	$4,101	$74,651	$644,165	$32,596	$32,938	$65,534	$28,464	$43,348	$3,852
255 Tot Fit Serv Exp - Lease Rents(000)	$11,281	$245,347	$2,411,215	$119,811	$87,307	$207,118	$84,655	$156,202	$12,445
256 Tot Fit Serv Exp - Depreciat (000)	$7,317	$189,940	$1,225,683	$72,246	$99,750	$171,996	$110,143	$80,387	$7,593
257 Tot Fit Serv Exp - Freight L&D(000)	$1,553	$34,119	$151,129	$10,400	$8,421	$18,821	$12,379	$12,707	$1,527
258 Tot Fit Serv Exp Prop Tax etc (000)	$1,371	$53,738	$326,497	$23,084	$35,467	$58,551	$25,012	$13,553	$1,706
259 Tot Fit Serv Exp - All Other (000)	$28,697	$372,774	$2,079,629	$132,783	$127,868	$260,651	$135,131	$179,129	$27,770
260 GRAND TOT FRT SERVICE EXPS (000)	$193,917	$3,662,529	$25,360,208	$1,419,456	$1,381,955	$2,801,411	$1,604,369	$1,508,611	$183,117
277 Total Equipment Rents (000)	($2,327)	$223,629	$1,557,567	$69,504	$75,498	$145,002	$88,393	$150,359	$1,046
280 Current Ratio	1.4	1.1	1.2	2.3	1.6	1.9	1.2	1.2	1.3
284 Fixed Charge Coverage (Times)	2.4	3.9	2.3	11.7	3.8	6.5	3.6	2.5	0.3
286 Debt/Equity Ratio	268.58%		54.71%	18.76%	51.69%		35.45%	104.24%	281.14%
287 Rat Int Exp to Tot Outst Debt	11.50%		9.30%	11.25%	9.98%		9.18%	9.49%	13.56%
288 Profit Margin	-3.01%	12.31%	3.68%	22.29%	13.82%	16.11%	8.53%	10.14%	-6.59%
292 Rate of Ret on Tot Cap(aft tax)	15.88%		6.77%	13.15%	9.46%		6.92%	10.05%	6.32%
293 Operating Ratio	103.01%	87.69%	96.32%	81.77%	86.18%	83.89%	90.47%	89.86%	108.59%
294 Expense Ratio	108.37%	91.54%	100.26%	84.16%	91.20%	87.54%	93.62%	95.35%	112.93%
299 Freight Revenue per Mile of Road	$129,574	$187,642	$147,255	$212,813	$149,576	$176,696	$192,543	$145,733	$118,866
300 Freight Expense per Mile of Road	$135,134	$167,983	$145,720	$180,476	$131,941	$152,757	$176,654	$135,095	$128,413
301 Avg No Emp Exec,Off & Staff	96	1,870	16,866	1,003	852	1,855	965	848	90
302 Avg No Emp Prof & Administr	637	11,167	80,044	3,691	3,289	6,980	6,243	3,403	567
303 Avg No Emp Maint of W & S	587	9,962	72,700	4,425	3,275	7,700	4,169	3,866	533
304 Avg No Emp Maint of Equip &St	399	10,215	75,001	3,977	3,267	7,244	4,446	3,074	340
305 Avg No Emp Trans(Excl Train&Eng)	57	1,643	18,010	703	1,128	1,831	788	674	54
306 Avg No Emp Transp Yard & Swit	50	908	6,961	397	252	649	402	422	44
307 Avg No Emp Transp Train & Eng	842	13,948	109,322	5,861	6,903	12,764	5,154	6,034	740
308 Avg No Emp Total	2,668	49,713	378,904	20,057	18,966	39,023	22,167	18,321	2,368
325 Total Hours Paid For (000)	6,351	124,675	898,989	44,970	41,394	86,364	54,570	45,928	5,535
326 Total Hours Worked (000)	4,749	95,023	708,221	37,125	33,961	71,086	39,567	35,553	4,055
327 Avg $ Exec, Offic & Staff Ass	$4[illegible],298	$39,779	$42,091	$42,639	$44,039	$43,282	$44,886	$43,243	$46,445
328 Avg $ Professional & Administr	$24,543	$24,010	$26,217	$27,473	$25,673	$26,625	$26,468	$26,459	$26,728
329 Avg $ Maint of Way and Structure	$21,718	$22,455	$25,410	$25,693	$25,714	$25,702	$23,723	$26,179	$24,137
330 Avg $ Maint of Equip and Stores	$24,145	$23,757	$26,333	$26,330	$25,499	$25,955	$26,887	$25,650	$25,627
331 Avg $ Transp (Excl Train & Eng)	$28,085	$27,762	$28,392	$30,879	$26,188	$27,989	$31,609	$29,564	$29,540
332 Avg $ Transp - Yard & Switching	$24,906	$26,751	$28,788	$29,341	$26,066	$28,380	$29,898	$28,138	$27,026
333 Avg $ Transportation Train & Eng	$29,647	$35,181	$33,550	$29,426	$27,791	$28,542	$42,606	$36,520	$32,736
334 Avg $ Total	$26,158	$27,550	$29,058	$28,339	$27,292	$27,830	$30,835	$30,508	$28,683
341 Total Miles of Track Operated	2,329	34,606	292,506	15,015	17,324	32,339	15,544	16,642	2,322
342 Mi of Rd Oper. (excl Track Rts)	1,332	20,131	159,123	7,001	10,101	17,102	8,450	10,291	1,323
343 Miles of Trk Oper (Excl Trkg Rts)	1,885	31,231	263,330	13,145	16,233	29,378	14,202	15,110	1,878
354 Total GTM per Mi of Maint Trk(000)	6,496	10,407	6,936	7,348	6,583	6,925	10,255	7,232	5,339
373 Avg Wt of Rail (lbs per Yard)	112	118	120	121	115	118	123	114	110
374 Track Mi Welded Rail Inst to Date	0	57	19,282	278	7,646	7,924	30	114	0

	NOMINAL DOLLARS	1982 MKPUP	1984 UG	1984 NW	1984 SRS	1984 NS	1984 UP	1984 MP	1984 WP	1984 MKPUP
166	Total Railway Operating Expenses (000)	$3,296,097	$25,800,469	$1,386,576	$1,406,251	$2,792,827	$1,725,963	$1,608,604	$163,315	$3,497,882
174	Total Way Structures (000)	$558,461	$4,228,331	$291,015	$234,412	$525,427	$299,479	$162,464	$27,487	$489,450
250	Tot Fit Serv Exp - Labor (000)	$1,259,162	$9,827,497	$559,387	$552,659	$1,112,046	$725,093	$563,000	$55,957	$1,344,050
251	Tot Fit Serv Exp - Fringe Ben (000)	$358,424	$3,129,639	$109,483	$179,198	$368,681	$232,332	$165,807	$15,680	$433,819
252	Tot Fit Serv Exp - M & S (000)	$305,518	$2,007,600	$122,524	$102,285	$224,809	$143,784	$127,642	$8,035	$279,461
253	Tot Fit Serv Exp - Fuel & Pow (000)	$436,990	$2,779,396	$122,715	$144,572	$267,287	$222,091	$174,972	$14,173	$411,236
254	Tot Fit Serv Exp - Cas & Ins (000)	$75,664	$715,235	$34,092	$31,847	$65,939	$28,512	$100,588	$4,812	$133,912
255	Tot Fit Serv Exp - Lease Rents(000)	$253,302	$2,517,160	$107,329	$108,290	$215,619	$117,050	$141,494	$15,746	$274,290
256	Tot Fit Serv Exp - Depreciat (000)	$198,123	$1,893,947	$97,430	$146,602	$244,0[illegible]	$161,217	$119,998	$10,120	$291,335
257	Tot Fit Serv Exp - Freight I&D(000)	$26,613	$99,535	$1,343	$5,402	$6,745	$3,195	$7,074	$955	$11,224
258	Tot Fit Serv Exp-Prop Tax etc (000)	$40,271	$362,614	$23,295	$40,127	$63,422	$23,718	$16,285	$3,558	$43,561
259	Tot Fit Serv Exp - All Other (000)	$342,030	$2,291,288	$127,750	$95,269	$223,019	$68,971	$171,744	$34,279	$274,994
260	GRAND TOT FRT SERVICE EXPS (000)	$3,296,097	$25,623,911	$1,385,348	$1,406,251	$2,791,599	$1,725,963	$1,608,604	$163,315	$3,497,882
277	Total Equipment Rents (000)	$239,798	$1,780,659	$72,466	$94,418	$166,884	$105,662	$138,980	$1,410	$246,052
280	Current Ratio	1.2	1.2	2.3	1.6	1.9	1.3	0.8	1.2	1.6
284	Fixed Charge Coverage (Times)	2.6	4.9	22.9	6.4	10.1	4.0	3.1	0.1	3.2
286	Debt/Equity Ratio		38.06%	8.29%	28.91%		26.29%	84.35%	543.97%	
287	Rat Int Exp to Tot Outst Debt		9.46%	10.80%	11.22%		9.69%	9.84%	13.94%	
288	Profit Margin	9.05%	12.40%	19.13%	21.68%	20.43%	10.15%	10.40%	-11.30%	9.45%
292	Rate of Ret on Tot Cap(aft tax)		10.06%	11.11%	10.34%		7.12%	10.76%	8.06%	
293	Operating Ratio	90.95%	87.60%	60.87%	78.32%	79.57%	89.85%	89.60%	111.30%	90.55%
294	Expense Ratio	95.33%	91.02%	82.06%	82.29%	82.18%	92.37%	94.32%	125.96%	94.55%
299	Freight Revenue per Mile of Road	$163,579	$170,683	$212,694	$175,117	$191,503	$212,351	$159,057	$100,754	$177,459
300	Freight Expense per Mile of Road	$152,069	$153,610	$178,847	$140,372	$157,149	$193,234	$146,343	$114,527	$163,835
301	Avg No Emp Exec,Off & Staff	1,903	14,335	0	1,925	1,925	1,483	695	27	2,206
302	Avg No Emp Prof & Administr	10,213	60,477	0	5,306	5,306	5,412	2,612	195	8,219
303	Avg No Emp Maint of W & S	8,568	66,359	0	7,613	7,613	4,308	4,312	703	9,323
304	Avg No Emp Maint of Equip &St	7,860	61,233	0	6,965	6,965	4,543	2,883	187	7,213
305	Avg No Emp Trans(Excl Train&Eng)	1,516	22,054	0	3,139	3,139	870	850	45	1,765
306	Avg No Emp Transp Yard & Swit	868	0	0	0	0	0	0	0	0
307	Avg No Emp Transp Train & Eng	11,928	98,572	0	12,325	12,325	5,074	6,104	546	11,724
308	Avg No Emp Total	42,858	323,030	0	37,273	37,273	21,290	17,457	1,703	40,450
325	Total Hours Paid For (000)	106,033	794,957	0	83,914	83,914	53,816	46,564	4,539	104,919
326	Total Hours Worked (000)	79,175	621,857	0	69,514	69,514	39,073	34,951	3,135	77,159
327	Avg $ Exec, Offic & Staff Ass	$44,228	$47,647	$0	$50,599	$50,599	$46,587	$46,365	$41,444	$46,454
328	Avg $ Professional & Administr	$26,479	$30,236	$0	$30,743	$30,743	$30,620	$29,915	$31,518	$30,417
329	Avg $ Maint of Way and Structure	$24,657	$29,270	$0	$29,241	$29,241	$27,436	$30,659	$26,479	$28,855
330	Avg $ Maint of Equip and Stores	$26,349	$30,209	$0	$29,327	$29,327	$30,569	$30,352	$32,578	$30,534
331	Avg $ Transp (Excl Train & Eng)	$30,626	$32,291	$0	$30,106	$30,106	$36,963	$33,302	$36,156	$35,178
332	Avg $ Transp - Yard & Switching	$28,897	$0	$0	$0	$0	$0	$0	$0	$0
333	Avg $ Transportation Train & Eng	$38,915	$40,457	$0	$32,836	$32,836	$48,984	$43,368	$49,255	$46,073
334	Avg $ Total	$30,576	$34,064	$0	$31,636	$31,636	$35,714	$35,696	$35,521	$35,698
341	Total Miles of Track Operated	34,508	281,801	14,927	15,893	30,820	15,144	16,802	2,323	34,569
342	Mi of Rd Oper (excl Track Rts)	20,064	151,998	6,852	9,870	16,722	8,301	9,987	1,323	19,611
343	Miles of Trk Oper (Excl Trkg Rts)	31,190	252,748	13,096	15,457	28,553	14,106	14,793	1,879	30,778
354	Total GTM per Mi of Maint Trk(000)	8,525	8,157	7,335	7,106	7,211	11,163	8,074	7,389	9,450
373	Avg Wt of Rail (Lbs per Yard)	118	115	122	113	118	124	115	115	119
374	Track Mi Welded Rail Inst to Date	144	28,112	297	6,570	6,867	0	149	0	149

NOMINAL DOLLARS	1986 US	1986 NS	1986 UP
166. Total Railway Operating Expenses (000)	$24,696,015	$2,665,850	$3,085,227
174. Total Way Structures (000)	$4,754,058	$510,935	$503,660
250. Tot Fit Serv Exp - Labor (000)	$8,617,697	$1,062,206	$1,154,259
251. Tot Fit Serv Exp - Fringe Ben (000)	$2,921,349	$356,090	$369,738
252. Tot Fit Serv Exp - M & S (000)	$1,710,120	$209,654	$220,918
253. Tot Fit Serv Exp - Fuel & Pow (000)	$1,482,608	$142,821	$229,743
254. Tot Fit Serv Exp - Cas & Ins (000)	$669,601	$82,692	$87,087
255. Tot Fit Serv Exp - Lease Rents(000)	$2,394,573	$206,809	$291,500
256. Tot Fit Serv Exp - Depreciat (000)	$3,029,817	$258,625	$302,009
257. Tot Fit Serv Exp - Freight L&D(000)	$105,286	$10,976	$20,194
258. Tot Fit Serv Exp-Prop Tax etc (000)	$375,338	$40,922	$61,973
259. Tot Fit Serv Exp - All Other (000)	$3,205,572	$294,994	$347,806
260. GRAND TOT FRT SERVICE EXPS (000)	$24,732,161	$2,665,709	$3,085,227
277. Total Equipment Rents (000)	$1,626,413	$177,085	$237,282
280. Current Ratio	1.1	1.6	0.7
284. Fixed Charge Coverage (Times)	2.7	14.6	5.3
286. Debt/Equity Ratio	38.45%	16.64%	43.51%
287. Ret Int Exp to Tot Outst Debt	9.33%	8.06%	12.02%
288. Profit Margin	4.99%	19.89%	18.10%
292. Rate of Ret on Tot Cap(aft tax)	4.14%	10.54%	3.75%
293. Operating Ratio	95.01%	80.11%	81.90%
294. Expense Ratio	98.49%	81.95%	85.85%
299. Freight Revenue per Mile of Road	$162,996	$183,704	$172,470
300. Freight Expense per Mile of Road	$159,062	$152,157	$144,082
301. Avg No Emp-Exec,Off & Staff	13,230	1,961	1,904
302. Avg No Emp-Prof & Administr.	50,769	5,098	6,998
303. Avg No Emp-Maint of W & S	57,097	7,088	7,235
304. Avg No Emp-Maint of Equip &St	51,441	6,331	5,518
305. Avg No Emp-Trans(Excl Train&Eng)	18,082	2,820	1,150
306. Avg No Emp-Transp-Yard & Swit	0	0	0
307. Avg No Emp-Transp-Train & Eng	85,198	11,559	10,466
308. Avg No Emp-Total	275,817	34,057	33,271
325. Total Hours Paid For (000)	671,331	77,906	86,105
326. Total Hours Worked (000)	526,309	64,634	62,943
327. Avg $ Exec, Offic & Staff Ass.	$53,488	$55,490	$54,517
328. Avg $ Professional & Administr.	$32,872	$32,785	$34,185
329. Avg $ Maint of Way and Structure	$30,829	$30,604	$30,309
330. Avg $ Maint of Equip and Stores	$31,018	$30,185	$32,169
331. Avg $-Transp (Excl Train & Eng)	$34,053	$30,934	$39,109
332. Avg $ Transp - Yard & Switching	$0	$0	$0
333. Avg $ Transportation-Train & Eng	$41,691	$33,602	$46,475
334. Avg $ Total	$35,894	$33,260	$38,208
341. Total Miles of Track Operated	262,202	30,493	34,259
342. Mi of Rd Oper (excl Track Rts)	140,051	16,520	19,356
343. Miles of Trk Oper. (Excl Trkg Rts)	233,205	28,285	30,439
354. Total GTM per Mi of Maint Trk(000)	8,293	7,118	9,985
373. Avg Wt of Rail (Lbs per Yard)	117	119	120
374. Track Mi Welded Rail Inst to Date	42,798	4,683	11,747

NOMINAL DOLLARS	1979 UP	1979 B&O	1979 C&O	1979 WM	1979 Chessie	1979 L&N	1979 SCL	1979 PAM LINES	1979 FRE CSX
378 Cap Exp Total Road (000)	$865,970	$11,101	$24,506	$772	$36,379	$47,872	$31,482	$79,354	$115,733
382 Cap Exp Total Equipment (000)	$2,263,781	$36,226	$29,783	$25,165	$91,174	$9,396	$58,982	$68,378	$159,552
384 Excess of Cash Flow Ov Cap Expend (00	($1,164,158)	$41,925	$84,281	($6,026)	$120,180	$11,980	$33,773	$45,753	$165,933
388 Locs in Serv - Total in Service	27,418	981	899	113	1,993	1,202	1,250	2,452	4,445
426 Total Freight Cars in Service	1,123,079	51,029	64,873	8,532	124,434	57,816	61,285	119,101	243,535
528 Total Carloads Originated	23,085,943	827,501	1,009,407	130,398	1,967,306	1,340,598	1,609,591	2,950,189	4,917,495
529 Total Tons Originated	1,481,154,045	49,581,719	70,378,185	9,647,542	129,607,446	94,732,301	104,971,005	199,703,306	329,310,752
530 Revenue Tons carried (000)	2,478,637	98,350	104,429	19,870	222,649	133,997	165,946	299,943	522,592
531 Gross Ton miles(excl loco) (000)	2,037,415,911	53,828,407	50,960,416	3,331,203	108,120,026	74,720,938	81,675,993	156,396,931	264,516,957
532 Train - miles	437,848,256	12,267,533	10,138,529	956,154	23,362,216	18,536,332	17,563,558	36,099,890	59,462,106
599 Total Gross Frt Revenue (000)	$23,958,969	$920,169	$769,310	$75,286	$1,784,765	$970,623	$1,026,084	$1,996,707	$3,781,472
600 Revenue per Ton Originated	$16.18	$18.56	$11.22	$7.80	$13.77	$10.25	$9.77	$10.00	$11.48
601 Tons Originated per Carload	64	60	70	74	66	71	65	68	67
640 Avg Miles of Rd in fit serv	183,497	5,225	4,738	939	10,902	6,598	8,883	15,479	26,381
654 Tot Frt Loco Unit Miles	1,526,093,477	42,370,397	33,003,476	3,081,670	78,455,543	73,608,604	64,034,646	137,643,250	216,098,793
655 Frt Car Miles Loaded (000)	15,847,879	525,215	430,873	29,449	985,537	598,244	796,015	1,304,259	2,289,796
656 Frt Car Miles Empty (000)	11,622,861	336,942	348,236	20,550	705,728	492,606	538,062	1,030,668	1,736,396
704 Total Gross Ton Miles (000)	2,116,850,552	58,121,533	54,798,123	3,606,192	116,525,848	83,703,182	89,173,826	172,877,008	289,402,856
706 Tons Carried - Revenue Freight (000)	2,478,637	98,350	104,429	19,870	222,649	133,997	165,946	299,943	522,592
709 Revenue Ton Miles (000)	904,956,027	25,407,268	26,948,106	2,001,802	54,437,176	38,778,944	36,060,301	74,839,245	129,276,421
712 Frt train hrs road serv	25,514,104	830,872	675,677	92,898	1,599,447	1,213,957	934,250	2,148,207	3,747,654
716 Frt yard switching hours	25,969,947	1,265,870	956,859	76,374	2,299,103	1,115,303	1,309,265	2,424,568	4,723,671
722 GTMs Per Mile of Road (000)	12,248	11,124	11,566	3,840	10,688	12,690	10,039	11,168	10,970
723 Rev Ton Mile Per Mi of Road(000)	4,932	4,878	5,668	2,132	4,993	5,879	4,059	4,835	4,900
725 Road Loco Unit Miles Per Train Mi	3.0	2.7	2.5	2.6		3.3	3.1		
728 Freight Car Miles Per Train Mile	67	70	77	52		63	72		
732 Yard Switch Hrs/Road Train Hours	1.02	1.52	1.42	0.82	1.44	0.92	1.40	1.13	1.26
734 Rev Ton Miles Per GTM (exc Loco)	0.47	0.47	0.53	0.60	0.50	0.52	0.44	0.48	0.49
735 Percent Loaded Freight Car Miles	57.69%	60.92%	55.30%	58.90%	58.27%	54.84%	56.75%	55.86%	56.87%
736 Net Ton Miles Per Loaded Car Mile	55	49	63	69		61	51		
737 Average Haul	611	514	383	207		409	344		
738 Frt Revenue Per Ton Mile	$0.0261	$0.0344	$0.0285	$0.0367	$0.0316	$0.0244	$0.0282	$0.0262	$0.0285
741 Frt Serv Rev Per Ton Carried ($)	$9.89	$9.32	$7.76	$3.95	$8.11	$7.26	$6.33	$6.74	$7.32
743 Frt Serv Exp Per Ton Mile	$0.0256	$0.0334	$0.0277	$0.0289	$0.0304	$0.0239	$0.0263	$0.0251	$0.0273
745 Frt Serv Exp Per Ton Carried ($)	$9.36	$8.65	$7.15	$2.91	$7.44	$6.91	$5.72	$6.25	$6.76

NOMINAL DOLLARS	1979 BN	1979 SLSF	1979 BN+SLSF	1980 US	1980 B&O	1980 C&O	1980 WM	1980 Chessie	1980 L&N
378. Cap. Exp.-Total Road (000)	$157,277	$20,654	$177,931	$953,467	$20,456	$23,933	$670	$45,059	$26,169
382. Cap. Exp.-Total Equipment (000)	$114,960	$11,961	$126,921	$2,280,129	$24,657	$53,961	$19,778	$98,396	$122,210
384. Excess of Cash Flow Ov Cap Expend (00	($51,999)	$5,467	($46,532)	($820,512)	$27,743	$99,997	($7,729)	$120,011	($63,453)
388. Loco. In Serv. - Total In Service	2,700	431	3,131	20,355	975	946	112	2,033	1,235
426. Total Freight Cars In Service	91,993	17,191	109,184	1,106,245	49,978	62,797	8,102	120,877	56,267
528. Total Carloads Originated	2,261,959	359,465	2,621,424	22,223,009	744,595	1,036,471	146,366	1,927,432	1,295,300
529. Total Tons Originated	163,329,143	20,981,286	184,310,429	1,492,414,453	47,442,951	75,446,242	10,969,049	133,860,242	94,695,916
530. Revenue Tons carried (000)	193,186	42,695	235,881	2,436,079	89,928	106,496	19,571	215,995	131,501
531. Gross Ton miles(excl. loco.) (000)	251,745,738	37,054,142	288,799,880	1,910,729,302	49,165,954	55,148,278	3,307,108	107,621,340	76,246,070
532. Train - miles	48,362,397	9,764,770	58,127,167	428,497,748	11,634,810	11,921,496	847,520	24,403,826	16,780,893
599. Total Gross Frt. Revenue (000)	$2,424,568	$437,343	$2,861,911	$26,937,673	$948,310	$918,356	$90,738	$1,957,404	$1,085,881
600. Revenue per Ton Originated	$14.84	$20.84	$15.53	$18.05	$19.99	$12.17	$8.27	$14.62	$11.47
601. Tons Originated per Carload	72	58	70	67	64	73	75	69	73
648. Avg. Miles of Rd in frt serv	22,432	4,526	26,958	176,769	5,145	4,723	999	10,867	6,629
654. Tot. Frt. Loco. Unit Miles	166,416,857	33,140,929	199,557,786	1,531,049,668	38,306,451	34,713,027	2,637,796	75,657,274	66,599,286
655. Frt. Car Miles Loaded (000)	1,681,486	343,716	2,025,202	14,662,172	439,608	410,121	27,469	885,198	564,582
656. Frt. Car Miles Empty (000)	1,292,564	225,558	1,518,122	11,906,406	316,514	395,619	19,314	731,447	499,275
704. Total Gross Ton Miles (000)	277,411,565	41,322,974	318,734,539	2,128,200,901	52,945,808	58,975,195	3,501,859	115,422,862	84,652,153
706. Tons Carried - Revenue Freight (000)	193,186	42,695	235,881	2,436,079	89,928	106,496	19,571	215,995	131,501
709. Revenue Ton Miles (000)	123,729,012	16,810,494	140,539,506	918,958,115	23,218,620	29,419,228	2,121,773	54,759,621	38,835,857
712. Frt train hrs. road serv	2,340,276	501,075	2,841,351	23,567,139	770,277	681,425	88,612	1,540,314	1,071,972
716. Frt yard switching hours	2,234,045	452,071	2,686,116	23,221,437	1,067,315	1,013,182	70,117	2,150,614	940,806
722. GTMs Per Mile of Road (000)	12,367	9,130	11,023	12,039	10,291	12,487	3,505	10,621	12,770
723. Rev. Ton Mile Per Mi of Road(000)	5,516	3,714	5,213	5,199	4,513	6,229	2,124	5,039	5,858
725. Road Loco Unit Miles Per Train Mi	3.1	2.9		3.1	2.6	2.2	2.4		3.3
726. Freight Car Miles Per Train Mile	76	60		68	67	69	57		69
732. Yard Switch Hrs/Road Train Hours	0.95	0.90	0.95	0.99	1.39	1.49	0.79	1.40	0.88
734. Rev. Ton Miles Per GTM (exc Loco.)	0.49	0.45	0.49	0.48	0.47	0.53	0.64	0.51	0.51
735. Percent Loaded Freight Car Miles	56.54%	60.38%	57.16%	55.19%	58.14%	51.38%	58.72%	54.76%	53.97%
736. Net Ton Miles Per Loaded Car Mile	61	49		59	52	71	76		64
737. Average Haul	756	801		616	489	390	193		410
738. Frt. Revenue Per Ton Mile	$0.0192	$0.0253	$0.0199	$0.0287	$0.0393	$0.0307	$0.0418	$0.0348	$0.0267
741. Frt Serv Rev Per Ton Carried ($)	$12.52	$10.27	$12.12	$11.13	$10.60	$8.96	$4.85	$9.27	$8.12
743. Frt Serv Exp Per Ton Mile	$0.0187	$0.0239	$0.0193	$0.0276	$0.0380	$0.0282	$0.0397	$0.0328	$0.0257
745. Frt Serv Exp Per Ton Carried ($)	$11.96	$9.41	$11.50	$10.40	$9.81	$7.80	$4.31	$8.32	$7.60

NOMINAL DOLLARS	1980 SCL	1980 FAM LINES	1980 Pre-CSX	1980 BN	1982 US	1982 B&O	1982 C&O	1982 WM	1982 Chessie
378. Cap. Exp.-Total Road (000)	$35,333	$61,502	$106,561	$138,079	$1,318,369	$16,644	$13,744	$676	$31,064
382. Cap. Exp.-Total Equipment (000)	$110,066	$232,276	$330,672	$179,978	$847,572	$1,935	$63,449	$148	$65,532
384. Excess of Cash Flow Ov Cap Expend (00	$16,592	($46,861)	$73,150	$50,975	$637,046	($15,846)	$139,670	$21,041	$144,865
388. Loco. in Serv. - Total in Service	1,265	2,500	4,533	3,303	27,045	990	957	109	2,056
426. Total Freight Cars In Service	62,267	118,534	239,411	107,215	1,006,276	44,414	58,442	6,775	109,631
528. Total Carloads Originated	1,600,855	2,896,155	4,823,587	2,429,858	18,584,760	697,813	952,080	119,771	1,769,664
529. Total Tons Originated	106,634,766	201,330,682	335,190,924	185,410,083	1,268,645,016	44,854,732	73,222,903	9,020,719	127,098,354
530. Revenue Tons carried (000)	173,496	304,997	520,992	256,030	1,990,409	81,467	95,711	15,323	192,501
531. Gross Ton-miles(excl. loco.) (000)	84,531,072	160,777,142	268,398,482	307,659,287	1,634,213,283	43,558,865	53,507,128	2,422,403	99,488,396
532. Train - miles	17,717,920	34,498,813	58,902,639	61,572,425	344,935,589	9,795,430	9,757,412	497,916	20,050,758
599. Total Gross Frt. Revenue (000)	$1,214,006	$2,299,087	$4,257,291	$2,977,758	$26,503,872	$931,474	$1,026,111	$83,654	$2,041,239
600. Revenue per Ton Originated	$11.38	$11.42	$12.70	$16.06	$20.89	$20.77	$14.01	$9.27	$16.06
601. Tons Originated per Carload	67	70	69	76	68	64	77	75	72
648. Avg. Miles of Rd in frt serv	8,771	15,400	26,267	24,839	173,656	5,023	4,670	1,152	10,845
654. Tot. Frt. Loco. Unit-Miles	66,361,618	132,960,904	208,618,178	222,159,036	1,254,962,264	29,780,049	26,589,474	1,603,469	57,972,992
655. Frt. Car Miles Loaded (000)	679,942	1,244,524	2,129,722	1,896,606	11,749,021	355,680	368,041	16,977	740,706
656. Frt. Car Miles Empty (000)	605,653	1,104,928	1,836,375	1,530,990	9,148,965	272,466	348,210	14,943	635,619
704. Total Gross Ton-Miles (000)	92,559,498	177,211,651	292,634,513	343,161,785	1,815,972,732	46,436,133	56,516,652	2,539,315	105,492,300
706. Tons Carried - Revenue Freight (000)	173,496	304,997	520,992	256,030	1,990,409	81,467	95,711	15,323	192,501
709. Revenue Ton Miles (000)	37,635,736	76,471,593	131,231,214	155,642,943	797,758,616	20,095,173	28,866,608	1,626,647	50,588,428
712. Frt train hrs, road serv	927,822	1,999,794	3,540,108	2,774,520	16,103,615	623,338	649,427	55,222	1,327,987
716. Frt yard switching hours	1,289,937	2,230,743	4,381,357	2,401,270	16,656,416	752,284	711,455	45,976	1,509,715
722. GTMs Per Mile of Road (000)	10,553	11,507	11,141	13,815	10,457	9,245	12,102	2,204	9,727
723. Rev. Ton Mile Per Mi of Road(000)	4,291	4,966	4,996	6,266	4,594	4,001	6,181	1,412	4,665
725. Road Loco Unit Miles Per Train Mi	3.2			3.3	3.2	2.5	2.1	2.5	
726. Freight Car Miles Per Train Mile	75			73	69	67	78	69	
732. Yard Switch Hrs/Road Train Hours	1.39	1.12	1.24	0.87	1.03	1.21	1.10	0.83	1.14
734. Rev. Ton Miles Per GTM (exc Loco.)	0.45	0.48	0.49	0.51	0.49	0.46	0.54	0.67	0.51
735. Percent Loaded Freight Car Miles	52.89%	52.97%	53.70%	55.33%	56.22%	56.62%	51.38%	53.19%	53.82%
736. Net Ton Miles Per Loaded Car Mile	55			65	68	57	79	97	
737. Average Haul	353			839	629	448	394	180	
738. Frt. Revenue Per Ton Mile	$0.0313	$0.0290	$0.0314	$0.0215	$0.0321	$0.0428	$0.0345	$0.0517	$0.0383
741. Frt Serv Rev Per Ton Carried ($)	$7.03	$7.50	$8.23	$13.42	$13.28	$10.96	$10.85	$5.67	$10.49
743. Frt Serv Exp Per Ton-Mile	$0.0295	$0.0276	$0.0298	$0.0201	$0.0318	$0.0458	$0.0328	$0.0416	$0.0381
745. Frt Serv Exp Per Ton Carried ($)	$6.41	$6.92	$7.50	$12.25	$12.74	$11.31	$9.82	$4.42	$10.02

NOMINAL DOLLARS	1982 L&N	1982 SCL	1982 FAM LINES	1982 CSX	1982 BN	1984 US	1984 B&O	1984 C&O	1984 Chessie
378. Cap. Exp.-Total Road (000)	$40,543	$39,936	$80,479	$111,543	$151,794	$2,938,236	$84,643	$115,116	$199,759
382. Cap. Exp.-Total Equipment (000)	$13,603	$41,471	$55,074	$120,606	$30,397	$806,159	$37,604	$55,623	$93,227
384. Excess of Cash Flow Ov Cap Expend (00	$11,142	$249,676	$260,818	$405,683	$136,603	$1,699,423	($1,264)	$63,942	$62,678
388. Loco. in Serv. - Total In Service	1,090	1,255	2,353	4,409	3,232	24,382	896	919	1,815
426. Total Freight Cars In Service	52,588	58,759	111,347	220,978	96,583	886,591	39,775	51,513	91,288
528. Total Carloads Originated	1,105,634	1,202,870	2,308,504	4,078,168	2,526,567	20,945,536	933,946	1,025,539	1,959,485
529. Total Tons Originated	81,924,154	80,779,184	162,703,338	289,801,692	197,428,712	1,429,387,927	58,046,347	80,745,562	138,791,909
530. Revenue Tons carried (000)	113,925	143,611	257,536	450,037	229,062	2,119,322	96,727	108,743	205,470
531. Gross Ton miles(excl. loco.) (000)	68,899,412	73,082,640	141,982,052	241,470,448	301,328,465	1,861,926,388	54,815,287	59,038,747	113,854,034
532. Train - miles	14,356,973	14,644,457	29,001,430	49,052,188	53,769,436	369,402,850	11,523,969	8,084,946	19,608,915
599. Total Gross Frt. Revenue (000)	$1,121,515	$1,158,338	$2,279,853	$4,321,092	$3,806,172	$29,866,310	$1,088,433	$1,085,408	$2,173,841
600. Revenue per Ton Originated	$13.69	$14.34	$14.01	$14.91	$19.28	$20.89	$18.75	$13.44	$15.66
601. Tons Originated per Carload	74	67	70	71	73	68	62	79	71
640. Avg. Miles of Rd In frt serv	6,441	8,772	15,213	26,058	20,820	165,221	5,187	4,579	9,766
654. Tot. Frt. Loco. Unit Miles	55,857,409	52,325,832	108,183,241	166,156,233	206,353,419	1,326,470,001	28,839,547	22,770,024	51,609,571
655. Frt. Car Miles Loaded (000)	458,413	549,402	1,007,815	1,748,521	1,512,758	13,247,453	433,865	392,931	826,796
656. Frt. Car Miles Empty (000)	395,578	474,274	869,852	1,505,471	1,244,076	9,572,202	311,857	349,545	661,402
704. Total Gross Ton Miles (000)	76,719,817	79,576,505	156,296,322	261,788,622	335,445,666	2,059,665,978	58,288,745	61,595,065	119,883,810
706. Tons Carried - Revenue Freight (000)	113,925	143,611	257,536	450,037	229,062	2,119,322	96,727	108,743	205,470
709. Revenue Ton Miles (000)	33,809,972	31,501,345	65,311,317	115,899,745	157,714,882	921,541,592	26,502,323	32,677,241	59,179,564
712. Frt train hrs. road serv	871,036	718,306	1,589,342	2,917,329	2,312,918	17,247,936	673,952	606,713	1,280,665
716. Frt yard switching hours	693,256	1,057,816	1,751,072	3,260,787	2,306,638	14,429,224	615,997	631,983	1,247,980
722. GTMs Per Mile of Road (000)	11,911	9,072	10,274	10,046	11,639	12,466	11,237	13,452	12,276
723. Rev. Ton Mile Per Mi of Road(000)	5,249	3,591	4,293	4,448	5,472	5,578	5,109	7,136	6,060
725. Road Loco Unit Miles Per Train Mi	3.3	3.0			3.5	3.2	2.1	2.1	
726. Freight Car Miles Per Train Mile	70	75			79	71	69	100	
732. Yard Switch Hrs/Road Train Hours	0.80	1.47	1.10	1.12	1.00	0.84	0.91	1.04	0.97
734. Rev. Ton Miles Per GTM (exc Loco.)	0.49	0.43	0.46	0.48	0.52	0.49	0.48	0.55	0.52
735. Percent Loaded Freight Car Miles	53.68%	53.67%	53.67%	53.73%	54.87%	58.05%	58.18%	52.92%	55.56%
736. Net Ton Miles Per Loaded Car Mile	75	58			104	62	58	78	
737. Average Haul	413	390			799	645	274	300	
738. Frt. Revenue Per Ton Mile	$0.0321	$0.0366	$0.0343	$0.0360	$0.0233	$0.0309	$0.0381	$0.0310	$0.0342
741. Frt Serv Rev Per Ton Carried ($)	$9.69	$8.30	$8.91	$9.59	$16.28	$13.81	$10.78	$9.66	$10.19
743. Frt Serv Exp Per Ton Mile	$0.0312	$0.0374	$0.0342	$0.0359	$0.0222	$0.0278	$0.0372	$0.0278	$0.0320
745. Frt Serv Exp Per Ton Carried ($)	$9.27	$8.20	$8.67	$9.25	$15.25	$12.09	$10.20	$8.36	$9.22

NOMINAL DOLLARS	1984 FAM LINES	1984 CSX	1984 BN	1981 US	1981 NW	1981 SRS	1981 Pre-NS	1981 UP	1981 MP
378 Cap Exp -Total Road (000)	$147,082	$346,841	$546,859	$1,240,050	$45,576	$84,216	$129,792	$84,640	$101,790
382 Cap Exp -Total Equipment (000)	$140,746	$233,973	$51,959	$1,501,707	$69,600	$179,203	$248,803	$57,160	$196,793
384 Excess of Cash Flow Ov Cap Expend (00	$200,879	$263,557	$477,151	$1,182,386	$356,280	$167,493	$523,773	$248,760	$45,982
388 Loco In Serv - Total In Service	2,132	3,947	2,904	27,693	1,372	1,484	2,856	1,672	1,460
426 Total Freight Cars In Service	108,323	199,611	72,451	1,072,047	87,140	75,359	162,499	58,878	52,517
528 Total Carloads Originated	2,796,504	4,755,989	2,996,663	21,342,987	1,445,848	1,552,348	2,998,196	940,072	1,079,416
529 Total Tons Originated	199,272,353	330,064,262	240,285,861	1,453,021,933	109,753,384	107,714,264	217,467,648	67,934,484	76,687,382
530 Revenue Tons carried (000)	251,791	457,261	267,117	2,386,239	142,493	152,385	294,878	103,790	132,222
531 Gross Ton miles(excl. loco) (000)	171,955,704	285,809,736	373,004,840	1,865,395,528	96,972,143	111,606,640	208,578,783	161,850,985	117,284,977
532 Train - miles	34,434,469	54,043,384	63,220,842	407,519,903	14,066,263	29,900,445	44,766,708	32,742,083	26,183,956
599 Total Gross Frt Revenue (000)	$2,794,418	$4,968,259	$4,621,596	$29,509,886	$1,734,901	$1,767,250	$3,502,151	$2,049,979	$1,909,277
600 Revenue per Ton Originated	$14.02	$14.70	$19.23	$20.36	$15.81	$16.41	$16.10	$30.18	$24.90
601 Tons Originated per Carload	71	71	80	68	76	69	73	72	71
648 Avg Miles of Rd in frt serv	14,414	24,180	27,574	177,012	7,566	10,124	17,690	9,223	11,350
654 Tot Frt Loco Unit Miles	121,569,055	173,178,626	228,465,041	1,474,904,317	56,594,787	100,338,876	156,933,663	118,888,817	88,650,404
655 Frt Car Miles Loaded (000)	1,218,093	2,044,889	1,797,040	13,753,713	717,965	895,560	1,613,525	1,164,751	883,062
656 Frt Car Miles Empty (000)	1,123,549	1,784,951	1,245,351	11,235,955	623,197	763,735	1,386,932	990,433	751,539
704 Total Gross Ton Miles (000)	188,876,595	308,760,405	411,464,000	2,077,394,039	103,536,876	124,934,892	228,471,768	183,152,924	129,567,070
706 Tons Carried - Revenue Freight (000)	251,791	457,261	267,117	2,386,239	142,493	152,385	294,878	103,790	132,222
709 Revenue Ton Miles (000)	80,242,639	139,422,203	200,581,016	910,169,297	48,698,192	53,157,088	101,855,280	74,544,887	58,298,607
712 Frt train hrs, road serv	1,858,888	3,139,553	2,804,378	21,414,699	856,408	1,408,616	2,265,024	1,016,878	1,698,906
716 Frt yard switching hours	1,608,377	2,856,357	1,545,986	21,995,087	851,587	1,137,808	1,989,395	1,025,261	1,191,827
722 GTMs Per Mile of Road (000)	13,104	12,769	14,922	11,736	13,684	12,340	12,915	19,858	11,408
723 Rev Ton Mile Per Mi of Road(000)	5,567	5,766	7,274	5,142	6,436	5,251	5,758	8,082	5,133
725 Road Loco Unit Miles Per Train Mi	3.1		3.4	3.1	3.1	2.9		3.4	2.8
726 Freight Car Miles Per Train Mile	73		79	69	93	56		70	69
732 Yard Switch Hrs/Road Train Hours	0.87	0.91	0.55	1.03	0.99	0.81	0.88	1.01	0.70
734 Rev. Ton Miles Per GTM (exc Loco)	0.47	0.49	0.54	0.49	0.50	0.48	0.49	0.46	0.50
735 Percent Loaded Freight Car Miles	52.02%	53.39%	59.07%	55.04%	53.53%	53.97%	53.78%	54.04%	54.02%
736 Net Ton Miles Per Loaded Car Mile	63		73	61	66	59		61	64
737 Average Haul	319		751	626	444	494		1,097	760
738 Frt Revenue Per Ton Mile	$0.0335	$0.0338	$0.0217	$0.0318	$0.0353	$0.0329	$0.0341	$0.0278	$0.0315
741 Frt Serv Rev Per Ton Carried ($)	$10.91	$10.58	$18.50	$12.48	$12.53	$11.75	$12.13	$20.23	$14.28
743 Frt Serv Exp Per Ton Mile	$0.0295	$0.0308	$0.0173	$0.0302	$0.0275	$0.0273	$0.0274	$0.0243	$0.0285
745 Frt Serv Exp Per Ton Carried ($)	$9.39	$9.32	$12.97	$11.51	$9.41	$9.52	$9.47	$17.42	$12.56

NOMINAL DOLLARS	1981 WP	1981 Pre-UP	1982 US	1982 NW	1982 SRS	1982 NS	1982 UP	1982 MP	1982 WP
370 Cap Exp -Total Road (000)	$6,380	$192,810	$1,318,369	$43,070	$116,206	$159,276	$61,939	$137,834	$4,171
382 Cap Exp -Total Equipment (000)	$23,418	$277,379	$847,572	$63,641	$103,168	$166,809	$31,181	$148,615	$181
384 Excess of Cash Flow Ov Cap Expend (00	($8,885)	$285,857	$637,046	$261,925	$142,403	$404,328	$124,271	($2,088)	($3,718)
388 Loco in Serv - Total In Service	144	3,276	27,045	1,323	1,551	2,874	1,587	1,602	144
426 Total Freight Cars In Service	6,013	117,408	1,006,276	85,103	72,224	157,417	52,977	47,825	5,445
528 Total Carloads Originated	75,473	2,094,961	18,584,760	1,318,608	1,450,327	2,768,935	794,153	985,791	63,972
529 Total Tons Originated	3,712,660	148,334,526	1,268,645,016	105,270,772	99,752,144	205,022,916	54,000,469	69,622,487	3,270,747
530 Revenue Tons carried (000)	10,140	246,152	1,990,409	132,470	137,668	270,138	84,382	118,494	8,702
531 Gross Ton miles(excl loco) (000)	10,372,617	289,508,579	1,634,213,283	90,576,543	96,587,036	187,163,579	128,586,8[illegible]1	98,861,725	9,315,872
532 Train - miles	3,438,676	62,364,715	344,935,589	13,932,022	22,479,259	36,411,281	26,907,5[illegible]6	21,999,722	2,958,202
599 Total Gross Frt Revenue (000)	$192,329	$4,151,585	$26,503,872	$1,672,707	$1,603,672	$3,276,379	$1,783,974	$1,710,522	$169,563
600 Revenue per Ton Originated	$51.00	$27.99	$20.89	$15.89	$16.08	$15.98	$33.04	$24.57	$51.84
601 Tons Originated per Carload	49	71	68	80	69	74	60	71	51
648 Avg Miles of Rd in frt serv	1,435	22,016	173,656	7,865	10,101	17,966	9,082	11,167	1,426
654 Tot Frt Loco Unit Miles	13,069,242	220,608,463	1,254,962,264	50,916,354	79,545,579	130,461,933	94,059,546	74,814,929	11,075,581
655 Frt Car Miles Loaded (000)	112,069	2,159,882	11,741,821	640,021	766,311	1,406,332	979,363	684,432	107,533
658 Frt Car Miles Empty (000)	71,674	1,813,646	9,148,965	564,195	650,561	1,214,756	746,829	569,110	58,279
704 Total Gross Ton Miles (000)	12,244,600	324,964,594	1,815,972,732	96,573,035	106,859,151	203,432,216	145,592,199	109,269,108	10,965,220
706 Tons Carried - Revenue Freight (000)	10,140	246,152	1,990,405	132,470	137,668	270,138	84,382	118,494	8,702
709 Revenue Ton Miles (000)	4,140,164	136,983,658	797,758,616	46,057,157	46,460,517	92,517,674	59,537,022	49,766,194	3,032,999
712 Frt train hrs, road serv	112,460	2,830,244	16,103,615	795,454	1,073,912	1,869,366	809,007	965,230	96,621
716 Frt yard switching hours	98,301	2,315,369	16,656,416	749,527	1,035,834	1,785,361	537,342	895,825	77,563
722 GTMs Per Mile of Road (000)	8,533	14,760	10,457	12,279	10,579	11,023	16,031	9,785	7,689
723 Rev Ton Mile Per Mi of Road(000)	2,885	6,222	4,594	5,856	4,600	5,150	6,555	4,457	2,588
725 Road Loco Unit Miles Per Train Mi	3.6		3.2	3.0	3.0		3.3	2.8	3.5
726 Freight Car Miles Per Train Mile	53		69	91	65		68	68	55
732 Yard Switch Hrs/Road Train Hours	0.87	0.82	1.03	0.94	0.96	0.96	0.66	0.93	0.80
734 Rev Ton Miles Per GTM (exc Loco)	0.40	0.47	0.49	0.51	0.48	0.49	0.46	0.50	0.41
735 Percent Loaded Freight Car Miles	60.99%	54.36%	56.22%	53.15%	54.08%	53.65%	56.74%	54.60%	64.85%
736 Net Ton Miles Per Loaded Car Mile	37		88	72	61		61	76	36
737 Average Haul	115		629	438	466		1,103	715	1,112
738 Frt Revenue Per Ton Mile	$0.0449	$0.0299	$0.0321	$0.0363	$0.0337	$0.0350	$0.0294	$0.0327	$0.0442
741 Frt Serv Rev Per Ton Carried ($)	$18.57	$16.96	$13.28	$13.11	$11.65	$12.36	$21.02	$14.17	$19.74
743 Frt Serv Exp Per Ton Mile	$0.0468	$0.0267	$0.0318	$0.0308	$0.0287	$0.0303	$0.0269	$0.0303	$0.0478
745 Frt Serv Exp Per Ton Carried ($)	$19.12	$14.68	$12.74	$10.72	$10.04	$10.37	$19.01	$12.73	$21.04

NOMINAL DOLLARS	1982 MOPUP	1984 US	1984 NW	1984 SRS	1984 NS	1984 UP	1984 MP	1984 WP	1984 MOPUP
378 Cap Exp -Total Road (000)	$203,044	$2,030,236	$125,940	$85,652	$211,600	$173,247	$262,556	$53,241	$489,044
382 Cap Exp -Total Equipment (000)	$179,977	$806,159	$5,783	$34,562	$40,285	$24,016	$94,934	$3	$118,953
384 Excess of Cash Flow Ov Cap Expend (00	$118,465	$1,699,423	$289,591	$332,591	$622,182	$130,845	($45,653)	($40,607)	$44,585
388 Loco. In Serv. - Total In Service	3,333	24,382	1,227	1,427	2,654	1,400	1,499	109	3,008
426 Total Freight Cars In Service	106,247	886,591	81,203	69,237	150,440	47,809	42,719	4,570	95,098
528 Total Carloads Originated	1,843,981	20,945,536	1,395,920	1,495,768	2,891,688	923,590	1,133,516	44,897	2,102,003
529 Total Tons Originated	126,893,703	1,429,387,927	106,244,226	103,405,040	209,649,266	62,553,421	82,147,937	1,782,377	146,483,735
530 Revenue Tons carried (000)	211,578	2,119,322	136,893	149,925	286,818	95,879	131,134	10,480	237,493
531 Gross Ton miles(excl. loco.) (000)	236,764,428	1,861,926,388	89,882,690	100,137,117	190,019,807	139,808,012	106,174,783	12,427,537	258,410,332
532 Train - miles	51,885,510	369,402,850	14,255,530	20,462,738	34,718,268	28,327,884	23,725,280	2,921,263	54,974,435
599 Total Gross Frt. Revenue (000)	$3,664,059	$29,866,310	$1,697,947	$1,778,367	$3,476,334	$2,051,581	$1,818,398	$138,808	$4,008,487
600 Revenue per Ton Originated	$28.88	$20.89	$15.98	$17.20	$16.58	$32.80	$22.13	$77.88	$27.36
601 Tons Originated per Carload	69	68	76	69	73	68	72	40	70
648 Avg. Miles of Rd In frt serv	21,675	165,221	7,746	10,018	17,764	8,933	11,002	1,426	21,361
654 Tot. Frt. Loco. Unit Miles	179,950,056	1,326,470,001	52,404,884	76,146,108	128,550,992	94,252,727	90,328,016	8,544,009	193,124,752
655 Frt. Car Miles Loaded (000)	1,771,328	13,247,453	673,693	793,979	1,467,672	1,076,664	730,503	101,715	1,908,882
656 Frt. Car Miles Empty (000)	1,374,218	9,572,202	551,997	636,868	1,188,865	751,271	598,828	64,559	1,414,658
704 Total Gross Ton Miles (000)	265,826,527	2,059,665,978	96,041,787	109,834,985	205,876,772	157,469,174	119,434,708	13,877,022	290,781,704
706 Tons Carried - Revenue Freight (000)	211,578	2,119,322	136,893	149,925	286,818	95,879	131,134	10,480	237,493
709 Revenue Ton Miles (000)	113,136,215	921,541,592	43,766,213	48,879,210	92,645,423	67,046,768	52,844,156	5,449,257	125,340,181
712 Frt train hrs, road serv	1,870,938	17,247,936	822,086	1,178,730	2,000,816	878,267	939,130	177,119	1,992,516
716 Frt yard switching hours	1,510,730	14,429,224	697,199	1,004,363	1,701,562	367,348	812,282	21,181	1,200,811
722 GTMs Per Mile of Road (000)	12,264	12,466	12,399	10,964	11,590	17,628	10,856	9,732	13,613
723 Rev. Ton Mile Per Mi of Road(000)	5,220	5,578	5,650	4,879	5,215	7,506	4,803	3,821	5,868
725 Road Loco Unit Miles Per Train Mi		3.2	3.0	3.1	3.3	3.2	2.9		
726 Freight Car Miles Per Train Mile		71	69	72	65	69	57		
732 Yard Switch Hrs/Road Train Hours	0.81	0.84	0.85	0.85	0.85	0.42	0.86	0.12	0.60
734 Rev. Ton Miles Per GTM (exc Loco.)	0.48	0.49	0.49	0.49	0.49	0.48	0.50	0.44	0.49
735 Percent Loaded Freight Car Miles	56.31%	58.05%	54.96%	55.49%	55.25%	58.90%	54.95%	61.17%	57.44%
736 Net Ton Miles Per Loaded Car Mile		62	64	61	70	60	54		
737 Average Haul		645	320	326	403	699	520		
738 Frt Revenue Per Ton Mile	$0.0313	$0.0309	$0.0376	$0.0359	$0.0367	$0.0283	$0.0331	$0.0264	$0.0302
741 Frt Serv Rev Per Ton Carried ($)	$17.13	$13.81	$12.52	$11.98	$12.23	$20.03	$13.69	$14.00	$16.27
743 Frt Serv Exp Per Ton Mile	$0.0291	$0.0278	$0.0317	$0.0288	$0.0301	$0.0257	$0.0304	$0.0300	$0.0279
745 Frt Serv Exp Per Ton Carried ($)	$15.58	$12.09	$10.12	$9.38	$9.73	$18.00	$12.27	$15.58	$14.73

NOMINAL DOLLARS	1986 US	1986 NS	1986 UP
378. Cap. Exp.-Total Road (000)	$2,908,019	$384,638	$369,274
382. Cap. Exp.-Total Equipment (000)	$692,663	$149,759	$102,724
384. Excess of Cash Flow Ov Cap Expend (00	($357,388)	$371,684	($295,980)
388. Loco. in Serv. - Total in Service	21,045	2,408	2,350
426. Total Freight Cars in Service	717,285	132,918	75,406
528. Total Carloads Originated	19,588,666	2,890,628	2,059,798
529. Total Tons Originated	1,305,838,813	207,573,668	133,113,007
530. Revenue Tons carried (000)	1,937,619	253,600	253,676
531. Gross Ton miles(excl. loco.) (000)	1,747,921,098	188,941,582	271,589,244
532. Train - miles	347,233,844	33,602,042	54,046,169
599. Total Gross Frt. Revenue (000)	$27,192,143	$3,377,847	$4,057,852
600. Revenue per Ton Originated	$20.82	$16.27	$30.48
601. Tons Originated per Carload	67	72	65
648. Avg. Miles of Rd in frt serv	155,315	17,520	21,417
654. Tot. Frt. Loco. Unit Miles	1,223,632,705	116,963,767	188,078,325
655. Frt. Car Miles Loaded (000)	12,158,730	1,449,059	1,887,707
656. Frt. Car Miles Empty (000)	8,527,780	1,107,990	1,322,858
704. Total Gross Ton-Miles (000)	1,932,029,596	201,314,640	303,898,280
706. Tons Carried - Revenue Freight (000)	1,937,619	253,600	253,676
709. Revenue Ton Miles (000)	867,722,221	91,418,116	136,096,762
712. Frt train hrs. road serv	15,438,281	1,922,466	1,968,193
716. Frt yard switching hours	12,625,512	1,621,796	1,063,422
722. GTMs Per Mile of Road (000)	12,439	11,491	14,190
723. Rev. Ton Mile Per Mi of Road(000)	5,587	5,218	6,355
725. Road Loco Unit Miles Per Train Mi	3.1	2.9	3.2
726. Freight Car Miles Per Train Mile	70	79	71
732. Yard Switch Hrs/Road Train Hours	0.82	0.84	0.54
734. Rev. Ton Miles Per GTM (exc Loco.)	0.50	0.49	0.50
735. Percent Loaded Freight Car Miles	58.78%	56.67%	58.80%
736. Net Ton Miles Per Loaded Car Mile	63	62	66
737. Average Haul	664	360	536
738. Frt. Revenue Per Ton Mile	$0.0292	$0.0352	$0.0271
741. Frt Serv Rev Per Ton Carried ($)	$13.43	$13.12	$14.85
743. Frt Serv Exp Per Ton Mile	$0.0205	$0.0292	$0.0227
745. Frt Serv Exp Per Ton Carried ($)	$12.76	$10.51	$12.16

CONSTANT 1993 DOLLARS	1979 US	1979 B&O	1979 C&O	1979 WM	1979 Chessie	1979 L&N	1979 SCL	1979 FAM LINES	1979 PRE-CSX
GNP Deflator, 1993=1.000	1.896	1.896	1.896	1.896	1.896	1.896	1.896	1.896	1.896
1. Total Operating Revenues (000)	$48,072,524	$1,7[illegible]8,751	$1,540,905	$146,682	$3,438,338	$1,845,439	$1,990,513	$3,835,952	$7,274,290
2. Total Operating Expenses (000)	$45,678,105	$1,6[illegible]5,355	$1,415,489	$109,802	$3,150,647	$1,756,643	$1,799,935	$3,556,578	$6,707,225
5. Net Railway Operating Income (000)	$1,632,015	$112,104	$89,246	$25,915	$227,265	$119,513	$180,646	$308,158	$535,423
6. Net Income (000)	$1,732,069	$106,315	$223,994	$25,894	$356,204	$54,570	$256,868	$311,439	$667,642
7. Capital Expenditures (000)	$5,963,589	$89,741	$102,942	$49,181	$241,864	$108,591	$171,536	$280,127	$521,991
9. Total Assets (000)	$78,654,461	$3,215,119	$4,132,661	$411,732	$7,759,512	$2,925,955	$4,688,504	$7,614,459	$15,373,971
10. Total Liabilities (000)	$45,749,762	$1,632,276	$1,622,067	$222,024	$3,476,367	$1,819,327	$2,051,748	$3,871,075	$7,347,443
11. Avg. Shareholders' Equity (000)	$31,701,995	$1,549,379	$2,374,188	$178,528	$4,102,095	$1,033,816	$2,484,229	$3,518,046	$7,620,140
15. Freight Revenue (000)	$44,704,521	$1,664,737	$1,456,364	$139,157	$3,260,258	$1,793,630	$1,925,862	$3,719,492	$6,979,750
26. Freight Service Revenue (000)	$46,486,879	$1,737,372	$1,536,555	$146,682	$3,422,609	$1,845,439	$1,990,513	$3,835,952	$7,258,561
29. Net Revenue from Operations(000)	$2,394,419	$123,396	$125,415	$38,879	$287,691	$88,798	$190,578	$279,374	$567,065
35. Income Before Fixed Charges (000)	$4,209,106	$188,179	$309,027	$48,984	$546,190	$125,979	$352,017	$477,996	$1,024,185
41. Total Fixed Charges (000)	$1,606,680	$69,544	$48,358	$10,071	$127,973	$94,108	$92,562	$186,670	$314,643
42. Income After Fixed Charges (000)	$2,532,628	$118,635	$260,668	$38,913	$418,216	$31,871	$259,455	$291,326	$709,542
48. Total Income Taxes Paid (000)	$397,504	($1,337)	($21,163)	$916	($21,584)	($15,790)	$4,027	($11,762)	($33,346)
49. Provision for Deferred Taxes (000)	$405,474	$13,656	$57,837	$83	$71,577	($7,860)	($1,441)	($9,301)	$62,276
51. Ordinary Income (000)	$1,675,691	$106,315	$223,994	$8,138	$338,747	$54,570	$256,868	$311,439	$650,186
52. Total Extraordinary Items (000)	$56,377	$0	$0	$0	$0	$0	$0	$0	$0
54. Net Income (000)	$1,732,069	$106,315	$223,994	$8,438	$338,747	$54,570	$256,868	$311,439	$650,186
65. Total Current Assets (000)	$14,753,932	$525,732	$523,419	$100,312	$1,149,462	$494,866	$939,466	$1,434,332	$2,583,794
66. Total Other Assets (000)	$9,683,525	$590,970	$1,752,870	$32,279	$2,376,119	$200,311	$1,282,339	$1,482,650	$3,858,769
71. Net Road and Equipment (000)	$54,217,003	$2,098,417	$1,856,373	$143,670	$4,098,460	$2,230,778	$2,466,699	$4,697,477	$8,795,937
77. Total Current Liabilities (000)	$13,678,950	$540,477	$457,428	$65,925	$1,063,829	$553,048	$646,077	$1,199,125	$2,262,954
86. Total Liabilities (000)	$45,749,762	$1,632,276	$1,622,067	$222,024	$3,476,367	$1,819,327	$2,051,748	$3,871,075	$7,347,443
99. Net Working Capital (000)	$1,074,982	($14,745)	$65,991	$53,015	$104,262	($58,182)	$293,389	$235,206	$339,468
104. Cash Flow (000)	$3,727,124	$169,238	$262,754	$37,755	$469,747	$131,307	$235,576	$366,883	$836,630
127. Total Working Capital from Oper. (000)	$4,144,526	$147,165	$246,701	$38,441	$432,397	$124,291	$249,401	$373,692	$805,999
128. Proceeds from Issuance of LT Liab (000)	$3,010,551	$53,835	$47,145	$34,509	$135,488	$15,801	$194,072	$209,873	$345,361
129. Proceeds Sale/Disp Carr. Oper Prop(000)	$448,288	$17,471	$25,817	$6,496	$49,784	$29,833	$30,252	$60,084	$109,869
130. Proceeds Sale/Disp Tangible Propty(000)	$183,723	$0	$0	$0	$0	$7,577	$1,212	$8,789	$8,789
133. Proceeds from Issuance Capital Stk(000)	$1,952,219	$3,817	$142,214	$0	$146,031	$94,809	$113,771	$208,580	$354,611
135. Working Capital Sources Other Oper(000)	$6,656,257	$94,231	$252,644	$52,659	$399,533	$173,512	$728,064	$901,576	$1,301,110
136. Total Sources of Working Capital (000)	$10,793,202	$241,395	$499,345	$91,100	$831,840	$297,803	$977,465	$1,275,269	$2,107,109
146. Net Incr (Decr) Working Capital (000)	$207,378	($99,394)	$79,733	$23,291	$3,629	($11,548)	$187,096	$175,549	$179,178
149. Total Oper. Exp. - Road (000)	$8,725,251	$303,399	$259,794	$24,929	$588,122	$314,608	$332,276	$647,084	$1,235,206
150. Operating Expense - Locomotives (000)	$3,734,895	$105,524	$123,595	$4,128	$233,248	$156,517	$135,469	$291,986	$525,233
153. Operating Expense - Freight Cars (000)	$6,441,482	$283,874	$197,178	$8,639	$489,691	$278,290	$280,584	$558,873	$1,048,565
159. Oper. Exp.-Transp. - Train Operat (000)	$13,017,567	$433,619	$335,475	$29,489	$798,583	$516,884	$552,681	$1,069,565	$1,868,148
160. Oper. Exp. - Transp. - Yd Operatns(000)	$5,417,460	$248,808	$241,316	$13,691	$504,015	$223,107	$198,489	$421,595	$925,610
161. Oper. Exp.-Transp.-Train Yard Comm(000)	$652,674	$28,173	$13,444	$812	$42,429	$30,365	$23,716	$62,081	$104,510
163. Oper. Exp. - Admin. Supp. Operatns(000)	$1,774,412	$55,738	$52,230	$8,495	$116,464	$54,737	$56,639	$111,376	$227,840
164. Total Oper. Exp. - Transportation (000)	$21,593,353	$789,846	$695,704	$55,317	$1,540,867	$840,051	$853,053	$1,693,904	$3,234,771
165. Oper. Exp. - Gen. and Admin. (000)	$3,901,609	$121,003	$111,293	$15,579	$247,875	$130,256	$147,643	$277,899	$525,774
166. Total Railway Operating Expenses (000)	$45,669,897	$1,625,355	$1,415,489	$109,802	$3,150,647	$1,756,643	$1,799,935	$3,556,578	$6,707,225
[illegible] (000)	$8,422,628	$302,824	$259,794	$24,929	$587,548	$314,608	$332,276	$647,084	$1,234,631
[illegible]	[illegible]	[illegible]	$749,000	$48,889	$1,441,613	$689,447	$743,869	$1,433,315	$2,874,929

CONSTANT 1993 DOLLARS	1979 BN	1979 SLSF	1979 BN+SLSF	1980 US	1980 B&O	1980 C&O	1980 WM	1980 Chessie	1980 L&N
GNP Deflator, 1993=1.000	1.896	1.896	1.896	1.732	1.732	1.732	1.732	1.732	1.732
1 Total Operating Revenues (000)	$4,638,826	$831,262	$5,470,088	$48,948,221	$1,638,591	$1,643,887	$166,667	$3,443,144	$1,843,764
2 Total Operating Expenses (000)	$4,437,419	$761,767	$5,199,186	$45,652,773	$1,540,553	$1,438,468	$146,040	$3,125,061	$1,731,778
5 Net Railway Operating Income (000)	$239,039	$63,242	$302,280	$2,318,662	$88,665	$123,602	$11,526	$223,794	$124,179
6 Net Income (000)	$332,251	$37,455	$369,706	$1,956,353	$59,985	$227,994	$11,322	$299,301	$76,593
7 Capital Expenditures (000)	$516,177	$61,844	$578,021	$5,609,540	$78,146	$134,929	$35,420	$248,495	$257,125
9 Total Assets (000)	$7,758,929	$1,264,464	$9,023,394	$78,839,508	$2,982,687	$4,097,588	$400,690	$7,481,165	$2,971,401
10 Total Liabilities (000)	$3,671,253	$769,615	$4,440,869	$45,235,047	$1,521,233	$1,653,500	$220,891	$3,395,625	$1,805,345
11 Avg Shareholders' Equity (000)	$3,901,733	$481,938	$4,383,670	$32,525,938	$1,450,976	$2,362,184	$176,364	$3,989,524	$1,080,802
15 Freight Revenue (000)	$4,495,187	$805,844	$5,301,030	$45,643,180	$1,582,130	$1,566,060	$153,740	$3,301,929	$1,796,852
26 Freight Service Revenue (000)	$4,587,461	$831,262	$5,418,723	$46,961,776	$1,651,160	$1,652,291	$164,262	$3,467,714	$1,848,754
29 Net Revenue from Operations(000)	$201,407	$69,495	$270,902	$3,295,449	$98,038	$205,418	$14,627	$318,084	$111,986
35 Income Before Fixed Charges (000)	$441,642	$79,970	$521,612	$4,552,585	$129,180	$353,210	$25,820	$508,210	$153,726
41 Total Fixed Charges (000)	$146,895	$33,511	$180,407	$1,770,623	$57,459	$43,047	$11,343	$111,849	$81,412
42 Income After Fixed Charges (000)	$294,747	$46,458	$341,205	$2,790,448	$71,721	$310,162	$14,478	$396,361	$72,313
48 Total Income Taxes Paid (000)	($14,599)	$2,617	($11,982)	$537,476	$1,765	($1,512)	$3,440	$3,693	$4,244
49 Provision for Deferred Taxes (000)	($22,906)	$3,830	($19,076)	$487,559	$9,971	$83,680	($284)	$93,367	($9,239)
51 Ordinary Income (000)	$332,251	$37,455	$369,706	$1,956,353	$59,985	$227,994	$11,322	$299,301	$76,593
52 Total Extraordinary Items (000)	$0	$0	$0	$0	$0	$0	$0	$0	$0
54 Net Income (000)	$332,251	$37,455	$369,706	$1,956,353	$59,985	$227,994	$11,322	$299,301	$76,593
65 Total Current Assets (000)	$1,272,682	$171,167	$1,443,849	$15,031,541	$477,598	$888,103	$89,984	$1,254,685	$546,158
66 Total Other Assets (000)	$908,031	$64,021	$972,052	$9,650,141	$403,871	$1,6[illegible]1,626	$39,881	$2,090,378	$205,150
71 Net Road and Equipment (000)	$5,578,216	$1,029,277	$6,607,493	$54,157,826	$2,096,418	$1,767,860	$271,625	$4,136,103	$2,220,093
77 Total Current Liabilities (000)	$1,096,432	$193,830	$1,290,262	$13,435,570	$486,239	$476,996	$57,392	$1,020,626	$490,664
86 Total Liabilities (000)	$3,671,253	$769,615	$4,440,869	$45,235,047	$1,521,233	[illegible],653,500	$220,891	$3,395,625	$1,805,345
99 Net Working Capital (000)	$176,250	($2[illegible]	$153,587	$1,595,972	($8,640)	$211,107	$31,592	$234,059	$55,493
101 Cash Flow (000)	$417,612	$[illegible]	$489,822	$4,179,987	$126,202	$308,146	$22,032	$456,380	$147,110
127 Total Working Capital from Oper. (000)	$441,995	$73,473	$515,468	$4,684,275	$163,875	$325,200	$26,907	$515,981	$158,330
128 Proceeds from Issuance of LT Liab (000)	$217,777	$26,998	$244,774	$3,224,857	$57,866	$59,609	$16,607	$134,082	$186,745
129 Proceeds Sale/Disp Carr. Oper Prop(000)	$46,470	$12,522	$58,992	$481,655	$12,912	$17,639	$8,904	$39,455	$17,714
130 Proceeds Sale/Disp Tangible Propty(000)	$23,879	$0	$23,879	$230,989	$0	$0	$0	$0	$158
133 Proceeds from Issuance Capital Stk(000)	$108,465	$904	$109,370	$1,644,385	$1,027	$34,644	$0	$35,672	$0
135 Working Capital Sources Other Oper(000)	$441,651	$44,164	$485,815	$6,873,535	$112,019	$182,286	$29,131	$323,436	$490,096
136 Total Sources of Working Capital (000)	$883,646	$117,637	$1,001,283	$11,557,809	$275,894	$507,486	$56,037	$839,417	$648,426
146 Net Incr (Decr) Working Capital (000)	$40,806	$8,137	$48,942	$693,559	$10,892	$153,940	($16,146)	$140,687	$113,504
149 Total Oper. Exp. - Road (000)	$964,660	$136,576	$1,101,237	$8,557,312	$311,425	$274,783	$37,579	$623,787	$310,897
150 Operating Expense - Locomotives (000)	$391,122	$52,575	$443,697	$3,504,314	$91,594	$92,014	$7,423	$191,031	$137,287
153 Operating Expense - Freight Cars (000)	$574,134	$105,164	$679,298	$6,317,782	$238,991	$207,774	$16,470	$463,235	$259,926
159 Oper. Exp.-Transp. - Train Operat (000)	$1,318,989	$234,600	$1,553,588	$13,888,056	$434,101	$354,185	$43,158	$831,444	$550,449
160 Oper. Exp. - Transp. - Yd Operatns(000)	$447,780	$87,994	$535,774	$5,137,284	$228,904	$221,487	$15,749	$466,140	$207,430
161 Oper. Exp.-Transp.-Train Yard Comm(000)	$37,201	$12,926	$50,127	$513,628	$8,904	$8,431	$2,250	$19,584	$36,141
163 Oper. Exp. - Admin. Supp. Operatns(000)	$168,231	$25,604	$193,835	$1,727,757	$71,858	$41,591	$5,041	$118,489	$52,316
164 Total Oper. Exp. - Transportation (000)	$2,041,298	$371,402	$2,412,700	$22,006,293	$735,196	$691,985	$70,470	$1,497,651	$856,415
165 Oper. Exp. - Gen. and Admin. (000)	$377,976	$68,181	$446,157	$3,970,184	$132,333	$136,908	$13,667	$282,906	$138,576
166 Total Railway Operating Expenses (000)	$4,437,419	$761,763	$5,199,183	$[illegible],641,518	$1,540,553	$1,438,468	$146,040	$3,125,061	$1,731,778
174 Total Way Structures (000)	$954,728	$136,576	$1,091,305	$8,228,782	$310,744	$274,783	$37,579	$623,106	$310,897
250 Tot. Fit. Serv. Exp. - Labor (000)	$1,872,318	$315,104	$2,187,422	$17,565,634	$616,760	$732,363	$49,269	$1,398,392	$651,002

CONSTANT 1993 DOLLARS GNP Deflator, 1993=1.000	1980 SCL 1.732	1980 FAM LINES 1.732	1980 Pre-CSX 1.732	1980 BN 1.732	1982 US 1.482	1982 B&O 1.482	1982 C&O 1.482	1982 WM 1.482	1982 Chessie 1.482
1 Total Operating Revenues (000)	$2,113,532	[illegible]57,296	$7,400,441	[illegible],976,767	$40,762,948	$1,333,797	$1,543,034	$128,697	$3,005,527
2 Total Operating Expenses (000)	$1,925,162	$3,656,940	$6,782,001	$5,404,908	$39,261,247	$1,376,976	$1,393,201	$100,325	$2,870,502
5 Net Railway Operating Income (000)	$177,102	$301,281	$525,075	$364,523	$1,500,061	$7,219	$94,008	$13,647	$114,875
6 Net Income (000)	$303,777	$380,371	$679,672	$430,139	$1,706,710	$3,668	$175,304	$17,152	$196,205
7 Capital Expenditures (000)	$255,292	$512,410	$760,913	$550,944	$3,212,909	$27,536	$114,408	$1,221	$143,165
9 Total Assets (000)	$4,700,173	$7,671,574	$15,1[illegible]2,740	$8,021,438	$70,796,075	$2,585,016	$3,994,734	$361,145	$6,940,895
10 Total Liabilities (000)	$2,004,403	$3,809,748	$7,205,372	$4,409,890	$39,154,947	$1,280,615	$1,716,941	$185,599	$3,183,154
11 Avg. Shareholders' Equity (000)	$2,555,537	$3,636,339	$7,625,863	$4,298,907	$31,420,133	$1,319,060	$2,261,354	$169,266	$3,749,681
15 Freight Revenue (000)	$2,043,461	$3,840,313	$7,142,241	$5,785,818	$37,982,307	$1,274,483	$1,473,962	$124,643	$2,873,088
26 Freight Service Revenue (000)	$2,112,059	$3,960,813	$7,428,527	$5,950,167	$38,161,197	$1,323,517	$1,539,723	$128,697	$2,991,937
29 Net Revenue from Operations(000)	$188,370	$300,356	$618,440	$491,860	$1,501,701	($43,180)	$149,833	$28,372	$135,025
35 Income Before Fixed Charges (000)	$405,791	$559,517	$1,067,727	$766,537	$3,653,014	$13,266	$275,957	$41,044	$330,267
41 Total Fixed Charges (000)	$90,146	$171,559	$283,408	$206,706	$1,578,905	$55,216	$44,319	$9,125	$108,660
42 Income After Fixed Charges (000)	$315,645	$387,958	$784,319	$559,832	$2,074,109	($41,949)	$231,637	$31,919	$221,607
48 Total Income Taxes Paid (000)	$14,331	$18,575	$22,268	$40,738	($86,272)	$1,285	($20,173)	$9,282	($9,605)
49 Provision for Deferred Taxes (000)	($2,463)	($11,762)	$81,605	$86,878	$591,637	($46,903)	$76,500	$5,484	$35,081
51 Ordinary Income (000)	$303,777	$380,371	$679,672	$430,139	$1,706,710	$3,668	$175,304	$17,152	$196,205
52 Total Extraordinary Items (000)	$0	$0	$0	$0	$0	$0	$0	$0	$0
54 Net Income (000)	$303,777	$380,371	$679,672	$430,139	$1,706,710	$3,668	$175,304	$17,152	$196,205
65 Total Current Assets (000)	$881,642	$1,427,739	$2,682,484	$1,846,948	$13,062,284	$384,783	$516,247	$124,809	$1,025,839
66 Total Other Assets (000)	$1,411,740	$1,616,890	$3,707,268	$989,411	$8,777,069	$390,582	$1,785,858	$14,440	$2,190,881
71 Net Road and Equipment (000)	$2,406,792	$4,626,885	$8,762,987	$5,985,078	$48,955,921	$1,809,650	$1,692,630	$221,896	$3,724,176
77 Total Current Liabilities (000)	$648,975	$1,139,640	$2,160,266	$1,365,538	$11,029,344	$424,128	$429,353	$55,056	$908,596
86 Total Liabilities (000)	$2,004,403	$3,809,748	$7,205,372	$4,409,890	$39,154,947	$1,280,615	$1,716,941	$185,599	$3,183,154
99 Net Working Capital (000)	$232,666	$288,160	$522,219	$481,409	$2,032,941	($39,345)	$86,894	$69,754	$117,302
104 Cash Flow (000)	$280,604	$427,714	$884,094	$639,244	$4,154,308	$4,051	$321,413	$32,406	$357,869
127 Total Working Capital from Oper. (000)	$297,600	$455,930	$971,911	$650,333	$4,096,949	($45,964)	$287,796	$18,891	$260,722
128 Proceeds from Issuance of LT Liab (000)	$150,997	$337,743	$471,825	$537,117	$1,173,442	$162,259	$69,171	$0	$231,430
129 Proceeds Sale/Disp Carr. Oper Prop(000)	$25,396	$43,110	$82,564	$39,637	$545,403	$10,991	$18,076	$1,644	$30,711
130 Proceeds Sale/Disp Tangible Propty(000)	$1,931	$2,099	$2,099	$27,634	$161,579	$0	$0	$0	$0
133 Proceeds from Issuance Capital Stk(000)	$0	$0	$35,672	$556,373	$94,088	$1,125	$0	$0	$1,125
135 Working Capital Sources Other Oper(000)	$417,717	$907,814	$1,231,250	$1,213,238	$3,738,029	$308,464	$353,589	$1,916	$663,969
136 Total Sources of Working Capital (000)	$715,318	$1,363,744	$2,203,161	$1,863,572	$7,834,978	$262,499	$641,385	$20,807	$924,691
146 Net Incr (Decr) Working Capital (000)	($3[illegible]11)	$81,193	$225,879	$320,400	($381,630)	($7,692)	($84,586)	$2,174	($90,104)
149 Total Oper. Exp. - Road (000)	$339,295	$650,191	$1,273,978	$1,135,463	$7,719,644	$304,985	$307,663	$28,227	$640,875
150 Operating Expense - Locomotives (000)	$141,001	$278,288	$469,318	$471,191	$2,914,961	$76,845	$104,338	$3,861	$185,045
153 Operating Expense - Freight Cars (000)	$328,368	$508,294	$1,051,529	$681,176	$5,318,398	$199,756	$184,086	$9,638	$393,480
159 Oper. Exp - Transp - Train Operat (000)	$622,800	$1,173,248	$2,004,692	$1,771,225	$11,537,008	$303,333	$346,379	$27,331	$757,043
160 Oper. Exp - Transp - Yd Operatns(000)	$225,091	$432,521	$898,661	$518,077	$4,116,873	$185,783	$218,965	$12,731	$517,479
161 Oper. Exp - Transp - Train Yard Comm(000)	$6,723	$42,864	$62,448	$55,332	$303,097	$8,657	$5,165	$436	$14,258
163 Oper. Exp - Admin. Supp. Operatns(000)	$51,052	$103,368	$221,857	$196,809	$1,725,818	$36,357	$39,421	$3,430	$79,208
164 Total Oper. Exp - Transportation (000)	$930,585	$1,787,001	$3,284,652	$2,610,391	$18,327,866	$631,505	$660,393	$44,967	$1,336,865
165 Oper. Exp. - Gen and Admin. (000)	$158,053	$296,628	$579,534	$452,131	$3,708,719	$132,501	$104,252	$13,017	$249,771
166. Total Railway Operating Expenses (000)	$1,925,162	$3,656,940	$6,782,001	$5,404,908	$39,261,228	$1,377,910	$1,393,201	$100,325	$2,871,[illegible]26
174. Total Way Structures (000)	$339,295	$650,191	$1,273,298	$1,125,893	$7,397,739	$304,763	$307,663	$28,227	$640,653
	[illegible]	$1,281,431	$2,789,823	$2,159,594	$14,781,531	$575,854	$759,907	$42,976	$1,378,737

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CONSTANT 1993 DOLLARS GNP Deflator, 1993=1.000	1982 L&N 1.482	1982 SCL 1.482	1982 FAM LINES 1.482	1982 CSX 1.482	1982 BN 1.482	1984 US 1.365	1984 B&O 1.365	1984 C&O 1.365	1984 Chessie 1.365
1. Total Operating Revenues (000)	$1,636,086	$1,765,642	$3,401,728	$6,407,256	$5,503,313	$40,199,099	$1,434,312	$1,433,724	$2,868,036
2. Total Operating Expenses (000)	$1,565,286	$1,744,310	$3,309,597	$6,180,099	$5,226,192	$35,213,367	$1,357,264	$1,240,507	$2,597,771
5. Net Railway Operating Income (000)	$104,367	$32,886	$137,253	$252,127	$271,513	$3,462,141	$95,300	$108,439	$203,738
6. Net Income (000)	$48,463	$335,894	$384,358	$580,562	$258,376	$3,686,507	$59,583	$194,279	$253,862
7. Capital Expenditures (000)	$82,577	$123,115	$205,692	$348,857	$263,403	$5,623,876	$195,311	$235,682	$430,993
9. Total Assets (000)	$2,658,673	$4,627,046	$7,285,719	$14,226,613	$7,959,495	$79,218,815	$2,847,310	$4,411,951	$7,259,261
10. Total Liabilities (000)	$1,537,011	$1,926,662	$3,463,673	$6,646,827	$4,241,812	$41,023,046	$1,436,688	$1,862,066	$3,298,755
11. Avg. Shareholders' Equity (000)	$1,133,525	$2,590,612	$3,732,137	$7,481,810	$3,881,462	$37,085,266	$1,396,538	$2,507,254	$3,903,792
15. Freight Revenue (000)	$1,607,793	$1,709,570	$3,317,363	$6,190,451	$5,440,257	$38,859,299	$1,378,387	$1,382,155	$2,760,542
26. Freight Service Revenue (000)	$1,636,086	$1,765,641	$3,401,727	$6,393,663	$5,526,070	$39,958,125	$1,423,209	$1,433,454	$2,856,663
29. Net Revenue from Operations(000)	$70,800	$21,332	$92,132	$227,157	$357,121	$4,905,732	$77,048	$193,217	$270,265
35. Income Before Fixed Charges (000)	$93,470	$412,089	$505,559	$835,826	$528,532	$6,677,558	$116,576	$325,364	$441,940
41. Total Fixed Charges (000)	$69,539	$83,131	$152,670	$261,330	$179,811	$1,350,618	$42,983	$46,329	$89,312
42. Income After Fixed Charges (000)	$23,931	$328,958	$352,890	$574,496	$348,720	$5,326,941	$73,593	$279,035	$352,628
48. Total Income Taxes Paid (000)	($7,325)	($76,754)	($84,078)	($93,684)	$21,050	$347,364	($6,868)	($3,961)	($10,829)
49. Provision for Deferred Taxes (000)	($17,796)	$69,817	$52,022	$67,103	$64,615	$1,269,684	$21,738	$88,717	$110,455
51. Ordinary Income (000)	$48,463	$335,894	$384,358	$580,562	$258,376	$3,622,019	$59,583	$194,279	$253,862
52. Total Extraordinary Items (000)	$0	$0	$0	$0	$0	$64,488	$0	$0	$0
54. Net Income (000)	$48,463	$335,894	$384,358	$580,562	$258,376	$3,686,507	$59,583	$194,279	$253,862
65. Total Current Assets (000)	$412,715	$972,728	$1,385,442	$2,411,281	$1,667,220	$13,404,342	$418,286	$417,382	$835,668
66. Total Other Assets (000)	$200,263	$1,376,865	$1,577,128	$3,768,009	$413,207	$7,748,153	$313,496	$1,901,412	$2,214,908
71. Net Road and Equipment (000)	$2,045,696	$2,277,453	$4,323,149	$8,047,324	$5,679,069	$58,066,320	$2,115,527	$2,093,158	$4,208,685
77. Total Current Liabilities (000)	$476,898	$653,108	$1,130,007	$2,038,543	$1,495,349	$10,887,276	$425,781	$379,760	$805,541
86. Total Liabilities (000)	$1,537,011	$1,926,662	$3,463,673	$6,646,827	$4,241,812	$41,023,046	$1,436,688	$1,862,066	$3,298,755
99. Net Working Capital (000)	($64,184)	$319,619	$255,436	$372,738	$371,871	$2,517,066	($7,494)	$37,62[illegible]	$30,127
104. Cash Flow (000)	$96,763	$490,698	$587,462	$945,331	$472,040	$7,429,914	$165,122	$320,3[illegible]	$485,423
127. Total Working Capital from Oper. (000)	$97,796	$459,499	$557,295	$818,017	$482,447	$7,332,045	$165,939	$337,804	$503,743
128. Proceeds from Issuance of LT Liab (000)	$0	$10,892	$10,892	$242,322	$175,144	$1,600,875	$99,917	$59,42[illegible]	$159,338
129. Proceeds Sale/Disp Carr. Oper Prop(000)	$8,232	$20,105	$28,336	$59,047	$27,400	$524,914	$5,921	$18,312	$24,233
130. Proceeds Sale/Disp Tangible Propty(000)	($4)	$1,669	$1,664	$1,664	$0	$98,203	$0	$0	$0
133. Proceeds from Issuance Capital Stk(000)	$0	$0	$0	$1,125	$0	$55,377	$0	$0	$0
135. Working Capital Sources Other Oper(000)	$121,968	$282,124	$404,092	$1,068,061	$287,950	$4,668,809	$152,256	$167,441	$319,696
136. Total Sources of Working Capital (000)	$219,764	$741,622	$961,387	$1,886,078	$770,397	$12,000,854	$318,195	$505,244	$823,439
146. Net Incr.(Decr.) Working Capital (000)	($114,993)	$143,312	$28,318	($61,786)	($82,088)	$645,648	$16,003	($65,563)	($49,560)
149. Total Oper. Exp. - Road (000)	$290,604	$322,465	$613,069	$1,253,944	$1,177,312	$5,800,925	$252,106	$191,904	$444,010
150. Operating Expense - Locomotives (000)	$128,434	$121,474	$249,909	$434,953	$444,737	$2,776,726	$94,538	$92,156	$186,694
153. Operating Expense - Freight Cars (000)	$248,052	$303,722	$551,774	$945,254	$564,350	$5,154,259	$182,132	$187,399	$369,530
159. Oper. Exp.-Transp. - Train Operat (000)	$478,220	$507,192	$985,413	$1,742,456	$1,669,049	$10,733,787	$375,739	$311,717	$687,457
160. Oper. Exp. - Transp. - Yd Operatns(000)	$181,820	$209,692	$391,512	$808,991	$459,461	$3,770,154	$174,360	$188,854	$363,214
161. Oper. Exp.-Transp.-Train Yard Comm(000)	$15,856	$19,439	$35,295	$49,553	$27,619	$194,773	$5,386	$3,085	$8,470
163. Oper. Exp. - Admin. Supp. Operatns(000)	$52,918	$64,747	$117,665	$196,873	$237,713	$1,444,367	$73,245	$88,200	$161,445
164. Total Oper. Exp. - Transportation (000)	$741,195	$820,016	$1,561,212	$2,898,077	$2,452,772	$16,762,315	$664,916	$615,896	$1,280,812
165. Oper. Exp. - Gen. and Admin. (000)	$119,970	$142,274	$262,244	$512,015	$454,987	$3,679,591	$121,267	$113,790	$235,057
166. Total Railway Operating Expenses (000)	$1,565,286	$1,744,310	$3,309,597	$6,181,032	$5,226,173	$35,213,387	$1,357,264	$1,240,507	$2,597,[illegible]71
174. Total Way Structures (000)	$290,604	$322,465	$613,069	$1,253,722	$1,169,331	$5,770,975	$252,052	$191,904	$443,956
250. Tot. Fit. Serv. Exp. - Labor (000)	$588,244	$671,826	$1,260,070	$2,638,807	$1,910,178	$13,412,913	$56[illegible],811	$589,450	$1,156,261

CONSTANT 1993 DOLLARS GNP Deflator, 1993=1.000	1984 FAM LINES 1.365	1984 CSX 1.365	1984 BN 1.365	1981 US 1.574	1981 NW 1.574	1981 SRS 1.574	1981 Pre-NS 1.574	1981 UP 1.574	1981 MP 1.574
1 Total Operating Revenues (000)	$3,748,920	$6,616,956	$6,060,197	$48,638,877	$2,811,276	$2,810,772	$5,630,047	$3,306,952	$2,971,450
2 Total Operating Expenses (000)	$3,227,262	$5,825,033	$4,767,578	$44,999,895	$2,112,384	$2,284,398	$4,396,782	$2,846,751	$2,613,346
5 Net Railway Operating Income (000)	$361,373	$565,111	$746,745	$2,141,798	$376,625	$355,760	$732,305	$337,508	$280,988
6 Net Income (000)	$336,179	$590,041	$752,465	$3,370,094	$458,175	$333,845	$792,020	$263,46	$233,482
7 Capital Expenditures (000)	$562,012	$993,005	$844,952	$4,330,544	$172,344	$414,660	$587,003	$223,226	$470,013
9 Total Assets (000)	$6,738,661	$13,997,921	$10,141,030	$76,266,990	$5,122,767	$5,434,428	$10,557,195	$5,536,554	$4,654,733
10 Total Liabilities (000)	$3,604,459	$6,903,213	$5,423,492	$42,811,759	$2,266,415	$3,091,063	$5,357,478	$2,882,073	$3,148,873
11 Avg Shareholders' Equity (000)	$3,03[illegible],214	$6,935,006	$4,564,263	$31,987,038	$2,670,868	$2,228,167	$4,899,035	$2,580,009	$1,421,388
15 Freight Revenue (000)	$3,664,053	$6,424,594	$5,937,666	$45,532,816	$2,706,362	$2,756,443	$5,462,806	$3,259,298	$2,888,069
26 Freight Service Revenue (000)	$3,748,920	$6,605,582	$6,016,445	$46,881,212	$2,811,422	$2,817,719	$5,629,141	$3,305,703	$2,971,450
29 Net Revenue from Operations(000)	$521,658	$791,922	$1,292,619	$3,638,981	$698,892	$534,373	$1,233,265	$460,201	$358,104
35 Income Before Fixed Charges (000)	$652,217	$1,094,157	$1,452,417	$6,528,102	$855,793	$651,861	$1,507,654	$488,019	$461,505
41 Total Fixed Charges (000)	$138,599	$227,911	$154,023	$1,760,934	$64,050	$131,014	$195,065	$101,424	$135,805
42 Income After Fixed Charges (000)	$513,617	$866,246	$1,298,394	$4,767,167	$791,743	$520,847	$1,312,589	$386,596	$325,700
48 Total Income Taxes Paid (000)	($429)	($11,257)	$136,266	$71,468	$163,963	($2,119)	$161,044	($63,858)	($117,354)
49 Provision for Deferred Taxes (000)	$177,455	$287,909	$407,663	$1,474,309	$167,533	$189,121	$356,654	$183,993	$194,810
51 Ordinary Income (000)	$336,179	$590,041	$752,465	$3,213,246	$458,175	$333,845	$792,020	$263,461	$233,482
52 Total Extraordinary Items (000)	$0	$0	$0	$167,327	$0	$0	$0	$0	$0
54 Net Income (000)	$336,179	$590,041	$752,465	$3,370,094	$458,175	$333,845	$792,020	$263,461	$233,482
65 Total Current Assets (000)	$1,155,953	$1,991,621	$1,816,516	$15,214,272	$1,235,727	$1,137,883	$2,373,610	$735,933	$891,640
66 Total Other Assets (000)	$479,104	$2,694,011	$646,304	$9,874,712	$877,039	$226,316	$1,103,356	$195,850	$266,583
71 Net Road and Equipment (000)	$5,103,605	$9,312,289	$7,678,209	$51,178,006	$3,010,000	$4,070,229	$7,080,230	$4,604,771	$3,496,510
77 Total Current Liabilities (000)	$1,050,202	$1,855,743	$1,380,054	$12,551,435	$554,610	$731,555	$1,286,166	$785,962	$670,765
86 Total Liabilities (000)	$3,604,459	$6,903,213	$5,423,492	$42,811,759	$2,266,415	$3,091,063	$5,357,478	$2,882,073	$3,148,873
99 Net Working Capital (000)	$105,750	$135,878	$436,462	$2,662,837	$681,117	$406,328	$1,087,444	($50,029)	$220,875
104 Cash Flow (000)	$667,004	$1,152,427	$1,468,520	$6,189,761	$742,140	$678,318	$1,420,458	$614,810	$542,395
127 Total Working Capital from Oper. (000)	$671,281	$1,175,023	$1,445,853	$6,142,989	$747,464	$680,337	$1,427,801	$621,222	$550,168
128 Proceeds from Issuance of LT Liab (000)	$144,072	$303,410	$55,173	$1,753,718	$61,510	$162,315	$223,824	$80,281	$163,590
129 Proceeds Sale/Disp Carr. Oper Prop(000)	$25,711	$49,943	$79,242	$651,795	$19,943	$0	$19,943	$22,295	$26,006
130 Proceeds Sale/Disp Tangible Propty(000)	$3,662	$3,662	$0	$219,011	$74	$41,543	$41,617	$562	$239
133 Proceeds from Issuance Capital Stk(000)	$0	$0	$0	$566,059	$45,962	$11,368	$57,330	$0	$0
135 Working Capital Sources Other Oper(000)	$394,418	$714,115	$1,518,776	$4,684,879	$281,622	$201,851	$483,473	$126,931	$238,802
136 Total Sources of Working Capital (000)	$1,065,699	$1,889,138	$2,964,629	$10,827,868	$1,029,086	$882,188	$1,911,274	$748,153	$788,971
146 Net Incr (Decr) Working Capital (000)	($39,190)	($88,750)	$558,590	$1,223,065	$308,315	$156,621	$464,936	$325,218	$119,616
149 Total Oper. Exp. - Road (000)	$470,113	$914,123	$857,731	$8,714,173	$459,598	$443,913	$903,512	$518,751	$494,802
150 Operating Expense - Locomotives (000)	$268,338	$455,032	$427,945	$3,353,145	$104,892	$148,550	$253,442	$238,875	$174,558
153 Operating Expense - Freight Cars (000)	$570,217	$939,748	$491,068	$6,168,986	$313,159	$323,819	$636,978	$343,870	$449,996
159 Oper. Exp. Transp. - Train Operat (000)	$974,198	$1,661,654	$1,694,674	$13,741,065	$595,705	$711,538	$1,307,244	$1,007,342	$828,688
160 Oper. Exp. - Transp. - Yd Operatns(000)	$388,941	$752,155	$390,408	$4,858,556	$244,136	$229,665	$473,800	$209,731	$269,648
161 Oper. Exp. Transp. Train Yard Comm(000)	$16,072	$24,542	$14,740	$390,846	$10,962	$20,675	$31,637	$35,412	$20,598
163 Oper. Exp. - Admin. Supp. Operatns(000)	$116,429	$277,874	$164,093	$1,772,125	$99,147	$77,717	$176,865	$97,498	$112,850
164 Total Oper. Exp. - Transportation (000)	$1,535,751	$2,916,563	$2,312,998	$21,416,440	$990,175	$1,054,826	$2,045,001	$1,365,939	$1,265,052
165 Oper. Exp. - Gen and Admin. (000)	$298,045	$533,102	$535,176	$4,060,410	$202,542	$260,148	$462,690	$320,905	$179,032
166 Total Railway Operating Expenses (000)	$3,227,262	$5,825,033	$4,767,568	$44,999,891	$2,112,384	$2,284,398	$4,396,782	$2,846,751	$2,613,346
174 Total Way Structures (000)	$470,113	$914,070	$853,051	$8,399,647	$459,370	$443,913	$903,203	$510,751	$494,802
[illegible] (000)	$1,[illegible],211	$2,384,472	$1,699,904	$16,785,249	$856,596	$829,743	$1,686,338	$1,087,876	$911,318

CONSTANT 1993 DOLLARS	1981 WP	1981 Pre-UP	1982 US	1982 NW	1982 SRS	1982 NS	1982 UP	1982 MP	1982 WP
GNP Deflator, 1993=1.000	1.574	1.574	1.482	1.482	1.482	1.482	1.482	1.482	1.482
1 Total Operating Revenues (000)	$296,333	$6,574,734	$40,762,948	$2,574,832	$2,376,691	$4,951,523	$2,628,263	$2,488,095	$254,620
2 Total Operating Expenses (000)	$305,253	$5,765,350	$39,261,247	$2,105,507	$2,048,196	$4,153,703	$2,377,036	$2,235,913	$271,398
5 Net Railway Operating Income (000)	($16,340)	$602,156	$1,100,061	$274,526	$222,973	$497,500	$189,313	$219,501	($12,072)
6 Net Income (000)	$14,375	$511,318	$1,706,710	$405,350	$212,815	$618,165	$155,662	$160,986	($6,003)
7 Capital Expenditures (000)	$46,906	$740,145	$3,212,909	$158,156	$325,134	$483,291	$138,013	$424,546	$6,450
9 Total Assets (000)	$318,300	$10,509,587	$70,796,075	$5,085,314	$5,165,648	$10,250,963	$5,183,182	$4,612,736	$268,528
10 Total Liabilities (000)	$266,276	$6,297,222	$39,154,947	$2,083,569	$2,850,580	$4,934,149	$2,641,635	$3,099,155	$225,708
11 Avg Shareholders' Equity (000)	$44,816	$4,046,212	$31,420,138	$2,845,539	$2,260,705	$5,106,244	$2,520,406	$1,465,547	$45,901
15 Freight Revenue (000)	$292,695	$6,440,082	$37,982,307	$2,480,699	$2,321,938	$4,802,638	$2,591,716	$2,411,971	$251,220
26 Freight Service Revenue (000)	$296,333	$6,573,486	$39,161,197	$2,572,973	$2,376,691	$4,949,665	$2,628,263	$2,488,095	$254,620
29 Net Revenue from Operations(000)	($8,921)	$809,384	$1,501,701	$469,325	$328,496	$797,820	$250,428	$252,182	($16,777)
35 Income Before Fixed Charges (000)	$37,869	$987,393	$3,653,014	$718,330	$451,043	$1,169,373	$299,953	$344,911	$5,611
41 Total Fixed Charges (000)	$15,885	$253,113	$1,578,905	$61,426	$119,462	$180,887	$82,675	$136,439	$16,142
42 Income After Fixed Charges (000)	$21,985	$734,280	$2,074,109	$656,904	$331,581	$988,485	$217,279	$208,472	($10,530)
48 Total Income Taxes Paid (000)	$392	($180,820)	($86,272)	$153,471	($56,769)	$96,703	$47,516	($114,925)	($394)
49 Provision for Deferred Taxes (000)	$7,027	$388,829	$591,637	$96,154	$175,536	$271,690	$14,099	$149,047	($4,311)
51 Ordinary Income (000)	$14,375	$511,318	$1,706,710	$405,350	$212,815	$618,165	$155,662	$160,986	($6,003)
52 Total Extraordinary Items (000)	$0	$0	$0	$0	$0	$0	$0	$0	$0
54 Net Income (000)	$14,375	$511,318	$1,706,710	$405,350	$212,815	$618,165	$155,662	$160,986	($6,003)
65 Total Current Assets (000)	$143,143	$1,770,716	$13,062,284	$1,165,924	$965,393	$2,131,316	$706,024	$751,699	$112,554
66 Total Other Assets (000)	$20,253	$482,686	$8,777,869	$1,031,475	$217,085	$1,248,560	$178,817	$247,666	$17,118
71 Net Road and Equipment (000)	$154,904	$8,256,185	$48,955,921	$2,887,915	$3,983,171	$6,871,086	$4,298,341	$3,613,371	$130,056
77 Total Current Liabilities (000)	$101,167	$1,557,895	$11,029,344	$510,256	$585,594	$1,095,850	$508,790	$646,298	$87,640
86 Total Liabilities (000)	$266,276	$6,297,222	$39,154,947	$2,083,569	$2,850,580	$4,934,149	$2,641,635	$3,099,155	$225,708
99 Net Working Capital (000)	$41,976	$212,821	$2,032,941	$655,668	$379,799	$1,035,466	$123,234	$105,401	$24,914
104 Cash Flow (000)	$32,920	$1,198,126	$4,154,308	$546,356	$536,190	$1,082,545	$322,195	$421,452	$940
127 Total Working Capital from Oper. (000)	($7,655)	$1,163,735	$4,096,949	$595,358	$548,328	$1,143,686	$324,467	$412,670	($15,743)
128 Proceeds from Issuance of LT Liab (000)	$38,057	$281,928	$1,173,442	$35,570	$6,151	$41,721	$152,360	$90,995	$2,431
129 Proceeds Sale/Disp Carr. Oper Prop(000)	$5,310	$53,611	$545,403	$27,543	$0	$27,543	$19,297	$17,268	$842
130 Proceeds Sale/Disp Tangible Property(000)	$33,451	$34,252	$161,579	($385)	$41,210	$40,824	$210	$178	$16,434
133 Proceeds from Issuance Capital Stk(000)	$39	$39	$94,088	$16,474	$23,472	$39,946	$0	$0	$37
135 Working Capital Sources Other Oper(000)	$89,904	$455,638	$3,738,029	$458,424	$92,928	$551,352	$188,501	$168,438	$25,237
136 Total Sources of Working Capital (000)	$82,249	$1,619,373	$7,834,978	$1,053,782	$641,256	$1,695,038	$512,968	$581,108	$9,494
146 Net Incr (Decr) Working Capital (000)	$14,884	$459,718	($381,630)	$14,378	($2,770)	$11,608	$170,338	($102,558)	($14,608)
149 Total Oper. Exp - Road (000)	$47,328	$1,060,882	$7,719,644	$517,502	$371,831	$889,333	$395,229	$389,337	$43,129
150 Operating Expense - Locomotives (000)	$24,350	$437,784	$2,914,961	$101,783	$141,910	$243,693	$224,220	$142,283	$21,098
153 Operating Expense - Freight Cars (000)	$37,129	$830,996	$5,318,398	$299,208	$281,147	$580,355	$282,300	$397,012	$32,700
159 Oper. Exp - Transp - Train Operat (000)	$95,330	$1,931,360	$11,537,008	$533,233	$612,853	$1,146,086	$830,040	$677,068	$80,039
160 Oper. Exp - Transp - Yd Operatns(000)	$26,646	$506,024	$4,116,873	$219,690	$219,840	$439,530	$172,263	$233,917	$21,814
161 Oper. Exp Transp Train Yard Commn(000)	$2,728	$58,738	$303,097	$14,474	$13,262	$27,736	$27,835	$13,855	$2,431
163 Oper. Exp - Admin Supp Operatns(000)	$13,078	$223,426	$1,725,818	$108,090	$79,820	$187,910	$89,003	$97,070	$12,057
164 Total Oper. Exp - Transportation (000)	$156,988	$2,787,978	$18,327,866	$912,695	$942,678	$1,855,373	$1,132,498	$1,054,665	$137,260
165 Oper. Exp - Gen and Admin. (000)	$33,643	$533,580	$3,708,719	$230,819	$255,055	$485,874	$290,745	$208,321	$30,610
166 Total Railway Operating Expenses (000)	$305,253	$5,765,350	$39,261,228	$2,105,507	$2,048,196	$4,153,703	$2,377,036	$2,235,913	$271,398
174 Total Way Structures (000)	$47,328	$1,060,882	$7,397,739	$517,308	$371,831	$889,139	$395,229	$389,337	$43,129
250 Tot Fit Serv Exp - Labor (000)	$112,858	$2,112,052	$14,791,531	$834,728	$767,452	$1,602,190	$964,856	$802,108	$99,240

CONSTANT 1993 DOLLARS	1982 MOPUP	1984 US	1984 NW	1984 SRS	1984 NS	1984 UP	1984 MP	1984 WP	1984 MOPUP
GNP Deflator, 1993=1.000	1.482	1.365	1.365	1.365	1.365	1.365	1.365	1.365	1.365
1. Total Operating Revenues (000)	$5,370,979	$40,199,099	$2,340,089	$2,450,435	$4,790,524	$2,621,657	$2,450,189	$200,276	$5,272,122
2. Total Operating Expenses (000)	$4,885,146	$35,213,367	$1,892,448	$1,919,301	$3,811,748	$2,355,624	$2,195,479	$222,898	$4,774,001
5. Net Railway Operating Income (000)	$396,742	$3,462,141	$228,984	$311,738	$540,722	$182,966	$202,060	$444	$385,469
6. Net Income (000)	$310,645	$3,686,507	$360,205	$301,799	$662,004	$167,452	$177,306	($9,308)	$335,449
7. Capital Expenditures (000)	$569,009	$5,623,876	$205,555	$250,319	$455,874	$286,195	$466,256	$83,711	$836,162
9. Total Assets (000)	$10,064,446	$79,218,815	$5,509,492	$6,390,763	$11,900,254	$5,386,892	$4,894,235	$394,149	$10,675,277
10. Total Liabilities (000)	$5,966,497	$41,023,046	$2,275,853	$3,396,441	$5,672,295	$2,791,081	$3,358,152	$355,223	$6,504,456
11. Avg. Shareholders' Equity (000)	$4,031,854	$37,085,266	$3,125,841	$2,904,095	$6,029,936	$2,567,903	$1,477,456	$43,581	$4,088,940
15. Freight Revenue (000)	$5,254,908	$38,859,299	$2,248,604	$2,394,363	$4,642,967	$2,588,712	$2,386,210	$196,093	$5,171,014
26. Freight Service Revenue (000)	$5,370,979	$39,958,125	$2,338,356	$2,450,435	$4,788,790	$2,621,657	$2,450,189	$200,276	$5,272,122
29. Net Revenue from Operations(000)	$485,832	$4,985,732	$447,641	$531,134	$978,775	$266,034	$254,710	($22,622)	$498,121
35. Income Before Fixed Charges (000)	$650,476	$6,677,558	$637,834	$626,190	$1,264,024	$316,898	$358,213	($2,865)	$672,247
41. Total Fixed Charges (000)	$235,255	$1,350,618	$27,809	$97,131	$124,940	$66,104	$115,427	$29,375	$210,907
42. Income After Fixed Charges (000)	$415,221	$5,326,941	$610,025	$529,059	$1,139,085	$250,794	$242,786	($32,240)	$461,340
48. Total Income Taxes Paid (000)	($67,802)	$347,364	$129,460	$111,225	$240,685	$17,935	($43,469)	($35,813)	($61,347)
49. Provision for Deferred Taxes (000)	$158,835	$1,269,684	$119,209	$116,036	$235,244	$65,407	$96,891	$12,748	$175,046
51. Ordinary Income (000)	$310,645	$3,622,019	$360,205	$301,799	$662,004	$167,452	$177,306	($9,308)	$335,449
52. Total Extraordinary Items (000)	$0	$64,488	$0	$0	$0	$0	$0	$0	$0
54. Net Income (000)	$310,645	$3,686,507	$360,205	$301,799	$662,004	$167,452	$177,306	($9,308)	$335,449
65. Total Current Assets (000)	$1,570,276	$13,404,342	$1,417,626	$1,056,589	$2,474,214	$774,341	$642,686	$102,739	$1,519,766
66. Total Other Assets (000)	$443,601	$7,748,153	$950,605	$317,897	$1,268,502	$380,166	$287,690	$15,616	$663,472
71. Net Road and Equipment (000)	$8,050,568	$58,066,320	$3,141,261	$5,016,277	$8,157,538	$4,252,386	$3,963,659	$275,794	$8,492,039
77. Total Current Liabilities (000)	$1,316,727	$10,887,276	$604,299	$678,020	$1,282,319	$617,799	$854,179	$83,350	$1,555,329
86. Total Liabilities (000)	$5,966,497	$41,023,046	$2,275,853	$3,396,441	$5,672,295	$2,791,081	$3,358,152	$355,223	$6,504,456
99. Net Working Capital (000)	$253,549	$2,517,066	$813,327	$378,568	$1,191,896	$156,541	($211,493)	$19,389	($35,564)
104. Cash Flow (000)	$744,586	$7,429,914	$575,035	$617,922	$1,192,957	$447,813	$425,606	$17,252	$890,671
127. Total Working Capital from Oper. (000)	$721,395	$7,332,045	$579,191	$616,497	$1,195,688	$495,131	$463,856	$10,373	$969,359
128. Proceeds from Issuance of LT Liab (000)	$245,786	$1,600,875	$0	$0	$0	$409	$65,999	$0	$66,409
129. Proceeds Sale/Disp Carr. Oper Prop(000)	$37,407	$524,914	$22,957	$0	$22,957	$6,757	$29,690	$1,647	$38,295
130. Proceeds Sale/Disp Tangible Propty(000)	$16,822	$98,203	$0	$22,312	$22,312	$2,197	$427	$13,098	$15,723
133. Proceeds from Issuance Capital Stk(000)	$37	$55,377	$0	$0	$0	$0	$0	$0	$0
135. Working Capital Sources Other Oper(000)	$382,176	$4,668,809	$82,824	$13,586	$96,409	$25,251	$116,269	$97,481	$239,019
137. Total Sources of Working Capital (000)	$1,103,570	$12,000,854	$662,015	$630,083	$1,292,098	$520,302	$580,144	$107,053	$1,208,379
146. Net Incr (Decr) Working Capital (000)	$53,172	$645,648	$84,846	($22,793)	$42,053	($74,273)	($142,763)	$13,038	($203,998)
149. Total Oper. Exp. - Road (000)	$827,695	$5,600,925	$397,380	$319,934	$717,314	$408,739	$350,247	$37,515	$804,502
150. Operating Expense - Locomotives (000)	$387,600	$2,776,726	$101,557	$115,136	$216,694	$221,088	$164,254	$10,901	$396,243
153. Operating Expense - Freight Cars (000)	$712,011	$5,154,259	$296,454	$327,222	$623,676	$293,187	$326,875	$25,544	$645,607
159. Oper. Exp.-Transp.- Train Operat.(000)	$1,587,147	$10,733,787	$507,095	$506,691	$1,013,786	$812,331	$710,315	$71,369	$1,594,014
160. Oper. Exp. - Transp. - Yd Operatns(000)	$427,993	$3,770,154	$221,202	$239,312	$460,513	$146,912	$219,762	$15,283	$381,957
161. Oper. Exp.-Transp.-Train Yard Comm(000)	$44,121	$194,773	$8,043	$10,193	$18,236	$22,209	$7,972	$2,055	$32,236
163. Oper. Exp. - Admin. Supp. Operatns(000)	$198,930	$1,444,367	$66,239	$79,268	$145,607	$90,737	$91,773	$6,888	$189,398
164. Total Oper. Exp. - Transportation (000)	$2,324,424	$16,762,315	$831,933	$856,146	$1,688,079	$1,085,728	$1,053,275	$101,246	$2,240,249
165. Oper. Exp. - Gen. and Admin. (000)	$529,676	$3,679,501	$229,305	$266,173	$495,477	$273,925	$243,412	$30,669	$556,005
168. Total Railway Operating Expenses (000)	$4,885,146	$35,213,387	$1,892,448	$1,919,301	$3,811,748	$2,355,655	$2,195,479	$222,898	$4,774,032
[illegible] Revenues (000)	$827,695	$5,770,975	$397,188	$319,934	$717,121	$408,739	$221,764	$37,515	$668,019
[illegible]	[illegible]	[illegible]	$763,471	$754,288	$1,517,759	$989,632	$760,402	$76,372	$1,834,407

CONSTANT 1993 DOLLARS	1986 US	1986 NS	1986 UP
GNP Deflator, 1993=1.000	1.282	1.282	1.282
1. Total Operating Revenues (000)	$33,586,707	$4,265,336	$4,828,200
2. Total Operating Expenses (000)	$31,910,063	$3,416,910	$3,954,440
5. Net Railway Operating Income (000)	$649,315	$436,506	$65,208
6. Net Income (000)	$697,785	$647,542	$6,020
7. Capital Expenditures (000)	$4,672,337	$753,252	$615,442
9. Total Assets (000)	$71,703,234	$11,681,925	$9,931,127
10. Total Liabilities (000)	$39,093,850	$5,769,366	$6,071,819
11. Avg. Shareholders' Equity (000)	$33,284,749	$5,731,440	$3,946,019
15. Freight Revenue (000)	$32,484,146	$4,125,243	$4,734,235
26. Freight Service Revenue (000)	$33,358,775	$4,263,036	$4,828,200
29. Net Revenue from Operations(000)	$1,676,645	$848,426	$873,760
35. Income Before Fixed Charges (000)	$3,178,283	$1,146,526	$1,017,507
41. Total Fixed Charges (000)	$1,155,039	$78,407	$190,745
42. Income After Fixed Charges (000)	$2,023,244	$1,068,119	$826,762
48. Total Income Taxes Paid (000)	$627,569	$228,049	$98,459
49. Provision for Deferred Taxes (000)	($418,540)	$191,655	($134,487)
51. Ordinary Income (000)	$957,410	$647,542	$851,624
52. Total Extraordinary Items (000)	$170,833	$0	($845,603)
54. Net Income (000)	$697,785	$647,542	$6,020
65. Total Current Assets (000)	$11,705,427	$1,904,478	$1,030,425
66. Total Other Assets (000)	$3,939,877	$880,023	$487,204
71. Net Road and Equipment (000)	$56,057,930	$8,897,424	$8,413,498
77. Total Current Liabilities (000)	$10,753,433	$1,227,802	$1,412,057
86. Total Liabilities (000)	$39,093,850	$5,769,366	$6,071,819
99. Net Working Capital (000)	$951,994	$676,676	($381,6[illegible]
104. Cash Flow (000)	$4,157,039	$1,161,355	$225[illegible]
127. Total Working Capital from Oper. (000)	$5,590,015	$1,112,268	$1,074[illegible]
128. Proceeds from Issuance of LT Liab (000)	$1,062,139	$119,344	$98,537
129. Proceeds Sale/Disp Carr. Oper Prop(000)	$1,111,575	$78,488	$49,467
130. Proceeds Sale/Disp Tangible Propty(000)	$22,323	$3,547	$1,657
133. Proceeds from Issuance Capital Stk(000)	$344	$0	$0
135. Working Capital Sources Other Oper(000)	$3,321,717	$347,968	$257,553
136. Total Sources of Working Capital (000)	$8,911,732	$1,460,236	$1,331,612
146. Net Incr (Decr) Working Capital (000)	($293,580)	$27,556	($143,199)
149. Total Oper. Exp. - Road (000)	$6,126,291	$654,883	$645,558
150. Operating Expense - Locomotives (000)	$2,470,701	$209,584	$312,837
153. Operating Expense - Freight Cars (000)	$4,902,097	$565,864	$563,791
159. Oper. Exp.-Transp.-Train Operat (000)	$8,029,615	$817,327	$1,213,231
160. Oper. Exp. - Transp. - Yd Operatns(000)	$3,039,538	$395,052	$283,267
161. Oper. Exp.-Transp.-Train Yard Comn(000)	$161,955	$15,494	$34,477
163. Oper. Exp. - Admin. Supp. Operatns(000)	$1,214,755	$115,329	$171,195
164. Total Oper. Exp. - Transportation (000)	$13,069,372	$1,390,949	$1,753,772
165. Oper. Exp. - Gen. and Admin. (000)	$4,289,480	$501,522	$502,203
166. Total Railway Operating Expenses (000)	$31,910,063	$3,416,910	$3,954,440
174. Total Way Structures (000)	$6,093,437	$654,883	$645,558
250. Tot. Fit. Serv. Exp. - Labor (000)	$11,045,593	$1,361,465	$1,479,453

CONSTANT 1993 DOLLARS GNP Deflator, 1993=1.000	1979 UB 1.896	1979 B&O 1.896	1979 C&O 1.896	1979 WM 1.896	1979 Chessie 1.896	1979 L&N 1.896	1979 SCL 1.896	1979 FAM LINES 1.896	1979 PRE-CSX 1.896
251. Tot. Frt. Serv. Exp. - Fringe Ben (000)	$4,232,827	$158,221	$168,413	$14,737	$341,372	$150,508	$176,193	$334,701	$676,073
252. Tot. Frt. Serv. Exp. - M & S (000)	$5,703,969	$168,848	$143,090	$7,570	$319,507	$191,979	$221,059	$413,038	$733,345
253. Tot. Frt. Serv. Exp. - Fuel & Pow (000)	$4,409,932	$148,993	$108,464	$5,226	$262,682	$187,455	$172,051	$360,406	$623,088
254. Tot. Frt. Serv. Exp. - Cas. & Ins (000)	$1,061,280	$28,966	$31,380	$1,792	$62,138	$53,806	$42,296	$96,102	$158,240
255. Tot. Frt. Serv. Exp. - Lease Rents(000)	$3,640,617	$208,574	$99,783	$26,937	$335,294	$175,499	$167,260	$342,760	$678,054
256. Tot. Frt. Serv. Exp. - Depreciat. (000)	$1,937,258	$67,834	$55,843	$10,431	$134,108	$86,343	$73,270	$159,613	$293,721
257. Tot. Frt. Serv. Exp. - Freight L&D(000)	$585,526	$26,956	$11,931	$207	$39,094	$30,566	$23,228	$53,795	$92,688
258. Tot. Frt. Serv. Exp. Prop Tax etc (000)	$717,897	$22,970	$13,691	$3,432	$40,294	$29,531	$36,750	$66,281	$106,575
259. Tot. Frt. Serv. Exp. - All Other (000)	$3,259,653	$139,453	$32,895	($9,418)	$162,930	$153,509	$142,257	$295,767	$458,696
260. GRAND TOT. FRT. SERVICE EXPS. (000)	$44,009,826	$1,613,739	$1,415,469	$109,802	$3,139,031	$1,756,643	$1,799,935	$3,556,578	$6,695,609
277. Total Equipment Rents (000)	$2,129,228	$85,127	$41,274	($5,525)	$120,076	$74,588	$94,005	$168,593	$285,469
299. Freight Revenue per Mile of Road	$243,770	$322,436	$306,152	$148,039	$300,208	$270,451	$217,612	$240,246	$264,367
300. Freight Expense per Mile of Road	$239,983	$312,559	$297,559	$116,811	$289,045	$264,874	$203,383	$229,723	$254,180
327. Avg. $ Exec., Offic. & Staff Ass.	$60,940	$57,927	$60,456	$56,017	$59,110	$58,531	$57,961	$58,200	$58,649
328. Avg. $ Professional & Administr.	$37,734	$37,065	$37,931	$38,238	$37,672	$37,182	$37,689	$37,474	$37,582
329. Avg. $ Maint. of Way and Structure	$36,822	$34,564	$34,473	$35,608	$34,563	$36,714	$34,224	$35,311	$34,943
330. Avg. $ Maint. of Equip. and Stores	$38,656	$37,563	$36,464	$38,695	$36,947	$47,223	$37,671	$41,413	$38,947
331. Avg. $ Transp (Excl Train & Eng.)	$40,920	$38,329	$39,113	$38,699	$38,717	$41,333	$41,308	$41,317	$39,800
332. Avg. $ Transp. - Yard & Switching	$45,148	$43,502	$43,280	$46,752	$43,480	$39,899	$41,088	$40,512	$42,111
333. Avg. $ Transportation Train & Eng.	$51,377	$44,977	$42,816	$45,330	$43,992	$51,153	$51,299	$51,230	$47,623
334. Avg. $ Total	$42,918	$40,383	$39,283	$41,701	$39,839	$45,112	$42,205	$43,519	$41,595
378. Cap. Exp. Total Road (000)	$1,642,038	$21,050	$46,468	$1,464	$68,981	$90,774	$59,096	$150,470	$219,451
382. Cap. Exp. Total Equipment (000)	$4,292,544	$68,691	$56,474	$47,717	$172,883	$17,817	$111,841	$129,657	$302,540
384. Excess of Cash Flow Ov Cap Expend (00	($2,207,457)	$79,497	$159,812	($11,426)	$227,883	$22,716	$64,040	$86,756	$314,639
599. Total Gross Frt. Revenue (000)	$45,430,595	$1,744,809	$1,496,676	$142,756	$3,384,241	$1,840,479	$1,945,643	$3,786,122	$7,170,364
600. Revenue per Ton Originated	$30.67	$35.19	$21.28	$14.79	$26.11	$19.43	$18.54	$18.96	$21.77
738. Frt. Revenue Per Ton Mile	$0.0494	$0.0653	$0.0540	$0.0695	$0.0599	$0.0463	$0.0534	$0.0497	$0.0540
741. Frt Serv Rev Per Ton Carried ($)	$18.76	$17.67	$14.71	$7.48	$15.37	$13.77	$11.99	$12.79	$13.89
743. Frt Serv Exp Per Ton Mile	$0.0486	$0.0633	$0.0525	$0.0549	$0.0577	$0.0453	$0.0499	$0.0475	$0.0519
745. Frt Serv Exp Per Ton Carried ($)	$17.76	$16.41	$13.55	$5.53	$14.10	$13.11	$10.85	$11.86	$12.81

CONSTANT 1993 DOLLARS	1979 BN	1979 SLSF	1979 BN+SLSF	1980 US	1980 B&O	1980 C&O	1980 WM	1980 Chessie	1980 L&N
GNP Deflator, 1993=1.000	1.896	1.896	1.896	1.732	1.732	1.732	1.732	1.732	1.732
251. Tot Frt Serv Exp - Fringe Ben (000)	$453,967	$76,991	$530,958	$3,972,912	$143,109	$152,627	$13,087	$308,823	$150,919
252. Tot Frt Serv. Exp - M & S (000)	$654,164	$115,853	$770,017	$5,563,911	$168,051	$141,926	$9,309	$319,286	$188,190
253. Tot Frt Serv Exp - Fuel & Pow (000)	$515,802	$90,074	$605,876	$5,623,178	$162,009	$131,926	$12,676	$306,611	$235,982
254. Tot Frt Serv. Exp - Cas. & Ins (000)	$88,872	$14,834	$103,706	$1,111,200	$34,135	$41,708	$4,519	$80,363	$63,666
255. Tot Frt Serv Exp - Lease Rents(000)	$305,538	$70,840	$376,377	$3,523,932	$141,536	$116,819	$6,397	$264,752	$151,236
256. Tot Frt Serv Exp - Depreciat. (000)	$160,472	$33,432	$193,904	$1,976,644	$62,129	$36,700	$11,116	$109,946	$77,612
257. Tot Frt Serv Exp - Freight L&D(000)	$29,279	$14,428	$43,707	$457,385	$7,913	$7,506	$1,779	$17,197	$27,482
258. Tot Frt Serv Exp Prop Tax etc (000)	$91,582	$11,462	$103,044	$630,550	$18,443	$13,685	$2,259	$34,386	$25,159
259. Tot Frt Serv. Exp. - All Other (000)	$210,528	$18,746	$229,273	$3,449,768	$174,045	$63,209	$35,628	$272,881	$160,528
260. GRAND TOT. FR[illegible] SERVICE EXPS. (000	$4,382,521	$761,763	$5,144,284	$43,875,114	$1,528,129	$1,438,468	$146,040	$3,112,637	$1,731,778
277. Total Equipment Rents (000)	$151,541	$46,925	$198,466	($342,993)	($103,611)	($93,373)	($24,289)	($221,273)	($47,936)
299. Freight Revenue per Mile of Road	$197,175	$179,555	$194,277	$255,519	$303,788	$329,419	$130,268	$296,350	$273,493
300. Freight Expense per Mile of Road	$192,233	$169,733	$188,532	$245,622	$293,420	$302,581	$123,763	$279,361	$263,589
327. Avg $ Exec., Offic. & Staff Ass.	$66,522	$65,117	$66,273	$61,877	$64,220	$67,953	$62,734	$66,054	$5[illegible]
328. Avg $ Professional & Administr.	$36,773	$36,329	$36,714	$36,114	$37,128	$38,462	$36,143	$38,067	$37,8[illegible]
329. Avg $ Maint. of Way and Structure	$35,326	$34,975	$35,283	$36,936	$34,260	$34,061	$35,450	$34,218	$36,[illegible]
330. Avg $ Maint. of Equip. and Stores	$37,706	$36,194	$37,507	$38,386	$37,610	$36,155	$38,904	$36,802	$45,344
331. Avg $ Transp (Excl Train & Eng.)	$38,895	$39,077	$38,910	$41,492	$38,705	$42,687	$40,125	$40,726	$40,941
332. Avg $ Transp. - Yard & Switching	$42,734	$40,341	$42,381	$44,177	$43,203	$42,744	$38,687	$42,861	$39,818
333. Avg $ Transportation-Train & Eng	$52,888	$42,994	$51,112	$50,491	$54,144	$42,788	$45,578	$43,586	$49,763
334. Avg $ Total	$41,710	$39,424	$41,382	$42,777	$40,298	$39,756	$41,947	$40,062	$44,272
378. Cap. Exp. Total Road (000)	$298,226	$39,164	$337,390	$1,651,612	$35,434	$41,457	$1,161	$78,052	$45,330
382. Cap. Exp. Total Equipment (000)	$217,985	$22,680	$240,665	$3,949,680	$42,711	$93,472	$34,260	$170,443	$211,694
384. Excess of Cash Flow Ov Cap Expend (00	($98,600)	$10,366	($88,233)	($1,421,305)	$40,057	-$173,217	($13,388)	$207,885	($109,914)
599. Total Gross Frt Revenue (000)	$4,597,425	$829,282	$5,426,708	$46,661,911	$1,642,679	$1,590,792	$157,178	$3,390,650	$1,880,982
600. Revenue per Ton Originated	$28.15	$39.52	$29.44	$31.27	$31.62	$21.08	$14.33	$25.33	$19.86
738. Frt Revenue Per Ton Mile	$0.0363	$0.0479	$0.0377	$0.0497	$0.0681	$0.0532	$0.0725	$0.0603	$0.0463
741. Frt Serv Rev Per Ton Carried ($)	$23.75	$19.47	$22.97	$19.28	$18.36	$15.52	$8.39	$16.05	$14.06
743. Frt Serv Exp Per Ton Mile	$0.0354	$0.0453	$0.0366	$0.0477	$0.0658	$0.0489	$0.0688	$0.0568	$0.0446
745. Frt Serv Exp Per Ton Carried ($)	$22.69	$17.84	$21.81	$18.01	$16.99	$13.51	$7.46	$14.41	$13.17

CONSTANT 1993 DOLLARS	1980 SCL	1980 FAM LINES	1980 Pre-CSX	1980 BN	1982 US	1982 B&O	1982 C&O	1982 WM	1982 Chessie
GNP Deflator, 1993=1.000	1.732	1.732	1.732	1.732	1.402	1.402	1.402	1.402	1.402
251. Tot Frt Serv Exp - Fringe Ben (000)	$176,302	$327,221	$636,044	$510,070	$4,171,820	$139,996	$103,060	$10,818	$333,876
252. Tot Frt Serv Exp - M & S (000)	$227,790	$415,96[illegible]	$735,266	$872,560	$4,067,165	$149,141	$139,252	$10,394	$298,787
253. Tot Frt Serv Exp - Fuel & Pow (000)	$236,630	$472,611	$779,222	$824,880	$4,430,782	$117,935	$116,975	$5,324	$240,234
254. Tot Frt Serv Exp - Cas & Ins (000)	$59,902	$123,568	$203,931	$94,619	$954,717	$27,671	$34,404	$285	$62,359
255. Tot Frt Serv Exp - Lease Rents(000)	$198,457	$349,695	$614,447	$412,916	$3,573,662	$162,990	$128,335	$5,783	$297,108
256. Tot Frt Serv Exp - Depreciat (000)	$76,772	$154,384	$264,329	$181,178	$1,816,585	$55,033	$30,644	$9,752	$95,429
257. Tot Frt Serv Exp - Freight L&D(000)	$24,069	$51,551	$60,748	$46,539	$223,988	$7,839	$4,409	$92	$12,340
258. Tot Frt Serv Exp Prop Tax etc (000)	$24,523	$49,682	$84,068	$84,901	$483,901	$15,891	$11,194	$1,943	$29,028
259. Tot Frt Serv Exp - All Other (000)	$160,289	$320,817	$593,699	$237,099	$3,082,219	$113,062	($14,980)	$12,958	$111,040
260. GRAND TOT FRT SERVICE EXPS (000	$1,925,162	$3,656,940	$6,769,577	$5,432,356	$37,586,370	$1,365,413	$1,393,201	$100,325	$2,858,939
277. Total Equipment Rents (000)	$4,694	($43,042)	($264,316)	$57,078	$2,308,470	$56,959	$49,502	($8,663)	$97,798
299. Freight Revenue per Mile of Road	$233,806	$250,837	$270,008	$211,462	$218,247	$252,173	$313,676	$108,197	$263,465
300. Freight Expense per Mile of Road	$220,270	$238,860	$255,919	$198,544	$215,972	$270,165	$296,489	$87,088	$262,168
327. Avg $ Exec, Offic & Staff Ass	$60,404	$60,099	$63,095	$66,238	$62,383	$63,828	$65,399	$61,569	$64,613
328. Avg $ Professional & Administr.	$38,166	$38,038	$38,054	$36,985	$38,856	$38,695	$40,372	$39,645	$39,914
329. Avg $ Maint of Way and Structure	$34,357	$35,502	$34,872	$35,568	$37,660	$35,296	$36,612	$35,836	$35,897
330. Avg $ Maint of Equip and Stores	$37,603	$40,625	$38,582	$37,686	$39,028	$38,046	$37,181	$39,243	$37,572
331. Avg $ Transp (Excl Train & Eng)	$41,402	$41,219	$40,930	$39,091	$42,080	$39,925	$44,301	$43,411	$42,255
332. Avg $ Transp - Yard & Switching	$40,487	$40,159	$41,572	$41,852	$42,667	$44,828	$44,127	$44,503	$44,436
333. Avg $ Transportation Train & Eng	$51,262	$50,576	$47,136	$50,626	$49,724	$44,567	$43,088	$45,260	$43,886
334. Avg $ Total	$42,427	$43,206	$41,582	$41,611	$43,067	$41,008	$41,099	$42,105	$41,091
378. Cap Exp Total Road (000)	$61,204	$106,535	$184,587	$239,183	$1,953,955	$24,668	$20,370	$1,002	$46,040
382. Cap Exp Total Equipment (000)	$190,658	$402,353	$572,796	$311,761	$1,256,187	$2,860	$94,038	$219	$97,125
384. Excess of Cash Flow Ov Cap Expend (00	$28,741	($81,173)	$128,712	$88,300	$944,166	($23,485)	$207,005	$31,185	$214,704
599. Total Gross Frt Revenue (000)	$2,102,923	$3,983,905	$7,374,554	$5,158,125	$39,281,395	$1,380,538	$1,520,799	$123,984	$3,025,321
600. Revenue per Ton Originated	$19.72	$19.79	$22.00	$27.82	$30.96	$30.78	$20.77	$13.74	$23.80
738. Frt Revenue Per Ton Mile	$0.0543	$0.0502	$0.0544	$0.0372	$0.0476	$0.0634	$0.0511	$0.0766	$0.0568
741. Frt Serv Rev Per Ton Carried ($)	$12.17	$12.99	$14.26	$23.24	$19.67	$16.25	$16.09	$8.40	$15.54
743. Frt Serv Exp Per Ton Mile	$0.0512	$0.0478	$0.0516	$0.0349	$0.0471	$0.0679	$0.0483	$0.0617	$0.0565
745. Frt Serv Exp Per Ton Carried ($)	$11.10	$11.99	$12.99	$21.22	$18.88	$16.76	$14.56	$6.55	$14.85

CONSTANT 1993 DOLLARS	L&N	SCL	1982 FAM LINES	1982 CSX	1982 BN	1984 US	1984 B&O	1984 C&O	1984 Chessie
GNP Deflator, 1993=1.000	1.482	1.482	1.482	1.482	1.482	1.365	1.365	1.365	1.365
251. Tot Frt Serv Exp - Fringe Ben (000)	$169,663	$194,825	$364,488	$698,364	$551,076	$4,271,441	$173,451	$184,796	$358,247
252. Tot Frt Serv Exp - M & S (000)	$158,404	$175,530	$333,933	$632,720	$771,208	$2,740,043	$93,397	$58,134	$151,531
253. Tot Frt Serv Exp - Fuel & Pow (000)	$196,956	$194,662	$391,618	$631,852	$735,741	$3,793,417	$107,499	$83,909	$191,407
254. Tot Frt Serv Exp - Cas & Ins (000)	$43,693	$50,308	$93,701	$156,061	$109,386	$976,178	$30,495	$31,615	$62,110
255. Tot Frt Serv Exp - Lease Rents(000)	$161,719	$224,950	$386,670	$683,777	$489,991	$3,435,508	$129,704	$108,739	$238,444
256. Tot Frt Serv Exp - Depreciat (000)	$71,839	$69,224	$141,063	$236,493	$145,548	$2,584,925	$93,965	$63,276	$157,241
257. Tot Frt Serv Exp - Freight L&D(000)	$10,621	$11,228	$21,849	$34,189	$26,011	$135,849	$4,731	$2,679	$7,410
258. Tot Frt Serv Exp -Prop Tax etc (000)	$19,533	$28,505	$48,038	$77,066	$70,904	$494,908	$16,217	$11,882	$28,099
259. Tot Frt Serv Exp - All Other (000)	$144,914	$123,251	$268,165	$379,208	$368,060	$3,127,230	$129,732	$106,026	$235,758
260. GRAND TOT. FRT. SERVICE EXPS. (000	$1,565,286	$1,744,310	$3,309,597	$6,168,535	$5,178,104	$34,972,415	$1,346,000	$1,240,507	$2,586,507
277. Total Equipment Rents (000)	$74,218	$130,374	$204,591	$302,388	$262,296	$2,430,306	$66,769	$65,299	$132,068
299. Freight Revenue per Mile of Road	$249,618	$194,889	$218,061	$237,019	$188,280	$232,954	$259,290	$301,846	$278,983
300. Freight Expense per Mile of Road	$243,019	$198,850	$217,551	$236,179	$178,944	$209,652	$253,198	$270,912	$261,395
327. Avg $ Exec, Offic & Staff Ass	$50,476	$61,240	$59,224	$61,978	$64,631	$65,030	$0	$62,975	$62,975
328. Avg $ Professional & Administr.	$40,000	$38,207	$38,609	$39,366	$39,260	$41,267	$0	$44,509	$44,509
329. Avg $ Maint of Way and Structure	$37,196	$36,042	$36,541	$36,227	$37,860	$39,949	$0	$38,810	$38,810
330. Avg $ Maint of Equip and Stores	$46,277	$39,342	$42,092	$39,572	$39,920	$41,230	$0	$41,877	$41,877
331. Avg $-Transp (Excl Train & Eng)	$42,803	$41,177	$41,766	$42,042	$41,073	$44,072	$0	$46,067	$46,067
332. Avg $-Transp. - Yard & Switching	$38,182	$42,413	$40,326	$42,347	$43,268	$0	$0	$0	$0
333. Avg $-Transportation-Train & Eng	$51,386	$51,048	$51,201	$47,527	$54,580	$55,217	$0	$52,582	$52,582
334. Avg $-Total	$44,973	$43,187	$43,885	$42,421	$44,552	$46,492	$0	$46,125	$46,125
378. Cap Exp -Total Road (000)	$60,089	$59,189	$119,278	$165,316	$224,974	$4,010,208	$115,524	$157,114	$272,638
382. Cap Exp -Total Equipment (000)	$20,161	$61,464	$81,625	$178,750	$45,051	$1,100,274	$51,323	$75,916	$127,239
384. Excess of Cash Flow Ov Cap Expend (00	$16,514	$370,045	$386,558	$601,263	$202,459	$2,319,432	($1,725)	$87,270	$85,545
599. Total Gross Frt Revenue (000)	$1,662,198	$1,716,773	$3,378,971	$6,404,291	$5,641,128	$40,762,590	$1,485,532	$1,481,403	$2,966,935
600. Revenue per Ton Originated	$20.29	$21.25	$20.77	$22.10	$28.57	$28.52	$25.59	$18.35	$21.38
738. Frt Revenue Per Ton Mile	$0.0476	$0.0543	$0.0508	$0.0534	$0.0345	$0.0422	$0.0520	$0.0423	$0.0466
741. Frt Serv Rev Per Ton Carried ($)	$14.36	$12.29	$13.21	$14.21	$24.12	$18.85	$14.71	$13.18	$13.90
743. Frt Serv Exp Per Ton Mile	$0.0463	$0.0554	$0.0507	$0.0532	$0.0328	$0.0379	$0.0508	$0.0380	$0.0437
745. Frt Serv Exp Per Ton Carried ($)	$13.74	$12.15	$12.85	$13.71	$22.61	$16.50	$13.92	$11.41	$12.59

CONSTANT 1993 DOLLARS	1984 FAM LINES	1984 CSX	1984 BN	1981 US	1981 NW	1981 SRS	1981 Pre-NS	1981 UP	1981 MP
GNP Deflator, 1993=1.000	1.365	1.365	1.365	1.574	1.574	1.574	1.574	1.574	1.574
251. Tot Frt Serv Exp - Fringe Ben (000)	$397,075	$745,323	$550,233	$4,346,293	$226,076	$227,190	$455,266	$279,724	$225,627
252. Tot Frt Serv Exp - M & S (000)	$237,902	$389,433	$442,953	$5,440,434	$276,272	$290,800	$567,071	$331,247	$329,232
253. Tot Frt Serv Exp - Fuel & Pow (000)	$356,622	$548,029	$655,831	$5,870,467	$262,604	$334,986	$597,589	$468,585	$384,179
254. Tot Frt Serv Exp - Cas. & Ins (000)	$64,772	$126,882	$114,664	$1,046,460	$72,288	$50,804	$123,092	$54,651	$56,405
255. Tot Frt Serv Exp - Lease Rents(000)	$397,065	$635,508	$419,928	$3,625,027	$117,075	$108,301	$225,377	$121,626	$246,827
256. Tot Frt Serv Exp - Depreciat (000)	$179,728	$336,970	$303,871	$1,895,657	$108,989	$155,352	$264,341	$173,139	$114,336
257. Tot Frt Serv Exp - Freight L&D(000)	$8,749	$16,158	$14,707	$303,138	$11,143	$19,870	$31,014	$24,823	$26,441
258. Tot Frt Serv Exp Prop Tax etc (000)	$48,162	$76,262	$86,694	$632,310	$36,012	$61,458	$97,469	$61,105	$21,328
259. Tot Frt Serv Exp - All Other (000)	$338,976	$574,733	$438,860	$3,307,555	$141,475	$205,895	$347,370	$243,975	$297,652
260. GRAND TOT FRT SERVICE EXPS (000	$3,227,262	$5,813,769	$4,727,646	$43,252,609	$2,110,529	$2,284,398	$4,394,928	$2,846,751	$2,613,346
277. Total Equipment Rents (000)	$232,325	$364,393	$229,807	$2,269,284	$90,051	$88,223	$178,273	$122,768	$232,920
299. Freight Revenue per Mile of Road	$254,201	$264,289	$215,265	$258,026	$346,836	$274,082	$305,868	$358,322	$256,218
300. Freight Expense per Mile of Road	$223,898	$239,161	$171,397	$245,104	$270,477	$227,145	$246,077	$312,967	$231,844
327. Avg $ Exec., Offic. & Staff Ass.	$64,789	$63,770	$67,598	$61,980	$62,453	$62,758	$62,589	$63,769	$61,074
328. Avg $ Professional & Administr.	$41,157	$42,872	$43,303	$38,179	$39,868	$37,542	$38,747	$37,833	$37,576
329. Avg $ Maint of Way and Structure	$40,544	$39,730	$39,797	$36,391	$36,108	$36,870	$36,437	$33,048	$38,433
330. Avg $ Maint of Equip. and Stores	$41,158	$41,506	$41,623	$38,1[illegible]	$37,718	$36,892	$37,344	$37,995	$36,468
331. Avg $ Transp (Excl Train & Eng)	$42,075	$44,308	$43,522	$41,120	$44,106	$38,666	$40,793	$44,430	$42,809
332. Avg $ Transp - Yard & Switching	$0	$0	$0	$42,085	$41,850	$40,023	$41,193	$43,204	$41,318
333. Avg $ Transportation Train & Eng	$56,860	$54,902	$61,091	$48,545	$42,088	$40,056	$40,969	$59,936	$52,507
334. Avg $ Total	$46,942	$46,545	$48,914	$42,027	$40,648	$39,445	$40,057	$43,242	$43,808
378. Cap Exp -Total Road (000)	$206,743	$473,381	$746,372	$1,964,611	$71,743	$132,568	$204,311	$133,236	$160,232
382. Cap Exp -Total Equipment (000)	$192,095	$319,335	$70,915	$2,363,904	$109,560	$282,091	$391,652	$89,991	$309,781
384. Excess of Cash Flow Ov Cap Expend (00	$274,167	$359,712	$651,232	$1,861,246	$560,836	$263,658	$824,494	$391,584	$72,382
599. Total Gross Frt Revenue (000)	$3,813,920	$6,780,855	$6,3[illegible]7,717	$46,578,756	$2,730,985	$2,781,907	$5,512,892	$3,226,963	$3,005,478
600. Revenue per Ton Originated	$19.14	$20.08	$26.25	$32.06	$24.88	$25.83	$25.35	$47.50	$39.19
730. Frt Revenue Per Ton Mile	$0.0457	$0.0461	$0.0298	$0.0500	$0.0556	$0.0519	$0.0536	$0.0437	$0.0495
741. Frt Serv Rev Per Ton Carried ($)	$14.89	$14.45	$22.52	$19.65	$19.73	$18.49	$19.09	$31.85	$22.47
743. Frt Serv Exp Per Ton Mile	$0.0402	$0.0417	$0.0236	$0.0475	$0.0433	$0.0430	$0.0431	$0.0382	$0.0448
745. Frt Serv Exp Per Ton Carried ($)	$12.82	$12.71	$17.70	$18.13	$14.81	$14.99	$14.90	$27.43	$19.76

CONSTANT 1993 DOLLARS	1991 WP	1991 Pre-UP	1992 US	1992 NW	1992 SFS	1992 NS	1992 UP	1992 MP	1992 WP
GNP Deflator, 1993=1.000	1.574	1.574	1.482	1.482	1.482	1.482	1.482	1.482	1.482
251. Tot. Frt. Serv. Exp. - Fringe Ben (000)	$26,307	$531,658	$4,171,820	$236,662	$235,086	$471,748	$279,010	$224,316	$27,895
252. Tot. Frt. Serv. Exp. - M & S (000)	$35,473	$695,953	$4,067,165	$240,211	$205,904	$446,115	$207,547	$215,232	$30,029
253. Tot. Frt. Serv. Exp. - Fuel & Pow (000)	$45,107	$897,672	$4,430,782	$212,793	$259,139	$471,932	$339,831	$274,955	$32,877
254. Tot. Frt. Serv. Exp. - Cas. & Ins (000)	$6,456	$117,511	$954,717	$48,311	$48,817	$97,128	$42,187	$64,246	$5,709
255. Tot. Frt. Serv. Exp. - Lease Rents(000)	$17,758	$386,212	$3,573,662	$177,572	$129,398	$306,970	$125,467	$231,507	$18,445
256. Tot. Frt. Serv. Exp. - Depreciat. (000)	$11,518	$298,993	$1,816,585	$107,076	$147,839	$254,915	$163,243	$115,142	$11,254
257. Tot. Frt. Serv. Exp. - Freight L&D(000)	$2,445	$53,708	$223,988	$15,414	$12,481	$27,895	$18,347	$18,633	$2,263
258. Tot. Frt. Serv. Exp. Prop Tax etc (000)	$2,158	$84,591	$483,901	$34,213	$52,566	$86,778	$37,070	$20,087	$2,528
259. Tot. Frt. Serv. Exp. - All Other (000)	$45,173	$586,800	$3,082,219	$196,798	$189,513	$386,31[illegible]	$200,278	$265,487	$41,158
260. GRAND TOT. FRT. SERVICE EXPS. (000)	$305,253	$5,765,350	$37,586,370	$2,103,776	$2,048,196	$4,151,972	$2,377,836	$2,235,913	$271,398
277. Total Equipment Rents (000)	($3,663)	$352,024	$2,308,470	$103,012	$111,896	$214,907	$131,007	$222,847	$1,550
299. Freight Revenue per Mile of Road	$203,969	$295,376	$218,247	$315,410	$221,686	$261,861	$285,368	$215,991	$176,171
300. Freight Expense per Mile of Road	$212,720	$264,429	$215,972	$267,486	$195,550	$226,401	$261,819	$200,225	$190,321
327. Avg. $ Exec., Offic. & Staff Ass.	$65,009	$62,617	$62,383	$63,195	$65,270	$64,148	$66,526	$64,090	$68,836
328. Avg. $ Professional & Administr.	$38,634	$37,795	$38,856	$40,718	$38,050	$39,461	$39,228	$39,215	$39,614
329. Avg. $ Maint. of Way and Structure	$34,187	$35,348	$37,660	$38,080	$38,111	$38,093	$35,160	$38,800	$35,773
330. Avg. $ Maint. of Equip. and Stores	$38,008	$37,398	$39,028	$39,024	$37,792	$38,468	$39,849	$38,016	$37,982
331. Avg. $ Transp (Excl Train & Eng.)	$44,210	$43,701	$42,080	$45,766	$38,813	$41,483	$46,848	$43,817	$43,781
332. Avg. $ Transp. - Yard & Switching	$39,206	$42,109	$42,667	$43,486	$39,818	$42,062	$44,312	$41,703	$40,055
333. Avg. $ Transportation-Train & Eng.	$46,669	$55,379	$49,724	$43,612	$41,189	$42,302	$63,146	$54,126	$48,518
334. Avg. $ Total	$41,176	$43,368	$43,067	$42,001	$40,449	$41,247	$45,701	$45,216	$42,511
378. Cap. Exp.-Total Road (000)	$10,043	$303,511	$1,953,955	$63,834	$172,229	$236,063	$91,800	$204,284	$6,182
382. Cap. Exp.-Total Equipment (000)	$36,863	$436,635	$1,256,187	$94,322	$152,905	$247,228	$46,213	$220,262	$268
484. Excess of Cash Flow Ov Cap Expend (00	($13,986)	$449,980	$944,166	$388,199	$211,056	$599,255	$184,182	($3,095)	($5,510)
599. Total Gross Frt. Revenue (000)	$302,754	$6,535,195	$39,281,395	$2,479,119	$2,376,803	$4,855,922	$2,644,028	$2,535,165	$251,309
600. Revenue per Ton Originated	$81.55	$44.06	$30.96	$23.55	$23.83	$23.68	$48.96	$36.41	$76.84
738. Frt. Revenue Per Ton Mile	$0.0707	$0.0470	$0.0476	$0.0539	$0.0500	$0.0519	$0.0435	$0.0485	$0.0655
741. Frt Serv Rev Per Ton Carried ($)	$29.22	$26.70	$19.67	$19.42	$17.26	$18.32	$31.15	$21.00	$29.26
743. Frt Serv Exp Per Ton Mile	$0.0737	$0.0421	$0.0471	$0.0457	$0.0441	$0.0449	$0.0399	$0.0449	$0.0708
745. Frt Serv Exp Per Ton Carried ($)	$30.10	$23.42	$18.88	$15.88	$14.88	$15.37	$28.18	$18.87	$31.19

CONSTANT 1993 DOLLARS	1982 MOPUP	1984 US	1984 NW	1984 SRS	1984 NS	1984 UP	1984 MP	1984 WP	1984 MOPUP
GNP Deflator, 1993=1.000	1.462	1.365	1.365	1.365	1.365	1.365	1.365	1.365	1.365
251. Tot. Frt. Serv. Exp. - Fringe Ben (000)	$531,220	$4,271,441	$258,613	$244,576	$503,189	$317,095	$253,596	$21,401	$592,091
252. Tot. Frt. Serv. Exp. - M & S (000)	$452,808	$2,740,043	$167,225	$139,602	$306,827	$196,241	$174,210	$10,966	$381,418
253. Tot. Frt. Serv. Exp. - Fuel & Pow (000)	$647,663	$3,793,417	$187,486	$197,317	$364,803	$303,118	$238,008	$19,344	$561,269
254. Tot. Frt. Serv. Exp. - Cas. & Ins (000)	$112,142	$976,170	$46,530	$43,466	$89,996	$38,914	$137,286	$6,560	$182,768
255. Tot. Frt. Serv. Exp. - Lease Rents(000)	$375,419	$3,435,508	$146,486	$147,798	$294,284	$159,754	$193,116	$21,491	$374,361
256. Tot. Frt. Serv. Exp. - Depreciat. (000)	$293,638	$2,584,925	$132,976	$200,088	$333,063	$220,035	$163,777	$13,812	$397,624
257. Tot. Frt. Serv. Exp. - Freight L&D(000)	$39,443	$135,849	$1,833	$7,373	$9,206	$4,361	$9,655	$1,303	$15,319
258. Tot. Frt. Serv. Exp.-Prop Tax etc (000)	$59,686	$494,908	$31,794	$54,767	$86,561	$32,371	$22,226	$4,856	$59,454
259. Tot. Frt. Serv. Exp. - All Other (000)	$506,923	$3,127,230	$174,358	$130,026	$304,384	$94,134	$234,402	$46,785	$375,321
260. GRAND TOT. FRT. SERVICE EXPS. (000	$4,885,146	$34,972,415	$1,890,772	$1,919,301	$3,810,072	$2,355,655	$2,195,479	$222,898	$4,774,032
277. Total Equipment Rents (000)	$355,405	$2,430,306	$98,904	$126,865	$227,769	$144,211	$189,685	$1,924	$335,820
299. Freight Revenue per Mile of Road	$242,441	$232,954	$280,292	$239,006	$261,369	$289,824	$217,086	$137,512	$242,202
300. Freight Expense per Mile of Road	$225,382	$209,652	$244,097	$191,585	$214,483	$263,732	$199,734	$156,310	$223,608
327. Avg. $ Exec., Offic. & Staff Ass.	$65,550	$65,030	$0	$69,059	$69,059	$63,584	$63,281	$56,564	$63,402
328. Avg. $ Professional & Administr.	$39,245	$41,267	$0	$41,959	$41,959	$41,791	$40,829	$43,017	$41,515
329. Avg. $ Maint. of Way and Structure	$36,840	$39,949	$0	$39,909	$39,909	$37,446	$41,844	$36,139	$39,382
330. Avg. $ Maint. of Equip. and Stores	$39,051	$41,230	$0	$40,027	$40,027	$41,722	$41,425	$44,464	$41,674
331. Avg. $-Transp.(Excl.Train & Eng.)	$45,391	$44,072	$0	$41,090	$41,090	$50,446	$45,452	$49,347	$46,014
332. Avg. $-Transp. - Yard & Switching	$42,828	$0	$0	$0	$0	$0	$0	$0	$0
333. Avg. $-Transportation-Train & Eng	$57,676	$55,217	$0	$44,816	$44,816	$66,855	$59,190	$67,225	$62,882
334. Avg. $-Total	$45,317	$46,492	$0	$43,451	$43,451	$48,744	$48,719	$48,480	$48,722
378. Cap. Exp.-Total Road (000)	$302,265	$4,010,208	$171,898	$116,901	$288,799	$236,454	$358,346	$72,665	$667,464
382. Cap. Exp.-Total Equipment (000)	$266,744	$1,100,274	$7,893	$47,090	$54,982	$32,778	$129,569	$4	$162,351
384. Excess of Cash Flow Ov Cap Expend (00	$175,577	$2,319,432	$395,244	$453,932	$849,176	$178,582	($62,309)	($55,422)	$60,851
599. Total Gross Frt. Revenue (000)	$5,430,503	$40,762,590	$2,317,418	$2,427,205	$4,744,623	$2,800,070	$2,481,404	$189,450	$5,470,924
600. Revenue per Ton Originated	$42.80	$28.52	$21.81	$23.47	$22.63	$44.76	$30.21	$106.29	$37.35
738. Frt. Revenue Per Ton Mile	$0.0464	$0.0422	$0.0514	$0.0490	$0.0501	$0.0386	$0.0452	$0.0360	$0.0413
741. Frt Serv Rev Per Ton Carried ($)	$25.39	$18.85	$17.08	$16.34	$16.70	$27.34	$18.68	$19.11	$22.20
743. Frt Serv Exp Per Ton Mile	$0.0432	$0.0379	$0.0432	$0.0393	$0.0411	$0.0351	$0.0415	$0.0409	$0.0381
745. Frt Serv Exp Per Ton Carried ($)	$23.09	$16.50	$13.81	$12.80	$13.28	$24.57	$16.74	$21.27	$20.10

CONSTANT 1993 DOLLARS	1986 US	1986 NS	1986 UP
GNP Deflator, 1993=1.000	1.282	1.282	1.282
251. Tot. Frt. Serv. Exp. - Fringe Ben. (000)	$3,744,392	$456,413	$473,906
252. Tot. Frt. Serv. Exp. - M & S (000)	$2,191,919	$268,721	$283,158
253. Tot. Frt. Serv. Exp. - Fuel & Pow. (000)	$1,900,309	$183,058	$294,469
254. Tot. Frt. Serv. Exp. - Cas. & Ins. (000)	$1,140,488	$105,989	$111,622
255. Tot. Frt. Serv. Exp. - Lease Rents(000)	$3,069,205	$265,074	$373,625
256. Tot. Frt. Serv. Exp. - Depreciat. (000)	$3,883,419	$331,488	$387,095
257. Tot. Frt. Serv. Exp. - Freight L&D(000)	$134,949	$14,068	$25,883
258. Tot. Frt. Serv. Exp. Prop. Tax etc.(000)	$481,083	$52,451	$79,433
259. Tot. Frt. Serv. Exp. - All Other (000)	$4,108,690	$378,104	$445,795
260. GRAND TOT. FRT. SERVICE EXPS. (000	$31,700,045	$3,416,032	$3,954,440
277. Total Equipment Rents (000)	$2,084,628	$226,978	$342,504
299. Freight Revenue per Mile of Road	$208,917	$235,459	$221,061
300. Freight Expense per Mile of Road	$203,875	$195,[illegible]95	$184,649
327. Avg. $ Exec., Offic. & Staff Ass.	$68,557	$71,123	$69,876
328. Avg. $ Professional & Administr.	$42,133	$42,022	$43,816
329. Avg. $ Maint. of Way and Structure	$39,515	$39,226	$38,848
330. Avg. $ Maint. of Equip. and Stores	$39,757	$38,689	$41,232
331. Avg. $ Transp.(Excl.Train & Eng.)	$43,647	$39,649	$50,127
332. Avg. $ Transp. - Yard & Switching	$0	$0	$0
333. Avg. $ Transportation-Train & Eng.	$53,437	$43,089	$59,569
334. Avg. $ Total	$46,007	$42,641	$48,972
378. Cap. Exp.-Total Road (000)	$3,727,306	$493,004	$473,311
382. Cap. Exp.-Total Equipment (000)	$887,810	$191,951	$131,665
384. Excess of Cash Flow Ov. Cap. Expend. (00	($458,076)	$476,400	($379,368)
599. Total Gross Frt. Revenue (000)	$34,853,087	$4,329,500	$5,201,086
600. Revenue per Ton Originated	$26.69	$20.86	$39.07
738. Frt. Revenue Per Ton Mile	$0.0374	$0.0451	$0.0348
741. Frt. Serv. Rev. Per T. n Carried ($)	$17.22	$16.81	$19.03
743. Frt. Serv. Exp. Per Ton Mile	$0.0365	$0.0374	$0.0291
745. Frt. Serv. Exp. Per Ton Carried ($)	$16.36	$13.47	$15.59

Source: Association of American Railroads, Analysis of Class I Railroads, various years,
AAR Railroad Facts, various years;
U.S. Department of Commerce, Statistical Abstract of the United States, Various years.

Attachment B

Tom O'Connor

Experience

Snavely King Majoros O'Connor & Lee, Inc., Washington, DC

- **Vice President (1988-Present)**

Mr. O'Connor has more than twenty years experience in the transportation industry. His experience includes key and increasingly responsible management and policy positions with government agencies and private industry.

Mr. O'Connor, in recent years has conducted analyses for the Government of Canada used to shape policy for freight transportation and studies for the U.S. Government used to shape Passenger Transport Policy. He is currently developing a strategic plan for computer facilities to measure, manage and monitor rail freight and passenger transportation in the Balkan Peninsula. He has created and managed numerous computerized transport management and regulatory systems and is a widely recognized expert on costing and economics.

Mr. O'Connor has analyzed more than 45 rail merger scenarios and cases. He has provided expert testimony before state and federal courts and commissions in the U.S. and Canada on economic and policy issues. He has also testified as an expert on computerized systems and costing. And he has served as an impartial and expert monitor of data and processes at issue in litigation on costing.

DNS Associates Inc., Washington, DC

- **Vice President (1982-1988)**

Mr. O'Connor directed and participated in numerous projects including merger analyses, transportation infra-structure plant and network rationalization and feasibility studies. He designed and implemented mainframe and microcomputerized systems for analyzing rail, truck and barge logistics. The computerized cost systems Mr. O'Connor created are in widespread use throughout the United States and Canada.

Mr. O'Connor also advised the U.S. Rail Accounting Principles Board on the costing aspects of regulatory reform policies.

Association of American Railroads, Washington, DC

- **Assistant Vice President, Economics (1979-1982)**

Mr. O'Connor designed and managed major economic analysis projects. He helped formulate industry economic policy positions culminating in the Staggers Rail Act of 1980. He submitted expert testimony and appeared regularly in national forums on economic issues.

He directed the most significant computerized industry Costing System project in 40 years, URCS, the cost system used by UP in this proceeding. He also conducted industry seminars on URCS, related economic issues and systems.

He also directed development and installation of a computerized economic and market analysis system now used by virtually all major railroads.

Mr. O'Connor participated in the design of a pathbreaking rail cost system since adopted by the Commission and the rail industry.

Consolidated Rail Corporation, PA

- **Assistant Director, Cost & Economics (1977-1979)**

Mr. O'Connor was responsible for all Conrail management and regulatory cost analyses. He finalized the design, implemented and managed a computerized economic analysis system which replaced earlier systems and was used to guide virtually all transportation management decisions.

Mr. O'Connor also directed profit maximization and plant rationalization programs. He also designed and implemented computerization and improvement of a wide range of economic and cost analysis systems used to manage this multi-billion dollar corporation.

R.L. Banks & Associates Inc., Washington, DC

- **Consultant (1976-1977)**

Mr. O'Connor conducted and directed numerous transportation- related projects in the U.S. and Canada ranging from national logistics analyses to site-specific studies. He specialized in costing systems and appeared as an expert witness on such systems.

U.S. Railway Association, Washington, DC

- **Manager, Local Rail Service Planning (1974-1976)**

Mr. O'Connor developed, computerized and implemented the light density lines cost analysis system which defined Conrail. He served as liaison with congressional staffs and shipper

groups, as well as federal, state, and local governments, and planning agencies. The system he created was a major element in the design and implementation of the streamlined Midwest-Northeast regional rail system.

Interstate Commerce Commission,

- **Economist, Washington, DC (1973-1974)**

Mr. O'Connor served as a staff economist and authored a report analyzing industry investment patterns and ICC regulatory policy.

Education

- University of Massachusetts, Amherst, B.A. Economics
- University of Wisconsin, Graduate Course Work, Economics
- University of Delaware, Graduate Course Work, Business Management
- The American University, Graduate Course Work, Computer Science

Professional Organizations

- Transportation Research Board
  - Chairman of the Surface Freight Transportation Regulation Committee
- Transportation Research Forum
  - Past President of the Cost Analysis Chapter
- National Defense Transportation Association
  - Member of Board of Directors, National Capital Chapter
- Phi Beta Kappa academic honors society
- Phi Kappa Phi academic honors society

Military

- U.S. Army; Sergeant, Combat Engineers, 1963-1966

Security Clearance

- **Secret attachment B**

Attachment C

John A. Darling

Experience

Managing Director and President

Rail-Ways, Inc.

Elgin, Illinois (1989 - Present)

Mr. Darling has been engaged in railroad management, operations, planning, cost analysis and finance for nearly thirty years. His career in the railroad industry began in 1967 as an Industrial Engineer in the Planning Department of the Baltimore & Ohio Railroad (B&O). Since then he has held increasingly more responsible staff, management and investor positions in the railroad industry.

Since founding Rail-Ways, Mr. Darling has provided management, financial, merger and acquisition, and litigation support services to a variety of firms both within and outside of the railroad industry. In addition to providing support assistance to related professional organizations, Mr.Darling recently completed an exhaustive operations and management review of a switching carrier affiliate of a large regional railroad holding company.

Chief Executive Officer and Chief Financial Officer

Chicago South Shore and South Bend Railroad

Chicago, IL and Michigan City, IN (1984 - 1988)

While and officer and shareholder of the South Shore, Mr. Darling guided it through a financial turnaround to achieve the highest productivity of any unionized carrier in the country with an operating ratio approaching 60%. Much of this productivity was the result of hallmark labor contracts negotiated under his supervision. Under Mr. Darling's management, the South Shore garnered an Illinois Regional Transportation Authority commendation in 1988 for having the most cost effective service of any RTA provider. Also during this period, South Shore increased its merchandise traffic by nearly 250% in only four years and won a *Modern Railroads* "Golden Freight Car" marketing award for its innovative hot metal movement for a major steel producer. Further progress was the result of innovative, profit center development opportunities for new revenue sources and cost control measures in equipment remanufacturing, repair and testing that were identified and adopted by Mr. Darling.

Chicago, Missouri & Western Railway, Co.

Chicago, Illinois (1986 - 1987)

Regardless of the purchase contract breach which ultimately resulted in the collapse of the CM&W, during its brief life under his direction, the CM&W met or exceeded all of its revenue growth projections. The hallmark labor contracts negotiated under Mr. Darling's management are still mostly in place and continue to serve SPSLC (one of the Applicants) to the present.

Atchison, Topeka & Santa Fe Railway Co.

In 1971, Mr Darling was recruited by the Santa Fe to join its Operating Department as an Industrial Engineer in its Operations Research Group/Industrial Engineering section. Two years later he was promoted to the position of Night Trainmaster at Clovis, New Mexico. Following this tour of duty, he was loaned to the Accounting Department to assume acting direction of Santa Fe's Cost Analysis and Research Department in Chicago, Illinois.

In 1976, his promotion to the position of Director of Cost Analysis and Research was made permanent. In this capacity, Mr. Darling provided testimony with regard to railroad cost finding, economics, finance, mergers and acquisitions, and operations before the I.C.C., the U.S. Office of Technology Assessment, state regulatory agencies and legislatures, and federal courts. With his operating background, Mr. Darling was deeply involved in the development of western coal services and rates in the late 1970's and in the Ex Parte No. 334 car hire investigations. Following passage of the Staggers Act in 1980, he worked closely with the carriers and the AAR in the development of the Uniform Railroad Costing System (URCS). Mr. Darling was Chairman of the AAR URCS Subcommittee of the Cost Analysis Organization for preparation and submission of the railroad industry's comments on the URCS proposal.

Baltimore & Ohio Railroad Co.

Baltimore, Maryland (1967 - 1971)

Mr. Darling joined the B&O in Baltimore, Maryland, in 1971 as an Assistant Industrial Engineer in its Planning Department. His duties were at first devoted to the design,

installation and maintenance of a yard engine productivity standard measurement system. Following his promotions to Industrial Engineer and then Regional Industrial Engineer, he became heavily involved in capital investment projects, productivity systems and studies of the marine operations of the Chesapeake & Ohio Railway Co. on Lake Michigan.

E. I. du Pont de Nemours & Co., Inc.

Wilmington, Delaware (1961 - 1964)

Mr. Darling joined the Engineering Research Laboratory of DuPont's Engineering Department as a Physicist. In that capacity he was involved in the conduct of engineering research into high intensity magnetic fields, the fluid dynamics of molten metals and electrostatic bonding of synthetic fabrics.

Boeing Company, Transport Division

Seattle, Washington (1960 - 1961)

During his employment by Boeing, Mr. Darling worked on the installation of necessary instrumentation for the major wing fatigue test of the Boeing 707 and KC-135 airplanes. He later became a shift test supervisor responsible for test performance, conduct, and maintenance.

Education

○ Earlham College, Richmond, Indiana,	AB, Physics and Mathematics
○ University of Delaware, Newark, Delaware	MS, Physics
○ University of Delaware, Newark, Delaware	Admitted to PhD program in Physics
○ The American University, Washington, DC	Completed Transportation Management Program

Professional and Educational Organizations

- ○ Sigma Pi Sigma
- ○ Sigma Xi
- ○ The Lexington Group in Transportation History
- ○ George K. Krambles Transit Scholarship Foundation
  - ○ **Director**

- Past Member: Cost Analysis Organization of the Association of American Railroads
  - **Vice Chairman** 1983 - 1984

VERIFICATION

Personnally appeared the undersigned Tom O' Connor, who under oath states that the information contained in the foregoing Verified Statement is true and correct.

Tom O'Connor

Tom O'Connor

Sworned to and subscribed
before me this 25th day of
March, 1996

Marilyn V. Lawlor

Notary Public

My Commission expires: Aug. 1, 1997

VERIFICATION

Personally appeared the undersigned John A. Darling, who under oath states that the information contained in the foregoing Verified Statement is true and correct.

John A. Darling

Sworn to and subscribed
before me this 25th day
of March, 1996

Marilyn V. Lawlor
Notary Public

My Commission Expires: Aug. 1. 1997

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BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

Union Pacific Corporation, Union Pacific Railroad Company
And Missouri Pacific Railroad Company

— Control And Merger —

Southern Pacific Rail Corporation,
Southern Pacific Transportation Company, St. Louis
Southwestern Railway Company, SPCSL Corp. And The
Denver And Rio Grande Western Railroad Company

COMMENTS, EVIDENCE, AND REQUEST FOR CONDITIONS

submitted on behalf of

KENNECOTT ENERGY COMPANY

ENTERED
Office of the Secretary
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Part of
Public Record

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March 29, 1996

TABLE OF CONTENTS

TAB	DESCRIPTION
A	PRESENTATION OF COMMENTS AND REQUEST FOR CONDITIONS
B	VERIFIED STATEMENT OF GARY L. MCFARLEN
C	VERIFIED STATEMENT OF THOMAS D. CROWLEY
D	EXHIBITS PRODUCED BY APPLICANTS

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

Union Pacific Corporation, Union Pacific Railroad Company And Missouri Pacific Railroad Company

— Control And Merger —

Southern Pacific Rail Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp. And The Denver And Rio Grande Western Railroad Company

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Presentation of Comments and Request for Conditions by

KENNECOTT ENERGY COMPANY

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TABLE OF CONTENTS

		Page
I.	INTRODUCTION AND SUMMARY OF RELIEF REQUESTED	2
	A. Outline of This Submission	2
	B. Relief Requested	3
II.	STATEMENT OF FACTS	4
III.	THE INTERSTATE COMMERCE ACT, AS AMENDED BY THE STAGGERS ACT, REQUIRES THE BOARD TO BROADLY IDENTIFY POTENTIALLY HARMFUL COMPETITIVE EFFECTS OF A PROPOSED MERGER IN SPECIFIC CASES AND TO MITIGATE THOSE EFFECTS WHEREVER POSSIBLE	6
	A. The Statutory Standard	6
	B. The Board's Implementation of the Statute Indicates That It Must Identify Potentially Harmful Competitive Effects and Mitigate Those Effects Wherever Possible	9
	1. The Board's policy statement on rail mergers explicitly requires it to consider any significant lessening or reduction in competition caused by a merger	9
	2. Case law clearly indicates that the Board will broadly impose protective conditions on a proposed merger in markets where effective competition is lessened	10
	3. The Board's power to condition a proposed consolidation in order to eliminate anticompetitive effects is broad	11
IV.	THE EVIDENCE CLEARLY PROVES THE EXISTENCE OF GEOGRAPHIC COMPETITION BETWEEN COLOWYO AND PRB COALS	12

TABLE OF CONTENTS (CONT'D) Page

A. Geographic Competition Between Utah/Colorado Coals and PRB Coals Is a Growing Phenomenon 13

B. Kennecott and the SP Recently Have Worked Together to Sell Colowyo Coal in Competition with PRB Coal..... 15

C. Applicants' Evidence Is Severely Limited in Scope..... 17

D. The Merger Will Eliminate the Emerging Geographic Competition Between Utah/Colorado Coals and PRB Coal 19

V. THE UTAH RAILWAY SETTLEMENT DISADVANTAGES KENNECOTT WITH RESPECT TO ITS UTAH COMPETITORS..... 21

VI. THE BOARD MUST GRANT KENNECOTT'S REQUEST FOR CONDITIONS TO AMELIORATE THE ANTICOMPETITIVE EFFECTS OF THE PROPOSED MERGER 22

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

Union Pacific Corporation, Union Pacific Railroad Company And Missouri Pacific Railroad Company

— Control And Merger —

Southern Pacific Rail Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp. And The Denver And Rio Grande Western Railroad Company

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COMMENTS, EVIDENCE AND REQUEST FOR CONDITIONS

submitted on behalf of

KENNECOTT ENERGY COMPANY

Presentation of Comments and Request for Conditions

Kennecott Energy Company ("Kennecott") provides management, marketing, transportation, engineering, land and other services to the wholly-owned coal mining subsidiaries of Kennecott Energy and Coal Company, which operates coal mines in Colorado, Montana, and Wyoming. The proposed merger and consolidation of the Union Pacific Railroad ("UP")[1] and the Southern Pacific

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1 All references to the "UP" include Union Pacific Corporation, Union Pacific Railroad Company and Missouri Pacific Railroad Company.

Lines ("SP")[2] (collectively referred to as "Applicants") will adversely impact geographic source competition among Powder River Basin ("PRB") coals and Colorado coals. In particular, Kennecott is concerned with the loss of geographic competition for coal from its Colowyo mine in Colorado and with the competitive advantage provided to Kennecott's Utah competitors by the Applicants' settlement agreement with the Utah Railway. Accordingly, Kennecott respectfully requests the Surface Transportation Board ("Board"), pursuant to its authority under 49 U.S.C. § 11344(c),[3] to impose conditions governing the transaction and to require the Applicants, upon consummation of their proposed merger and consolidation, to protect the geographic competition that presently exists between Colowyo coal and PRB coals and to protect Colowyo from the adverse effects of the Utah Railway Settlement Agreement. Those requested conditions and the reasons why such conditions must be imposed are detailed in this submission.

I. INTRODUCTION AND SUMMARY OF RELIEF REQUESTED

A. Outline of This Submission

Kennecott's Comments, Evidence and Request for Conditions consists of a single volume comprised of four parts:

(1) Part A contains the Presentation of Comments and Request for Conditions which is set forth below. This part contains Kennecott's comments

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2/ All references to the "SP" include Southern Pacific Rail Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp., and The Denver and Rio Grande Western Railroad Company.

3/ All statutory citations are to the former Interstate Commerce Act, 49 U.S.C. § 10101 *et seq.* (1995). The former Act was replaced on January 1, 1996 by the ICC Termination Act of 1995, Pub. L. No. 104-88, 1995 U.S.C.C.A.N. (109 Stat.) 803. However, according to the provisions of the new Act, all matters pending before the ICC on January 1, 1996 are to be resolved under the standards of the former Act. § 204(b), 109 Stat. at 941-42.

that summarize the evidence contained in the entire submission and it contains Kennecott's formal request for conditions.

(2) Part B contains the Verified Statement of Gary L. McFarlen ("McFarlen V.S."). Mr. McFarlen is Kennecott's Director of Transportation and is the primary presentor of Kennecott's facts.

(3) Part C contains the Verified Statement of Thomas D. Crowley ("Crowley V.S.") and accompanying exhibits. Mr. Crowley is an outside consultant who has conducted an independent analysis of Kennecott's competitive position before and after the proposed merger.

(4) Part D contains various exhibits which are documents that were produced by the Applicants in their workpapers or through discovery.

B. Relief Requested

To ameliorate the anticompetitive effects of the proposed merger upon Kennecott's Colowyo Mine, Kennecott requests the following relief:

1. To preserve the effects of geographic competition through the imposition of a rate procedure that is modeled after the proportional rate procedures included in the UP/SP - BNSF Settlement Agreement (Merger Application, Vol. I, pp. 343-347) that will cover coal moving from Colowyo to all existing SP served destinations that receive coal and all rail interchange locations that receive coal from SP. (*See* Crowley V.S., Ex. __(TDC-11))

2. Trackage rights access for a second rail carrier to Colowyo in order to maintain the transportation economic balance that existed with Colowyo's Utah competitors prior to the Utah Railway Settlement Agreement.

3. A rate of 1.48 mills per gross ton-mile for the trackage rights, to be adjusted quarterly beginning 1Q96 based on the change in the Rail Cost Adjustment Factor including consideration for productivity, i.e., RCAF-A.

II. STATEMENT OF FACTS

Kennecott arranges transportation service at mines owned by KECC which include the Spring Creek Mine near Decker Montana, the Cordero Mine near Gillette, Wyoming, the Antelope Mine near Douglas, Wyoming, and the Colowyo Mine near Meeker, Colorado. (McFarlen V.S. at 4) All of these mines except Colowyo are located in the Powder River Basin. Kennecott entered the coal business in 1993 with the acquisition of the three PRB mines. (*Id.* at 5) The Colowyo mine was acquired in 1994 from W.R. Grace Company. (*Id.* at 4) In this short period of time, Kennecott has become a major supplier of western coals.

The focal point of Kennecott's comments and request for conditions is the Colowyo Mine, which has significantly different coal characteristics than Kennecott's PRB mines. For example, Colowyo coal averages 10,500 Btu/lb with .38% sulfur. (*Id.* at 5) In contrast, Antelope averages 8800 Btu/lb with .22% sulfur; Spring Creek averages 9350 Btu/lb with .33% sulfur; and Cordero averages 8375 Btu/lb with .33% sulfur. (*Id.*) Although all of Kennecott's coals have very low sulfur, the Colowyo Mine has a significantly higher Btu content. A further distinction between Colowyo and PRB coals is the higher cost of mining Colowyo coal. (*Id.* at 7)

The Colowyo Mine is rail-served exclusively by the SP. (*Id.* at 6) PRB mines, on the other hand, are served only by the UP and the Burlington Northern Railroad ("BN"). The only other mode that transports Colowyo coal is motor carrier, but only to local users. (*Id.* at 7-8) In 1995, 99% of the tons produced at Colowyo was transported by rail. (*Id.* at 7)

Not very long ago, Colowyo coal sold for per ton. (*Id.* at 7) However, shortly after Kennecott acquired the mine in December 1994, Colowyo

underwent a major reengineering. Both the work force and mining costs were slashed by ; newer, more efficient trucks and other equipment were purchased; and every aspect of the business was reexamined. (*Id.* at 10) Kennecott took these actions in order to position itself in the marketplace to compete for additional coal sales. (*Id.*) Now, Colowyo coal sells for per ton. (*Id.* at 7) The mine currently is "sold-out" and plans are being made for expansion. (*Id.* at 10)

Kennecott also has worked in cooperation with the SP to obtain lower rates from the SP that enable Colowyo coal to compete with PRB coal on a delivered cost basis. (*Id.* at 12) A timely example is recent purchase of Colowyo coal. Kennecott negotiated a coal supply contract with and a coal transportation contract with the SP which, combined, enabled Colowyo coal successfully to compete against PRB coal on a delivered cost basis. (*Id.*) Kennecott intends to pursue similar arrangements aggressively in the near future.

Colowyo coal also competes against Utah coals. (*Id.* at 14; Crowley V.S. at 17) As a result of the Settlement Agreement entered into by Applicants with the Utah Railway, Colowyo's Utah competitors will go from one rail carrier to two rail carrier service. (McFarlen V.S. at 14-15; Crowley V.S. at 17) Kennecott is concerned about its ability to compete with these Utah producers as a result of this merger-related settlement.

III. THE INTERSTATE COMMERCE ACT, AS AMENDED BY THE STAGGERS ACT, REQUIRES THE BOARD TO BROADLY IDENTIFY POTENTIALLY HARMFUL COMPETITIVE EFFECTS OF A PROPOSED MERGER IN SPECIFIC CASES AND TO MITIGATE THOSE EFFECTS WHEREVER POSSIBLE

Under Section 11343 of the Interstate Commerce Act, a consolidation or merger of two carriers may be carried out only with the approval and authorization of the Surface Transportation Board as the successor to the Interstate Commerce Commission. 49 U.S.C. §11343(a). Both the legislative history of the statute and the agency's decisions implementing the law demonstrate that the agency must carefully and broadly consider the potential adverse effects on competition among rail carriers in an affected region. Moreover, where a proposed merger results or may result in harmful competitive effects, the Board *must* impose conditions on the merger to eliminate those effects, as long as the conditions are operationally feasible and will produce public benefits outweighing any harm to the merger.

A. The Statutory Standard

The Interstate Commerce Act, in 49 U.S.C. §11344(b)(1), requires the Board to consider, in a proceeding involving the merger of two or more Class I railroads, at least the following:

(A) the effect of the proposed transaction on the adequacy of transportation to the public.

(B) the effect on the public interest of including, or failing to include, other rail carriers in the area involved in the proposed transaction.

(C) the total fixed charges that result from the proposed transaction.

(D) the interest of carrier employees affected by the proposed transaction.

(E) whether the proposed transaction would have an adverse effect on competition among rail carriers in the affected region.

The statute directs the Board to "approve and authorize a transaction . . . when it finds the transaction consistent with the public interest." 49 U.S.C. §11344(c). The same section also provides that the Board "may impose conditions governing the transaction." *Id.*

Subparagraph (E) of Section 11344(b)(1) was added to the Interstate Commerce Act by the Staggers Rail Act of 1980. Pub. L. 96-448, 94 Stat. 1931 (Oct. 14, 1980). A review of the legislative history of the amendment indicates that the legislature was well aware that the Staggers Act was intended to place and would place increased reliance on the forces of competition. 126 Cong. Rec. H8604 (daily ed. September 9, 1980)(remarks of Representative Panetta). The legislative history also plainly demonstrates that Congress added section 11344(b)(1)(E) in order to ensure that, whenever the agency was called upon to review a proposed rail merger, sufficient marketplace forces would be available after the consolidation to replace the strict regulation previously used to protect shippers from the effects of monopoly power. The Staggers Act thus reflects an *explicit* directive by Congress emphasizing the need to preserve competition when considering a major rail merger.

Moreover, the Staggers Act, in addition to amending section 11344(b) as described above, also adopted a separate rail transportation policy, 49 U.S.C. 10101a. Numerous provisions of that new policy reflected the Congress' directive that the agency should insure that competition be preserved and indeed enhanced in the administration of every aspect of its regulatory responsibilities. *e.g.*, 49 U.S.C. 10101a(1), (4), (5), (7), (11), (13). Of particular note was the very first policy, which indicated that it was the policy of the United States Government "to allow, *to the maximum extent possible, competition* and the

demand for services *to establish reasonable rates for transportation by rail.*" 49 U.S.C. 10101a(1) [emphasis added]. The national transportation rail policy's emphasis on the role of competition was plainly intended to be implemented in major rail merger cases because of the adoption of the amendment to Section 11344. Indeed, the agency itself has recognized that "the rail transportation policy emphasizes the importance of the relationship between ensuring adequacy of transportation and the retention of competition." *Union Pacific Corporation, Pacific Rail System, Inc and Union Pacific Railroad Company - Control - Missouri Pacific Corporation and Missouri Pacific Railroad Company*, 366 I.C.C. 462, 484 (1982) [*UP/MP Control*]

In addition to these explicit statutory considerations, the Board is also required by *McLean Trucking Co. v. United States*, 321 U.S. 67 (1944) and the *Northern Lines Merger Cases*, 396 U.S. 491, 510-513 (1970), to weigh the policy of the antitrust laws disfavoring diminution in competition resulting from a proposed rail merger against the national transportation policy favoring improvements in efficiency from an integrated national transportation system. The agency has noted that, while it does not sit as an antitrust court, the antitrust laws give "understandable content to the broad statutory concept of the public interest." *UP/MP Control*, 366 I.C.C. at 485, *quoting FMC v. Aktiebolaget Svenska Amerika Linien*, 390 U.S. 338, 244 (1968). Even if a particular transaction would not violate the antitrust laws, the Board has the discretion to disapprove it. *Burlington Northern Inc. and Burlington Northern Railroad Co. Control and Merger -- Santa Fe Pacific Corp. and the Atchison, Topeka and Santa Fe Railway Company*, 1995 I.C.C. LEXIS 214, at 53 (Aug. 23, 1995) [*BN/SF Control*]

B. The Board's Implementation Of The Statute Indicates That It Must Identify Potentially Harmful Competitive Effects And Mitigate Those Effects Wherever Possible

1. The Board's policy statement on rail mergers explicitly requires it to consider any significant lessening or reduction in competition caused by a merger.

The Board's current policy statement on rail mergers is the result of a reevaluation of its former policy in light of the changes wrought by the Staggers Act. In promulgating this policy statement, the agency noted that its earlier statement could have left the impression that "our concern was solely with the possible 'elimination' of competition." *Id.* In light of the changes wrought by the Staggers Act, however, the agency emphasized that "we are necessarily also concerned about *any significant 'lessening' or 'reduction' in competition caused by a consolidation*." *See*, 363 I.C.C. at 786-87 [emphasis added].

As currently codified at 49 C.F.R. §1180.1(c), the Board's policy statement on major rail mergers states that the agency performs a balancing test, weighing the potential benefits to the applicants and the public against the potential harm to the public. The policy statement then goes on to detail the potential benefits and potential harm that it will balance and the evidence that it will consider in a major merger proceeding:

> If two carriers serving the same market consolidate, the result would be the elimination of the competition between the two. Even if the consolidating carriers do not serve the same market, there may be a lessening of potential competition in other markets. While the reduction in the number of competitors serving a market is not in itself harmful, a lessening of competition resulting from the elimination of a competitor may be contrary to the public interest. . . In some markets the Commission's focus will be on the preservation of effective intermodal competition, *while in other markets (such as long-haul movements of bulk commodities) effective intramodal competition may also be important.*

49 C.F.R. §1180.1(c) [emphasis added]. Thus, the Board's current policy statement *explicitly* recognizes that the preservation of effective rail-to-rail competition is frequently necessary when considering the effects of a rail merger on long haul movements of bulk commodities.

2. Case law clearly indicates that the Board will broadly impose protective conditions on a proposed merger in markets where effective competition is lessened.

Since the passage of the Staggers Act, the agency has consistently emphasized the need to protect the public from any harmful effects on competition resulting from a proposed rail merger. In its decision in *UP/MP Control*, the agency noted that

> [o]ur analysis of the potential harm from a proposed consolidation focuses on two impacts highlighted by the statutes and policies discussed above: *any reduction in either intra- or intermodal competition which would likely result from the consolidation*; and any harm to essential services provided by competing carriers . . .

366 I.C.C. at 486. In *Santa Fe Southern Pacific Corporation-Control-Southern Pacific Transportation Company*, 2 I.C.C.2d 709, 726 (1986) [*SF/SP Control*], the agency emphasized that "the effect of a transaction on competition is a *critical factor* in our consideration of the public interest. . . ." [Emphasis added]. *See also, BN/SF Control*. slip op. at 55.

Thus, the case law is clear that, in examining a proposed transaction, the Board must look at *specific* instances where a lessening or reduction in competition is alleged to take place, and that the Board must *broadly* consider all types of restrictions on competition.

3. The Board's power to condition a proposed consolidation in order to eliminate anticompetitive effects is broad.

The Board's power to attach conditions to its approval of a major rail merger is, under the statute, unqualified, and the agency itself has characterized its authority as "broad." 49 U.S.C. §11344(c); *BN/SF Control*, 1995 I.C.C. LEXIS at 55; *UP/MP Control*, 366 I.C.C. at 562. The agency has observed that conditions generally will be imposed where certain criteria are met. *See, e.g., Union Pacific Corp, et al. — Control — Chicago and Northwestern*, Finance Docket No. 32133, served March 7, 1995, mimeo at 56 [*UP/CNW Control*]. When it is claimed that the proposed transaction will have a *direct* effect on competition, by eliminating competitive alternatives available to the public, the agency does *not* require a showing of harm to essential services before conditions will be imposed. *Railroad Consolidation Procedures*, 363 I.C.C. at 789. The agency has determined that if a transaction threatens harm to the public interest, conditions *should* be imposed if they are operationally feasible, ameliorate or eliminate the harm threatened by the transaction, and they are more beneficial to the public than they are detrimental to the transaction. *UP/MP Control*, 366 I.C.C. at 564.

In the broadest sense, then, the agency has summarized its analysis of the changes wrought by the Staggers Act by recognizing that the Act

> actually *increased the need to identify carefully any anticompetitive effects and to balance those effects against the benefits of a transaction*. . . .The new policy favoring increased reliance on competition to regulate activities will govern the environment in which the new system will operate. The ability of the railroads to take various actions free of regulatory restraints will make it easier to exert or abuse market power gained as a result of consolidation. *For these reasons we must take even greater care to identify harmful competitive effects and to mitigate those effects where possible.*

UP/MP Control, 366 I.C.C. at 502. *See also*, *SF/SP Control*, 2 I.C.C.2d at 727. With these principles in mind, the evidence presented in this Request for Conditions shows that there will be a substantial lessening of competition by the merged carrier for the transportation described in this Request for Conditions.

IV. THE EVIDENCE CLEARLY PROVES THE EXISTENCE OF GEOGRAPHIC COMPETITION BETWEEN COLOWYO AND PRB COALS

The Board will place protective conditions upon a merger only if the anticompetitive effects sought to be corrected are the result of the merger. *UP/MP Control*, 366 I.C.C. at 562-63, 565. An anticompetitive merger will allow the newly combined carriers to exercise market power over the affected traffic.

The Board traditionally has analyzed the competitive effects of proposed mergers in terms of horizontal and vertical effects. *Id.* at 505. Among the horizontal effects that the Board will consider are adverse effects upon geographic competition. "A significant reduction in geographic competition would be a major concern." *BNSF Control* [slip op.] at 113. It is not necessary that there also be a reduction in point-to-point rail competition because "a proposed merger which eliminates geographic competition over a broad area may be objectionable for that reason alone, even if little or no reduction in point-to-point rail competition occurs." (*Id.*)

Presently, there is geographic competition between Utah/Colorado coals and PRB coal. Because each source is served independently by the SP and UP, respectively, the merger will eliminate existing geographic competition and vest market power in the combined UP/SP.

A. Geographic Competition Between Utah/Colorado Coals and PRB Coals Is a Growing Phenomenon.

There is no dispute that geographic competition exists between Colorado and PRB coals. Even the Applicants and their witnesses concede that some competition occurs, although they claim such competition is rare. (Sharp V.S. at 682; Sharp Tr. at 279-80) Kennecott's experience, however, indicates that such competition exists on an increasing basis.

The Applicants have drawn the conclusion that Utah/Colorado coals do not compete with PRB coal based upon two principal factors. First, the Applicants claim the two coals do not compete because of their different characteristics. (Sharp V.S. at 681-82) Utah/Colorado coals have a high Btu content and low sulfur. PRB coal has a low Btu content and generally even lower sulfur. Because electric utility boilers are designed to burn coal with certain specifications, it is not possible to simply substitute one coal for the other, especially a high Btu coal for a low Btu coal.

Second, the Applicants claim that Utah/Colorado coals and PRB coal do not compete because of widely disparate minehead prices. (*Id.* at 679, 682-83) PRB coal generally is easier and cheaper to mine than Utah/Colorado coal and therefore costs less. According to the Applicants, this cost differential also prevents the two coals from competing directly against one another.

These factors, however, do not tell the complete story. The Clean Air Act Amendments of 1990, 42 U.S.C. §7410, fundamentally altered the U.S. coal markets. In particular, Midwestern utilities use boilers that are designed to use Western coals. However, Midwestern coals have a high Btu content, 10,500-12,000 Btu/lb, and an extremely high sulfur content, 2-6%. (McFarlen V.S. at 8) The Clean Air Act Amendments required substantial reductions in sulfur

emissions. As a result, many Midwestern utilities have switched to low sulfur western coals as a replacement for Midwestern coal. (*Id.* at 8-9)

However, due to the various differences between the coals, utilities cannot simply switch from one coal to another without suffering a "derate" which causes the boiler to operate at less than optimum capacity. (*Id.*) These efficiency losses can be minimized by burning high Btu Utah/Colorado coals, but the higher cost of these coals sometimes can be prohibitive. Therefore, most Midwestern utilities have opted to blend coals. Each plant must identify the point on the cost curve at which coal switching to a lower Btu makes economic sense notwithstanding the corresponding derate and loss of operational efficiency. (*Id.* at 9)

One solution has been to blend western coal with Midwestern coal in order to lower sulfur emissions while still preserving sufficient Btu levels. (*Id.*) All things equal, the clear preference would be to burn high Btu Utah/Colorado coal. (*Id.*) However, the lower cost of PRB coal makes it more economically attractive. Nevertheless, each incremental price reduction in Utah/Colorado coal increases the likelihood of displacing PRB coal. (*Id.*)

Recently, many Midwestern plants have begun to experiment with another combination of coal -- high Btu Utah/Colorado coal with PRB coal. (*Id.*) Because these coals can be blended in different proportions, this combination places Utah/Colorado coals in direct competition with PRB coal. Every incremental decrease in the cost of Utah/Colorado coal increases its percentage of total blend, displacing PRB coal. Utah/Colorado coals, thus, can increase volumes in a blended fuel product at the right price. (*Id.*)

The Clean Air Act Amendments impose increasingly more stringent standards on sulfur emissions over time. The next rung of standards will become active in the year 2000. However, utilities already are preparing to take the necessary steps to be in compliance by that date. Both coal blending options that

most utilities seem to favor require a choice between PRB and Utah/Colorado coals. The first option is a direct choice between using PRB or Utah/Colorado coal in a blend with Midwestern coal. The second option requires a choice as to what proportion of PRB vs. Utah/Colorado coal to use in a blend of both. For either option, if the delivered price of Utah/Colorado coal can be brought into proximity with the delivered price of PRB coal, the Utah/Colorado coal will usually prevail. This is geographic competition.

B. Kennecott and the SP Recently Have Worked Together to Sell Colowyo Coal in Competition with PRB Coal.

Geographic competition between Utah/Colorado coals and PRB coal is illustrated by the recent actions of both Kennecott and the SP. Both have worked together to expand the geographic markets in which Utah/Colorado coals compete. This joint effort culminated in their recent success in winning business over the PRB.

Kennecott, a relative newcomer to western coal production, has aggressively reduced its mining costs since taking control of the Colowyo mine in December 1994. (McFarlen V.S. at 4, 10) This has resulted in minehead price reduction from per ton only a few years ago to per ton today. (Id. at 7) As a result of its cost cutting efforts, Kennecott has positioned itself to compete with lower cost coals, such as PRB coal.

Despite its cost cutting success, Kennecott's efforts alone would not have been sufficient to enable Colowyo coal to compete with PRB coal. (*Id.* at 10) It required the close cooperation of the SP. The SP has every incentive to work with Kennecott to enhance the competitiveness of Colowyo coal and other Utah/Colorado coals because it does not serve any other coal origins. Thus, in order for the SP to expand its participation in the coal transportation market

must make Utah/Colorado coal competitive with origins served by other carriers, primarily the PRB which is served by the UP and BN.

The SP clearly has recognized this fact and has worked aggressively to enhance the competitive position of Utah/Colorado coal relative to PRB and other coals.

(Ex. D-1, HC65-100005)

(Ex. D-2, HC65-100197)

. Two opportunities, in particular, required the SP to provide a rate competitive with PRB coal. (Ex. D-2, HC 65-100202-203)

One of these opportunities involved the purchase of Kennecott Colowyo coal by at its , power station. Prior to had burned 100% Colorado coal at . (McFarlen V.S. at 10) Specifically, in tons were purchased at Colowyo pursuant to a contract extending through ; an additional tons were purchased from Colowyo pursuant to a one year spot contract; and tons were purchased from mine under a one year spot contract. (*Id.* at) had a contract with the SP to transport a minimum of tons from Colorado that expired at the end of (*Id.*)

In order to reduce its fuel costs, intended to switch to a 30/70 blend of Colowyo to PRB coal in (*Id.*) had been paying for its Colorado coal and believed it could purchase PRB coal for delivered. (*Id.*) had already constructed a coal blending facilit

contacted PRB mines with the intent of purchasing three to four PRB coals ( ) to determine what blend of PRB and Colowyo coal would efficiently run the plant. (*Id.*)

Kennecott and the SP worked together to develop a deal that would ensure that burned the maximum amount of Colowyo coal.

(Ex. D-3, HC65-100246)

. (McFarlen V.S. at 12) Kennecott negotiated a year transportation agreement with the SP that allowed Kennecott to sell coal to at a base rate of FOB . (*Id.*) Witness Crowley confirms that this delivered price was a competitive, market driven price. (Crowley V.S. at 13)

As a result, canceled plans for additional testing of PRB coals and greed to a contract with Kennecott under which intends to take all of its coal requirements from Colowyo. (McFarlen V.S. at 12) Without the SP's operation, Kennecott would not have been able to broker this contract with

C. Applicants' Evidence Is Severely Limited in Scope.

Although the Applicants have disavowed the existence of geographic etition between Utah/Colorado coal sources, their evidence falls far short of cing. It is based on the theoretical musings of their principal coal witness, G. Sharp. His study, however, lacked substantial empirical evidence and, mportantly, failed to consider the actual experience of those most

knowledgeable about coal markets: utilities, coal producers, and rail coal marketing personnel.

The limitations of Mr. Sharp's study are best described in his own words:

Q. Did you speak with anyone at the Southern Pacific in their coal marketing group?

A. As I recall the traffic data I requested was made through counsel. And I made that request after I had made the Union Pacific request. And I think it refined my -- what I wanted a little more clearly, I made a very specific request which was relayed on through counsel. And I don't believe I had any direct contact, in fact, I'm sure I had no direct contacts with the people in the coal department at Southern Pacific.

Q. Did you speak with anyone else at Southern Pacific other than the coal marketing department?

A. No.

* * *

Q. Did you inquire into Southern Pacific's analyses of the utility plant at which SP coals could be burned?

A. No.

Q. Did you inquire into Southern Pacific's projections of coal volumes for future years, beyond the years for which you had traffic data?

A. No. Again, I conducted basically an arm's-length study.

Q. Did you request copies of Southern Pacific business plans for its coal business?

A. No, same answer really.

Q. Did you inquire into situations where the Southern Pacific had been requested to offer rail transportation contract proposals for coal from Southern Pacific origins?

A. No. My focus was on analysis of the existing coal transportation patterns and service situations.

> Q. Did you make any effort to determine Southern Pacific's views about the extent to which coals from Southern Pacific origins competed with coals from UP served origins?
>
> A. No. Again I think I've described the nature of the study. It was basically an arm's-length study and my focus was on examining existing coal consumption and coal transportation patterns.

(Sharp Tr. at 25-27) Neither did Mr. Sharp examine the profitability of PRB and Utah/Colorado coal movements; recent trends in UP and SP rail rates; comparisons in UP and SP rates; or recent trends in the minehead price of coal. (*Id.* at 222-25) As a consequence of these failings, Mr. Sharp failed to address the factual evidence that has been set forth in these comments. Yet, most of this evidence was as easily, if not more easily, available to him from the Applicants than to Kennecott.

D. The Merger Will Eliminate The Emerging Geographic Competition Between Utah/Colorado Coals and PRB Coal.

A merged UP/SP will not have the incentive currently displayed by the SP arket Utah/Colorado coals in competition with PRB coal. After the merger, UP will serve both Utah/Colorado origins and PRB origins. As a quence, the UP will not compete against itself.

The UP's PRB hauls will be more profitable than Utah/Colorado hauls, larly under current SP pricing. The reasons for the greater profitability B hauls are the greater traffic densities, the gentler terrain, and the nity to haul more coal due to the lower Btu content of PRB coal. n V.S. at 14; Crowley V.S. at 10) The greater profitability of the PRB ans that the UP will only move Utah/Colorado at similar profit margins. t, more utilities, such as , will favor PRB coal in their blends.

necott witness Crowley illustrates the post-merger harm that will occur s of geographic competition. Mr. Crowley first used the 1994 Costed

Waybill Tape to calculate the average profit per ton of the UP for PRB coal movements and of the SP for Utah/Colorado coal movements. The UP's 1994 profit for single line coal traffic exceeded the SP's profit by per ton. (Crowley V.S. at 8, 9) The UP's profit for PRB coal will dictate the price that the UP will charge for moving Utah/Colorado coal after the merger.[4] (*Id.* at 9) This will require an increase in rates for the movement of Utah/Colorado coals which will force purchasers of these coals to pay higher transportation costs or switch to PRB coal.

Witness Crowley then calculated the precise impact that the UP's profit margin would have on the Kennecott/ contract. Kennecott was able to obtain business with a delivered cost per MMBtu of , or per ton. After adjusting this rate to UP's PRB profit levels, the delivered cost would increase to per MMBtu, or per ton. (*Id.* at 14-16) This is near the rate that was paying in when it intended to switch to predominantly PRB coal. Thus, it is clear would not have entered into a contract with Kennecott at the UP profit-adjusted rate.

Kennecott has a very strong interest in preserving the geographic competition it obtains from the SP. Other utilities, including the and , are testing or have tested blends involving Colowyo coal. (McFarlen V.S. at 7) Kennecott fully expects to work with the SP to capture this business in long-term contracts. To do so, Kennecott must be able to put together a competitive rate package similar to the deal. Clearly, Kennecott cannot expect the same cooperation from the UP/SP that it expected from an independent SP. Thus, some condition must be imposed upon

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[4] Crowley also calculated an adjustment for the price of transportation expressed on a Btu per pound basis to account for the fact that less Utah/Colorado coal would be needed to generate the same Btu output as PRB coal. (Crowley V.S. at 9-11)

the merger to preserve the effects of geographic competition that the SP currently provides.

V. THE UTAH RAILWAY SETTLEMENT DISADVANTAGES KENNECOTT WITH RESPECT TO ITS UTAH COMPETITORS

In addition to the loss of geographic competition, the merger has directly placed Kennecott's Colowyo mine at a competitive disadvantage with respect to its Utah competitors. This is true because the Utah Railway has entered into a "Settlement Agreement" with the Applicants that provides Utah mines access to a second rail carrier post-merger where they only have access to a single carrier now. Thus, Kennecott will be "double-dipped" by the anticompetitive effects of the merger.

The Settlement Agreement, dated January 17, 1996, provides the Utah Railway with overhead trackage rights across the SP's line between Utah Railway Junction, Utah and Grand Junction, Colorado, where the Utah Railway will be permitted to interchange coal with the BNSF. (Crowley V.S. at 17; Rebensdorf at 720-21, 723) The BNSF accesses Grand Junction via trackage rights that it obtained in its separate "Settlement Agreement" with the Applicants. (Crowley V.S. at 17) In addition, the Utah Railway will gain access to the Savage Coal Terminal near Price, Utah and to Cyprus AMAX's Willow Creek Mine near Castle Gate, Utah. (*Id.*)

The effect of this Settlement Agreement is to give Colowyo's competitors two rail carrier access. For example, the Deer Creek and Cottonwood along with others, will gain two carrier access at the Savage Coal loadout on the CV Spur. (*Id.*) In addition, the Crandal Canyon and & Aberdeen Mines on the Utah Railway will gain two carrier access on movements via Grand Junction. (*Id.*) The same will be true for

Willow Creek on the SP line. (*Id.*) All of these mines produce coal with characteristics that are comparable to Colowyo coal. (*Id.*) Thus, Colowyo's Utah competitors will be in a better economic position after the merger than before the merger solely because of the Applicants' Settlement Agreement with the Utah Railway.

Because these adverse effects are directly attributable to a settlement agreement, they also are attributable to the merger. But for the merger, there would be no settlement agreement with the Utah Railway and Kennecott would not be disadvantaged. The agreement is entitled "Settlement Agreement;" the preamble specifically refers to the merger; section 4 conditions the agreement upon the UP's acquisition of the SP; and in section 6, the Utah Railway agrees not to oppose the merger application, not to seek conditions, not to support any request for conditions filed by others, and not to assist others in pursuing their requests. The Board should not permit the Applicants to "buy off" potential opponents of the merger to the competitive disadvantage of other parties and then claim that the injury suffered is not a result of the merger.

[illegible] THE BOARD MUST GRANT KENNECOTT'S REQUEST FOR CONDITIONS TO AMELIORATE THE ANTICOMPETITIVE EFFECTS OF THE PROPOSED MERGER

The loss of competition at Kennecott's Colowyo Mine resulting from the [illegible] can be ameliorated with the imposition of protective conditions. In [illegible], Kennecott requests that the Board impose two conditions to protect [illegible]'s existing competitive situation.

[illegible] in order to protect Kennecott from the harms resulting from the loss [illegible]mic competition between Utah/Colorado coals and PRB coal, Kennecott [illegible] Board to impose a Rate procedure that covers coal moving from [illegible] all existing SP served destinations that receive coal and all rail

interchange locations that receive coal from SP. The proposed rate procedure is attached as Exhibit __ (TDC-11) to the Verified Statement of Thomas D. Crowley. It is modeled after the proportional rate procedures negotiated at arms-length between the Applicants and BNSF for I-5 corridor traffic in the BNSF Settlement Agreement (Merger Application, Vol. I, pp. 343-47) This methodology will ensure that Kennecott is able to obtain coal transportation rates from the UP/SP that are comparable to the geographically competitive rates that Kennecott has in fact obtained from the SP in recent transactions. Although geographic competition will not be restored, its benefits will be.

Second, in order to protect Kennecott's Colowyo Mine from the adverse competitive effects of the Utah Railway Settlement Agreement, Kennecott asks the Board to impose a condition upon the merger that requires the UP/SP to grant a second rail carrier, to be selected by Kennecott, access to Colowyo via trackage rights. This condition will provide Colowyo with the same two carrier competition that its Utah competitors will gain as a result of the Utah Railway Settlement Agreement, which is a settlement directly tied to the merger. In addition, equitable compensation to UP/SP should be limited to a pro-rata share of investment in the trackage rights line, Kennecott's pro-rata share of annual maintenance expenses and a pro-rata return on investment according to the relative volume of Kennecott's traffic over the line. (Crowley V.S. at 18-22) Kennecott requests that the Board impose a trackage rights compensation level at [illegible] mills per gross ton-mile, adjusted quarterly beginning 1Q96 based on the [illegible] in the Rail Cost Adjustment Factor including consideration of productivity, i.e., the RCAF-A.

The Board must impose the requested conditions on the merger to [illegible] the anticompetitive effects as long as the conditions are operationally [illegible] and will produce public benefits outweighing any harm to the merger.

UP/MP Control, 366 I.C.C. at 565. Kennecott has suggested the least onerous conditions possible to remedy its competitive harm. Kennecott has proposed a rate solution that the Applicants already have agreed to in their settlement agreement with BNSF. Furthermore, the Applicants already have granted trackage rights to BNSF between Denver and Orestod, Colorado. Kennecott's request for trackage rights would require that such rights be extend up the SP's Craig branch to reach Colowyo. Clearly these are not onerous conditions and they are operationally feasible. Thus, the Board should grant Kennecott's request for conditions.

Respectfully submitted,

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Attorneys for Kennecott Energy Company

ch 29, 1996

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

— CONTROL AND MERGER —

SOUTHERN PACIFIC RAIL CORPORATION,
SOUTHERN PACIFIC TRANSPORTATION COMPANY, ST. LOUIS
SOUTHWESTERN RAILWAY COMPANY, SPCSL CORP. AND THE
DENVER AND RIO GRANDE WESTERN RAILROAD COMPANY

VERIFIED STATEMENT OF
GARY L. MCFARLEN

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SOUTHWESTERN RAILWAY COMPANY, SPCSL CORP. AND THE
DENVER AND RIO GRANDE WESTERN RAILROAD COMPANY

VERIFIED STATEMENT OF GARY L. MCFARLEN

My name is Gary L. McFarlen. I am the Director of Transportation for Kennecott Energy Company, a Delaware corporation, with offices at 505 S. Gillette Ave., Gillette, WY 82716 ("Kennecott"). I have served in this capacity since Kennecott was formed in 1993.

The purpose of my verified statement in this proceeding is to demonstrate that Colorado coal does compete with Powder River Basin ("PRB") coal. In particular, I will discuss how coal from Kennecott's Colowyo mine in Colorado currently has been in direct competition with PRB coal and succeeded in winning business with the cooperation of an aggressive, competitively-minded

Southern Pacific Railroad ("SP").[1] Also, I will discuss why the proposed merger between the Union Pacific Railroad ("UP")[2] and the SP (collectively, "Applicants") will eliminate the budding competition between Colorado and PRB coals, absent protective conditions upon the merger that will preserve this geographic competition. Additionally, I will discuss how the recently announced settlement agreement between the Applicants and the Utah Railway Company will cause additional competitive injury to Kennecott's Colowyo mine. Finally, I will set forth the necessary conditions to prevent competitive harm.

Current Responsibilities

In my position as the Director, Transportation, I have the ultimate responsibility for the management and control of all aspects of transportation and distribution of coal produced by Kennecott coal mines. This includes responsibility for the negotiation of all rail, terminal, barge, and railcar contracts involving coal produced by the mines, management of railroad scheduling for the mines so as to maximize efficiency of operation and enhancement of revenues, coordination with operations and sales of Kennecott to identify and develop the best possible transportation options, and to ensure customer satisfaction with coal delivery and management of the utilization and maintenance of Kennecott's own railcar fleet. A key part of my effort is to maintain contact with railroad management to communicate issues involving customers including issues surrounding disrupted or delayed railroad service. In that context, I regularly

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[1] All references to the "SP" include Southern Pacific Rail Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp., and The Denver and Rio Grande Western Railroad Company.

[2] All references to the "UP" include Union Pacific Corporation, Union Pacific Railroad Company and Missouri Pacific Railroad Company.

call on utility customers to keep abreast of the economic and transportation issues impacting them.

I also am responsible for representing Kennecott with all third party transportation organizations, and state and federal governmental agencies. I monitor trends and issues affecting transportation of coal on an industry-wide basis. As part of that endeavor, I represent Kennecott on the Transportation and Steering Committees of the National Mining Association. I am a past President of the Western Coal Transportation Association and remain actively involved with both organizations.

Educational Background and Previous Experience

I obtained a BSBA in July 1963 from the University of North Dakota where I studied on a four-year scholarship provided by the Great Northern Railway. Immediately prior to commencing my current position with Kennecott, I was the Director of Transportation and Distribution for Sun Coal Company's five coal operations. I also was responsible for Sun Coal Company coal steam export sales. From December 1978 until July 1992, I held various positions which involved increasing responsibility for the transportation of coal for Sun Coal Company and its affiliates. From August 1963, until joining Sunoco Energy Development Company, a Sun Coal Company affiliate, I worked for the Burlington Northern Railroad ("BN") and its predecessor, the Great Northern Railway Company of St. Paul, MN. I held various positions in my tenure with BN, culminating in my position of Manager, Coal Projects, from February through December 1978. In that position, I coordinated planning of coal transportation from the Powder River Basin with the key transactional parties—suppliers, utility customers, coal car manufacturers, and connecting

railroads. In my various job positions, I was in an excellent position to understand the dependence of the coal industry on rail transportation.

Overview of Kennecott

Kennecott provides management, marketing, transportation, engineering, land and other services to the wholly-owned coal mining subsidiaries of Kennecott Energy and Coal Company ("KECC") which operate coal mines in Colorado, Montana, and Wyoming (the "Mines"). The Mines include the Spring Creek Mine near Decker, Montana, the Cordero Mine near Gillette, Wyoming, the Antelope Mine near Douglas, Wyoming, and the Colowyo Mine near Meeker, Colorado.

Kennecott and KECC are affiliated with and ultimately owned by RTZ America, Inc. Kennecott was formed in 1993 when RTZ acquired (a) the Spring Creek and Antelope Mines through the acquisition of NERCO, Inc. and (b) the Cordero Mine by purchase from Sun Company. The Colowyo Mine was acquired from W.R. Grace Company in December 1994. Colowyo Coal Company L.P. is a partnership in which KECC's subsidiary, Kennecott Colorado Coal Company, is the General Partner and Manager. An affiliate of Kennecott holds a 50% interest in the Decker Mine, located near the Spring Creek Mine. Another of Kennecott's affiliates, Northern Coal Transportation Company, owns and operates railcars for use in connection with coal deliveries to small industrial plants. KECC holds a 50% interest in Venture Fuels, which provides coal and transportation services to utility and industrial companies with access to the Great Lakes. Venture Fuels acquires coal from the Mines and from nonaffiliated coal suppliers.

A Description of Kennecott and Mines

In a short period of time, Kennecott has become a major supplier of Western coal. Kennecott entered the coal business in 1993 with the acquisition of Cordero, Spring Creek, and Antelope Mines. By the end of 1994, it had acquired Colowyo. In 1994, the Mines (and KECC's share of Decker Coal Company) produced million tons. In 1995, that amount increased to approximately million tons. At the current time, Kennecott and the Mines are one of the top five producing mining companies in the country.

All the Mines are surface operations which produce low sulfur coal transported primarily by rail. The quality of the coal, including the level of Btu and sulfur, varies from Mine to Mine. For example, Antelope, the southern-most mine in the Powder River Basin, averages 8800 Btu/lb coal with .22% sulfur. Colowyo averages 10,500 Btu/lb with .38% sulfur. Spring Creek averages 9350 Btu/lb with .33% sulfur, while Cordero has an 8375 Btu/lb specification with an average sulfur of 0.33%. The coals also vary in other specifications such as ash and moisture content.

The coal is either delivered directly to the customer or to shipping terminals where it is transferred from trains into vessels or barges for movement the Great Lakes and the Midwest river system or for export. Most coal (over %) is delivered on an FOB Mine basis into railcars for ultimate delivery to a ity customer pursuant to shipping arrangements made by that utility customer ctly with the railroad. However, the Mines, particularly Colowyo, are ning to sell coal on a delivered basis.

All of the Mines are served directly by at least one rail carrier and, despite ifferent characteristics of the coal produced at each of the Mines, there is a sing amount of overlap between the Mines and their customers. Spring and Decker are served only by the Burlington Northern. The primary

customers for this coal are Detroit Edison (Michigan), Wisconsin Power and Light Company (Wisconsin), American Crystal Sugar (North Dakota and Minnesota), Minn-Dak Farmers Cooperative (North Dakota), Western Sugar (Colorado, Nebraska and Montana), and Venture Fuels. As previously noted, Venture Fuels resells coal into the Great Lakes region. Its major customers are Consumers Power Company (Michigan), Minnesota Power (Minnesota) and major industrial accounts that can take water delivery on the Great Lakes.

Cordero and Antelope are served by the BN and the UP. Cordero's principal customers are primarily located in the Midwest and Southwestern portions of the U.S. and include City Public Service of San Antonio, the Lower Colorado River Authority (Texas), MidAmerican Energy Company (Iowa), Northern Indiana Public Service Company (Indiana), and IES Utilities, Inc. (Iowa). (also has recently tested Colowyo coal for possible future purchases.) Antelope's principal customers are located in the Northern Tier states, the Southwest, and the Midwest. Antelope's principal customers include Platte River Power Authority (Colorado), Northern States Power Company (Minnesota), Commonwealth Edison (Illinois) (which also purchases from Decker and has previously purchased from Spring Creek), American Electric Power Company on behalf of Indiana-Kentucky Electric Corporation (Indiana), Detroit Edison (Michigan) (which also purchases from Spring Creek and Decker), Oklahoma Gas and Electric Company (Oklahoma), Minnesota Power Wheeler Power Systems (Minnesota) and Venture Fuels, which resells coal to industrial accounts that can take water delivery on the Great Lakes. As previously noted, Venture Fuels also markets coal purchased from Spring Creek to the same customers as Antelope.

Colowyo is served only by the SP through the Denver and Rio Grande Western Railroad, which is a part of the Southern Pacific system. Colowyo's coal

is shipped to the Southwest, the South, Colorado and the Midwest. Colowyo's principal customers include the City of Colorado Springs; Central Power & Light Company (Texas); and the owners of the Craig Station Units 1, 2, and 3 (Colorado), which includes Tri-State Power, Salt River Project, Pacificorp, Platte River Power Authority, and Public Service Company of Colorado. The contract was obtained in direct competition with a nonaffiliated PRB producer (see discussion below). (which also purchases from Cordero) has tested Colowyo Coal as has which previously purchased from Midwestern and Eastern coal mines. (which also purchases from Decker and Antelope and has purchased from Spring Creek) is planning to test Colowyo coal.

The overlap among the Mines' customers demonstrates that different coals can compete against one another for electric utility business. In Colowyo's case, this has been a relatively new phenomenon. At one time, conventional wisdom dictated that this coal could not effectively compete much beyond Colorado's borders because, while the coal is higher in Btu than PRB coal, it is far more expensive to mine. However, due to a combination of competitive constraints and cost reduction efforts, Colowyo's coal, which at one time sold for now sells for Furthermore, changes in the Clean Air Act have made Colowyo coal much more economically attractive.

Transportation Service at Colowyo

Colowyo is located near the terminus of an SP branch line extending north from Orestod, Colorado, where the line joins the SP's Central Corridor mainline connecting Denver to Salt Lake City. In 1995, 99% of the produced by Colowyo was transported by rail. The remainder was trucked to users of stoker coal produced at the Mine and most recently to Rangely,

Colorado after a fire disabled the Plant's contracted coal supplier. The latter move is temporary and will terminate when the contracted supplier is able to resume contract deliveries. Even this temporary truck contract has caused concern to local governmental authorities who worry about the increased traffic, noise and the anticipated damage to public roads not designed to carry the weight of these trucks. Without effective rail service, Colowyo would simply be unable to continue operations.

Impact of the Clean Air Act

In my view, the Clean Air Act Amendments of 1990, 42 U.S.C. § 7410 1995), fundamentally altered the markets for coal to Midwestern boilers which ere designed to use Midwestern coal. While requiring severe reductions in total lfur emitted by U.S. utilities, the Clean Air Act abandons traditional command d control regulation and instead permits utilities to accomplish compliance with e sulfur impacts by several methods, including coal switching to lower sulfur al, plant retirement, purchase of emissions allowances and capital intensive ernatives such as installation of scrubbers.

Thus, many of the companies typically utilizing the Midwestern coals are looking to utilize coal switching as an alternative for expensive capital stments. Low sulfur western coals are an attractive alternative. Typically, Midwestern coals have a Btu content of 10,500 to 11,500 Btu/lb but are ened with a sulfur content of 2% to over 6%. Colowyo, a Colorado coal, ges 10,500 Btu/lb and a .38% sulfur content; Antelope, a PRB coal, ges 8800 Btu/lb and a .22% sulfur content. Unfortunately, it is not a simple r to substitute one coal for another in a Midwestern boiler. If the coal d varies materially from the boiler design specification, the plant will suffer

a "derate" and will not operate at its optimum capacity. This means a loss in generation and an increased cost.

Each plant considering coal switching has to evaluate the point on the cost curve at which coal switching to a lower Btu makes economic sense notwithstanding a derate and loss of operational efficiency. A Midwestern boiler normally utilizing an 11,500 Btu coal cannot completely switch to a Cordero coal at 8375 without causing serious problems at the plant. However, a combination of coals—a blend of PRB coal with a Midwestern coal—results in far fewer economic and operational issues.

Many of the Midwestern plants are now experimenting with another combination of coal which offers an even greater promise of success—Colorado coal, such as Colowyo with its high Btu, low sulfur, and low moisture combined with PRB coals, such as Antelope with 8800 Btu and extremely low sulfur. Midwestern plants are experimenting in an attempt to determine the right combination of coals and the operational impacts of the various combinations to find that optimal spot on the cost curve.

All other things being equal, a utility will prefer a Colorado coal to a PRB because the higher Btu content of Colorado coal more closely approximates the Btu content of midwestern coals. But, the lower cost of low Btu PRB coal makes it more economically attractive. For each cost reduction increment that Colorado coal can achieve, however, it increases its percentage in the total coal blend, displacing PRB coal. Although Colowyo coal may not completely displace PRB coal, it can effectively increase its volumes in a blended product at the right price. The fact that Colowyo coal is even in this hunt as a competitive coal is the result of the forces of competition.

The Impact of Competition - Rail and Coal

The impact of competition and an excess capacity of coal recently has forced Colowyo to undergo a major reengineering in order to be able to compete. In 1995, Colowyo reduced its work force by and its mining costs by It has invested in newer, more efficient trucks and reexamined every aspect of its business. Colowyo did this for a simple reason—survival. It has positioned itself to compete in the marketplace and to seek the incremental tonnage required to maintain a stable operation and workforce and to permit it to obtain the requisite capital to plan additional productivity investments. As a result, it intends to increase volume, open new markets, develop new customers, and become a bigger, more cost effective mine. At the current time, the mine is "sold out."

However, even with its productivity achievements and cost savings, Colowyo could not have achieved its sales goals without the partnering of the SP—a company also determined to open new markets and expand its reach while anticipating and understanding the nature of the changing market. Because of its limited coal origins, the only way for the SP to expand its participation in the coal transportation market has been to expand the competitive reach of Colorado and Utah coals. It relied on the fundamentals of American competition to compete, notwithstanding the conventional wisdom, oft repeated in this action by Applicants, that Colorado coal was not and cannot be competitive with PRB

The Contract

Geographic competition between Colorado and PRB coals is more than it is a reality which Kennecott and the SP have recently helped to create. to 1996, burned Colorado coal

exclusively at its generating station. purchased this coal from Kennecott's Colowyo Mine and from both exclusively SP served mines in Colorado. In 1995, however, constructed a new coal blending facility to test-burn PRB coal with the intent of burning mostly PRB coal blended with Colowyo coal in 1996.

During 1995, was paying for the Colorado coals. They indicated to me their thought that they could purchase Wyoming PRB coal for delivered. But, at that time, was under contract with the SP to ship a minimum of from Colorado without paying a financial penalty. As a result,

, had a term coal supply contract through with Kennecott for tons of Colowyo coal and spot supply contract for an additional tons to satisfy a portion of coal requirements. In addition, had a spot coal supply contract with for the remainder of their 1995 coal requirements, approximately tons to be supplied from their mine. However, upon the expiration of their coal transportation contract with the SP at the end of was free to begin receiving large quantities of PRB coal.

needed to purchase PRB coal for their new coal blending facilities and lock up their coal requirements for (in addition to the tons term commitment they had for Colowyo coal through). Therefore, contacted several PRB coal suppliers for tons each to be delivered requested during late 1995, but more realistically, during 1996. According to conversations I had with personnel, it was their intent to purchase three to PRB coals (tons from each coal supplier) to determine what of Wyoming PRB and Colowyo Colorado coal would efficiently run the plant.

This major switch of coal sourcing by to PRB coal would reduce Colowyo's annual shipments to tons from through Combined with the loss of an additional spot sale to another customer, Colowyo's production for would drop from tons to tons per year. It was very important for Kennecott not to have a second employee layoff at Colowyo during December Therefore, Kennecott needed to purchase all of its coal requirements from Colowyo.

To facilitate this objective, I had discussions with the SP to develop a partnership strategy that would reduce both Kennecott's and SP's prices effective , and would provide a high probability that would purchase Colowyo coal for the next years. After lengthy negotiations, Kennecott obtained a year transportation agreement with the SP that allowed Kennecott to sell coal to starting January 1, 1996, at a base rate of FOB their plant.

Due to our partnership arrangement with the SP, where both parties educed their prices, canceled their plans for any additional testing of PRB als. It was apparent that the rail rates received from the UP for their test Wyoming PRB coal were significantly higher than anticipated for a delivered price to the plant.

As a direct result of the competitive partnership between Kennecott and the executed an agreement by which it intends to take *all* of its requirements from the Colowyo mine on a FOB delivered basis. Although continued to ship and burn PRB coal at during the first of this was PRB coal that had been purchased but not delivered late

Vithout the partnership between the SP and Kennecott, where both parties their base price would have purchased three-fourths of their future

annual coal requirements from the PRB. Also, I feel that the PRB delivered price would have been based on the Colorado delivered price of and delivered starting in at , not at which obtained from Kennecott. As a result, the savings to from delivered in versus delivered in is roughly

The Disadvantage of a One Line Railroad

I have heard a great deal in this case about the advantages of a one line railroad—increased efficiency in accessing markets, etc. However, single-line unit train coal service offers few operational advantages over interlining. This is because interlining of unit trains is often performed as a seamless run-through service, using the same equipment and often the same crews. There is little or no delay at railyards for the switching of cars that is predominant for other interline movements. Therefore, I do not believe that this merger offers sufficient efficiency benefits to outweigh the magnitude of lost geographic competition.

Without some relief to Colowyo, I believe that Colowyo will be in a similar situation experienced by the PRB producers and their utility customers prior to the entry of the CNW into the PRB in 1984. In my view, this entry by the UP's predecessor was the major factor in bringing competitive rail rates to the PRB. I believe that the average rail rate dropped significantly as a direct result of this two-line competition. Prior to that time, there was little willingness on the part of the BN to renegotiate rail rates or service terms. The entry of the CNW led to substantial transportation cost reduction as the result of the advent of two-line competition.

The SP has played a role similar to the CNW for Colorado coals. However, rather than direct head-to-head rail competition, the SP has facilitated

eographic competition by decreasing rates in order to increase the geographic rea in which Colorado coal can compete. It has been willing to match Colowyo's efforts to reduce costs because it needed to do so to achieve greater iability.

An unfettered UP holding Colowyo captive will not have the same ncentive as the SP to promote geographic competition among coals. The UP's RB hauls are more profitable due to greater traffic densities, gentler terrain, d the opportunity to haul more coal due to lower Btu content of the coal iled. There is no reason for the UP to aggressively compete and reduce prices its own profit disadvantage. I firmly believe that the UP will not bid against lf where PRB and Colorado coals are potential competitors for the same ffic. The only way for the SP to participate in the coal business was and is to ressively promote its Utah/Colorado coal sources. This is simply not true for UP.

The Impediments of the Utah Railway Settlement

The Applicants' settlement agreement with the Utah Railway Company only pounds the anticompetitive effects of the merger upon Colowyo. Most of wyo's competitors among Utah/Colorado coal sources also will lose raphic competition as a result of a UP/SP merger. However, under the Utah way settlement, Colowyo's Utah competitors will gain two rail carrier access. xample, Savage Industries, Inc. will receive new two carrier service at its oading facility on the CV Spur near Price, Utah. This will provide the Deer Cottonwood and other Utah mines with two carrier access. Furthermore, all Canyon and Pinnacle & Aberdeen Mines will gain two carrier access on und movements at Grand Junction, Colorado through the Utah Railway's terchange with BNSF. In addition, the Cyprus Amax Willow Creek Mine

near Castle Gate, Utah will receive new direct two-carrier service via the same interchange once it opens. This new two-carrier competition at these facilities will place Colowyo at a distinct competitive disadvantage with Utah producers in addition to the loss of geographic competition with PRB coal. But for the merger, this settlement agreement would not have been executed.

Relief Requested

In order to preserve the effects of the SP's competitive pricing efforts, Kennecott proposes the following relief:

1. Develop a proportional rate procedure, modeled after the procedures included in the UP/SP-BNSF Agreement that covers coal moving from Colowyo to all existing SP served destinations that receive coal and all rail interchange locations that receive coal from SP.
2. Grant a second rail carrier access to the Colowyo Mine via trackage rights in order to keep Kennecott competitive with Utah mines that have gained direct rail competition as a result of the Utah Railway settlement.

VERIFICATION

COUNTY OF CAMPBELL :
: ss:
STATE OF WYOMING :

GARY L. MCFARLEN, being duly sworn, deposes and says that he has read the foregoing statement and knows the contents thereof, and that the same are true as stated.

Gary L. McFarlen
GARY L. MCFARLEN

Subscribed and sworn to before me, a Notary Public, this 26th day of March, 1996.

HUTCHISON - NOTARY PUBLIC
State of Wyoming
Commission Expires Oct. 5, 1999

Lori A Hutchison
Notary Public

Commission expires: October 5, 1999

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

--CONTROL AND MERGER--

SOUTHERN PACIFIC RAIL CORPORATION,
SOUTHERN PACIFIC TRANSPORTATION COMPANY, ST. LOUIS
SOUTHWESTERN RAILWAY COMPANY, SPCSL CORP. AND THE
DENVER AND RIO GRANDE WESTERN RAILROAD COMPANY

Verified Statement
of
Thomas D. Crowley
President
L. E. Peabody & Associates, Inc.

On Behalf of
Kennecott Energy

Date: March 29, 1996

TABLE OF CONTENTS

PAGE

I. INTRODUCTION 1

II. SUMMARY AND FINDINGS 3

III. KENNECOTT'S COLOWYO COAL COMPETES WITH PRB, WYOMING COAL 5

A. SP'S 1995 COAL PLAN 5

B. KENNECOTT'S AGREEMENTS WITH SP AND 5

IV. UP'S PRB MARKET POWER WILL CONTROL PRICING AND SALES OF COLORADO COAL 7

A. UP AND SP REVENUES, COSTS AND PROFITS FOR HANDLING COAL 7

B. IMPACT OF UP'S PRB PROFIT MARGIN ON THE COMPETITIVE KENNECOTT/ CONTRACT 11

UP'S SETTLEMENT AGREEMENT WITH UTAH RAILWAY HAS PROVIDED KENNECOTT'S COLOWYO COMPETITORS WITH AN ECONOMIC/MARKET ADVANTAGE 17

A. COMPENSATION FOR RAILROAD ACCESSING COLOWYO . . 18

REQUEST FOR CONDITIONS 23

LIST OF EXHIBITS

EXHIBIT NO. (1)	DESCRIPTION (2)
Appendix A	Statement Of Qualifications
TDC-1	Selected Pages From SP's 1995 Coal Plan
TDC-2	1994 UP Single Line Movement And Revenue Characteristics For Coal Originating In PRB
TDC-3	Summary Of 1994 Traffic And Operating Characteristics Used To Calculate URCS Phase III Variable Costs
TDC-4	1994 SP Single Line Movement And Revenue Characteristics For Coal Originating In Utah and Colorado
TDC-5	Summary Of July 1995 FERC 423 Data For Central and Southern PRB Originated Coal
TDC-6	Summary Of July 1995 FERC 423 Data For Colorado And Utah Originated Coal At SP Served Origins
TDC-7	SP URCS Phase III Costs For Coal Moving From Colowyo To
TDC-8	Quality Characteristics Of Utah Railway Coal Origins Accessible By BNSF And Kennecott's Colowyo Mine
TDC-9	Schematic Of Utah Railway Coal Origins Accessible By BNSF
TDC-10	Variable Costs Caused By Trackage Rights Carrier Running Over UP/SP Tracks
TDC-11	Term Sheet For UP/SP Rate Agreement Covering Coal Originating At Kennecott's Colowyo Mine

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I. INTRODUCTION

My name is Thomas D. Crowley. I am an economist and President of the economic consulting firm of L.E. Peabody & Associates, Inc. The firm's offices are located at 1321 Cameron Street, Alexandria, Virginia 22314. My qualifications and experience are attached to this verified statement as Appendix A.

If the UPC/SPRC[1/] merger application is approved in its current form, Kennecott Energy Company's ("Kennecott") Colowyo Coal Mine will lose its existing, substantial competitive status. Kennecott is therefore requesting that the Surface Transportation Board ("STB") condition its approval of this merger by requiring the merged carrier to create a Rate procedure that covers moves from Kennecott's Colowyo Coal facility to all existing Southern Pacific Transportation Company ("SP") served destinations that receive coal and to all rail interchange locations that receive coal from the SP. Additionally, STB needs to require that the merged carrier grant trackage rights to a second carrier to access the Colowyo Mine to maintain the transportation balance that existed prior to the Union Pacific Railroad Company ("UP") settlement agreement with the UTAH Railway.

I have been asked by Kennecott to review the Railroad Control and Merger Application filed UPC and SPRC in Finance Docket No. 32760, and evaluate its impact on the existing competitive status of the Colowyo Mine and to develop conditions which would maintain that status. In making my evaluation I have considered Kennecott's previous rail transportation and delivered cost negotiations. I have also analyzed the availability of rail transportation alternatives to Kennecott before and after the merger in order to determine if the competitive

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[1/] Union Pacific Corporation ("UPC")/Southern Pacific Rail Corporation ("SPRC").

situation Kennecott enjoys today will continue, assuming STB approves the merger without granting Kennecott their requested relief.

My comments are organized below under the following headings:

II. Summary and Findings

III. Kennecott's Colowyo Coal Competes With PRB, Wyoming Coal

IV. UP's PRB Market Power Will Control Pricing And Sales Of Colorado Coal

V. UP's Settlement Agreement With UTAH Railway Has Provided Kennecott's Colowyo Competitors With An Economic/Market Advantage

VI. Request For Conditions

II. SUMMARY AND FINDINGS

The following summary and findings are derived from my analyses on behalf of Kennecott of the November 1995 Railroad Control and Merger Application filed by UP and SP. My summary and findings are supported by the analyses contained in the balance of my verified statement and accompanying exhibits.

1. Prior to the proposed UP/SP merger, Kennecott's Colowyo Mine competed vigorously with PRB, Wyoming coal because of SP's competitive pricing policies.

2. After the proposed UP/SP merger, UP will have no incentive to continue SP's competitive pricing policies because UP can earn higher profits from transporting PRB Wyoming coal.

3. UP's proposed settlement with the UTAH Railway has further disadvantaged Colowyo coal because a number of Colowyo's competitors have gained access to two carrier rail service. Two carrier rail service creates a competitive option for those mines located on the UTAH which should result in lower delivered costs of their product than the delivered cost of coal originating at Colowyo which is served only by one railroad.

4. Colowyo will be "double-dipped" if the proposed merger is approved -- once because of the UTAH Railway proposed settlement agreement and once because the proposed merger has provided UP with an economic incentive to favor PRB coal over Colorado coal.

5. A two part solution is required to place Kennecott's Colowyo coal in the same economic position after the merger as they realized before the merger.

   a) Part 1 -- A Rate procedure has to be created that covers moves from Colowyo to all existing SP served destinations that receive coal and all rail interchange locations that receive coal from SP. The proposed Rate procedure is attached to this verified statement as Exhibit__(TDC-11) and was modelled after the proportional rate procedures included in the UP/SP - BNSF Agreement (Application, pp. 343-347).

b) Part 2 -- A second railroad has to be provided access to the Colowyo mine in order to maintain the transportation economic balance that existed with Colowyo's coal producing competitors prior to the UP-UTAH Railway settlement agreement.

III. KENNECOTT'S COLOWYO COAL COMPETES WITH PRB, WYOMING COAL

A. SP'S 1995 COAL PLAN

NNECOTT'S AGREEMENTS TH SP AND

, Kennecott and SP signed an agreement that requires SP to haul Colowyo ngle line service to Power Station. Also in and signed an agreement for to purchase and receive coal on a delivered i.e., the delivered price that pay includes both the purchase of coal and the

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purchase of transportation. Both Kennecott and SP aggressively pursued the business throughout and priced their commodity according to their competition, i.e., coals purchased and transported from PRB.

Initially, was interested in receiving a minimum of tons of Colowyo Coal via the SP. However, as a result of the aggressive competitive pricing presented by Kennecott and SP, agreed to a minimum of tons in SP's strategy of to secure business was a resounding success.

If this merger is approved as it currently exists the specific Kennecott-SP-competitively packaged movement, and others like it, will not be made at the same competitive economic levels that exist today because the UP will control both coal markets. Stated differently, Kennecott will be at the mercy of UP/SP for the marketing and sales of their Colowyo coal.

IV. UP'S PRB MARKET POWER WILL CONTROL PRICING AND SALES OF COLORADO COAL

I have reviewed numerous documents and databases provided to me in this proceeding and nalyzed the revenues, costs and profits both the UP and SP realize from handling coal. In this ection of my testimony, I discuss my analyses related to the profitability of coal to UP and SP. also will discuss the potential impact on Kennecott and if the proposed merger is pproved without conditions.

UP AND SP REVENUES, COSTS AND PROFITS FOR HANDLING COAL

UP moved tons of PRB coal in 1994 in single line service to various tinations. Based on my review of the ICC's 1994 Costed Waybill Tape, UP's revenue for tons equalled or an average of per ton. For each single line UP rail ement originating in PRB, Exhibit_(TCD-2) identifies the destination, miles, carloads, tons evenues.

next developed the average variable costs that UP incurs in handling PRB single line coal on the average cars per train, tons per car and miles summarized on Exhibit_(TDC-3). bined these characteristics with the Surface Transportation Board's ("STB") 1994 UP unit costs and the STB's Phase III variable cost program. In those instances where UP er railroad provided the rail cars, I included car costs in developing variable costs. My ons result in average UP variable costs of per ton for handling single line PRB 994.

UP's average profit per ton for each of these moves equals the average revenue less the average variable cost of providing the service.

In 1994 SP moved tons of coal from Utah and Colorado origins in single line rail service. SP's total revenues for handling this coal traffic equalled or an average of per ton. The average waybill characteristics for SP's single line coal movements are shown on Exhibit_(TDC-4). I also used the STB's 1994 SP URCS unit costs and Phase III cost program to develop SP's variable costs. The average characteristics of SP's coal traffic are shown in Exhibit__(TDC-3) and result in a 1994 SP variable cost of per ton.

SP's average profit per ton for each of these movements equals the average revenue less the average variable cost of providing the service.

Utilizing the UP and SP revenue and cost values, I determined that UP's 1994 profit for handling single line coal traffic exceeds SP's 1994 profit by per ton. Table 1 below shows my development of each railroad's average profits.

Table 1
UP's Profit For Moving PRB Coal Versus
SP's Profit For Moving Colorado And Utah Coal

Carrier/Origin Area (1)	Average Revenue Per Ton[1/] (2)	Average Cost Per Ton[2/] (3)	Average Profit Per Ton[3/] (4)
1. UP/PRB			
2. SP/Utah & CO.			
3. Difference (Line 1 - Line 2)	xxx	xxx	

1/ Average Revenue for single line movements from 1994 Costed Waybill -- Exhibit_(TDC-2) and Exhibit_(TDC-4).
2/ Average costs based on average statistics from Costed Waybill and STB Phase III -- Exhibit_(TDC-3).
3/ Column (2) - Column (3).

UP's profit for moving PRB coal will dictate the price UP will charge for moving Colorado or Utah coal assuming the merger is approved without the requested conditions. Stated differently, UP will increase the rates charged for moving coal out of Colorado and Utah to match the profits earned on coal moving out of the Powder River Basin. This UP action will either force the purchasers of Colorado and Utah coals to pay higher transportation costs or switch to PRB coals.

To evaluate the impact this UP action will have on SP's coal traffic in general, I considered delivered cost of coal from each area, i.e., the combination of the price of coal and the price transportation expressed on a BTU per pound basis. This analysis was necessary because the characteristics of PRB coals and the Colorado and Utah coals are different. Using the C Form 423 data filed at the Federal Energy Regulatory Commission by electric utilities,

I developed the average coal quality characteristics for the central and southern PRB mines served by UP and the Colorado and Utah mines served by SP in July 1995 and the results are summarized in Exhibit__(TDC-5) and Exhibit__(TDC-6), respectively.

PRB coal originating at central and southern mines averaged 8,631 BTU's per pound while Colorado and Utah originated coal averaged 11,323 BTU's per pound. This means that UP would have to move more tons of PRB coal to generate the same heating value of coal that SP would move from Colorado or Utah origins. Stated a different way, UP will increase the rates it charges for moving Colorado and Utah coal to recognize the fact that they will ship fewer tons than if the UP transported the coal from PRB.

Table 2 below illustrates my calculation of the impact on SP's average revenue of increasing SP's profit for handling Colorado and Utah coal to the same level as UP's profits for handling PRB coal.

Table 2
SP Revenue Level Required For Profit From Colorado And Utah Origins To Equal UP PRB Profit

Item (1)	Source (2)	Amount (3)
1. Average BTU Content Of UP Originated PRB Coal	Exhibit__(TDC-5)	8,631
2. Average BTU Content of SP Originated Colorado And Utah Coal	Exhibit__(TDC-6)	11,323
3. Differential In UP and SP Profit Per Ton	Table 1, Line 3	
4. Adjusted Profit Based On Movement Of Fewer Tons Due To Higher BTU Value For Colorado/Utah Coal	(L3xL2÷L1)	
5. SP Average Revenue For Moving Utah And Colorado Coal	Table 1, Line 2	
6. UP Average Revenue Level On Utah And Colorado Coal To Match UP Profit On PRB Coal	(L4+L5)	

In my opinion, the SP currently served Colorado and Utah coal suppliers will not be able to [illegible]rte with PRB coal suppliers if existing SP revenues are forced by UP to equal UP's 1994 PRB profit levels.

8. IMPACT OF UP'S PRB PROFIT MARGIN ON THE COMPETITIVE KENNECOTT/ CONTRACT

In SP and Kennecott combined forces and proposed a delivered price of coal package for that secured the business. Kennecott and SP were responding to [illegible]petition.

Specifically, Kennecott and SP understood that had two practical choices related to the purchase of coal for Kennecott and SP also understood that would choose the coal option that produced the best economics for their facility. choices were to buy all of its coal from Colorado origins or to buy approximately 30 percent of its requirements from Colorado origins and blend the Colorado coals with the remainder of its requirement which it would purchase from PRB. With this information in hand and access to publicly available delivered cost of coal data, Kennecott and SP were able to approximate the target, market delivered cost to that they would have to compete with, if they planned to secure the business.

The successful delivered cost package to purchase coal and transportation from Kennecott/SP is broken into component parts in Table 3 below.

Table 3
Separation Of Kennecott/SP's
Delivered Cost To

Item (1)	Amount (2)
1. 1996 delivered cost per MMBTU[1/]	
2. Colowyo July 1995 average BTU per pound[2/]	10,445
3. 1996 delivered cost per ton[3/]	
4. SP's 1996 transportation portion of delivered cost per ton[4/]	
5. Kennecott's 1996 price of coal (L3-L4)	

1/ Coal Sales Agreement between and Kennecott.
2/ Exhibit__(TDC-6).
3/ (L1 x L2 x 2000 lbs. ÷ 1,000,000).
4/ Rail Transportation Agreement between Kennecott and SP.

and Kennecott/SP negotiated a competitive market delivered price of coal to of per MMBTU in 1996 dollars. In addition to knowing their own costs and ective competitive pricing floors, Kennecott/SP has access to delivered cost information from PRB mines served by UP and the Colorado/Utah mines served by SP. I have reproduced hibit__(TDC-5) the July 1995 delivered cost data for mines served by UP in PRB. I have eproduced as Exhibit__(TDC-6) the July 1995 delivered cost data for mines served by SP lorado/Utah. A review of this data, with an understanding of the blending requirements , shows that the delivered price of per MMBTU offered by Kennecott/SP and d by was certainly a competitive, market driven price.

1. **Expected Impact Of UP-SP Merger On <u>Competitive Market Price</u>**

The minimum profit per ton that UP will demand for the movement of Kennecott's coal is the profit per ton it would realize if purchased its coal requirements from PRB. By substituting UP's expected profit requirements into the competitive market driven delivered cost contract between and Kennecott/SP, UP will force to PRB and away from Colowyo.

Table 4 below shows the impact on the delivered cost of substituting UP's PRB profit level into the movement of coal from Kennecott's Colowyo mine. The steps followed in these calculations are explained in Table 4, Column (1). The sources for each step are shown in Column (2) and the values are shown in Column (3).

Table 4
Impact Of Substituting UP's PRB Profits
Into The /Kennecott-SP Delivered Cost Contract

Item (1)	Source (2)	Amount (3)
Existing Competitive Contracts		
1. 1996 Delivered Cost Per MMBTU	Table 3, Line 1	
2. 1996 Delivered Cost Per Ton	Table 3, Line 3	
Impact Of Substituting UP's PRB Profits		
3. SP's Variable Costs Per Ton To Handle Coal	Exhibit__(TDC-7)	
4. UP's PRB Profit Level To Handle Colorado Coal	Table 1, Line 1, Col. (4) BTU Adjusted[1/]	
5. Expected UP Rate Per Ton From Colowyo	(L3+L4)	
6. Kennecott's Price Per Ton Colowyo Coal	Table 3, Line 5	
7. Expected Delivered Cost To Based On UP's PRB Profits		
a. Per Ton	(L5+L6)	
b. Per MMBTU	[2/]	

1/ per ton adjusted for difference in BTU value -- 11,323 Colorado ÷ 8,631 Wyoming.
2/ Line 7a ÷ 10,445 BTU's per pound x 2000 lbs. ÷ 1,000,000.

If UP's PRB profit levels are included in the recently negotiated competitive, market driven ered costs to the parties would not have been able to close the deal.

The revised delivered cost including UP's PRB profit expectation raises the delivered price to per MMBTU (Table 4, Line 7b) and is outside the levels that would accept based on the publicly available delivered cost data for the UP served PRB mines (Exhibit__(TDC-5) and from the SP served Colorado and Utah mines (Exhibit__(TDC-6).

STB FD 32760 3-29-96 D 62350 2/2

V. UP'S SETTLEMENT AGREEMENT WITH UTAH RAILWAY HAS PROVIDED KENNECOTT'S COLOWYO COMPETITORS WITH AN ECONOMIC/MARKET ADVANTAGE

Since the filing of their merger application the UP/SP has entered into another agreement ith the UTAH Railway ("UTAH") which potentially impacts Kennecott if the merger is proved. The agreement between UP/SP and UTAH provides UTAH with overhead traffic kage rights across the SP's line between Utah Railway Junction, UT and Grand Junction, CO ch provides UTAH interchange access to BN. In addition, Utah Railway gained access to Savage Coal Terminal near Price, UT and Cyprus AMAX's proposed Willow Creek Mine Castle Gate, UT.

y combining the UP/SP-BNSF agreement with the UP/SP UTAH agreement, five of cott's coal producing competitors[5/], i.e., Pinnacle & Aberdeen and Crandall Canyon via AH to either Provo (UP) or Grand Junction (BNSF) and Cottonwood, Trail Mountain and reek on the CV Tour, will have access to two rail systems. As shown in Exhibit__(TDC- quality characteristics of the five mines are comparable to the quality characteristics of rently produced at Colowyo. Exhibit__(TDC-9) identifies the geographic locations of 5) mines and Kennecott's Colowyo facility.

's proposed settlement with UTAH has further disadvantaged Colowyo coal because f Colowyo's competitors have gained access to two carrier rail service as indicated o carrier rail service creates a competitive option for those mines located on the h should result in lower delivered cost of their product than the delivered cost of

---

UTAH will have access to the Willow Creek mine when it opens and BNSF also will have illow Creek through an interchange with UTAH at Grand Junction.

coal originating at Colowyo which is served only by one railroad. Stated a different way, five of Colowyo's coal producing competitors will be in a better economic position after the merger than before the merger solely because of UP/SP's proposed agreement with UTAH.

The only way to solve this competitive imbalance caused by the UP/UTAH agreement is to grant a second railroad access to the Colowyo mine.

A. COMPENSATION FOR RAILROAD ACCESSING COLOWYO

Compensation to the merged UP/SP entity should be limited to the reimbursement of UP/SP's costs, including a return on investment based on the current cost of capital for the assets being consumed by the traffic. Also, the proper adjustment mechanism for the compensation should be based on actual cost changes or a method that approximates, as closely as possible, the cost changes.

In order to avoid providing UP/SP a monopoly rent, compensation should be based on the original investment cost less depreciation of the railroads' assets plus an allocated share of actual roadway maintenance and dispatching expense. Without specific investment, maintenance and dispatching expenses[6/], the proper way to determine compensation is to utilize the combined UP/SP URCS costs for 1994 indexed to fourth quarter 1995 ("4Q95") wage and price levels.

Based on data provided by UP/SP as part of their Application, I have developed the compensation level which covers the UP/SP's costs incurred (including a return on investment).

[6/] UP/SP refused to provide the investment and expense data required to make the actual cost calculations.

The detailed procedures developing the variable costs caused by another carrier running over UP/SP's tracks are shown on Exhibit__(TDC-10). Because the costs are generated on a gross ton-mile basis, the costs are equal for all line segments and train sizes. The trackage rights charge based on UP/SP's costs equals 1.48 mills per gross ton-mile at 4Q95 levels.

Based on the costs incurred by UP/SP, the Surface Transportation Board ("STB") should impose, as a condition of the merger, a trackage rights payment equal to 1.48 mills per gross ton-mile.

1. Adjustment Mechanism

The selection of an index to adjust trackage rights charges must reflect productivity changes. The Interstate Commerce Commission ("ICC") recognized in Ex Parte 290 (Sub-No. 4), Railroad Cost Recovery Procedures - Productivity Adjustment that productivity must be part of the index to adjust rates and charges if cost changes are to be recognized. Specifically the ICC stated:

> We will implement this decision by use of two indices, the RCAF (Unadjusted), an index reflecting input prices which will continue to be filed by the AAR, and the RCAF (Adjusted), an index that reflects output (productivity-adjusted) costs. 5 I.C.C.2d 434,437

The ICC's decision recognized the shippers view on productivity which the ICC summarized follows:

> These shippers argue that, even during the periods when wages or material prices have been rising, their rise has been moderated or offset by increasing productivity, and that by ignoring the productivity gains, the present input index allows rates to rise faster than the actual cost of providing service. (Decision served November 17, 1988, Unprinted).

To demonstrate how an adjustment mechanism should work if the receiving parties profits are not to be enhanced, I have compared the UP and SP's actual cost changes to the change in the ICC's Rail Cost Adjustment Factor, including productivity ("RCAFA") over the same 1990-1994 time period.

The changes in the index and UP's and SP's costs are summarized in Table 5 below:

Table 5
Comparison of Change In RCAFA With UP/SP Actual Cost Changes -- 1990-1994

Item (1)	Cumulative Percent Change (2)
1. RCAFA	(-)5.1%
2. Actual Cost Change Per Gross Ton-Mile	
a. UP	(-)10.9%
b. SP	(-)12.8%

Over the 1990 through 1994 time period, the UP's and SP's cost per gross ton-mile decreased 10.9 percent and 12.8 percent, respectively (Table 5, Line 2). The RCAFA decreased 5.1 percent over the same 1990 through 1994 time period.

The proper measure of trackage rights compensation is the railroad's variable cost of service. The proper measure for the adjustment mechanism is cost changes. The adjustment mechanism, which is calculated annually, should be based on the change in costs. The adjustment should reflect a 1-year lag so that the 1997 adjustment would be based on the change

in costs between 1995 and 1996. Alternatively, if actual URCS costs are not used, then the adjustment should be based on the changes in the RCAFA.

2. Other UP/SP Trackage Rights Agreements

Another way to develop a proposed trackage rights fee is to determine trackage rights fees in other existing UP/SP trackage rights agreements. As part of the discovery process, UP/SP provided me with access to a number of their trackage rights agreements. I have reviewed these agreements and identified the parties to the joint facility and the level of compensation. For those agreements where compensation is determined by the costs over the line segment, I have developed the mills per gross ton-mile, based on 1994 UP and SP URCS unit costs, for those components of the costs related to the trackage rights payments.[7] The results of my analysis are summarized in Table 6 below.

[7] The UP/SP did not provide any of the actual bills upon which the costs are divided.

Table 6
Summary of Compensation Included
in Other UP/SP Trackage Rights Agreements

Segment	Contract Number	Ownership		Contract Year	Mills Per GTM
		Landlord	Tenant		
(1)	(2)	(3)	(4)	(5)	(6)

For trackage rights agreements where compensation is based on costs, the trackage rights mpensation ranges between mills per gross ton-mile and mills per gross ton-mile. all of these trackage rights agreements, the adjustment mechanism is based on cost changes, an index.

VI. REQUEST FOR CONDITIONS

As I discussed in the foregoing testimony, Kennecott had, prior to the advent of the proposed merger, devoted a substantial effort to develop and utilize rail leverage to market its Colowyo coal. Unconditional approval of the UP/SP merger would deprive Kennecott of the competitive rail leverage it has developed.

As a result of my analyses of Kennecott's post merger status, I conclude that the only feasible and equitable condition under which Kennecott will retain its existing competitive options, would be to impose a two part remedy.

Part 1 of the remedy maintains the ability to Kennecott/SP to market Colowyo coal on a delivered cost basis. Specifically, a Rate procedure has to be created that covers coal moving from Colowyo to all existing SP served destinations that receive coal and all rail interchange locations that receive coal from SP. The proposed Rate procedure is attached as Exhibit__(TDC-11) and was modelled after the proportional rate procedures included in the UP/SP - BNSF Agreement (Application, pp. 343-347).

Part 2 of the remedy provides a second railroad access via trackage rights to the Colowyo line in order to maintain the transportation economic balance that existed with Colowyo's competitors prior to the UP-UTAH Railway settlement agreement. Such trackage rights should be granted to Kennecott as a condition of the merger. Kennecott would then negotiate a separate agreement with a railroad that provides the most competitive access and movement package. The trackage rights should provide access over the current SP lines to the Colowyo coal loadout facility.

Since the trackage rights condition is designed to simply maintain Kennecott's competitive status quo, it should be designed as an arm's length agreement. Equitable compensation to UP/SP should be limited to a pro-rata share of investment in the trackage rights line, Kennecott's pro-rata share of annual maintenance expenses and a pro-rata return on investment according to the relative volume of Kennecott's traffic over the line. Compensation at a level any higher than a pro-rata share of the costs incurred would reward UP/SP for placing Kennecott at a rail competitive disadvantage.

Specifically, I am proposing that the STB set trackage rights compensation at 1.48 mills per gross ton-mile for movement by any viable rail carrier over SP trackage from the Colowyo loadout facility.

In addition, the 1.48 mills per gross ton-mile trackage rights fee should be adjusted quarterly beginning 1Q96 based on the change in the ICC's Rail Cost Adjustment Factor including consideration of productivity, i.e., the RCAF-A.

VERIFICATION

COMMONWEALTH OF VIRGINIA)
)
CITY OF ALEXANDRIA)

THOMAS D. CROWLEY, being duly sworn, deposes and says that he has read the foregoing statement, knows the contents thereof and that the same are true as stated.

Thomas D. Crowley

orn to and subscribed
ore me this 27th day
March, 1996.

ess my hand and official seal.

Kimberly D. Cassell Boyd
My Commission Expires July 31, 1996

STATEMENT OF QUALIFICATIONS

My name is Thomas D. Crowley. I am an economist and President of the economic consulting firm of L. E. Peabody & Associates, Inc. The firm's offices are located at 1321 Cameron Street, Alexandria, Virginia 22314.

I am a graduate of the University of Maine from which I obtained a Bachelor of Science degree in Economics. I have also taken graduate courses in transportation at George Washington University in Washington, D.C. I spent three years in the United States Army and since February 1971 have been employed by L. E. Peabody & Associates, Inc.

I am a member of the American Economic Association, the Transportation Research Forum, and the American Railway Engineering Association.

The firm of L. E. Peabody & Associates, Inc. specializes in solving economic, marketing and transportation problems. As an economic consultant, I have organized and directed economic studies and prepared reports for railroads, freight forwarders and other carriers, for shippers, for associations and for state governments and other public bodies dealing with transportation and related economic problems. Examples of studies I have participated in include organizing and directing traffic, operational and cost analyses in connection with multiple car movements, unit train operations for coal and other commodities, freight forwarder facilities, TOFC/COFC rail facilities, divisions of through rail rates, operating commuter passenger service, and other studies dealing with markets and the transportation by different modes of various commodities from both eastern and western origins to various destinations in the United

STATEMENT OF QUALIFICATIONS

States. The nature of these studies enabled me to become familiar with the operating and accounting procedures utilized by railroads in the normal course of business.

Additionally, I have inspected both railroad terminal and line-haul facilities used in handling various commodities, and in particular unit train coal movements from the Powder River Basin to various utility destinations in the midwestern and western portion of the United States. These field trips were used as a basis for the determination of the traffic and operating characteristics for specific movements of coal, both inbound raw materials and outbound paper products to and from paper mills, crushed stone, soda ash, aluminum, fresh fruits and vegetables, TOFC/COFC traffic and numerous other commodities handled by rail.

I have presented evidence before the Interstate Commerce Commission ("ICC") in Ex Parte No. 347 (Sub-No. 1), Coal Rate Guidelines - Nationwide which is the proceeding that established the methodology for developing a maximum rail rate based on stand-alone costs. I have submitted evidence applying the ICC's stand-alone cost procedures in "Coal Trading,"[1] "DP&L,"[2] and "Westmoreland"[3] along with other proceedings before the ICC.[4]

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[1] ICC Docket No. 38301S, Coal Trading Corporation v. Baltimore & Ohio Railroad, et al., ("Coal Trading").

[2] ICC Docket No. 38025S, The Dayton Power and Light Company v. Louisville and Nashville Railroad Company ("DP&L").

[3] ICC Docket No. 38301S (Sub-No. 1), Westmoreland Coal Sales Company v. Denver and Rio Grande Western Railroad Company, et al., ("Westmoreland").

[4] ICC Docket No. 40224, Iowa Public Power and Light Company v. Burlington Northern Railroad Company; ICC Docket No. 39386, The Docket No. 37029, Iowa Public Service Company v. Burlington Northern, Inc.; Docket No. 38783, Omaha Public Power District v. Burlington Northern Railroad Company; Docket No. Power and Light Company v. Burlington Northern Railroad Company and Union Pacific Railroad Company; San Antonio, Texas, Acting By and Through Its City Public Service Board v. Burlington Northern Railroad Company, et al.

STATEMENT OF QUALIFICATIONS

Moreover, I have developed numerous variable cost calculations utilizing the various formulas employed by the ICC for the development of variable costs for common carriers, including Burlington Northern Railroad Company,[5] with particular emphasis on the basis and use of Rail Form A. I have utilized Rail Form A costing principles since the beginning of my career with L. E. Peabody & Associates Inc. in 1971.[6]

I have also analyzed in detail, the Uniform Railroad Costing System ("URCS") and presented the results of my findings to the ICC in Ex Parte No. 431, *Adoption of the Uniform Railroad Costing System for Determining Variable Costs for the Purposes of Surcharge and Jurisdictional Threshold Calculations*. I have been involved in the URCS process, either directly

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[5] The following two (2) cases are examples of litigation before the ICC where I developed and presented Burlington Northern Railroad Company's variable costs of handling unit coal trains. These two cases involve the most detailed examination of the variable cost of moving coal in unit train service of any proceeding thus far brought before the ICC. The first example involved the variable cost of service evidence I presented on behalf of the City of San Antonio, Texas in ICC Docket No. 36180, *San Antonio, Texas, Acting By and Through its City Public Service Board v. Burlington Northern Railroad Company, et al.*, 1 I.C.C. 2d 561 (1986) ("San Antonio"). In that case, the ICC extensively analyzed the variable costs for a unit train movement of coal on the Burlington Northern Railroad Company from the Powder River Basin, Wyoming to San Antonio, Texas. Also I presented the variable cost of service evidence in ICC Docket No. 38783, *Omaha Public Power District v. Burlington Northern Railroad Company* 3 I.C.C. 2d 123 (1986) ("OPPD"), in which the ICC developed the variable costs for the unit train movement of coal from the Powder River Basin, Wyoming to Arbor, Nebraska on the Burlington Northern Railroad Company. In San Antonio, the ICC found that the variable cost of service as of the first quarter of 1984 was $12.62 per ton, just 46 cents higher than my cost calculation of $12.16 per ton and substantially lower than Burlington Northern Railroad Company's calculation of $17.54 per ton. In OPPD, the ICC determined variable cost for the first quarter of 1985 was $5.31 per ton, just 11 cents higher than my calculation of $5.20 per ton, and substantially lower than Burlington Northern Railroad Company's calculations of $6.53 per ton.

[6] Rail cost finding has been the cornerstone of this firm. Dr. Ford K. Edwards the senior partner of the firm Edwards & Peabody*, was the major architect in the development of Rail Form A. Mr. Peabody carried on this tradition of innovative cost finding until his retirement in 1983. Mr. Peabody's work included participation in the Tennessee Valley Authority's ("TVA") computerization of Rail Form A. Mr. Peabody was a member of a committee of transportation consultants which was organized to assess the TVA procedure in order to make available complete and simplified input data for the Rail Form A computer program.

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* Subsequent to the retirement of Dr. Edwards in 1965, the firm name was changed to L. E. Peabody & Associates, Inc.

STATEMENT OF QUALIFICATIONS

or indirectly, since the first interim report of the contractors was released. Throughout this process, I have consistently asked for and reviewed the support and workpapers underlying the different developmental stages of the formula. I received and presented comments in February 1982 on the ICC's *Preliminary 1979 Rail Cost Study*. In December 1982, the ICC released the *Uniform Rail Costing System, 1980 Railroad Cost Study* which I reviewed along with the workpapers supporting that study and the entire developmental stage of URCS which was the basis for my Ex Parte No. 431 comments.

I have frequently presented both oral and written testimony before the Interstate Commerce Commission, Federal Energy Regulatory Commission, Railroad Accounting Principles Board, Postal Rate Commission and numerous state regulatory commissions, federal courts and state courts. This testimony was generally related to the development of variable cost of service calculations, fuel supply economics, contract interpretations, economic principles concerning the maximum level of rates, implementation of maximum rate principles, and calculation of separations, including interest. I have also presented testimony in a number of court and arbitration proceedings concerning the level of rates and rate adjustment procedures in specific contracts.

I have participated in every major ICC rulemaking proceeding since the mid-seventies, including each phase of Ex Parte 290 (Sub-No. 2), (Sub-No. 4), (Sub-No. 5) and (Sub-No. 7). On a number of occasions my predecessor, L. E. Peabody, Jr., and I have submitted evidence

STATEMENT OF QUALIFICATIONS

to the Commission concerning the determination of the Rail Cost Adjustment Factor ("RCAF") and the need for a productivity adjustment to properly reflect the change in railroad costs.[2]

Since the implementation of the *Staggers Rail Act of 1980*, which clarified that rail carriers could enter into transportation contracts with shippers, I have been actively involved in negotiating transportation contracts on behalf of coal shippers. Specifically, I have advised utilities concerning coal transportation rates based on market conditions and carrier competition, movement specific service commitments, specific cost-based rate adjustment provisions, contract reopeners that recognize changes in productivity and cost-based ancillary charges. In particular,

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L. E. Peabody, Jr.'s Verified Statement, Ex Parte No. 290 (Sub-No. 2), Railroad Cost Recovery Procedures, ly 17, 1980; L. E. Peabody, Jr.'s Verified Statement, Ex Parte No. 290 (Sub-No.-2), Railroad Cost Recovery ocedures, August 20, 1980; Thomas D. Crowley's Verified Statement, Ex Parte No. 290 (Sub-No. 2), Railroad st Recovery Procedures, January 9, 1981; Thomas D. Crowley's Verified Statement, Ex Parte No. 290 (Sub-No.) Railroad Cost Recovery Procedures, July 9, 1982; L. E. Peabody, Jr.'s Verified Statement, Ex Parte No. 290 ub-No.4), Railroad Cost Recovery Procedures -- Productivity Adjustment, October 25, 1982; Thomas D. owley's Verified Statement, Ex Parte No. 290 (Sub-No. 4), Railroad Cost Recovery Procedures -- Productivity djustment, February 11, 1985; Thomas D. Crowley's Verified Statement, Ex Parte No. 290 (Sub-No. 4), Railroad st Recovery Procedures -- Productivity Adjustment, March 28, 1985; Thomas D. Crowley's Verified Statement, Parte No. 290 (Sub-No. 2) Railroad Cost Recovery Procedures, March 12, 1986; Thomas D. Crowley's Verified tement, Ex Parte No. 290 (Sub-No. 2) Railroad Cost Recovery Procedures, March 12, 1987; Thomas D. owley's Verified Statement, Ex Parte No. 290 (Sub-No. 4), Railroad Cost Recovery Procedures -- Productivity djustment, December 16, 1988; Thomas D. Crowley's Verified Statement, Ex Parte No. 290 (Sub-No. 4), ilroad Cost Recovery Procedures -- Productivity Adjustment, January 17, 1989; Thomas D. Crowley's Verified tement, Ex Parte No. 290 (Sub-No. 7), Productivity Adjustment-Implementation, May 26, 1989; Thomas D. owley's Verified Statement, Ex Parte No. 290 (Sub-No. 4) and Ex Parte No. 290 (Sub-No. 7), Railroad Cost covery Procedures -- Productivity Adjustment, June 1, 1989; Thomas D. Crowley's Verified Statement, Ex parte 290 (Sub-No. 5) (89-3), Quarterly Rail Cost Adjustment Factor, June 13, 1989; Thomas D. Crowley's Verified tement, Ex Parte No. 290 (Sub-No. 7), Productivity Adjustment -Implementation, June 26, 1989; Thomas D. owley's Verified Statement, Ex Parte No. 290 (Sub-No.4), Railroad Cost Recovery Procedures - Productivity djustment, August 14, 1989; Thomas D. Crowley's Verified Statement, Ex Parte No. 290 (Sub-No.4), Railroad Recovery Procedures - Productivity Adjustment, August 29, 1989; Thomas D. Crowley's Verified Statement, Parte No. 290 (Sub-No. 5) Quarterly Rail Cost Adjustment Factor, September 18, 1989; Thomas D. Crowley's ified Statement, Ex Parte No. 290 (Sub-No. 7), Productivity Adjustment Implementation, April 5, 1991; Thomas rowley's Verified Statement, Ex Parte 290 (Sub-No. 2) Railroad Cost Recovery Procedures, November 9, Thomas D. Crowley's Verified Statement, Ex Parte No. 290 (Sub-No. 2), Railroad Cost Recovery edures, November 30, 1992; and, Thomas D. Crowley's Verified Statement, Ex Parte No. 290 (Sub-No. 7) uctivity Adjustment - Implementation, January 7, 1994.

STATEMENT OF QUALIFICATIONS

I have advised utilities on the theory and application of different types of rate adjustment mechanisms for inclusion in coal transportation contracts.

I have been actively engaged in negotiating coal supply contracts for various users throughout the United States. In addition, I have analyzed the economic impact of buying out, brokering, and modifying existing coal supply agreements. My coal supply assignments have encompassed analyzing alternative coals to determine the impact on the delivered price of operating and maintenance costs, unloading costs, shrinkage factor and by-product savings.

I have been, or am currently, involved in the negotiation of transportation or coal supply contracts for over forty (40) utilities which burn coal or lignite produced in the west. These utilities purchase coal or lignite produced in Colorado, Illinois, Missouri, Montana, New Mexico, North Dakota, Oklahoma, Texas, Utah and Wyoming. Generating stations operated by these utilities are located in the following nineteen (19) states: Arizona, Arkansas, California, Colorado, Illinois, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Nebraska, Nevada, North Dakota, Oklahoma, Oregon, Texas, Wisconsin, and Wyoming.

As a result of assisting coal users in the eastern and western portions of the United States, I have become familiar with operations and practices of the rail carriers that move coal over the major coal routes in the United States as well as their cost and pricing practices.

I have developed different economic analyses for over sixty (60) electric utility companies located in all parts of the United States, and for major associations, including American Paper Institute, American Petroleum Institute, Chemical Manufacturers Association, Coal Exporters

STATEMENT OF QUALIFICATIONS

Association, Edison Electric Institute, Mail Order Association of America, National Coal Association, National Industrial Transportation League, the Fertilizer Institute and Western Coal Traffic League. In addition, I have assisted numerous government agencies, major industries and major railroad companies in solving various economic problems.

I have participated in various proceedings involved with the division of through rates. For example, I participated in ICC Docket No. 35585, *Akron, Canton & Youngstown Railroad Company, et al. v. Aberdeen and Rockfish Railroad Company, et al.* which was a complaint filed by the northern and midwestern rail lines to change the primary north-south divisions. I was personally involved in all traffic, operating and cost aspects of this proceeding on behalf of the northern and midwestern rail lines. I was the lead witness on behalf of the Long Island Rail Road in ICC Docket No. 36874, *Notice of Intent to File Division Complaint by the Long Island Rail Road Company*.

EXHIBIT

REDACTED

IN ITS ENTIRETY

(1)	(2)	Plant (3)	State (4)	Tons (5)	BTU (6)	% Sulfur (7)	% Ash (8)	Cost Per MMBTU (9)
Belle Ayr	Dairyland Power Cooperative	Alma	WI	67,800	8,534	0.32	4.70	$1.435
Belle Ayr	Electric Energy	Joppa	IL	189,500	8,558	0.30	4.40	0.848
Belle Ayr	Fremont Dept of Public Utilities	Wright	NE	14,200	8,540	0.32	4.40	0.870
Belle Ayr	Georgia Power (Southern Co)	Scherer	GA	222,700	8,568	0.32	4.46	1.539
Belle Ayr	Houston Lighting and Power	W. A. Parish	TX	135,000	8,564	0.32	4.50	1.168
Belle Ayr	Oklahoma Gas and Electric	Muskogee	OK	13,495	8,556	0.32	4.30	0.834
Belle Ayr	Oklahoma Gas and Electric	Sooner	OK	257,245	8,560	0.32	4.50	0.791
Belle Ayr	Public Service Co of Colorado	Comanche	CO	142,870	8,555	0.31	4.41	0.985
Belle Ayr	Public Service Co of Colorado	Pawnee	CO	11,680	8,533	0.29	4.28	0.831
Subtotal Belle Ayr 1/				**1,054,490**	**8,559**	**0.31**	**4.47**	**$1.077**
Antelope	City Public Service-San Antonio	Deely & Spruce	TX	11,000	8,841	0.17	5.20	1.131
Antelope	Commonwealth Edison	Crawford	IL	95,000	8,740	0.31	5.60	2.938
Antelope	Commonwealth Edison	Fisk	IL	2,000	8,740	0.31	5.60	2.928
Antelope	Commonwealth Edison	Powerton	IL	121,000	8,740	0.31	5.60	2.856
Antelope	Commonwealth Edison	Will County	IL	65,000	8,740	0.31	5.60	2.913
Antelope	Detroit Edison Co	Monroe	MI	130,000	8,818	0.18	5.00	1.050
Antelope	Detroit Edison Co	River Rouge	MI	26,000	8,810	0.18	5.30	1.045
Antelope	Detroit Edison Co	Trenton Channel	MI	96,000	8,852	0.19	4.80	1.072
Antelope	Indiana-Kentucky Electric Corp	Clifty Creek	IN	152,000	8,854	0.16	5.01	0.806
Antelope	Northern States Power	Black Dog	MN	36,200	8,864	0.22	5.00	1.102
Antelope	Northern States Power	King	MN	35,800	8,811	0.20	4.80	1.113
Antelope	Oklahoma Gas and Electric	Muskogee	OK	24,211	8,899	0.18	4.60	0.786
Antelope	PacifiCorp	Jim Bridger	WY	23,000	8,925	0.15	4.80	0.733
Antelope	Platte River Authority	Rawhide	CO	84,400	8,862	0.17	4.90	0.703
Antelope	Wisconsin Power and Light	Nelson Dewey	WI	46,993	8,748	0.33	5.57	1.141
Subtotal Antelope 1/				**948,604**	**8,811**	**0.22**	**5.17**	**$1.529**
Black Thunder	Alabama Power Company	James H. Miller Jr	AL	303,682	8,665	0.34	5.60	1.115
Black Thunder	Commonwealth Edison	Waukegan	IL	26,000	8,703	0.37	5.50	1.685
Black Thunder	Detroit Edison Co	Monroe	MI	94,000	8,740	0.33	5.54	1.088
Black Thunder	Detroit Edison Co	River Rouge	MI	13,000	8,762	0.33	5.50	1.057
Black Thunder	Detroit Edison Co	St Clair	MI	38,000	8,703	0.34	5.40	1.216
Black Thunder	Kansas City Power and Light	Iatan	MO	320,000	8,717	0.33	5.50	0.794
Black Thunder	Kansas City Power and Light	La Cygne	KS	70,000	8,688	0.34	5.50	0.714
Black Thunder	Nebraska Public Power System	Gerald Gentleman	NE	328,663	8,710	0.34	5.39	0.770
Black Thunder	Nebraska Public Power System	Sheldon	NE	32,904	8,731	0.34	5.40	0.853

1/ Columns (6), (7), (8) and (9) values weighted on Column (5) tons.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Utility	Plant	State	Tons	BTU	Sulfur	Ash	MMBTU
Black Thunder	Northern Indiana Public Service	Michigan City	IN	61,000	8,710	0.34	5.40	1.026
Black Thunder	Northern Indiana Public Service	Mitchell	IN	46,100	8,716	0.34	5.43	1.149
Black Thunder	Northern Indiana Public Service	Rollin Schahfer	IN	32,600	8,717	0.34	5.43	1.254
Black Thunder	Northern States Power	King	MN	11,800	8,731	0.38	6.60	1.035
Black Thunder	Northern States Power	Sherburne County	MN	230,700	8,717	0.34	5.70	1.191
Black Thunder	Oklahoma Gas and Electric	Muskogee	OK	308,304	8,719	0.34	5.40	0.810
Black Thunder	Oklahoma Gas and Electric	Sooner	OK	24,254	8,748	0.37	5.50	0.763
Black Thunder	St Joseph Light and Power	Lake Road	MO	2,800	8,721	0.36	5.70	1.239
Black Thunder	Wisconsin Public Service Corp	Weston 3	WI	49,000	8,778	0.31	5.20	1.266
Subtotal Black Thunder 1/				**1,992,807**	**8,710**	**0.34**	**5.50**	**$0.957**
Caballo	Dairyland Power Cooperative	Genoa No.3	WI	73,100	8,452	0.36	5.10	1.194
Caballo	Indiana Michigan Power (AEP)	Rockport	IN	278,700	8,470	0.38	5.10	1.093
Caballo	Kansas City Bd Public Utilities	Nearman Creek	KS	144,200	8,351	0.36	5.00	0.847
Caballo	Lower Colorado River Authority	Fayette	TX	12,000	8,512	0.33	5.58	1.083
Caballo	Midwest Power Inc.	George Neal 1-4	IA	379,100	8,478	0.37	5.06	0.807
Caballo	Wisconsin Electric Power	Pleasant Prairie	WI	194,400	8,482	0.37	5.10	0.767
Caballo	Wisconsin Power and Light	Columbia	WI	279,737	8,466	0.37	5.04	0.924
Subtotal Caballo 1/				**1,361,237**	**8,460**	**0.37**	**5.07**	**$0.911**
Caballo Rojo	Commonwealth Edison	Powerton	IL	54,000	8,439	0.31	5.30	2.318
Caballo Rojo	Commonwealth Edison	Will County	IL	80,000	8,439	0.31	5.30	2.351
Caballo Rojo	Georgia Power (Southern Co)	Scherer	GA	12,800	8,440	0.32	5.21	1.526
Caballo Rojo	Grand River Dam Authority	GRDA 1 & 2	OK	102,910	8,474	0.35	5.19	0.956
Caballo Rojo	IES Utilities, Inc	Praire Creek 1-4	IA	76,000	8,441	0.33	5.20	1.174
Caballo Rojo	Kansas City Power and Light	La Cygne	KS	166,000	8,478	0.35	5.30	0.672
Caballo Rojo	Northern Indiana Public Service	Rollin Schahfer	IN	94,200	8,464	0.34	5.19	1.147
Caballo Rojo	Oklahoma Gas and Electric	Muskogee	OK	107,324	8,456	0.36	5.30	0.846
Caballo Rojo	Oklahoma Gas and Electric	Sooner	OK	44,069	8,486	0.34	5.10	0.812
Caballo Rojo	Sunflower Electric Power Corp	Holcomb Unit #1	KS	119,962	8,458	0.36	5.40	1.100
Caballo Rojo	Union Electric	Labadie	MO	13,000	8,450	0.32	5.10	0.898
Caballo Rojo	Union Electric	Rush Island	MO	152,000	8,450	0.32	5.10	0.906
Caballo Rojo	Union Electric	Sioux	MO	26,000	8,450	0.34	5.10	0.904
Caballo Rojo	Wisconsin Electric Power	Pleasant Prairie	WI	242,000	8,453	0.35	5.40	0.773
Subtotal Caballo Rojo 1/				**1,290,265**	**8,458**	**0.34**	**5.27**	**$1.053**

1/ Columns (6), (7), (8) and (9) values weighted on Column (5) tons.

Origin (1)	Utility (2)	Plant (3)	State (4)	Tons (5)	BTU (6)	% Sulfur (7)	% Ash (8)	Cost Per MMBTU (9)
Coal Creek	Hastings Utilities	Hastings	NE	23,300	8,397	0.34	5.74	0.721
Coal Creek	IES Utilities, Inc	Sutherland	IA	21,000	8,214	0.34	5.80	0.787
Coal Creek	Kansas City Power and Light	La Cygne	KS	35,000	8,212	0.36	6.00	0.702
Coal Creek	Union Electric	Labadie	MO	48,000	8,350	0.31	5.70	0.935
Coal Creek	Wisconsin Electric Power	Pleasant Prairie	WI	108,700	8,283	0.34	5.80	0.785
Coal Creek	Wisconsin Power and Light	Edgewater	WI	135,336	8,286	0.34	5.95	1.244
Subtotal Coal Creek 1/				**371,336**	**8,289**	**0.34**	**5.86**	**$0.960**
Cordero	Arkansas Power & Light Co	Independence	AR	11,980	8,240	0.39	6.07	1.442
Cordero	Arkansas Power & Light Co	White Bluff	AR	68,289	8,327	0.34	5.55	1.459
Cordero	City Public Service-San Antonio	Deely & Spruce	TX	573,000	8,318	0.35	5.65	1.114
Cordero	Grand Island Utilities	Platte	NE	31,617	8,448	0.33	5.23	0.702
Cordero	IES Utilities, Inc	Ottumwa	IA	60,000	8,346	0.33	5.50	1.101
Cordero	Iowa-Illinois Gas and Electric	Louisa	IA	179,000	8,310	0.34	5.34	1.293
Cordero	Iowa-Illinois Gas and Electric	Riverside	IA	32,000	8,380	0.45	6.01	1.236
Cordero	Northern Indiana Public Service	Rollin Schahfer	IN	109,800	8,332	0.35	5.66	1.300
Cordero	Public Serv Co of Oklahoma (CSW)	Northeast	OK	320,247	8,329	0.34	6.00	1.350
Subtotal Cordero 1/				**1,385,933**	**8,326**	**0.35**	**5.68**	**$1.219**
Jacobs Ranch	Arkansas Power & Light Co	White Bluff	AR	506,097	8,664	0.47	5.93	1.808
Jacobs Ranch	Central Louisiana Electric	Rodemacher	LA	153,000	8,662	0.47	6.08	1.660
Jacobs Ranch	Commonwealth Edison	Waukegan	IL	117,000	8,652	0.51	6.20	0.921
Jacobs Ranch	Consumers Power	J. H. Campbell	MI	22,500	8,616	0.47	6.00	1.231
Jacobs Ranch	Electric Energy	Joppa	IL	25,100	8,735	0.37	5.50	0.838
Jacobs Ranch	Georgia Power (Southern Co)	Scherer	GA	354,500	8,653	0.45	5.77	1.504
Jacobs Ranch	Gulf States Utilities	Roy S. Nelson	LA	142,000	8,644	0.46	6.05	1.671
Jacobs Ranch	Houston Lighting and Power	W. A. Parish	TX	147,000	8,699	0.47	5.70	2.082
Jacobs Ranch	Indiana Michigan Power (AEP)	Rockport	IN	56,300	8,689	0.47	5.70	1.077
Jacobs Ranch	Lower Colorado River Authority	Fayette	TX	12,000	8,547	0.49	6.67	1.114
Jacobs Ranch	Nebraska Public Power System	Gerald Gentleman	NE	24,366	8,666	0.48	5.83	0.655
Jacobs Ranch	Oklahoma Gas and Electric	Muskogee	OK	120,884	8,671	0.45	5.80	0.835
Jacobs Ranch	Oklahoma Gas and Electric	Sooner	OK	26,001	8,699	0.43	5.50	0.797
Jacobs Ranch	Union Electric	Rush Island	MO	75,000	8,650	0.52	5.70	0.900
Subtotal Jacobs Ranch 1/				**1,781,748**	**8,663**	**0.47**	**5.89**	**$1.305**

1/ Columns (6), (7), (8) and (9) values weighted on Column (5) tons.

Origin (1)	Utility (2)	Plant (3)	Destination State (4)	July 1995 Tons (5)	BTU (6)	% Sulfur (7)	% Ash (8)	Delivered Cost Per MMBTU (9)
N. Antelope	Arkansas Power & Light Co	Independence	AR	584,804	8,892	0.23	4.49	1.500
N. Antelope	Arkansas Power & Light Co	White Bluff	AR	48,678	8,868	0.22	4.43	1.424
N. Antelope	City Utilities of Springfield	Southwest	MO	87,500	8,814	0.21	4.50	1.069
N. Antelope	Detroit Edison Co	Monroe	MI	166,000	8,840	0.20	4.47	1.061
N. Antelope	Hastings Utilities	Hastings	NE	8,800	8,863	0.19	4.28	0.775
N. Antelope	Kansas City Power and Light	Hawthorne	MO	126,000	8,868	0.21	4.40	0.897
N. Antelope	Nebraska Public Power System	Sheldon	NE	22,236	8,883	0.26	4.40	0.839
N. Antelope	Northern States Power	Black Dog	MN	47,300	8,884	0.21	4.50	1.007
N. Antelope	Northern States Power	King	MN	71,500	8,879	0.24	4.70	1.006
N. Antelope	Wisconsin Power and Light	Edgewater	WI	88,451	8,868	0.22	4.56	1.127
N. Antelope	Wisconsin Public Service Corp	Pulliam	WI	55,000	8,871	0.22	4.50	0.891
N. Antelope	Wisconsin Public Service Corp	Weston 3	WI	47,000	8,853	0.21	4.38	1.042
Subtotal North Antelope 1/				**1,353,269**	**8,872**	**0.22**	**4.49**	**$1.235**
N. Rochelle	PacifiCorp	Dave Johnston	WY	54,000	8,608	0.23	4.90	0.668
Subtotal North Rochelle 1/				**54,000**	**8,608**	**0.23**	**4.90**	**$0.668**
Rochelle	Ames, City of	Ames	IA	9,000	8,724	0.22	4.70	1.445
Rochelle	Associated Electric Coop	New Madrid	MO	397,300	8,758	0.20	4.69	0.941
Rochelle	Associated Electric Coop	Thomasill	MO	295,300	8,790	0.21	4.64	0.718
Rochelle	Commonwealth Edison	Joliet	IL	231,000	8,802	0.21	4.50	1.924
Rochelle	Commonwealth Edison	Powerton	IL	42,000	8,802	0.21	4.50	1.568
Rochelle	Commonwealth Edison	Will County	IL	35,000	8,802	0.21	4.50	2.259
Rochelle	Consumers Power	J. H. Campbell	MI	12,600	8,717	0.21	4.60	1.196
Rochelle	Detroit Edison Co	Monroe	MI	26,000	8,837	0.20	4.40	1.050
Rochelle	Electric Energy	Joppa	IL	109,500	8,875	0.23	4.50	0.848
Rochelle	Empire Dist Electric	Asbury	MO	77,477	8,816	0.23	4.50	1.002
Rochelle	Empire Dist Electric	Riverton	KS	17,046	8,816	0.22	4.50	1.143
Rochelle	Indiana Michigan Power (AEP)	Rockport	IN	226,900	8,815	0.20	4.40	1.102
Rochelle	Indiana-Kentucky Electric Corp	Clifty Creek	IN	134,000	8,878	0.22	4.55	0.774
Rochelle	Kansas City Power and Light	Montrose	MO	183,000	8,700	0.20	5.20	0.958
Rochelle	Missouri Public Service	Sibley	MO	37,856	8,815	0.20	4.33	0.709
Rochelle	Nebraska Public Power System	Sheldon	NE	11,108	8,828	0.20	4.50	0.827
Rochelle	Northern States Power	High Bridge	MN	68,600	8,754	0.21	4.60	0.939
Rochelle	Northern States Power	Riverside	MN	91,600	8,741	0.21	4.70	0.944
Rochelle	Northern States Power	Sherburne County	MN	55,300	8,692	0.21	4.90	1.201
Rochelle	Union Electric	Labadie	MO	311,000	8,800	0.22	4.50	0.916
Subtotal Rochelle 1/				**2,371,587**	**8,788**	**0.21**	**4.61**	**$1.049**
Total				**13,965,276**	**8,631**	**0.32**	**5.16**	**$1.147**

1/ Columns (6), (7), (8) and (9) values weighted on Column (5) tons.

[illegible] SERVED ORIGINS

Origin (1)	Utility (2)	Plant (3)	July 1995 Tons (4)	BTU (5)	% Sulfur (6)	% Ash (7)	Delivered Cost Per MMBTU (8)
COLORADO ORIGINS							
Colowyo	Central Power and Light (CSW)	Coleto Creek	97,535	10,416	0.35	5.90	$1.634
Colowyo	Colorado Springs Utilities	Martin Drake	62,500	10,486	0.34	5.43	1.903
Colowyo	Colorado Springs Utilities	R. D. Nixon	10,300	10,054	0.33	6.98	1.980
Colowyo	Tri-State Gen.&Trans.Assoc.,Inc.	Craig	165,500	10,471	0.33	5.80	1.341
Subtotal Colowyo 1/			**335,835**	**10,445**	**0.34**	**5.80**	**$1.550**
Cyprus - Foidel Crk	Colorado Springs Utilities	R. D. Nixon	41,300	10,434	0.44	8.84	$0.945
Cyprus - Foidel Crk	Mississippi Power (Southern Co)	Jackson Ct-Daniel	236,140	11,048	0.43	10.24	1.617
Cyprus - Foidel Crk	Public Service Co of Colorado	Araphoe	38,000	10,964	0.44	11.17	1.157
Cyprus - Foidel Crk	Public Service Co of Colorado	Cherokee	73,870	11,088	0.43	10.39	1.183
Cyprus - Foidel Crk	Public Service Co of Colorado	Valmont	44,960	11,019	0.44	10.56	1.106
Cyprus - Foidel Crk	Tennessee Valley Authority	Shawnee	9,780	11,200	0.55	12.00	1.181
Subtotal Foidel Creek 1/			**444,050**	**10,991**	**0.44**	**10.29**	**$1.382**
Eagle #6	Public Service Co of Colorado	Cherokee	40,730	10,519	0.52	9.42	$1.059
Eagle #6	Tri-State Gen.&Trans.Assoc.,Inc.	Craig	7,500	10,412	0.42	8.40	0.651
Subtotal Eagle #6 1/			**48,230**	**10,503**	**0.51**	**9.27**	**$0.996**
Golden Eagle	Tampa Electric	Transfer Facility	61,951	13,046	0.44	10.10	$1.875
Mountain Coal	Central Power and Light (CSW)	Coleto Creek	107,255	11,715	0.48	8.80	$1.610
Mountain Coal	Illinois Power	Havana	11,020	11,749	0.50	8.50	1.329
Mountain Coal	Illinois Power	Wood River	44,410	11,736	0.51	8.40	1.312
Subtotal Mountain Coal 1/			**162,685**	**11,723**	**0.49**	**8.67**	**$1.510**
New Horizon	Tri-State Gen.&Trans.Assoc.,Inc.	Nucla	26,700	10,379	0.86	21.90	$0.762
Pacific Basin	Illinois Power	Havana	38,101	12,013	0.48	3.70	$1.317
Powder Horn	Interstate Power	M. L. Kapp	19,900	11,271	0.68	12.10	$1.297

1/ Columns (5), (6), (7) and (8) values weighted on Column (4) tons.

[illegible] ORIGINATED COAL AT SP SERVED ORIGINS

Origin (1)	Utility (2)	Plant (3)	July 1995 Tons (4)	BTU (5)	% Sulfur (6)	% Ash (7)	Delivered Cost Per MMBTU (8)
COLORADO (Continued)							
Roadside	Public Service Co of Colorado	Cameo	13,070	10,821	0.64	15.25	$0.732
Sanborn Creek	Wisconsin Electric Power	Presque Isle	54,500	12,207	0.51	8.30	$1.415
Sanborn Creek	Wisconsin Electric Power	Valley	27,200	12,238	0.51	8.30	1.535
Subtotal Sanborn Creek 1/			**81,700**	**12,217**	**0.51**	**8.30**	**$1.455**
Seneca	Public Service Co of Colorado	Hayden	154,370	10,563	0.45	9.70	$0.906
Trapper Mine	Tri-State Gen.&Trans.Assoc.,Inc.	Craig	144,300	9,917	0.39	6.30	$0.912
Twenty Mile	Kansas Power & Light	Lawrence	107,760	11,041	0.39	9.70	$1.219
Twenty Mile	Kansas Power & Light	Tecumseh	26,070	11,046	0.39	9.60	1.204
Subtotal Twenty Mile 1/			**133,830**	**11,042**	**0.39**	**9.68**	**$1.216**
West Elk	Public Service Co of Colorado	Cherokee	64,100	11,733	0.48	8.81	$1.027
West Elk	Tennessee Valley Authority	Cahokia Terminal	46,040	11,746	0.47	8.74	0.985
West Elk	Tennessee Valley Authority	Shawnee	22,280	11,600	0.65	10.00	1.245
West Elk	Union Electric	Labadie	11,000	11,750	0.47	9.60	1.616
Subtotal West Elk 1/			**143,420**	**11,718**	**0.50**	**9.03**	**$1.093**
Total Colorado			**1,808,142**	**11,022**	**0.44**	**8.86**	**$1.305**
UTAH ORIGINS							
Andalex	Los Angeles Dept of Wtr and Pwr	Intermountain	105,900	11,659	0.54	11.30	$1.086
Andalex	Nevada Power	Reid Gardner	16,100	11,801	0.50	10.80	1.524
Subtotal Andalex 1/			**122,000**	**11,678**	**0.53**	**11.23**	**$1.144**
Coastal (Skyline)	City Utilities of Springfield	James River	32,200	11,952	0.40	8.00	$1.493
Coastal (Skyline)	Commonwealth Edison	Kincaid	31,000	11,915	0.42	8.30	1.351
Coastal (Skyline)	Illinois Power	Havana	36,136	11,715	0.39	8.00	1.319
Coastal (Skyline)	Los Angeles Dept of Wtr and Pwr	Intermountain	203,100	11,796	0.41	7.70	1.722
Subtotal Skyline 1/			**302,436**	**11,815**	**0.41**	**7.80**	**$1.611**

1/ Columns (5), (6), (7) and (8) values weighted on Column (4) tons.

Origin (1)	Utility (2)	Plant (3)	July 1995 Tons (4)	BTU (5)	% Sulfur (6)	% Ash (7)	Delivered Cost Per MMBTU (8)
UTAH (Continued)							
Co-Op	Commonwealth Edison	Kincaid	31,000	12,317	0.50	9.20	$1.445
Co-Op	Nevada Power	Reid Gardner	8,000	12,084	0.60	10.00	1.830
Subtotal Co-Op 1/			39,000	12,269	0.52	9.36	$1.524
Cyprus - Plateau	Los Angeles Dept of Wtr and Pwr	Intermountain	52,800	11,873	0.47	8.40	$1.422
Cyprus - Plateau	Nevada Power	Reid Gardner	42,000	11,958	0.50	8.70	1.592
Subtotal Cyprus - Plateau 1/			94,800	11,911	0.48	8.53	$1.497
Deer Creek	PacifiCorp	Carbon	41,000	11,782	0.51	10.80	$0.585
Deer Creek	PacifiCorp	Huntington	176,000	11,938	0.60	10.50	0.710
Subtotal Deer Creek 1/			217,000	11,909	0.58	10.56	$0.686
Genwal	Los Angeles Dept of Wtr and Pwr	Intermountain	35,300	12,187	0.53	10.30	$1.122
Genwal	Tennessee Valley Authority	Cahokia Terminal	31,930	12,706	0.50	7.28	1.186
Subtotal Genwal 1/			67,230	12,433	0.52	8.87	$1.153
KOCH-CARBON	Manitowoc Public Utilities	Manitowoc	401	12,074	1.12	8.10	$1.491
SUFCO	Nevada Power	Reid Gardner	73,800	11,644	0.40	7.20	$1.293
White Oak	Commonwealth Edison	Kincaid	20,000	12,152	0.47	6.50	$1.310
Wilberg	PacifiCorp	Hunter	342,000	11,377	0.52	11.20	$1.001
Total Utah			1,278,667	11,750	0.50	9.61	$1.188
Total Utah and Colorado Combined			3,086,809	11,323	0.46	9.17	$1.257

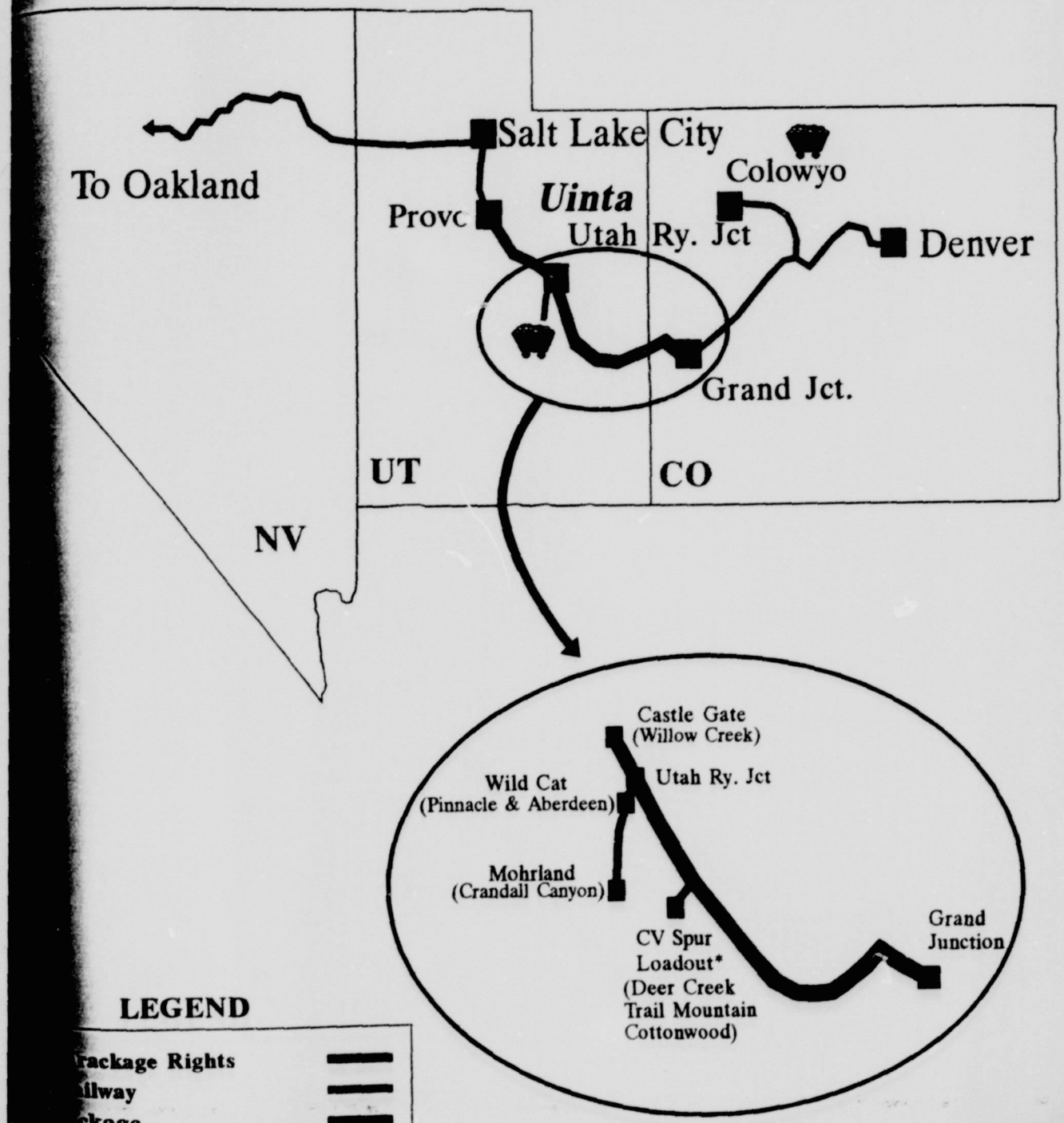
1/ Columns (5), (6), (7) and (8) values weighted on Column (4) tons.

Quality Characteristics Of Utah Railway Coal Origins Accessible By BNSF And Kennecott's Colowyo Mine

Basin / Mine (1)	Heat Content (Btu/Lb) 1/ (2)	Ash Content (%) 1/ (3)	Sulfur Content (%) 1/ (4)	Sulfur Dioxide Content (Lbs / MMBtu) 2/ (5)
A. Uinta Basin (UT)				
1. Pinnacle & Aberdeen	11,817	10.45%	0.54%	0.91
2. Cottonwood	11,207	12.35%	0.49%	0.87
3. Deer Creek	11,702	10.09%	0.46%	0.79
4. Crandall Canyon	12,516	8.26%	0.52%	0.83
5. Trail Mountain	12,272	8.47%	0.51%	0.83
6. Willow Creek	3/	3/	3/	3/
7. Simple Average	11,903	9.92%	0.50%	0.85
Kennecott's				
1. Colowyo	10,489	5.56%	0.37%	0.71

/ 1994 FERC 423 Data
/ (Column (4) / Column (2)) x 2,000,000
/ Not Open

Utah Railway Coal Origins Accessible By BNSF



LEGEND

- Trackage Rights
- Railway
- Trackage
- Railway Trackage Rights

* Operated by Savage Trucking

Variable Costs Caused By Trackage Rights Carrier
Running Over UP / SP Tracks

Item (1)	Source (2)	UP - 1994 GTM Related (3)	SP - 1994 GTM Related (4)	Weighted Average (5)
Operating Expenses				
1. Maintenance of Way	D1L157C10	0.00030343	0.00048185	xxx
2. Dispatching, Etc.	D3L169C25	0.07914	0.06531	xxx
3. Total Direct Train Mile	D3L172C25	0.34332	0.39047	xxx
4. Ratio Dispatching to Total	Line 2 / Line3	23.0514%	16.7260%	xxx
5. Total Train Mile	D3L191C25	0.46248	0.52755	xxx
6. Dispatching Total	Line 4 x Line 5	0.10661	0.08824	xxx
7. Average Trailing Weight	A1L122C1 / A1L104C1	5255.186307	4972.99411	xxx
8. Train Mile Related Costs per GTM	Line 6 / Line 7	0.000020286	0.00001774	xxx
9. Subtotal Less Overheads	Line 1 + Line 8	0.000323716	0.00049959	xxx
10. Operating Overhead Ratio	D8L607C1	1.18158	1.12773	xxx
11. Variable Trackage Rights Related Exp.	Line 9 x Line 10	0.000382497	0.00056341	xxx
Depreciation/Leases				
12. Maintenance of Way	D1L234C10	0.00022313	0.00037117	xxx
13. Depr./Leases Overhead Ratio	D8L608C1	1.09574	1.05989	xxx
Variable Trackage Rights Related DL.	Line 12 x Line 13	0.000244716	0.0003934	xxx
Return on Investment				
Maintenance of Way	D1L251C10	0.00062134	0.0009977	xxx
ROI Overhead Ratio	D8L609C1	1.05816	1.03043	xxx
Variable Trackage Rights Related ROI.	Line 15 x line 16	0.000657477	0.00102806	xxx
Total Trackage Rights Costs				
Total Costs Related to Trackage Rights	Line 11 + Line 14 + Line 17	0.001284689	0.00198487	xxx
Deflexed From 1994 to 4Q95	Line 18 x 0.967 1/	0.001242295	0.00191937	xxx
UP / SP Weighting Factors	NO 4 - 700009	43.52%	56.48%	100%
Weighted Cost Related to Trackage Rights	(Col. 3; Line 19 x Line 20)+ (Col. 4; Line 19 x Line 20)	xxx	xxx	0.001624704
Equipment Ratio--Total GTM / Trailing GTM	CO 4 - 700054	xxx	xxx	1.101
Cost Incurred By UP / SP (Mills)	(Line 21 / Line 22) x 1000	xxx	xxx	1.48

1/ 4Q95 RCAFA to 1994 Annual Average

TERM SHEET FOR UP/SP RATE AGREEMENT COVERING COAL ORIGINATING AT KENNECOTT'S COLOWYO MINE

Concept

This Agreement outlines the procedures to calculate rates for coal originating on the SP at Kennecott's Colowyo Mine that moves to destinations on SP or to SP interchanges with other railroads. This Agreement will enable Colowyo to move coal via the merged UP/SP to existing SP destinations and/or interchange locations using the rate methodology outlined below.

Covered Territory

Coal traffic moving from Kennecott's Colowyo mine to all existing SP destinations and/or interchange locations.

Traffic Covered

Kennecott's Colowyo coal.

Rates Methodology

A third party, such as a major accounting firm or other established transportation consultant (the "Consultant"), will be employed to compute the rate(s). The Consultant will develop a weighted average net ton-mile rate (net of refunds, allowances and rebates) for all coal originated by UP in Powder River Basin, Wyoming during a calendar quarter. The weighted average net ton-mile rate will be applied to the SP loaded direction miles from Colowyo to a destination or an interchange location resulting in the calculated rate per ton governing the movement. An example of this computation is attached.

New Rates will be derived each subsequent quarter following the same procedures described above.

Application

The weighted average net ton mile rate will be applied to the SP mileage from Colowyo to existing SP destinations or interchange locations to develop the applicable Rate.

TERM SHEET FOR UP/SP RATE AGREEMENT COVERING COAL ORIGINATING AT KENNECOTT'S COLOWYO MINE

Service

The merged UP/PS shall accept, handle, switch and deliver traffic moving under this Agreement without any discrimination in promptness, quality of service, or efficiency in favor of comparable traffic moving in UP/SP's account. Kennecott has the right to provide equipment.

Third Party Consultant

The third party Consultant shall be jointly employed by UP/SP and Kennecott. The parties will share equally in the expense of employing such third party Consultant. Both UP/SP and Kennecott shall have the right to audit the work of the third party Consultant and agree to share in any irregularities found in this work and cooperate to work with the third party Consultant to establish procedures to promptly correct those deficiencies. The third party Consultant shall be required to remain impartial between UP/SP and Kennecott. Any breach of the impartiality requirement shall result in the termination of such third party Consultant and the selection of a new Consultant by the parties.

D

EXAMPLE OF RATE METHODOLOGY FOR COLOWYO COAL ORIGINATIONS

Assumptions:	MOVE 1
1. UP revenues (net of refunds, allowances and rebates) for handling coal originating in the Powder River Basin, Wyoming during the study quarter (millions)	$300
2. UP revenue ton-miles for handling coal originating in the Powder River Basin, Wyoming during the study quarter (millions)	26,000
3. Weighted average net ton-mile rate (L1 ÷ L2)	$0.0115
4. Loaded direction miles from Colowyo for issue move	1,000
5. Rate per ton from Colowyo for issue move (L3 x L4)	$11.50

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Redacted Version of Kennecott Energy mpany's COMMENTS, EVIDENCE AND REQUEST FOR CONDITIONS has been ved by first class mail, postage prepaid, on all parties of record in this ceeding on this 29th day of March, 1996.

Jacqueline A. Spence

Jacqueline A. Spence

STB FD 32760 3-29-96 D 62182 1/7

ENTERED
Office of the Secretary
MAR 30 1996
5 Part of Public Record

ORIGINAL

KCS-33

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY AND MISSOURI PACIFIC RAILROAD COMPANY
-- CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY COMPANY, SPCSL CORP. AND THE DENVER AND RIO GRANDE WESTERN RAILROAD COMPANY

COMMENTS OF THE KANSAS CITY SOUTHERN RAILWAY COMPANY AND REQUEST FOR CONDITIONS

VOLUME II

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March 29, 1996

KCS-33

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY
-- CONTROL AND MERGER --
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March 29, 1996

TABLE OF CONTENTS

VOLUME I
HIGHLY CONFIDENTIAL
OUTSIDE COUNSEL AND CONSULTANTS ONLY

Comments of The Kansas City Southern Railway Company and Request for Conditions 1

Verified Statements

A. Michael R. Haverty 137
B. Dr. Curtis M. Grimm 147
C. Tom O'Connor and John Darling 261

VOLUME II

Verified Statements

A. I. William Ploth 1
B. Nell Nunn 77
C. H. Lynn Turner and Patteye J. Simpson 93
D. Paul Shaderick May 101
E. Dr. Lawrence J. White 109
F. James MacDonald 151
G. Joseph J. Plaistow 175
H. A.W. Rees 221
I. Hilary S. Rawert 245
J. Donald A. Swanson 250
K. David T. Hunt and William H. Oderwald 269
L. Frank J. Berardino 283
M. John J. Grocki 324

VOLUME III
HIGHLY CONFIDENTIAL
OUTSIDE COUNSEL & CONSULTANTS ONLY

Evidentiary Exhibits 1
Competitive Analysis Appendicies 99
Other Relevant Documents 1034

VERIFIED STATEMENT OF I.W. PLOTH

INTRODUCTION

I am I. William Ploth, a private consultant representing The Kansas City Southern Railway Company (KCS) in this proceeding. My current business address is 2610 N.E. 69th Terrace, Gladstone, MO 64119.

I was asked by KCS to help conduct competitive and market impact analyses in conjunction with this proceeding as they would relate to the overall market affected.

In other past control proceedings before the former Interstate Commerce Commission (ICC), I have prepared similar types of analyses and presented written and oral testimony. More specifically, I was a witness for KCS in the proceeding wherein Union Pacific Railroad (UP) sought to merge with the Missouri Pacific Railroad Company (MP) and the Western Pacific Railroad Company (WP) (ICC Docket 30,000). I similarly represented KCS in the proceeding wherein The Atchison, Topeka and Santa Fe Railway Company sought to merge with the Southern Pacific Transportation Company (ICC Docket 32,000). I filed testimony in the proceeding wherein KCS sought control of MidSouth Corporation (MSC) (Finance Docket 32,167) and its various subsidiaries and in the proceeding wherein UP sought control of Chicago and Northwestern Transportation Company (CNW) (Finance Docket 32,133). A more detailed work and educational history is shown in Appendix "A" of this statement.

PURPOSE OF STATEMENT

The purpose of my statement is to present to the Surface Transportation Board data of actual competition among carriers of a type that has never before been presented to the Board in the analysis of the competitive impact of a proposed merger. This data is from the United States Department of Defense ("DOD") awards of transportation contracts and consists of the actual bid prices submitted by competing carriers (including Union Pacific, Southern Pacific and BN/Santa Fe) and the subsequent rates charged to the DOD by the winning carriers. The data represents shipments of varying volumes and distances in numerous markets.

This data is gathered and assembled by the consulting firm of Nunn, Yoest, Principals and Associates, Inc. from publicly available sources made available by the DOD at the conclusion of the bid process for each procurement. An accompanying statement of Nell Nunn, the Chief Executive Office of NYP, describes the sources of this information and the process by which it is gathered.

This data is analyzed in the context of a potential UP/SP consolidation, which would remove SP as a carrier in the bidding mix. There are several advantages to this unique data set, including:

1) it includes <u>actual rates</u>, not the waybill estimates;
2) it includes the <u>full details of the competitive process</u>; and
3) it thus provides a rare, behind-the-scenes view of the dynamics of how rail competition actually works.

Since the data is from actual bids and actual prices offered and charged by carriers, it does not suffer from any of the limitations of other information typically relied on by the Board, such as Waybill Sample data, and thus is not subject to any of the challenges that may be launched at conclusions based on waybill data. The compilation of this data provides the Board a unique opportunity to view the real effects of multiple bidders, whether two or three, in a competitive environment.

The data is also of general applicability to competition among carriers for the traffic of shippers other than the Department of Defense. In terms of how the Applicants now compete as railroads, there is nothing unique about competition for DOD business. This data is representative and indicative of what can be expected to happen in various competitive situations. The conclusions evident from DOD bid patterns also are applicable to competitive conduct that can be expected as to other shippers.

Both specific and general conclusions can be reached from an analysis of this DOD bid data. One specific conclusion is that Southern Pacific is an aggressive competitor for traffic and that it is quite often the low bidder to the Union Pacific with the Burlington Northern/Santa Fe being third in the bidding. Analysis of the differing bid levels discloses that SP bid levels often act to keep rates down, and the elimination of Southern Pacific as a competitor will result in a combined UP/SP being able to substantially raise its rates for traffic. The historical evidence suggests that the presence of BNSF will not replace the role played by SP in constraining prices. Currently,

BNSF is often not an effective competitor and UP is aware of this. Operating with the additional cost and disadvantages of trackage rights fees, it is even more unlikely that BNSF will act as a check on prices to be bid by a combination of the UP and SP. The more general lesson to be learned from this data is that competitive harm (through increase in rates) can result in many situations other than just where there is a reduction of carriers from two to one, particularly situations where there is a reduction of carriers from three to two.

Thus, this data is supportive of the conclusions reached by Dr. Curtis Grimm that harm to competition may result when there is a reduction of carriers from three to two. The analysis of the DOD data also supports Dr. Grimm's conclusion that there will be far-reaching competitive harm from a UP/SP combination beyond the narrow definition of two to one points utilized by the Applicants, including single-serve points and various situations that, in effect, are two to one points but are not included in Applicants' definition.

Thus, I will provide real life examples of actual competition for customers between railroads. These bids demonstrate that the proposed merger with the BNSF trackage rights agreement as the proposed remedy for competitive harm will be inadequate in meeting the needs of the United States Department of Defense and most likely other users of the rail transport system. Applicants' proposed solutions will not remedy the harm that will be felt by this governmental agency should the Applicants merger be approved.

This statement will include three sections. Section I will describe the data base which includes points where UP and SP compete as well as a broader data base of all train movements. Section II will provide a set of examples derived from the data base, including where UP and SP compete and will illustrate competitive options for those examples. Section III will contain different analyses of the complete data set and will show the relative effects on prices of various competitive situations.

I. EVIDENTIARY APPROACH

The data base and information system I utilized is heretofore unused in proceedings such as this. Having been involved in many previous merger proceedings, I employed data beyond the scope of information typically found in the former Interstate Commerce Commission's Two Percent Waybill Sample (Waybill Sample), *i.e.*,

- the actual rates that applied for the carriers moving whatever traffic I was to analyze;
- the actual rates that applied for <u>other carriers</u> who were potential competitors, but, who did not succeed in being the carrier of choice;
- the activities of the carriers during negotiation processes, *i.e.*, whether actively pursuing business open to competitors or whether maintaining a disinterest in pursuing business of other carriers.

While rates can be determined from the Waybill Sample, they are not necessarily the net rates moving the business. For

example, if business is covered by contracts, the rates determined from the Waybill Sample are most usually overstated. Additionally, if any adjustments are made to the rates for whatever reasons, the rates determined from the Waybill Sample can be either high or low.

To study real life situations supported with tangible examples of bidding patterns of competitors for specific types of traffic, I went beyond the Waybill Sample. I therefore utilized a proprietary data and information system of Nunn, Yoest Principles & Associates, Inc. (NYP), which not only captures movement data on shipments for the Department of Defense (DOD), but also shows the different price levels bid by competing carriers. The data comes from DOD records and is unaltered by NYP.

This data and information source concentrates on traffic hauled by DOD, and it has the degree of specificity required for my analytical purposes. Also, DOD uses the transportation system nationwide -- it ships almost 2 million tons a year by rail transport and ships between almost all states in the nation.[1]

The analysis of DOD traffic would have application to rail shipments by other businesses as well. The volume of business represented by DOD shipments is of great enough volume and shares enough characteristics with other businesses that ship by rail

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[1] In the last available year's period for DOD, UP and SP combined handled 3,424 shipments (UP handled 2,815; SP 609); BN/SF handled 732 shipments. Other railroads handled the following: CSXT 1,533; NS 1,116; and Conrail 204 (Source : DOD Carrier Utilization By Mode Report).

(i.e., diversity of shipment patterns, competitive option choices and equipment type usage) to be of general applicability.

All data upon which my analysis is based was provided by NYP. Explanation of this data and how it is developed is provided in a verified statement also being filed in this proceeding by Ms. Nell Nunn, one of the owners and CEO of NYP. I will not duplicate the explanation of Ms. Nunn except to identify that within the course of NYP's day to day activities, people within her company gather publicly available information from bids submitted by carriers responding to bid solicitations of the DOD. Every carrier submitting bids shows the net price level at which they offer to haul the business being submitted for bid. From these bid submissions, DOD selects the low cost offer. DOD guarantees the low cost bidder all of the volume of traffic that moves as identified in the bid solicitation for a given period of time. From these bid submissions the range of carriers competing for DOD business and the prices offered can be determined, <u>even the unsuccessful bidders</u>.

I asked NYP to provide research from their data and information systems to enable me to compare how UP, SP and BNSF price and bid against one another in competition for DOD traffic. NYP developed a spread sheet from their records that contained all data on the traffic submitted for bids for which they had complete records on bid submissions and bid results in the DOD's Bid Programs. The spread sheet design and contents were at my request to enable a complete record of the bids without the necessity of reviewing each bid paper for needed detail.

Shipment characteristics that could impact rate comparison were asked to be identified. The detail included on the spread sheet is described in Ms. Nunn's Verified Statement. The bids used within my analytical processes equal about 19% of the total DOD rail tons handled nationwide according to DOD historical records for total rail shipments. The tons reviewed with BNSF, SP and UP participation as contained in the spread sheet contents represented 64% of that total. The Traffic not covered would be movements having rates not covered within the bidding process for which NYP would not have complete records of the individual carrier activities relative to them or bid shipments within certain territories (primarily East of the Mississippi River), which NYP does not always capture.

The only other data supplied by NYP, which was not supplied on the spread sheets, was the bid information for Sealy, TX and Munitions shipment data. Sealy was unique enough to be a separate study by itself. Munitions data was issued in a format to insure security protection of DOD, which is explained later in this statement. I was given the information as it is described by Ms. Nunn in her statement.

II. EXAMPLES OF HOW RAIL CARRIERS BID

I reviewed the movements in the spread sheets, and NYP retrieved from their information files all the bid information they had relative to each movement where competition was exhibited between carriers at certain points, either origins or destinations. I was given the information as it is described by

Ms. Nunn in her statement. Upon examining that information and arranging it in related sequences, I developed the following examples describing my findings. If examples include truck, it is so noted within the example. When truck is compared to rail, the comparison provides conversion of truck rates to equivalent charges of rail. For example, if one rail car can haul lading equal to two truck loads, the bid truckload rate was doubled to make it equal to one rail carload.

RAIL-TRUCK AGGRESSION ON CLOSED RAIL POINT

Fort Bliss, TX:

Fort Bliss, located near El Paso, TX is served only by the SP. However, the data shows bids by UP using Truck beyond El Paso to compete with SP for this business, which is mainly Military Impedimenta. All bids were made within a short time frame (March 10 through March 22, 1995), with UP-Truck defeating SP in all but one case. In one other instance, which was an outbound shipment from Ft. Bliss, SP was the low bidder against UP-Truck. That movement is shown at the end of the recap of the results of this analysis. The low cost bid is displayed above the higher of the two.

ORIGIN	CARRIER	RATE	%DIF	#CARS	TOTAL REV	T REV DIFF
KILBY, AL	UP	3,610		21	54,810	
	SP	3,817	6%	21	80,157	25,347
HUNTER AFB, GA	UP	3,995		77	307,615	
	SP	4,218	6%	77	324,786	17,171
MIDLAND, MI	UP	4,580		38	174,040	
	SP	4,715	3%	38	179,170	5,130
MORRISVILLE, PA	UP	4,384		14	61,376	
	SP	4,456	2%	14	62,384	1,008
PULASKI, TN	UP	3,971		32	127,072	
	SP	4,296	8%	32	137,472	10,400
BLUEFIELD, WV	*SP	3,795		10	37,950	
	UP	5,281	39%	10	52,810	14,860
GRAFTON, WV	UP	4,219		14	59,066	
	SP	4,595	9%	14	64,330	5,264
HICKORY, NC	UP	3,130		20	62,600	
	SP	3,700	18%	20	74,000	11,400
BLISS TO	*SP	5,174		9	46,566	
LETTERKENNY,PA	UP	5,698	10%	9	51,282	4,716

TOTAL LOW COST	931,095
TOTAL HIGH COST	1,026,391
TOTAL DIFFERENCE	95,296
% DIFFERENCE	10%

* Those moves where UP-Truck did not defeat SP direct.

Even though SF (now BNSF) also reached El Paso, I failed to find one instance of a bid submission for Ft. Bliss in response to bid solicitations from DOD. Presumably, it either did not have the capability at El Paso to perform the transload to truck, or lacked the interest in bidding.

Post merger, this competition between SP and UP will be lost, as will be the savings realized by UP's aggression against its competitor, SP. Since truck is not solicited, the up-side for price increases goes beyond even what the higher of the rates would be between either UP or SP.

In addition to revealing the bidding interaction between UP and SP, the above example illustrates why Applicants' proposed solutions, observing only remedies at so called 2-1 points,do not go far enough in addressing the competitive impact of their proposed merger.

Ft. Bliss is shown in the "Official Open and Prepay Station List" ICC OPSL 6000-P, Station List Publishing Company, Agent (Station List) as being a local station on the SP. As such, it would not qualify for any remedial application under the guidelines used by the Applicants for considering whether competitive harm exists at other than 2-1 points. Clearly, competitive harm will be felt at Ft. Bliss a local station not qualifying for competitive redress under Applicants' guidelines.

RAIL-TRUCK AGGRESSION ON CLOSED RAIL POINT

Camp Pendleton, CA:

Camp Pendleton, CA is a locally served BNSF point in Southern California. In May, 1995, SP made two aggressive moves on bids for shipments destined to Camp Pendleton. One was successful, the other was not. Where SP was unsuccessful, a heavy haul truck move beyond SP was required due to excessive dimensions of the lading. This would cause higher costs for transfer and over the road movement (including permits) beyond the transload point of San Bernardino (some 90 miles away); no unusual characteristics existed for the movement SP won, Bair, PA, thereby not prompting any unusual charges for truck from San Bernardino.

ORIGIN	CARRIER	RATE	%DIF	#CARS	TOTAL REV	REV DIF
N CHARLESTON, SC	BNSF	4,342		6	26,052	
	SP-T	5,014	15%	6	30,084	4,032
BAIR, PA	SP-T	6,198		7	43,386	
	BNSF(CR)	6,319	2%	7	44,233	
	BNSF(CSXT)	6,463	3%	7	45,241	1,855

TRUCK AGGRESSION AT A CLOSED POINT

Mobase, WA:

Mobase, WA is a local point for BNSF. UP, however, is in close proximity (about 30 miles) at Tacoma, WA. The following are two examples of UP-truck attempts being made on Ft. Lewis; one successful; one not. The successful bid was issued November of 1994. The second, where BN kept the advantage, was bid May, 1995. It seems BNSF responded to the loss

ORIGIN	CARRIER	RATE	%DIF	#CARS	TOTAL REV	T REV DIFF
FT BENNING, GA	UP-T	4,452		5	22,260	
	BNSF	4,822	15%	6	30,084	4,032
OSHKOSH, WI	BNSF	3,689		17	62,713	
	UP-TRK	3,795	3%	17	64,515	

RED RIVER ARMY DEPOT
COMPETITION BETWEEN END CARRIERS

There were four bids within a one year time frame moving between the same points where one end of the movement involved Red River Army Depot at Defense, TX, served by UP and SP only. The first shipment was 106"wide and 109" high (slightly overdimensional) The second shipment consisted of 24 vehicles, of which 1/2 were 144' wide (overdimensional requiring escort service). The third shipment, like the first, was legal weight and only 116" wide (overdimensional only requiring permit), thus comparable to the first shipment. The last shipment was 144" wide, 172" high and weighed 107M pounds, overdimensional and overweight in all respects.

However, with these kinds of lading characteristics that would keep truck out of the picture (truck was not solicited for these shipments), the rates in my judgment are lower than would be expected for movements not having truck competition. The first and third shipments' rates were $2,045 and $1,947. The second shipment rate was $1,749. The heavy overdimensional (fourth shipment) rate was $2,081. Interestingly, very little pricing differentials exist between any of these movements. For these shipments there are two carriers at each end of the movements, which, when observing a great lack of spread, lends support to another finding that I will address later in my statement, i.e., with multiple carriers at both ends of the movement, rate levels reflect that multiplicity of competition.

Evident in this example is the bid interplay between both origin and destination carriers. NS is definitely the more competitive of the two eastern carriers as is SP against UP except on the last bid, where UP went dramatically lower than the next lowest bid.

ORIGIN	CARRIER	RATE	%DIF	#CARS	TOTAL REV	REV DIF
N CHARLEST, SC	SP(NS)	2,045		21	42,945	
10/24/94	SP(CSXT)	2,246	10%	21	47,166	4,221
N CHARLEST, SC	SP(NS)	1,749		18	31,482	
03/31/95	SP(CSXT)	2,337	33%	18	42,066	10,584
	UP(CSXT)	2,605	48%	18	46,890	15,408
N CHARLEST, SC	SP(NS)	1,947		6	11,682	
04/12/95	SP(CSXT)	2,170	11%	6	13,020	1,338
	UP(CSXT)	2,416	24%	6	14,496	2,814
DEST						
N CHARLST, SC	UP(NS)	2,081		4	8,324	
08/16/95	SP(CSXT)	3,234	55%	4	12,936	4,612
	UP(CSXT)	3,371	62%	4	13,484	5,160

TOTAL LOW COST	94,433
TOTAL MID COST	115,188
TOTAL HIGH COST	122,036
TOTAL M-L DIFF	20,755
% DIFF M-LOW	22%
TOTAL H-L DIFF	27,603
% DIFF H-LOW	29%

RED RIVER ARMY DEPOT
COMPETITION BETWEEN CONNECTING CARRIERS

This example shows how competing carriers can react once they see their competitor's actions (if they chose to do so) at jointly served stations.

Both shipments are alike in terms of equipment type requirements and character of the lading (no-dimensional problems). In August, the first bid solicitation was closed. The second solicitation was closed only two months later. As in the above cited example, NS is the obvious aggressor as a connection to SP.

In the first bid's results, the bid with CSXT came in a distant second (some 24% higher than the bid with a NS route). In the second bid, CSXT lowered its bid from the level offered the first time to be slightly under the NS number in the first bid, apparently attempting to beat NS's first bid.

However, NS, apparently expecting CSXT's move, lowered its second bid to a level lower than its first one.

UP, for whatever reason, did not submit a bid. Thus, if SP also chose to not bid, DOD would have no transport options. Truck was not solicited, and no truck bids were offered.

ORIGIN	CARRIER	RATE	%DIF	#CARS	TOTAL REV	REV DIF
ALBANY, GA	SP(NS)	1,722		42	72,324	
08/16/95	SP(CSXT)	2,127	24%	42	89,334	17,010
ALBANY, GA	SP(NS)	1,596		37	59,052	
03/31/95	SP(CSXT)	1,714	7%	37	63,418	4,366

TOTAL LOW COST	131,376
TOTAL HIGH COST	152,752
TOTAL DIFFERENCE	21,376
% DIFFERENCE	16%

RED RIVER ARMY DEPOT
COMPETITION RAIL AGAINST TRUCK

This bid result from Red River AD, TX to Ft. Irwin, CA is one of the few examples I found where there was active truck competition against rail. It illustrates how far apart competing railroads are from their truck competition as long as there is effective rail competition as an option.

Once more, SP is associated with the low cost route, this time in cooperation with the BNSF. UP's direct route was 4% above the SP/BNSF two carrier route.[2]

The lowest of these truck rates offered was a startling 106% above the all rail rate of SP-BNSF.

As I understand it, Red River Army Depot is not one of the locations that the UPSP/BNSF Agreement for trackage rights covers. However, I also understand that, within the Agreement, there is a provision acknowledging that Defense, TX (Red River Army Depot) is a location having 2-1 effects.[3] Within that provision is an agreement to agree that, at some as yet unspecified time, Applicants and BNSF will work out "...mutually acceptable means..." to see that BNSF is allowed "...competitive service..." , the meaning or definition of which is not revealed.

Since nothing within the Application nor within their Agreement with BNSF tells us what to expect as "...competitive service...," I am unable to evaluate further how DOD's competitive options will be impacted by the loss of SP as a competitor at Red River Army Depot. Most certainly, if DOD has to rely on truck competition as a ceiling for its rates, its costs will escalate dramatically.

DESTINATION	CARRIER	RATE	%DIF	#CARS	TOTAL REV	REV DIF
FT IRWIN, CA	SP(BNSF)	2,593		120	311,160	
	UP DIRECT	2,686	4%	120	322,320	11,160
	TRK-SSYC	5,356	106%	120	642,720	331,560
	TRK-TRIM	5,536	113%	120	664,320	353,160
	TRK-INFY	8,006	208%	120	960,720	649,560

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[2] This contradicts Mr. Peterson's testimony that single carrier routes are more efficient than joint carrier routes (Peterson Deposition, pp. 318-19). If his statement is true, then how can SP-BNSF come up with a lower rate than up unless they are unwilling to transfer that efficiency to maintain lower rates than competitors (if there are any competitors available)?

[3] Application, Vol. 1, p. 330 (¶ 8(i)).

RED RIVER ARMY DEPOT
FURTHER ILLUSTRATING SP AS A LOW COST CARRIER

While it is evident in all of the above Red River examples that SP most often is either the low cost carrier (or the only carrier to bid), the following are the remaining bids found in the NYP supplied data base that validate the aggressiveness of SP in this particular (DOD) market.

Even though there is one instance within the movements identified where SP is the losing carrier route, SP only lost by five dollars a car. I did not find any other bids within my analysis between UP and SP where UP has been that close to SP when losing. That is a negligible margin.

ORIGIN	CARRIER	RATE	%DIF	#CARS	TOTAL REV	REV DIF
TOBYHANNA, PA	SP(CR)	3,241		23	74,543	
5/29/95	UP(CR)	3,600	11%	23	82,800	8,257
TOBYHANNA, PA	UP(CR)	3,362		6	20,172	
10/27/95	SP(CR)	3,367	0%	6	20,202	30
	SP(CPRS)	4,300	27%	6	25,800	5,628
FT. BENNING, GA	SP(NS)	1,478		22	32,516	
	UP(NS)	1,560	5%	22	34,320	1,804

TOTAL LOW COST	127,261
TOTAL MID COST	137,322
TOTAL HIGH COST	142,920
TOTAL M-L DIFF	10,061
% DIFF M-LOW	8%
TOTAL H-L DIFF	15,659
% DIFF H-LOW	12%

SHIPMENTS INTO TWENTY NINE PALMS, CA

Twenty Nine Palms, CA is not directly rail served. BNSF's line runs the closest to the facility, when compared with the lines of UP and SP,[4] but all rail carriers must transload from rail to truck to bid the business. Both BNSF and UP transload at West Yermo, CA, where both carriers have well developed transload operations.

These operations were instituted primarily to service movements for Ft. Irwin, CA, which has the largest level of activity at any single location in the spread sheets I examined. Those transload operations would serve equally well for either Ft. Irwin or Twenty Nine Palms . On the other hand, I am unaware of any similar type of large scale transload sites on SP in the area that could service Twenty Nine Palms. In spite of this handicap, there were two bids where SP made admirable attempts to bid for is business. In one case, SP's bid with the same connecting railroad used by UP and BNSF was $26 a car above the lowest bid, and in the other case SP's bid was $144 a car more than the lowest bid.[5]

Two notes of interest. First, Twenty Nine Palms would not show as being either a point to be considered for remedial action under UP's 2-1 guidelines, nor even as a point requiring analysis under any 3-2 considerations. Applicants' analysis would show that shipments went to West Yermo, CA where only UP and BNSF compete. At that point, no further consideration would be given to this traffic for remedial attention.

Additionally, for at least two movements (recognizing that for another, the identity of the western participating railroad is unknown), UP did not bid. In one of those two SP was the only other western railroad bidding against the other.

ORIGIN	CARRIER	RATE	%DIF	#CARS	TOTAL REV	REV DIF
CP LEJEUNE, NC	UP(NS)	6,485		172	1,115,420	
	SP(NS)	6,511	0%	172	1,119,892	4,472
CLOSED NS	ATSF(NS)	6,744	4%	172	1,159,968	44,548
COLUMBIA, SC	ATSF(NS)	9,052		2	18,104	
	UP(CSXT)	9,469	5%	2	18,938	834
OPEN NS/CSXT						

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[4] Source -Rand McNally's Highway Atlas and Rand McNally's Rail Atlas (last issue 1988).

[5] There was one bid that did not indicate which western railroad (UP, BNSF or SP) participated with the origin carrier.

BAIR, PA	UP(CR)	5,934		2	11,868	
	UP(CSXT)	6,078	2%	2	12,156	288
OPEN CR/CSXT	ATSF(CR)	6,952	34%	2	13,904	2,036
ALBANY, GA	ATSF(CSXT)	4,821		2	9,642	
	SP(NS)	4,884	1%	2	9,768	126
OPEN CSXT/NS						
ANNISTON, AL 02/07/95 CLOSED NS	NS	6,563		6	39,378	
ANNISTON, AL 11/08/95 CLOSED NS	ATSF(NS)	6,751		9	60,759	

TOTAL LOW COST	1,255,171
TOTAL MID COST	1,260,891
TOTAL HIGH COST	1,302,715
TOTAL M-L DIFF	5,720
% DIFF M-LOW	1%
TOTAL H-L DIFF	47,544
% DIFF H-LOW	4%

ORIGINS AND DESTINATIONS CLOSED
EFFECTS OF INTERMEDIATE ROUTES

Fort Knox, KY is a local station on the Paducah and Louisville Railroad (PAL). Until its recent acquisition by CSXT, PAL worked with CSXT, NS, IC, and BN as connectors. Most of the western carriers could not reach PAL directly, thus requiring an intermediate railroad. The following shows the competitive activity created by the intermediate carriers. For this purpose, I need only name those railroads.

DESTINATION	CARRIER	RATE	%DIF	#CARS	TOTAL REV	REV DIF
FT RILEY, KS	NS	2,750		7	19,250	
	IC	2,839	3%	7	19,873	623
	CSXT	2,885	5%	7	20,195	945
FT CHAFFEE, AR	IC	2,537		2	5,074	
	NS	3,076	21%	2	6,152	1,078
FORT POLK, LA	IC	2,923		54	157,842	
10/94	NS	3,237	11%	54	174,798	16,956
	CSXT	3,693	26%	54	199,422	41,580
FORT POLK, LA	IC-UP	2,995		14	41,930	
07/95	NS	3,576	19%	14	50,064	8,134
	CSXT	3,653	22%	14	51,142	9,212
FORT POLK, LA	IC-UP	3,188		20	63,760	
10/95	IC	3,476	7%	20	68,320	4,560
	CSXT	3,653	14%	20	73,060	9,212
FT HOOD, TX	IC-GWWR	2,682		56	150,192	
	CSXT	3,167	18%	56	177,352	27,160
	NS	3,851	43%	56	215,656	65,464
ROSWELL, NM	IC-GWWR	3,225		16	51,600	
	NS	3,333	3%	16	53,328	1,728
	CSXT	3,688	14%	16	59,008	7,408

TOTAL LOW COST	$489,648
TOTAL MID COST	548,897
TOTAL HIGH COST	624,635
TOTAL M-L DIFF	59,249
% DIFF M-LOW	12%
TOTAL H-L DIFF	134,987
% DIFF H-LOW	27%

CLOSED ONE END VERSUS CLOSED BOTH ENDS

West Burlington, IA is closed to BNSF. Fort Polk is closed to KCS; Fort Irwin is open to both UP and BNSF. The bid involving Fort Irwin occurred in February 1995 before the BNSF merger (served by the ATSF not BN) thus making the end point closed at one end, competitive at the other. While miles to these two points are different, the shipment to Fort Irwin requires truck delivery at destination. Some of the equipment in the shipment was overdimensional making this a more costly move than when no overdimensional equipment is involved; Fort Polk is directly rail served (no overdimensional equipment was involved) making this move closed to competition at both ends. Both shipments were of about equal size (28 CL vs 20 CL). Note, it cost less per car to go all the way to Ft. Irwin (1737 miles) than it did to go to Ft. Polk (846 miles).

DESTINATION	CARRIER	RATE	HWM	#CARS	TOTAL REV	RATE/HWM
FT POLK, LA	BN-KCS	2,608	846	20	52,160	3.08
FT IRWIN, CA	BN-UP	2,069	1737	28	57,932	1.19

HERLONG, CA SP-UP-TRUCK COMPETITION

Herlong, CA, a storage location for munitions, receives loaded milvans (intermodal containers designed specifically for the shipment of ammunition in rail service) into the facility, with return movement of the empty milvans to locations needed for reload as this example illustrates. The following shows the pricing action between UP and SP versus the prices offered by truck solicitation. It is interesting to note that when this was re-bid in December of 1995, DOD did not bother to solicit truck. SP did not bid the second, but UP, probably expecting a bid, came down from its 1994 price but still at a level below SP's first bid.

DESTINATION	CARRIER	RATE	%DIF	#CARS	TOTAL REV	REV DIF
SOUTHPORT, NC	SP	3,094		11	34,034	
7/94	UP	3,908	26%	11	42,988	8,954
	MGLS(TRK)	5,200	68%	11	57,200	23,166
	TMST(TRK)	5,200	68%	11	57,200	23,166
	RNGR(TRK)	5,253	70%	11	57,783	23,749
	SAMM(TRK)	5,630	82%	11	61,930	27,896
SOUTHPORT, NC	UP	3,783		25	94,575	
12/95						

RAIL-TRUCK TO COMPETE AGAINST RAIL DIRECT

Florence, AZ is closed to SP; ATSF, using truck from Phoenix, AZ to Florence (55 miles) defeated SP. The equipment being shipped was not overdimensional.

DESTINATION	CARRIER	RATE	%DIF	#CARS	TOTAL REV	REV DIF
SPRINGFIELD, IL	ATSF-TRK	2,700		11	29,700	
	SP	2,850	6%	11	31,350	1,650

OSHKOSH, WI VEHICLE MOVES

Oshkosh, WI is jointly served by Wisconsin Central (WC) and Wisconsin & Southern Railroad Co. (WSOR). WC connects with all carriers at Chicago. WSOR connects with CNW at Granville, WI (now a closed UP routing to a UP junction) and with its sister company, the Wisconsin & Calumet Railroad can also reach Chicago. The vehicles require drop frame equipment when moving by truck. Some of the vehicles exceed permitted highway weight limits (weighing 50,070 pounds each); others are just under the weight limits (44,500 pounds each). Thus some truck shipments will require permits, while others will not.

Looking at all the Oshkosh records, truck is generally solicited on hauls up to about 1000 miles when rail is a viable option; the one exception in this data base was the shipment to San Antonio (1327 miles) where rail-truck delivery was required.

This sample reflects the non-competitiveness of truck in general on these shipments.

DESTINATION	CARRIER	RATE	%DIF	#CARS	TOTAL REV	REV DIF
FT BENNING, GA	WC-NS	1,938		8	15,504	
OPEN	WSOR-NS	2,010	4%	8	16,080	576
	INFY	3,745	93%	8	29,960	14,456
	RNGR	3,896	101%	8	31,168	15,547
	LIGS	3,972	105%	8	31,776	16,272
FT JACKSON, SC	WC-NS	2,159		9	19,431	
OPEN	WSOR-NS	2,188	1%	9	19,692	261
	INFY	3,442	59%	9	30,978	11,547
	RNGR	3,647	69%	9	32,823	13,392
	LIGS	3,729	73%	9	33,561	14,211
FT EUSTIS, VA	WC-CSXT	2,364		9	21,276	
	WSOR-CSXT	2,378	1%	9	21,402	126
	INFY	3,719	57%	9	33,471	11,547
	RNGR	3,943	67%	9	35,487	13,392
	LIGS	4,598	95%	9	41,382	16,272
ABERDEEN, MD	WSOR-CR	2,240		10	22,400	
	WC	2,254	1%	10	22,540	140
	INFY	3,551	58%	10	35,510	13,110
	LIGS	3,707	65%	10	37,070	14,670
	RNGR	3,864	72%	10	38,640	16,240

OSHKOSH, cont

KILBY, AL	WC-CSXT	2,669		18	48,042	
	MODA	3,368	26%	18	60,624	12,582
	GDLS	3,432	29%	18	61,776	13,734
	PREF	3,724	40%	18	67,032	18,990
SAN ANTONIO, TX	WC-UP-TRK	2,517		11	27,687	
	WSOR-UP	2,613	4%	11	28,743	1,056
	WSOR-SP	3,242	29%	11	35,662	7,975
	TRIM	4,324	72%	11	47,564	19,877
	WESTRANS	4,967	97%	11	54,637	26,950
	LIGS	7,216	187%	11	79,376	51,689

TOTAL LOW COST	154,340
TOTAL MID COST	182,051
TOTAL HIGH COST	228,917
TOTAL M-L DIFF	27,711
% DIFF M-LOW	18%
TOTAL H-L DIFF	74,577
% DIFF H-LOW	48%

FLATRACKS - MILWAUKEE, WI

Flatracks, moving on flatcars or flatbeds, are produced for DOD by a contractor located in Milwaukee, WI, closed to Canadian Pacific (CPRS). The shipment ratio of these racks is two truck loads to one, car load. The following is the only example out of 10 total rail bids where truck was solicited. Given the differences in price, it is apparent that rail is the primary mode relied upon for these shipments.

DESTINATION	CARRIER	RATE	%DIF	#CARS	TOTAL REV	REV DIF
PHOENIX, AZ	SP	2,466		7		
	RRTQ-TRK	3,570		7		
	INFY-TRK	4,872		7		
	RNGR-TRK	5,296		7		

MISHAWAKA, FOUR CARRIER COMPETITION

Mishawaka, IN is not directly rail served, but is accessible by truck to a rail head by 4 railroads: GTW, NS, CSXT, CR. Three separate bids were issued for this point. Here is an example of how the price spreads compare with 3 or more competitors at one end. In the first two CSXT is 30% and 40% above the lowest rail competition. However, for the two other railroads between CSXT and the low bidder the price spreads are very close to the low bidder.

DESTINATION	CARRIER	CL	REVENUE	DIFFERENCE	% REV DIF
FT CARSON, CO	NS-TRK	7	15,281		
	GTW-TRK	7	15,407	126	1%
	CR-TRK	7	15,624	343	2%
	CSXT-TRK	7	21,784	6,503	30%
FT HOOD, TX	GTW-TRK	9	21,195		
	NS-TRK	9	21,483	301	1%
	CR-TRK	9	22,824	1,629	8%
	CSXT-TRK	9	29,844	8,649	40%
FT HOOD, TX	NS-TRK	25	58,800		
	CR-TRK	25	77,250	18,450	31%
	CR/UP-TRK	25	91,500	32,700	56%

VEHICLE BID - SEALY, TX

Sealy, TX is the home of a new contractor producing vehicles for DOD. This business, released for bid last fall, was awarded as shown below as a continuing volume to move over a two year period. Calculations for high/low only include the top three carriers. If BNSF did not place among those top 3, I have shown where it did place and included its dollar amount bid. I have also shown the next truck rate beyond the highest rail bid if the rail bid is among the first three bidders.

Here is another instance where the Applicants' analysis for detecting 2-1 or 3-2 points is faulty. Since Sealy is not directly rail served, every railroad that bids would have to consider transload with truck between Sealy and whatever point each railroad uses for transload. Each rail carrier bidding on Sealy will use a different point at which the transload will take place. Therefore, each bid for each railroad would present the appearance of being local traffic causing the movements to be rejected from any further analysis for requiring remedial action to cure anticompetitive effects of the proposed merger.

Note, it appears that, since Ft. Lewis is local to BNSF, UP trucked around them at destination; since Fort Bragg is local to CSXT closed, NS did the same for its bid. Also note that the number of vehicles is not a carload calculation, but the actual number of vehicles that will be moved.

DESTINATION	CARRIER	# OF VEH	TOTAL REV	%	REV DIF
FT DRUM, NY	SP	563	605,821		
	UP	563	641,958	5%	36,137
	BNSF	563	746,949	21%	141,128
	*WECR/MCEO	563	790,161	23%	184,340
FT CAMPBELL,KY	*WECR/MCEO	1329	898,335		
	SP	1329	911,020	1%	12,685
	UP	1329	1,054,884	17%	156,549
	*MCEO/BAJB	1329	1,084,319	20%	185,984
7TH	BNSF		1,376,987	53%	478,652
FT STEWART, GA	SP	1549	1,247,275		
	*WECR/MCEO	1549	1,330,963	6%	83,688
	UP	1549	1,412,666	13%	165,391
	MCEO/BAJB	1549	1,500,660	20%	253,385

BNSF - TENDER ERROR/DISQUALIFIED

ABERDEEN, MD	SP	53	67,297		
	UP	53	70,350	4%	3,053
	BNSF	53	80,223	19%	12,926
	*WECR/MCEO	53	187,567	178%	120,270
FT LEWIS, WA	UP	41	51,409		
	BNSF	41	54,117	5%	2,708
	*WECR/MCEO	41	74,889	45%	23,480
FT EUSTIS, VA	UP	10	14,045		
	BNSF	10	16,648	18%	2,603
	*MCEO/MCEO	10	30,370	116%	16,325

SEALY EVALUATION cont

FT BLISS, TX	UP/SP	363	232,995		
	*MCEO/MCEO	363	266,036	14%	33,041
	BNSF/SP	363	295,578	27%	62,583
	*RNGR/WCON	363	316,530	36%	83,535
FT BRAGG, NC	SP(CSXT)	3076	1,978,033		
	UP	3076	2,323,440	17%	345,407
	SP(NS)	3076	2,616,252	32%	638,219
	*WECR/MCEO	3076	3,058,184	54%	1,080,151
5TH	BNSF	3076	3,272,244	65%	1,294,211

TOTAL LOW COST	5,095,210
TOTAL MID COST	5,614,532
TOTAL HIGH COST	6,311,811
TOTAL M-L DIFF	519,322
% DIFF M-LOW	10%
TOTAL H-L DIFF	1,216,601
% DIFF H-LOW	24%

OAKLAND, CA BID ANALYSIS

Oakland, CA is jointly served by three railroads, UP, SP and BNSF. For this reason, review of the bids into and out of this location are important to the total picture. Once again, SP is generally showing as the aggressor. When SP loses as the high cost carrier, it is only $130 above the lowest rate in the example. In this instance UP beats BNSF who beats SP. BNSF is the high cost bidder in four out of the six examples. SP is high cost only once.

In this example there were 3 instances out of 6 where all three destination serving railroads (BNSF, SP and UP) bid at one time on each of the 3 bids. In the remaining 3 bid instances, only 2 of the 3 carriers bid with the third abstaining. In the latter instance, where there were only two carriers bidding, BNSF was one of those bidding all 3 times. All 3 times BNSF was highest at 19%, 8% and 14% above its competitive bidder.

ORIGIN	CARRIER	RATE	%DIF	#CARS	TOTAL REV	REV DIF
WILLIAMSBURG, VA	UP	4,936		9	44,424	
	BNSF	5,000	1%	9	45,000	576
	SP	5,066	3%	9	45,594	1,170
N CHARLESTON, SC	UP-NS	3,636		18	65,448	
12/94	UP-CSXT	3,901	7%	18	70,218	4,770
	BNSF-CSXT	4,341	19%	18	78,138	12,690
N CHARLESTON, SC	SP-CSXT	3,875		5	19,375	
4/95	BNSF	4,188	8%	5	20,940	1,565
	UP	4,910	27%	5	24,550	5,175
CAMP SHELBY, MS	SP	4,391		13	57,083	
4/95	UP	4,480	2%	13	58,240	1,157
	BNSF	4,780	9%	13	62,140	5,057
DESTINATION						
CAMP SHELBY, MS	SP	4,797		22	105,534	
9/95	BNSF	5,181	8%	22	113,982	8,448
ANNISTON, AL	SP	6,004		42	252,168	
	BNSF	6,852	14%	42	287,784	35,616

TOTAL LOW COST	544,032
TOTAL MID COST	596,164
TOTAL HIGH COST	612,188
TOTAL M-L DIFF	52,132
% DIFF M-LOW	10%
TOTAL H-L DIFF	68,156
% DIFF H-LOW	13%

SUMMARY OF SPREAD SHEET BID RANGES

To put the foregoing into perspective, I performed the following analysis. Since not all records in the spread sheet provide two or more carriers bidding on the same bid, I first deleted those records that had only on bid submitted. With the remaining records I had the program provide me with all the winning bid carrier's rates, which were totaled for a Low Bid number. Next, I took the second low bids and totaled them. And finally, I took the third highest bid levels and totaled them. Where there were only two bids issued, the computer took the second bid and added it to the high category. Total carloads examined for this analysis was 4,093. The results were as follows:

TOTAL LOW COST BIDS:	$13,435,850
TOTAL MID LEVEL BIDS:	$14,927,807
DIFFERENCE FROM LOW:	1,491,957
% DIFFERENCE FROM LOW:	11%
TOTAL HIGH BIDS:	$15,704,868
DIFFERENCE FROM LOW:	2,269,018
% DIFFERENCE FROM LOW:	17%

OTHER ANALYSIS
FOR MOVEMENTS NOT CONTAINED ON INITIAL SPREAD SHEETS

Since UP and SP both jointly serve some major military facilities: Red River Army Depot, Texarkana, TX; Concord Munitions Outport, CA (also served by BNSF); Herlong, CA; Pine Bluff Arsenal, AR; and Lone Star Army Ammunition Plant, TX, I requested NYP to supply detail on activities into and out of these facilities. Since all but Red River AD are solely munitions facilities, the data sought was for ammunition bids. These shipments are not on the general spread sheet from which we developed the other competitive information for the following reasons.

1. NYP is very sensitive to the security issue of relaying this type of data to a general public audience. Access to the data to enable computerization required a security commitment that NYP protects.
2. Generally, new munitions lanes are put out for bid only to approved munitions handlers the first time shipments are to begin. Once the movement becomes repetitive, DOD usually does not actively re-bid these movements; it relies on carriers to reissue their rates already on file if they (carriers) want to change what they have on file. Therefore, since most of the movements are old, no bids are to be found.
3. Unlike the bids in the data base created for the evaluations supplied earlier in this verified statement, some data, such as volumes, loading weights,

total weights, etc. is not contained in the public files containing the rate information.

For the above reasons, NYP supplied the data for munitions, excluding the origin or destination and miles traversed between the UP/SP points in question and the other end of the shipment.

Exhibit 1 refers to Red River (Defense, TX), where both munitions shipments and general freight are shipped. Included in the data is information from the general spread sheet used in the other evaluations, plus NYP's modified information for munitions shipments. The volume information associated with the munitions shipments comes from a database of historical shipments maintained by NYP for use with its munitions clients.

On 9 out of 12 movements where UP and SP competed, SP underbid UP. UP won 2 (1 with a $5 a car difference) out of the 12, and its price was equal on one other. To the two locations captive to UP at the other end, truck provide the capt to UP's bidding ability; UP was 13% below truck on one more and, would lose the second move if the shipment weight was 80,000 lbs or less. This compares with active bidding between UP and SP (4 examples available) where truck transport differentials between the lower of the two rail carriers and the truck bid are: 106%, 42%, 35%, and 19%.

Exhibit 2 Concord, CA, inbound freight is 100% munitions. Where SP and BNSF have participated in the bid, the differential between them has been 0%, 3%, 46%, 2%, 0%, 2% and 7%. On moves where UP has bid against one or the other, the difference between

the low rate and UP's rate has been 11%, 10%, 10%, 10%, 20%, 3%, 20%, 14%, 0%, 0%, 16%, 23%, 7%, 20%, 1%, and 1%.

BNSF bid on a total of 9 movements winning 4 as low bidder. In 3 other bids BNSF tied for low bid with either SP, UP or both. In the last bid, BNSF came in third at 2% below the low bid.

SP bid on a total of 18 movements and won 12. SP placed second in 3 bids at 3%, 46% and 1% below the low bidder and third in the last bid 7% below the low bidder. SP tied for low bidder with BNSF once and with UP once.

UP bid on a total of 18 and won three times. In one of these three, UP beat the second place bidder (SP) by 1%. The remaining two bids were against truck. Neither BNSF or SP bid against UP, UP bid only against truck. UP's winning margin against the truck was 24% in one instance and 9% in the second. UP tied with BNSF on one bid and with SP and BNSF on another all as first place. UP placed second in 11 bids ranging from 1% to 51% higher than the low price bidder. UP came in third two times at 10% and 20% above the low bidder.

Herlong, CA, situated in Eastern CA, Exhibit 3, is also jointly served by UP/SP. NYP advises that this location is not very active at the present, thus limited data on current bidding exists. During times of conflict in the Pacific Rim Theater, it becomes a critical staging location for rail shipments moving through the Port of Concord. The material supplied for this evaluation indicates that UP/SP competition does exist, with UP defeating SP on one move by 55%, and SP defeating UP on three by 9%, 15% and 26% respectively. Overall, there were 8 shipment

records producing a low to mid bid range of 15% and low to high range of 18%. Unless BNSF can justify establishing a marketing focus on this remote location, the prices will surely rise. The second page of the exhibit shows the volumes into and out of Herlong totaled by three years (1990, 1992, and 1994-5). $7,664,512 in rail transport is significant, and concern should exist for the future of this very important military facility.

Lone Star AAP, TX has not been active this year, but, using three years figures provides a better picture. This facility generated about $10 million in rail business susceptible to reduced competition should BNSF not be successful in aggressively competing. (Exhibit 4.) Being slow, no formal bids were placed in the last year for rail consideration.

Pine Bluff Arsenal has also been slow, but is scheduled to remain active. Data comparisons found in Exhibit 5 show that on a captive UP origin it bid 10% below truck. The only aggressor for rate reductions was offered by SP. Where its bid was 19% and 46% below truck. This facility has run at about $700,000 in rail shipments over the three year period analyzed for this evaluation.

Wanting a total picture of all ammo SRO's, I asked NYP to go through their ammo SRO data base and provide me those SRO's where UP, SP and BNSF were listed on the file. Exhibit 6 shows the results. A total of 59 records exist in the SRO's that contain one or more of these carriers. The spread between the low cost carrier and next high carrier was 16% in total. The spread between the low cost rail carrier and the truck was 22% overall.

The data base supplied by NYP identified whether the points of origin and destination were competitive (C) or non-competitive (N). Adding the C-C records, which meant the shipment was competitive at both ends, produced a rate spread of 17% low to mid and a 39% spread between low to high. Comparing the low to high (which is the truck rate) on the total data base (22%), this spread shows that winning rail rates on competitive moves are 39% below the low cost truck rates, compared with an average of 22%.

The same steps were taken for the N-C and C-N records, which represented those origin and destination pairs where one end of the route was open to rail competition, but not the other. In this case, the spread between the low bid rail rate and the truck rate reduced from 39% (found in the competitive analysis) to 26%. This is reflective of the sole serving carrier exerting market power.

The third step was to look at all the N-N records, non-competitive at either end. In these cases, the rail carrier was competing directly up against truck transport. The spread between the sole rail bidder and the truck shrunk to 19%.

The final step was to separate the N-N records by UP versus SP. By definition of N-N, only one of these carriers could bid the business in conjunction with the truck, thus creating a clean comparison for pricing practice when one-on-one with truck competition. In this comparison, the composite of the 19% rail to truck noted in step 3 above reduced to an 11% spread between UP and the truck, versus a 31% spread between SP and the truck. Making one further comparison, SP's 31% is close, 39% to the

spread that existed for open competition in the first analysis of this section.

In summary, based upon the above results of Exhibit 6, merging of the UP/SP could likely produce a shrinking of the savings SP offers DOD, even on it's closed points, from SP's existing level below truck, 31% down to 11% below truck.

III. EFFECTS UPON COMPETITION

The information I received from NYP enabled me to develop more general comparisons of prices relative to competition where

1 - competition existed at both ends of movements,

2 - competition existed one end of movements but not at the other,

3 - competition did not exist at either end of movements, or

4 - truck competition was either nonexistent or not a factor

This analysis not only reflected how these carriers fared against one another in the bidding process, but also revealed price levels of various routings of carriers other than UP, SP and BNSF when operating with these three carriers in joint routings.

Using the spread sheet and specific bid data, I constructed data sets for purposes of graphing how prices trend according to varying competitive options. Because carriers' price ranges were different for similar types of movements, I had to group the bid data by similarity of transportation characteristics.

There were bids for movements of military impedimenta (MI), having trainload-like loadings for military exercises requiring a number of cars being loaded at one time and shipped to an area *en masse*. However, such volumes would not necessarily require separate trains; they could be integrated into regular trains operating on normal schedules unless volumes were large enough to justify creation of a full trainload.

In most cases, as indicated by RT (round trip) on the spread sheets, the military exercises required reverse movement of similar size back to the origin a few days to weeks later. The number of cars in each shipment varied as did the make-up of the materials handled by those cars; some shipments had no overdimensional freight, others would have at least some. To truck this material would require the collection of a myriad of different types of truck equipment at one time, with the same grouping for the return move. In all cases, truck was not solicited by DOD.

Another group of traffic, although not having round trip requirements, was overdimensional (by height or width) in character (tanks, tracked vehicles, trucks, trailers, etc.) weighing between 55,000 pounds and 95,000 pounds. Truck movement for these shipments, although somewhat feasible, most usually was not solicited by DOD. Other than not moving round trip, movement and bid pricing characteristics for this group closely resembled the MI. Therefore, for my analysis, I considered this group and the MI group as one category. I will refer to it as "Round Trip Shipments" in the analysis process.

A third group of shipments involved movement of tanks, tracked vehicles, and other overdimensional freight; equipment weighing between 98,000 and 136,000 pounds each (with widths up to 146" and heights up to 156"). Movement by truck would require bridge surveys and special permits, making truck transport prohibitively expensive and complex.[6]

It is unknown if the truck charges in footnote 6 include the cost for bridge surveys or if DOD absorbs that cost separately; however, those levels of charges provide an idea of why DOD relies on rail for its longer haul needs. For my analysis, this group is designated the "Over-Dimensional Shipments" or "OD Shipments" category.

A fourth group involved shipments routinely moving over the course of a year that are either only slightly overdimensional in character or of normally sized dimensions and weights. Still, many of these shipments are not solicited for truck transport by DOD when direct rail is available. Exhibit 7 is a page extracted from a DOD solicitation for bid containing "SHIPPERS NOTE:" that identifies very specifically DOD's position on the matter. However, these types of shipments could have some potential threat of truck transport to provide a cap to rail pricing, albeit at high levels but not as high as would be realized in the

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[6] NYP ran a report that identified all truck movements for Tanks fitting these weight and dimension characteristics. It showed a total of 85 truckloads moving for a year with 40 loads between points in FL and GA, 22 loads from TN to KY, 1 from KY to VA and the rest between points in the same states (PA and KY); all short-haul service. The average truckload charge was $3,245; the highest was $5,600 and the lowest was $1,063.

other three groups. These shipments were categorized as "Normal Freight Shipments" in my analysis.

Having constructed the above 3 categories, I identified areas of rail competitive situations within each category from the spread sheet, examining traffic lanes where:

1 - competition existed at both ends of the move,

2 - competition existed at one end or the other, but not both ends,

3 - no competition existed at either end.

I then proceeded to construct graphs that captured, within each category, movements according to the three competitive options. The X and Y axis of the graphs depicted the charges of the various railroads in each bid falling within the three competitive options displayed according to length of haul (X Axis) and revenue per mile (Y Axis).

The trend lines found for each of the competitive option scenarios within each of the three categories generally proved to have the same character. When competition existed at both ends, the trend line had the lowest revenue per mile charges for all distances. The trend line producing the next lowest revenues per mile charges was when competition existed at one end but not at other. The trend line producing the highest revenues per mile charges was when no competition existed at either end. Exhibits 8 through 10 show these comparisons grouped by 500 mile blocks.

Exhibit 8 covers the category "Overdimensional Shipments", illustrates the great variations that exist between the three competitive options. Rate levels where competition exists at

both ends are about half of those rate levels where no competition exists at either end. Where competition exists at one end only, the rate levels show to be higher than the mid point between the highest and lowest rates, but still produce enough savings to show there is significant benefit to having competition at at least one end of the movements. The single serving carrier is applying his market power, but, the competing carriers at the other end do have an effect in lowering the overall price for the movements.

Exhibit 9 covers "Round Trip Shipments," showing the existence of similar relationships between the three competitive comparisons. One difference is apparent. There is a significantly noticeable differential between the three trend lines as expressed in cents per mile when comparing the round trip exhibit to the overdimensional exhibit. Charges per mile for round trip type shipments are less than heavy overdimensional shipments. This undoubtedly reflects the degree of potential truck completion related to the difference in the two group types. However, by observing the treadlines for competition available at both ends on the two graphs (overdimensional vs. roundtrip) it is seen that the rates per mile vary only slightly. This indicates that the driving competitive factor is not so much truck but the availability of competitors at both ends of the movement.

The final Exhibit in this series of comparisons, Exhibit 10 covering "Normal Freight Shipments" depicts somewhat of a different picture from Exhibit 9, one that reflects the potential for when truck competition might represent a factor in the railroads pricing approach. Even though, as I said earlier when describing this category, DOD usually solicits only rail bids, truck can be used at higher cost factors. The graph shows a much smaller spread between all of the three competitive options. Even so, the trend lines for the three competitive options in this Exhibit still follow the identical pattern of the previous ones; the lowest prices per mile for competition at both ends of the movement, the next lowest prices per mile for competition at one end of the movement and the highest prices per mile for no competition at either end of the movement.

These graphs demonstrate that, even in instances where competition exists only at one end of the movements, competition by more than one carrier at the other end does have an effect on keeping prices lower than when there is no competition at either end of the movements.

I also compared the activity levels of the two railroads directly involved in the merger (UP and SP) as well as BNSF, who Applicants contend would replace the competitive loss of SP where UP/SP serve the same locations. To provide this analysis, all bids in the data base supplied by NYP were reviewed for competition between two of the three railroads or all three of the railroads. In the data I found:

- 32 bids involving SP;

- 59 bids involving UP;
- 72 bids involving BNSF.

The winning results of those bids were

- SP-59%;
- UP-41%;
- BNSF-44%.

While on the surface, these winning ratios appear to suggest that BNSF could replace the price competition of SP, a closer examination of the bids paints a very different picture.

For each carrier, the difference between its winning bid and that of the highest bid offered by one or both of the other carriers was calculated. As an example, if SP won the bid at $1000 and UP was the next lowest but lost bidding $1200, the $200 savings offered by SP was put in SP's "savings" category. If SP at a bid rate of $2400 lost to a UP bid of $2000, the $400 loss was placed in SP's "overbid" category. All bids for each carrier were placed in one of these categories and the totals calculated. Since I was dealing with a different number of bids in which each carrier participated, the category totals for each carrier was divided by the number of bids they either won or lost. As an illustration, SP won 19 bids and lost 13 in this study. Therefore the total "savings" offered by SP was divided by 19; the total "over-bid" was divided by 13; to produce an average per bid savings and an average per bid over-bid. Exhibit 11, Pages 1 and 2 display the results of this exercise. The difference between the two pages is that Page 1 reflects all of the results that I found while Page 2 eliminates the effects of the Sealy, TX

bid mentioned earlier in my discussion about examples of bidding between carriers.[7]

As seen from Exhibit 11, Page 2, while not as dramatic, the same patterns exist, with SP significantly being the low cost carrier and BNSF the high cost. In either case, SP is, by far, the most aggressive bidder of the three. Winning margins are high; overbid margins are low. BNSF, on the other hand, tends to leave very little money on the table when its wins, but offers a very high threshold of differences where it loses. UP is in the middle of these two, with less savings offered, but also less high loss margins.

Finally, a similar comparison of SP, UP and BNSF was developed for the ammunition record supplied by NYP, Exhibit 12. In this data I found the following:

- 23 bids involving SP;
- 38 bids involving UP;
- 4 bids involving BNSF.

The winning results of these bids were:

- SP - 78%;
- UP - 58%;
- BNSF - 75%.

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[7] One bid, vehicles moving from a new DOD production point, Sealy, TX, was much larger than the other bids that were used for the analysis in Page 1, Exhibit 8. I wanted to insure that the size of that bid did not skew the results. Exhibit 8, Page 2 shows that although there was some slight change, the pattern still held. The process that I used for Exhibit 8, Page 2 was identical to what I used for Fxhibit 8, Page 1, except for the deletion of the results of the Sealy, TX bid.

The comparisons made were not necessarily made just between the three railroads shown, many of the bids were rail to truck bids, not intra-carrier competitive. In almost all cases of the ammo bids, truck bids were available against which to make valid comparisons against rail and were used in this analysis.

For each carrier, the difference between their winning bid and that of the highest bid offered by one of both of the other carriers (or truck, if no other rail carrier was present) was calculated. The "savings"/"overbid" process followed in the spread sheet competitive analysis was repeated here.

As seen from Exhibit 12, the same pattern exist for ammo as existed on the spread sheet analysis. BNSF has a small participation in the munitions market (only 4 bids).

Again, SP is, by far, the most aggressive bidder of the three whether it be in comparison to rail competitors or truck. Winning margins are high; overbid margins are low. BNSF, in these examples shows the same pattern of leaving little money on the table when they win. UP is in the middle of the two, with less savings documented.

In the bidding world, the analyses shows that when UP competes against SP, its ability to raise its price and still win the bid is, at best, marginal. When UP competes against BNSF, however, there is tremendous room to raise its rates and still win the bid. There were no truck bids made for any of these movements. Therefore, if SP is removed from the bidding through merger with UP, this graph shows what will happen. Since no truck has bid, the rates of the BNSF become the upside target for

UP. In instances where BNSF gains trackage rights over SP at 2 to 1 points its costs will be higher than the costs it has for operating over its own lines. Since BNSF's propensity when operating over its own lines is to price higher than either UP or SP, with even higher costs, one can expect BNSF to price above what it currently prices. Thus, the low price railroad (SP) will be replaced by the high price railroad (BNSF) enabling UP to raise its rates to a level just below BNSF's level at minimum. Should the points involve trackage rights, UP can price even above BNSF's existing levels. Since no truck bids were solicited or offered, there is no determinable ceiling where even the UP and BN can go once the low price leader is removed from the market. DOD becomes the big loser.

STATEMENT OF QUALIFICATIONS

OF

I. WILLIAM PLOTH

My name is I. William Ploth. I am a self employed private consultant presently engaged by The Kansas City Southern Railway Company (KCS) for this proceeding.

I have attended North Dakota State School of Science and North Dakota State Agricultural College (now North Dakota State University), with major course work in the Mechanical Engineering and Business Administration disciplines. I have concluded courses in I.C.C. Law I and II at University of Missouri at Kansas City and Columbia University's Transportation Management Program and Princeton University's Method for Railroad Traffic/Market Planning and Analysis Program.

I began my transportation carrier with Southern Railway System ("Southern") in the Marketing Department at Washington, D.C. beginning in late 1962. There, I worked through various clerical positions until being promoted to Rate Officer in October, 1968. In this capacity I was responsible for constructing rates, rule and regulations, pertinent to commodities assigned, for purposes of maintaining and improving Southern's competitive posture in the marketplace. Additionally, I worked in conjunction with the Market Research and Markets Management sections on research projects designed to add growth to Southern's marketing territory.

I ended my employment with Southern in June, 1973 to join KCS, beginning as Commerce Agent. In this capacity, I was the Traffic Department's liaison with the Law Department and assisted in preparing and presenting traffic testimony before the I.C.C. and various state regulatory bodies. In September, 1975, I was appointed General Freight Agent. In this capacity I managed a pricing group, the members of which had duties similar to those of a rate officer at Southern, outlined above. During this time, along with two other people, I aided in conceiving ideas and structuring action plans that formed KCS' Profit Improvement Program and instituted Traffic department projects for the program. These included identification of commodities whose market or transportation characteristics required prompt rate adjustment, and coordination of the activities of the Pricing, Costing and Legal departments in effecting such adjustments, both within the rate bureaus and before the regulatory agencies. This program contributed significantly to KCS' improved earnings in the mid to late 70's.

On July 1, 1977, I was promoted to the newly-created position of

Assistant Vice President-Market Development. It was my responsibility to build a department which would be responsible for developing new markets for KCS, as well as expanding its existing markets. This department handled all market research duties, including forecasting, and all market development work. It is within the latter function that I became directly involved with developing a more focused marketing attention towards traffic potential of military facilities served by and adjacent to KCS.

Effective September 1, 1980, I was promoted to Vice President-Market Development, continuing my above described duties and given additional responsibilities. Those additional duties involved planning and analysis tasks and building a merger study group charged with quantifying the potential impact on KCS' traffic of various rail consolidations.

Within the latter capacity, I had the responsibility of constructing the methodologies and processes that would be utilized in performing the Market Impact Analysis and traffic studies used in the mergers of UP, MP and WP and of the ATSF and SP in ICC Finance Dockets 30,000 and 32,000 respectively. I actively participated in making the judgements relative to the traffic studies' and market impact analyses' results in both proceedings and in the ATSF SP merger was the final evaluator of those studies. In the course of the proceedings for each merger, I presented extensive written and oral testimony. In late 1985, functioning within my general duties, I began the groundwork for seeing that KCS was included in the movement of the booster rockets for the United States Space Shuttle Program.

On August 1, 1986, the Marketing Department was reorganized with the Market Development Department functions merged into the functions of the Pricing Department. At that time, I was assigned as Assistant to the Chairman, where I continued work relevant to merger study activities.

In February, 1991, I was given the task of rejuvenating a Market Research activity and on January 1, 1992 assigned as its Assistant Vice President of Market Research. Within that capacity I oversaw all the study work associated with KCS' due diligence study in preparation of its purchase of Mid South Corporation (MSC) and all of its subsidiaries.

This included organizing all the analytical tasks for the marketing studies and revenue projections resulting from the market shifts that would occur once (MSC) was integrated into the KCS system. I also was responsible for developing monthly financial reports driven by a new marketing reporting system designed by Market Research, which provided input to the Company's monthly financial reports. This report gave management a methodology to estimate KCS' financial progress based upon current and near future changes in the market participation by KCS. Other work included various studies defining the results of

specifica.ly defined potential strategic advancements by KCS.

On January 31, 1995, I left the KCS to enter the consulting field. I was immediately engaged by Nunn, Yoest Principals and Associates, Inc. (NYP) to help them maximize services to an existing client, a major Truck Firm (among the top five Nationwide Truckload Carriers). Between February, 1995 and July, 1995, I designed the framework for an automated accounting system (eventually overseeing its implementation) that convinced the company to give NYP the authority for and responsibility of handling all billing (and record keeping associated with that billing) to the United States government agencies for traffic handled by the carrier. This new system reduced the company's outstanding receivables significantly.

VERIFICATION

State of Missouri) ss:

I. William Ploth, being duly sworn, deposes and says that he has read the foregoing statement, knows the contents thereof, and that the same are true as stated:

I. William Ploth

I. William Ploth

March 25, 1996

Dated

State: Missouri

County: Clay

Subscribed and sworn to before me this 25 th day of March, 1996.

Gerald A. Williams

Notary Public
Clay County, Missouri

My Commission expires: June 22, 1996.

Exhibit 1

RED RIVER AD INBOUND/OUTBOUND TRAFFIC
GENERAL COMMODITIES

INBOUND RED RIVER, TX

ORIGIN	GENERAL COMMOD	VOL	RR	RATE	TOTAL COST	%DIFFERENCE	ADD COST TO DOD
N CHARLES, SC	VEH	6	SP	1,966	11,796		
			UP	2,444	14,664	24%	2,868
N CHARLES, SC	VEH	18	SP	1,749	31,482		
			UP	2,605	46,890	49%	15,408
TOBYHANNA, PA	VEH	10	SP	3,241	32,410		
APRIL 12, 1995			UP	3,600	36,000	11%	3,590
ALBANY, GA	VEH	42	SP	1,722	72,324		
			UP	2,127	89,334	23%	17,010
FINDLAY, OH	TIRES	24	SP	1,220	29,280		
			UP	1,350	32,400	11%	3,210
ST MARY'S, OH	TIRES	93	SP	1,948	181,164		
			UP	2,054	191,022	5%	9,858
FT RILEY, KS	FAK	1	UP	713	713		
			TRK	804	804	13%	91
TOBYHANNA, PA	VEH	6	UP	3,362	20,172		
OCTOBER 27, 1995			SP	3,367	20,202	0%	30
*ALBANY, GA	VEH	42	SP	1,722/NS	74,424		
AUGUST 16, 1995			SP	2,127/CSXT	89,334	23%	17,010
*ALBANY, GA	VEH	37	SP	1,596/NS	59,052		
OCTOBER 10, 1995			SP	1,714/CSXT	63,418	7%	4,366

TOTAL INBOUND	LOW COST	279			512,717		
	HIGH COST				584,068	14%	71,351

*APPARENTLY CSXT, LOSING THE FIRST TIME, TRIED TO UNDERCUT NS'S FIRST WINNING BID - NS, HOWEVER, TOOK THEIR PRICE DOWN TOO. NO IDEA WHY UP DID NOT BID EITHER TIME.

OUTBOUND RED RIVER, TX

DESTINATION	GENERAL COMMOD	VOL	RR	RATE	TOTAL COST	%DIFFERENCE	ADD COST TO DOD
N CHARLES, CA	VEH	4	UP	2,018	8,072		
			SP	3,234	12,936	57%	4,864
			TRUCK NOT SOLICITED 107M LB EQUIP				
FT IRWIN, CA	MI	120	SP	2,593	311,160		
			UP	2,686	322,320	4%	11,160
			TRK	5,356	642,720	106%	331,560
TOTAL OUTBOUND	LOW COST	124			319,232		
	MID COST				335,256	5%	16,024
	HIGH COST				655,656	105%	336,424
GRAND TOTAL GENERAL COMM.		LOW COST			831,949		
		MID COST			919,324	10%	87,375
		HIGH COST			1,239,724	49%	407,775

RED RIVER AD INBOUND/OUTBOUND TRAFFIC
AMMO

INBOUND RED RIVER, TX

ORIGIN	COMMOD	VOL	RR	RATE	TOTAL COST	%DIFFERENCE	ADD COST TO DOD
	AMMO	14	UP	4,320	60,480		
			TRK	3,844	<53,816>	<12%>	6,664
	AMMO	2	SP	1,403	2,806		
			UP	1,637	3,274	17%	468
			TRK	1,990	3,980	42%	1,174
	AMMO	1	SP	2,414	2,414		
			TRK	2,480	2,480	3%	66
TOTAL INBOUND	LOW COST	17			59,036		
	MID COST				66,234	12%	7,198
	HIGH COST				66,940	13%	7,904

OUTBOUND RED RIVER AD, TX

DESTINATION	COMMOD	VOL	RR	RATE	TOTAL COST	%DIFFERENCE	ADD COST TO DOD
	AMMO	14	SP	4,811	67,396		
			UP	5,818	81,452	20%	14,056
			TRK	6,508	91,112	35%	23,716
	AMMO	121	SP	4,542	549,582		
			TRK	5,290	640,090	16%	90,508
	AMMO	9	UP	3,562	32,058		
			SP	3,562	32,058	0%	0
			TRK	4,231	38,079	19%	6,021
TOTAL OUTBOUND LOW COST		144			649,036		
MID COST					753,600	16%	104,564
HIGH COST					769,281	17%	120,245
GRAND TOTAL AMMO			LOW COST		708,072		
			MID COST		819,834	16%	111,762
			HIGH COST		836,221	18%	128,149
GRAND TOTAL AMMO/GENERAL COMM.			LOW COST		1,540,021		
			MID COST		1,739,158	13%	199,137
			HIHG COST		2,075,945	35%	535,924

Exhibit 2

CONCORD INBOUND/OUTBOUND TRAFFIC

INBOUND CONCORD, CA

ORIGIN	COMMOD	VOL	RR	RATE	TOTAL COST	%DIFFERENCE	ADD COST TO DOD
	AMMO	41	SP	4,934	202,294		
	C		UP	5,491	225,131	11%	$ 22,837
	AMMO	143	SP	6,262	895,466		
	A&B		BNSF	6,262	895,466		
			UP	6,905	987,415	10%	$ 91,949
			TRK	7,273	1,040,039	16%	$ 144,573
	AMMO	92	BNSF	6,168	567,456		
BID 5/14/95			SP	6,384	587,328	3%	$ 19,872
			TRK	8,279	761,668	34%	$ 194,212
	AMMO	92	BNSF	4,372	402,224		
BID 10/5/95			SP	6,392	588,064	46%	$ 185,840
			TRK	8,360	769,120	91%	$ 366,896
	AMMO	1	SP	5,151	5,151		
			UP	5,680	5,680	10%	$ 529
			TRK	6,540	6,540	26%	$ 1,389
	AMMO	1	SP	6,844	6,844		
			UP	7,542	7,542	10%	$ 698
			TRK	9,029	9,029	31%	$ 2,185
	AMMO	1	SP	7,113	7,113		
			BNSF	7,324	7,324	2%	$ 211
			UP	8,595	8,595	20%	$ 1,482
			TRK	11,944	11,944	67%	$ 4,831

STB FD 32760 3-29-96 D. 62182 2/7

INBOUND CONCORD, CA

ORIGIN	COMMOD	VOL	RR	RATE	TOTAL COST	%DIFFERENCE	ADD COST TO DOD
	AMMO	152	SP	1,428	217,056		
		(92)	UP	1,475	224,200	3%	7,144
			TRK	1,836	279,072	28%	$ 62,016
	AMMO	15	SP	4,814	72,210		
			UP	5,818	87,270	20%	15,060
			TRK	6,508	97,620	35%	25,410
	AMMO	54	SP	1,391	75,114		
			UP	1,599	86,346	14%	11,232
			TRK	2,306	124,524	65%	49,410
	AMMO	9	SP	8,341	75,069		
			UP	8,341	75,069		
			BNSF	8,341	75,069		
			TRK	10,132	91,188	21%	16,119
	AMMO	1	UP	7,760	7,760		
			BNSF	7,760	7,760		
			TRK	9,095	9,095	17%	1,335
	AMMO	1	SP	6,271	6,271		
			TRK	8,556	8,556	36%	2,285
	AMMO	24	BNSF	4,995	119,880		
			UP	5,838	140,112	16%	20,232
			TRK	7,694	184,656	54%	64,776
	AMMO	1	SP	5,250	5,250		
			UP	6,509	6,509	23%	1,259
			TRK	7,670	7,670	46%	2,420
	AMMO	6	UP	2,148	12,888		
			TRK	2,680	16,080	24%	3,192

CONCORD INBOUND/OUTBOUND TRAFFIC

INBOUND CONCORD, CA

ORIGIN	COMMOD	VOL	RR	RATE	TOTAL COST	%DIFFERENCE	ADD COST TO DOD
	AMMO	1	UP	6,536	6,536		
			TRK	7,136	7,136	9%	600
TOTAL INBOUND	LOW COST	543			2,684,582		
	MID COST				2,975,573	10%	290,991
	HIGH COST				3,649,068	35%	964,486

CONCORD INBOUND/OUTBOUND TRAFFIC

OUTBOUND CONCORD, CA

ORIGIN	COMMOD	VOL	RR	RATE	TOTAL COST	%DIFFERENCE	ADD COST TO DOD
	AMMO	359	SP	1,377	494,343		
			UP	1,475	529,525	7%	35,182
			TRK	1,794	644,046	30%	149,703
	AMMO	1	SP	4,815	4,815		
			UP	5,819	5,819	20%	1,004
			TRK	7,308	7,308	51%	2,493
	AMMO	1	UP	9,349	9,349		
			SP	9,519	9,519	1%	170
			BNSF	9,609	9,609	2%	260
			TRK	11,055	11,055	18%	1,706
	AMMO	1	SP	1,407	1,407		
			TRK	2,758	2,758	96%	1,351
SOUTHPORT NC	EMPTY MILVAN	19	BNSF	3,973	75,487		
			UP	4,025	76,475	1%	988
			SP	4,254	80,826	7%	5,339
TOTAL OUTBOUND	**LOW COST**	**381**			585,401		
	MID COST				624,096	6%	38,695
	HIGH COST				745,993	27%	160,592
GRAND TOTAL	LOW COST				3,269,983		
	MID COST				3,599,669	10%	329,686
	HIGH COST				4,395,061	34%	1,125,078

MAJOR RAIL MOVES FROM VARIOUS ORIGINS INTO CONCORD, CA: 1990, 1992, 1994, 1995

ORIGIN	CARLOADS	REVENUE PAID
	184	$ 1,342,079
	7	55,131
	152	253,873
	49	320,131
	33	170,596
	93	516,341
	28	196,084
	15	116,991
	266	379,511
	81	606,696
	9	93,827
	5	25,385
	97	235,538
	10	25,323
TOTAL	1,029	$ 4,338,006

MAJOR RAIL MOVES TO VARIOUS DESTINATIONS FROM CONCORD, CA: 1990, 1992, 1994, 1995

DESTINATION	CARLOADS	REVENUE PAID
	63	$ 93,374
	5	48,351
	10	54,096
	23	644,372
	68	212,951
	16	100,019
	14	63,774
TOTAL	199	$ 1,216,937
GRAND TOTAL	1,228	$ 5,554,943

Exhibit 3

HERLONG, CA INBOUND/OUTBOUND TRAFFIC
AMMO/GENERAL COMMODITIES

INBOUND HERLONG, CA

ORIGIN	COMMOD	VOL	RR	RATE	TOTAL COST	%DIFFERENCE	ADD COST TO DOD
	AMMO	55	SP	7,238	398,090		
			UP	7,896	434,280	9%	36,190
MISHAWAKA, INC	VEH	138	UP	3,092	426,696		
			SP	4,787	660,606	55%	233,910
	AMMO	1	UP	6,150	6,150		
			TRK	7,620	7,620	24%	1,470
TOTAL INBOUND	LOW COST	194			830,936		
	HIGH COST				1,102,506	33%	271,570

OUTBOUND HERLONG, CA

DESTINATION	COMMOD	VOL	RR	RATE	TOTAL COST	%DIFFERENCE	ADD COST TO DOD
	AMMO	1	SP	1,362	1,362		
			UP	1,656	1,656	15%	203
			TRK	2,070	2,070	52%	708
	AMMO	1	SP	2,744	1,744		
			TRK	3,506	3,506	28%	762
	AMMO	1	UP	6,294	6,294		
			TRK	6,543	6,543	4%	249
	AMMO	113	UP	8,870	1,002,310		
			SP	8,870	1,002,310	0%	
			TRK	9,260	1,046,380	4%	44,070
SOUTHPORT, NC	EMPTY	11	SP	3,094	34,034		
	MILVAN		UP	3,908	42,988	26%	8,954
			TRK	5,448	59,928	76%	25,894
TOTAL OUTBOUND	LOW COST	127			1,046,744		
	MID COST				1,056,150	1%	9,406
	HIGH COST				1,118,427	6%	71,683
GRAND TOTAL	LOW COST				1,877,680		
	MID COST				2,158,656	15%	280,976
	HIGH COST				2,220,933	18%	343,253

MAJOR RAIL MOVES FROM VARIOUS ORIGINS INTO HERLONG, CA: 1990, 1992, 1994, 1995

ORIGIN	CARLOADS	REVENUE PAID
	5	$ 6,720
	69	109,873
	33	47,790
	94	165,810
	10	31,321
	64	331,490
	4	5,048
	410	4,332,601
	9	91,345
	56	91,256
	59	302,675
	13	30,291
	10	29,890
	15	28,715
	6	110,684
	8	12,651
	21	141,337
	19	155,844
TOTAL INBOUND	905	$ 6,025,341

MAJOR RAIL MOVES TO VARIOUS DESTINATIONS FROM HERLONG, CA: 1990, 1992, 1994, 1995

DESTINATION	CARLOADS	REVENUE PAID
	91	$ 148,624
	113	1,176,658
	15	50,595
	9	30,357
	71	204,714
	6	7,074
	9	13,958
	3	7,191
TOTAL OUTBOUND	317	$ 1,639,171
GRAND TOTAL	1,222	$ 7,664,512

Exhibit 4

LONESTAR, TX INBOUND/OUTBOUND TRAFFIC
AMMO

OUTBOUND LONESTAR, TX

DESTINATION	COMMOD	VOL	RR	RATE	TOTAL COST	%DIFFERENCE	ADD COST TO DOD
	AMMO	17	SP	4,520	76,840		
			TRK	5,281	89,777	17%	12,937
TOTAL OUTBOUND	LOW COST	17			76,840		
	HIGH COST				89,777	17%	12,937

MAJOR RAIL MOVES FROM VARIOUS ORIGINS INTO LONESTAR AAP, TX: 1990, 1992, 1994, 1995

ORIGIN	CARLOADS	REVENUE PAID
	14	$ 29,082
	17	43,909
	44	114,369
	93	723,164
	16	18,320
	102	84,520
	22	27,919
	582	2,431,422
	74	342,250
	40	80,364
	21	34,000
TOTAL INBOUND	1,025	$ 3,929,319

MAJOR RAIL MOVES TO VARIOUS DESTINATIONS FROM LONESTAR AAP, TX: 1990, 1992, 1994, 1995

DESTINATION	CARLOADS	REVENUE PAID
	50	$ 148,624
	56	1,176,658
	10	50,595
	30	30,357
	17	204,714
	120	673,140
TOTAL OUTBOUND	283	$ 1,195,772
GRAND TOTAL	1,308	$ 5,125,091

Exhibit 5

PINE BLUFF, AR INBOUND/OUTBOUND TRAFFIC
AMMO

INBOUND PINE BLUFF, AR

ORIGIN	COMMOD	VOL	RR	RATE	TOTAL COST	%DIFFERENCE	ADD COST TO DOD
	AMMO	41	UP	3,100	127,100		
			TRK	3,421	140,261	10%	13,161
TOTAL INBOUND	LOW COST	41			127,100		
	HIGH COST				140,261	10%	13,161

OUTBOUND PINE BLUFF, AR

DESTINATION	COMMOD	VOL	RR	RATE	TOTAL COST	%DIFFERENCE	ADD COST TO DOD
	AMMO	13	SP	3,100	40,300		
			UP	3,100	40,300	0%	0
			TRK	3,700	48,100	19%	7,800
	AMMO	2	SP	5,250	10,500		
			UP	6,509	13,018	24%	2,518
			TRK	7,670	15,340	46%	4,480
TOTAL OUTBOUND	LOW COST	15			50,800		
	MID COST				53,318	5%	2,518
	HIGH COST				63,440	25%	12,640
GRAND TOTAL	LOW COST				177,900		
	MID COST				193,579	8%	15,679
	HIGH COST				203,701	15%	25,801

MAJOR RAIL MOVES FROM VARIOUS ORIGINS INTO PINE BLUFF, AR: 1990, 1992, 1994, 1995

ORIGIN	CARLOADS	REVENUE PAID
	41	$ 141,223
	9	19,404
	2	1,800
TOTAL	52	$ 162,427

MAJOR RAIL MOVES TO VARIOUS DESTINATIONS FROM PINE BLUFF, AR: 1990, 1992, 1994, 1995

DESTINATION	CARLOADS	REVENUE PAID
	3	$ 4,197
	2	15,820
	3	5,401
	13	49,344
	26	221,477
	1	1,450
	1	1,450
	1	1,569
TOTAL	50	$ 300,708
GRAND TOTAL	102	$ 463,135

Exhibit 6

AMMO ANALYSIS SUMMARY

COMPETITITIVE CHARACTER	# SRO'S	LOW/MID %	LOW/TRK %
TOTAL RECORDS	59	16%	22%
C-C (COMPETE BOTH ENDS)	6	17%	39%
C-N/N-C (COMPETE ONE END)	31	12%	26%
N-N (NON COMPETE BOTH ENDS)	22		19%
N-N-UP (NON COMPETE UP-TRK)	15		11%
N-N-SP (NON COMPETE SP-TRK)	7		31%
(NO NON COMPETE LOCA BNSF)			
NUMBER OF RECORDS- UP	44		
NUMBER OF RECORDS- SP	32		
NUMBER OF RECORDS- BNSF	9		

EXHIBIT 1

Exhibit 7

STANDING ROUTE ORDER IMDORSEMENT S/R/O-FILE-ID->1SXV02595-A<-

CONSIGNOR: (331460000)
TRANSPORTATION OFFICER
OSHKOSH TRUCK CORPORATION
OSHKOSH, WISCONSIN
NMFC NUMBER: -190190

CONSIGNEE: (209770250)
RECEIVING OFFICER
LETTERKENNY ARMY DEPOT
CULBERTSON, PENNSYLVANIA
UFC NUMBER: -93340

ROUTE ORDER NUMBER: 16EAAAE5B-A
DATE REVIEWED: 950626
NEXT REVIEW DATE: 950821
EXPIRATION DATE: 960509
MILEAGE: -N/APPLICABLE

ROUTE	TELEPHONE	RATE	MIN.WEIGHT	AUTHORITY	TYPE RATE	TOTAL COST
PRIME-RAIL ON SINGLE DECK FLAT CAR N/X 90 FEET:-						
WC-(CHGO)-CSXT		$2004.00	PER S/D/F/C N/X 90 FEET	WC:--600123 EFF:-950509 EXP:-960509	1	$2004.00

RINS:-111 131 148.

LOADABILITY VIA RAIL:-

1)-LOAD TWO(2) TRUCKS PER S/D/F/C N/X 90 FEET.

SHIPPERS NOTE:-

1)-DUE TO THE OVERSIZE AND OVERWEIGHT(50,000 LBS.PER VEHICLE) OF THE VEHICLES BEING SHIPPED,IT WOULD BE NECESSARY TO ORDER TRIPLE(3) AXLE DROP-FRAMES OR LOWBOYS AND IN ADDITION PAY FOR OVERWIDE OR OVERWEIGHT PERMITS FOR EACH THRU WHICH THE SHIPMENT WOULD HAVE TO TRAVERSE.WHEN COMPARED WITH THE "RAIL"COST FROM ORIGIN TO DESTINATION THIS "MODE"OF TRANSPORT WOULD BE UN-ECNOMICAL FOR THE GOVERNMENT.HOWEVER,WE WOULD,IN THE EVENT OF A NATIONAL EMERGENCY (I.E.WAR, CIVIL UP-RISING OR POLICE ACTION) CONSIDER THE MODE OF TRANSPORT OUTLINED ABOVE

THIS SRO WILL BE CANCELLED AUTOMATICALLY ON EXPIRATION DATE.IF CONTINUATION OF MOVEMENT IS STILL REQUIRED,REQUESTOR MUST SUBMIT A NEW DD FORM 1085 IN ACCORDANCE WITH AR 55-355,NAVSUPINST 4600.70,AFM 75-2,MCO P4600.14A,DLAR 4500.3.

REQUESTOR:
DCMAO--MILWAUKEE,WIS.
ATTN:-MS.JONI SISSON
310 WEST WISCONSIN AVENUE
SUITE #340
MILWAUKEE,WI.53203-2282

NAME AND TITLE OF ISSUING OFFICER:
JAMES E.TAYLOR
DIR.OF TPTN.SVC.

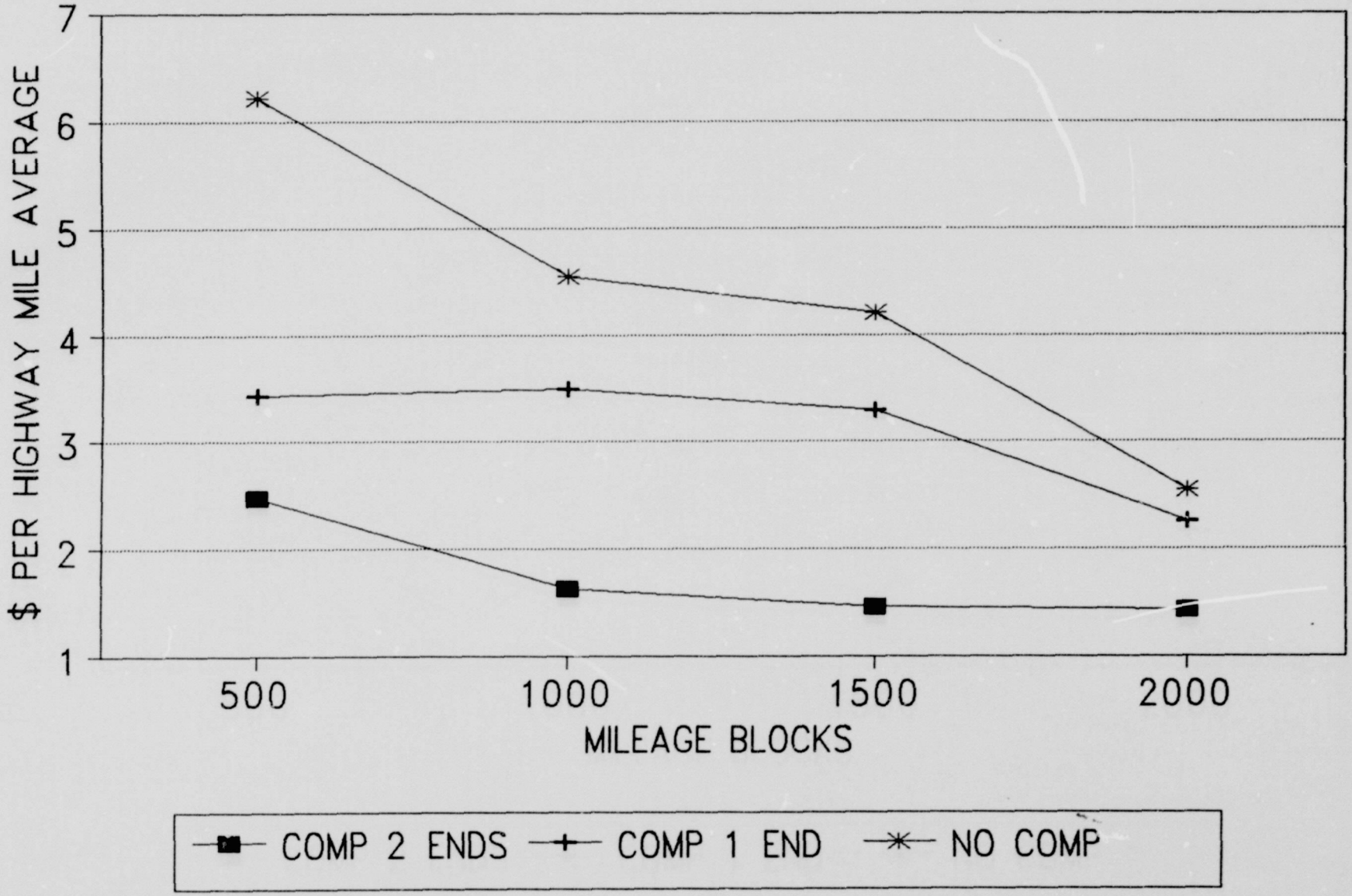
(233)

Exl it 8

5

OVER DIMENSIONAL SHIPMENTS

ROUTE COMPETITIVE SUMMARY



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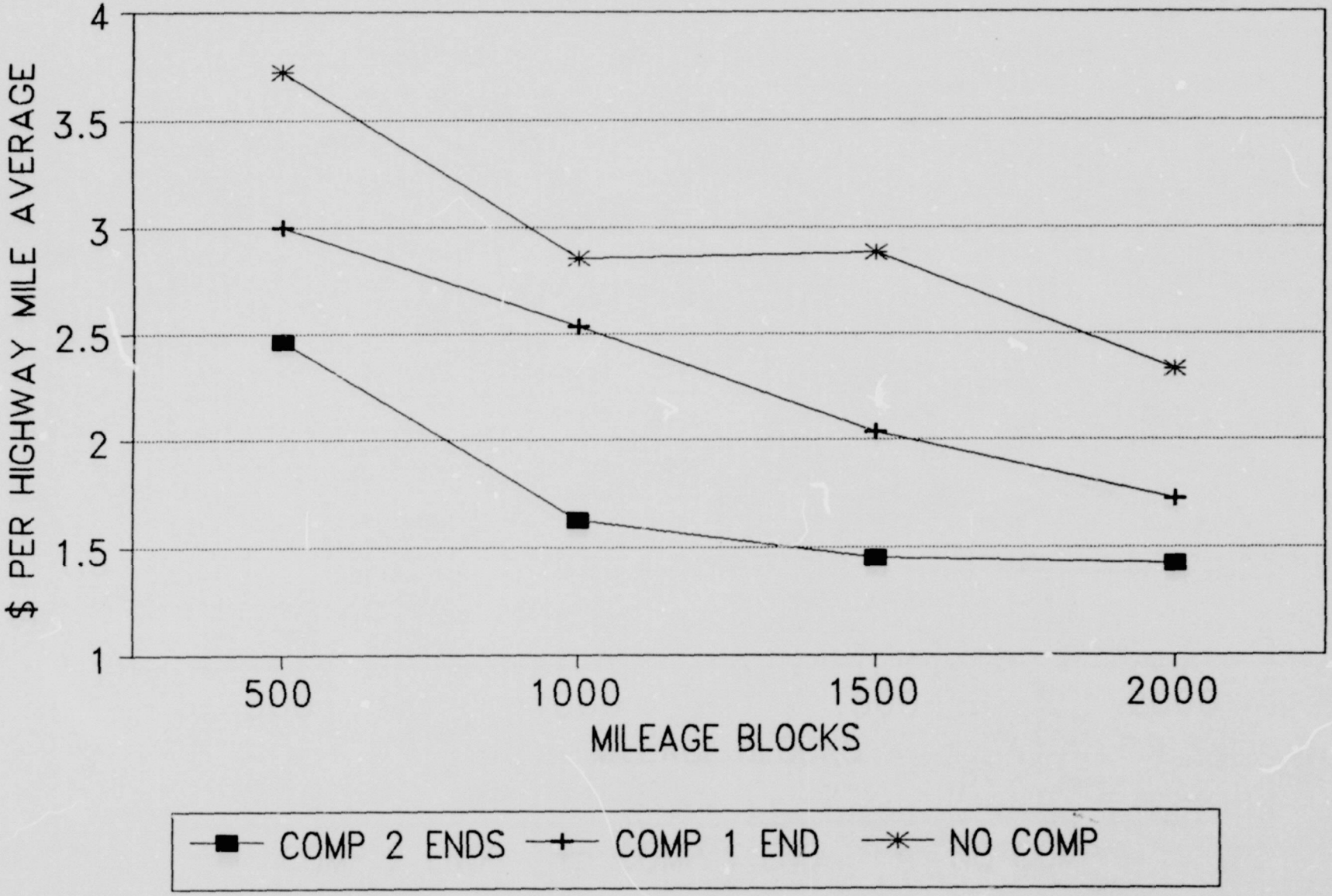
ROUND TRIP SHIPMENTS

ROUTE COMPETITIVE SUMMARY



Exhibi 10

NORMAL FREIGHT SHIPMENTS

ROUTE COMPETITIVE SUMMARY

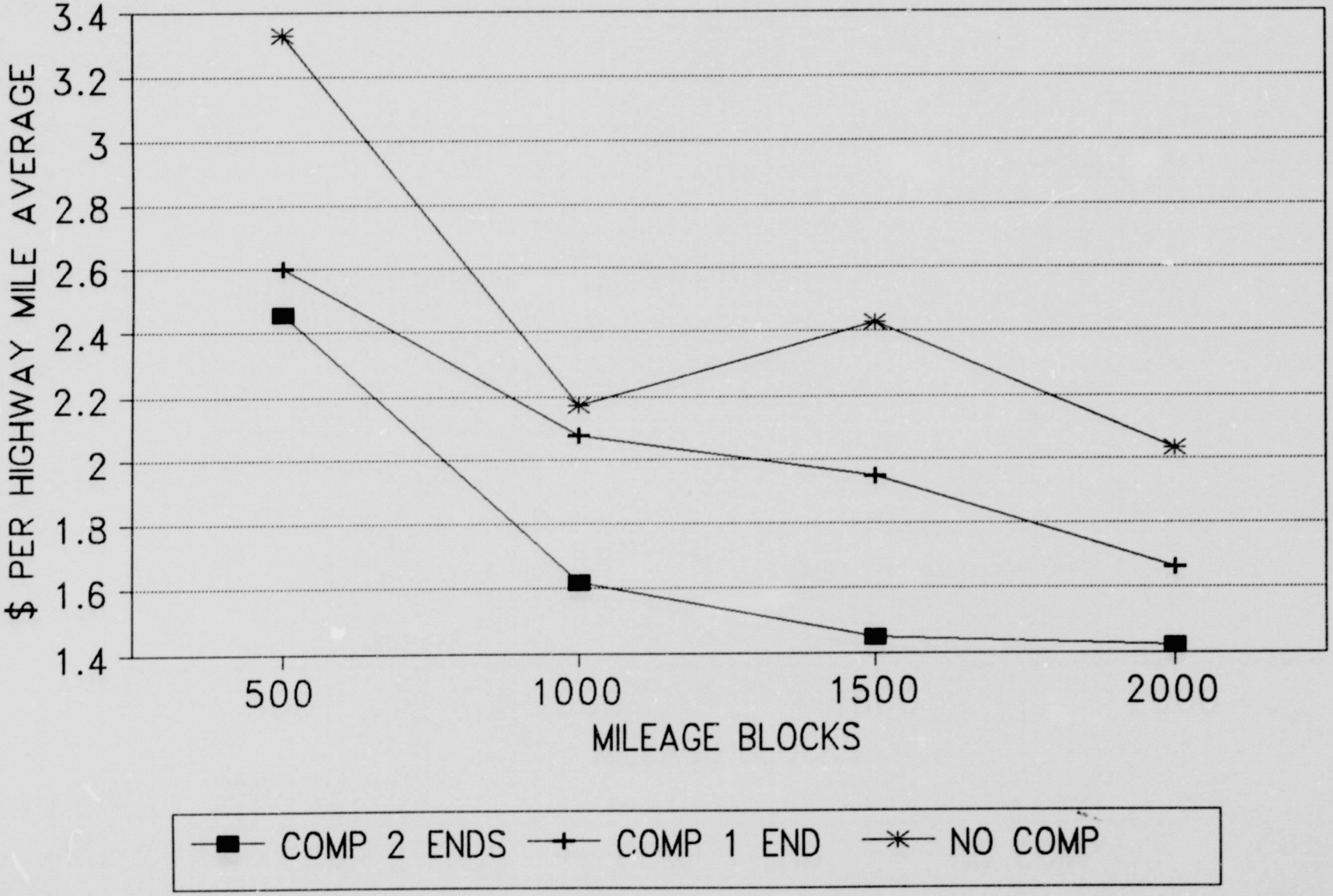
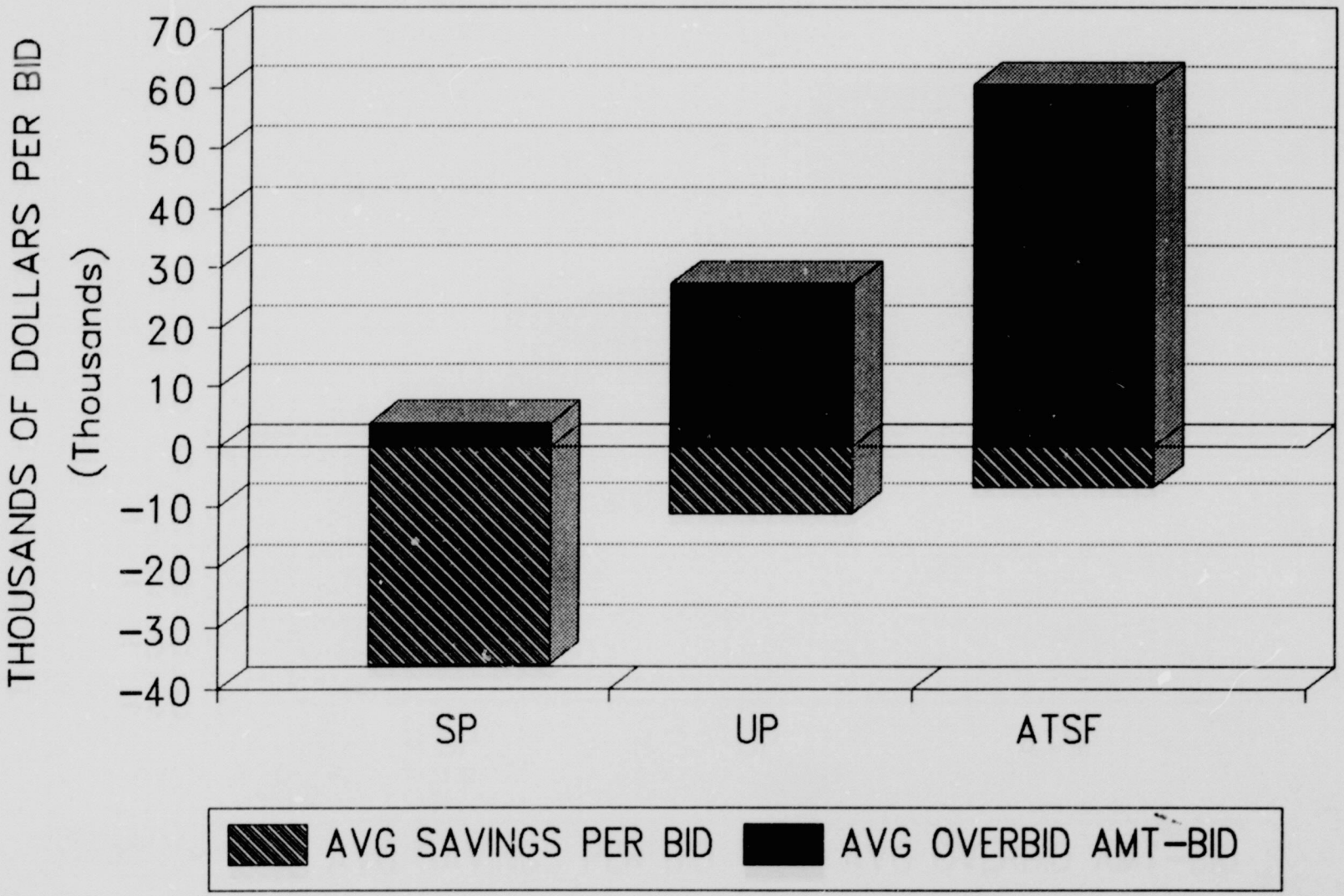


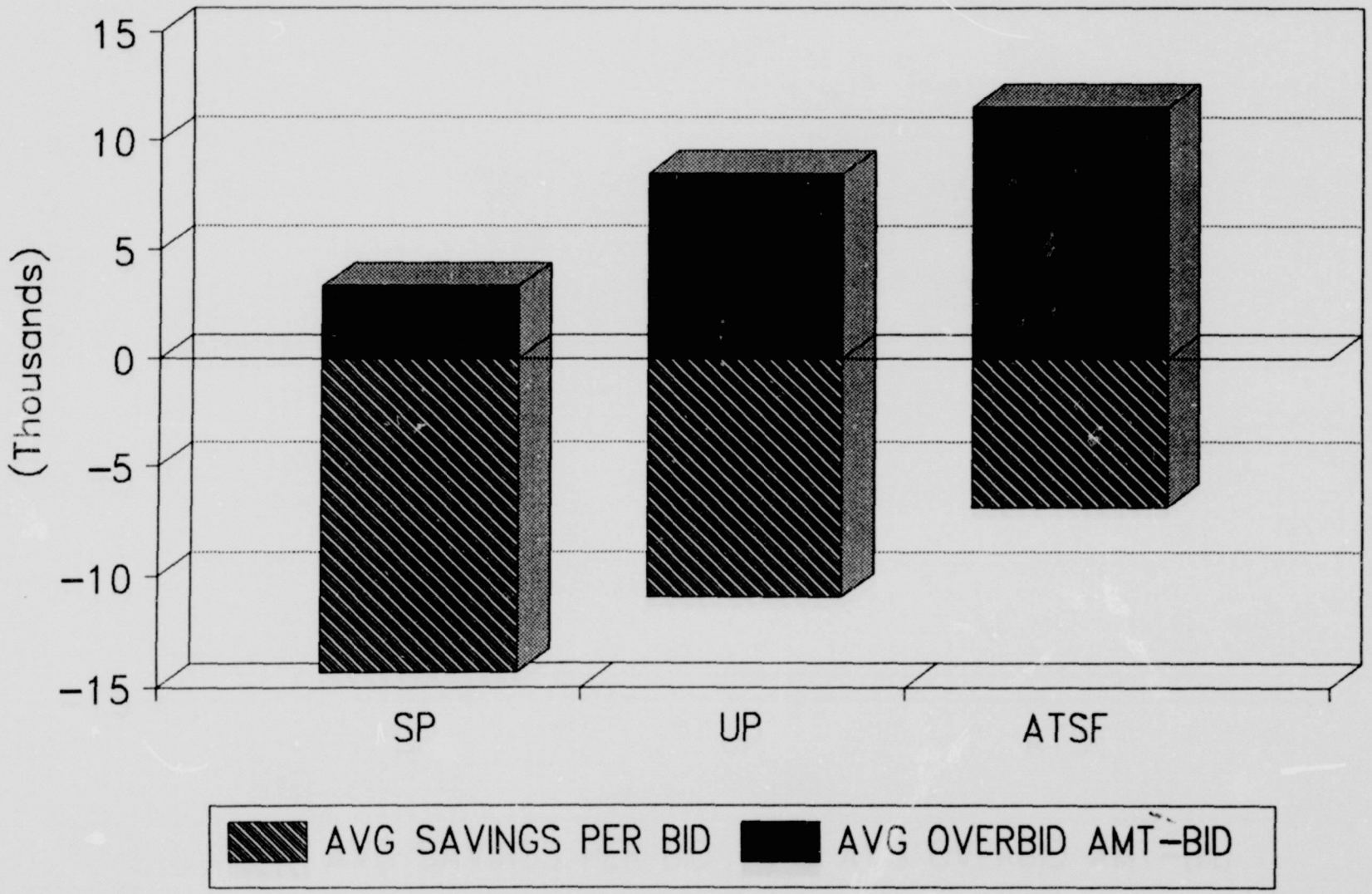
Exhibit 1

AVG PER BID SAVINGS/OVERBID

ATSF/SP/UP RAIL COMP BIDS



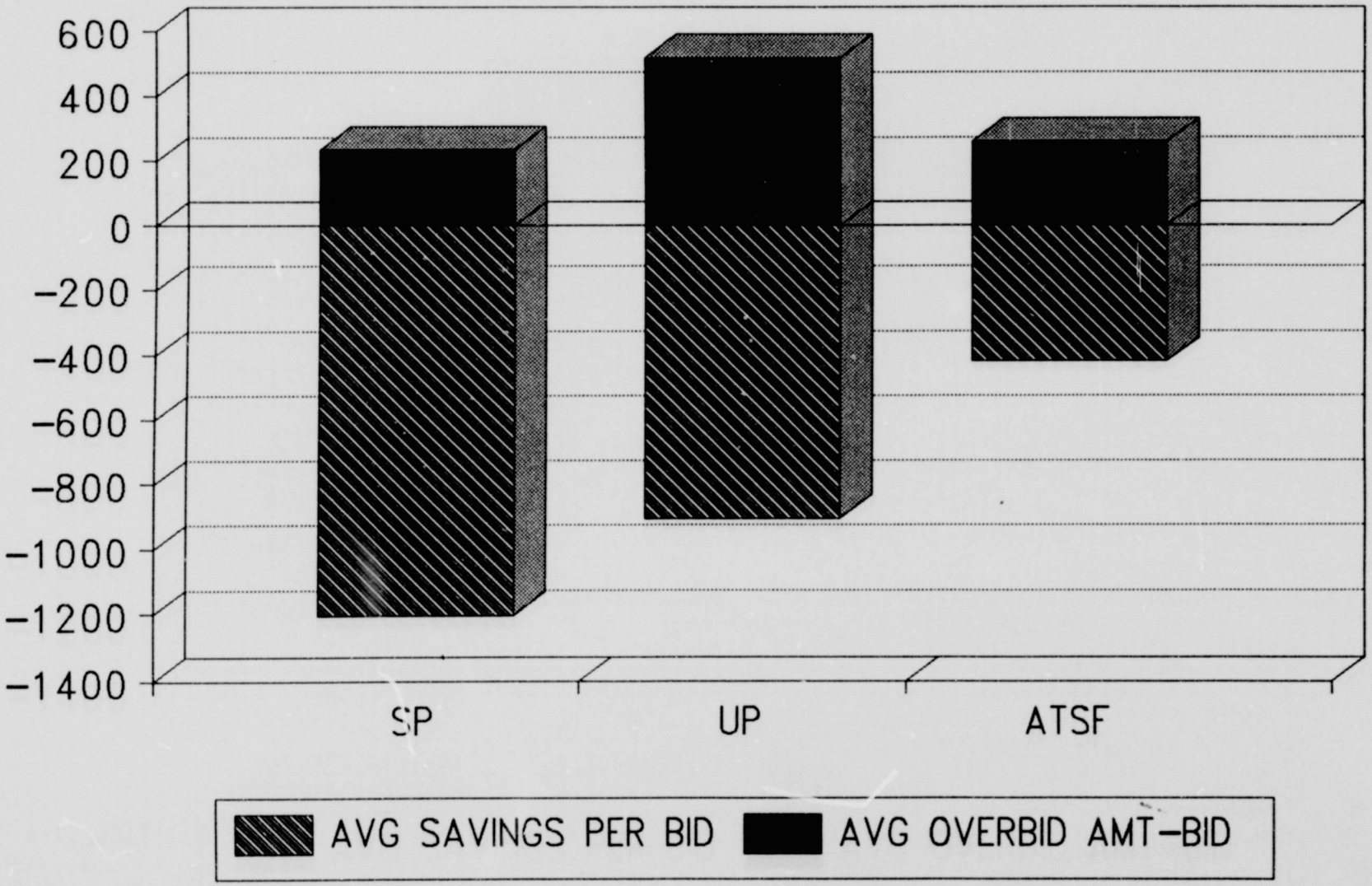
AVERAGE SAVINGS/OVERBID AMOUNT
BY CARRIER – AVERAGE OF BIDS



Exhibi 12

AVERAGE SAVINGS/OVERBID AMMO

BY CARRIER – AVERAGE OF BIDS



VERIFIED STATEMENT OF NELL NUNN

My Name is Nell Nunn, CEO of Nunn, Yoest, Principals & Associates Inc.(NYP). NYP was formed in 1986 as a service firm created to help transport companies participate to the greatest extent possible in Government traffic moving within the continental United States. NYP offices are in Washington DC, Atlanta, GA and Portland, OR with headquarters in Kansas City, MO. A full description of my background is included as an Appendix to this statement.

This statement is offered to describe the data that is used by Mr. I.W. Ploth, who also is submitting a Verified Statement in this proceeding and to describe how that data is gathered and used in the context of NYP's daily operations. I can validate the authenticity of the data Mr. Ploth uses. I have reviewed Mr. Ploth's Verified Statement submitted in this proceeding. All of the data set forth in his Statement was supplied to him by NYP in the manner described below. NYP utilizes this type data in its daily operations, as I also describe below.

Within its various functions, NYP gathers transportation related intelligence data from government records which includes movement data of all traffic handled by certain governmental agencies and capturing transport pricing at bid award openings when bids are sought by the Department Of Defense (DOD). Using this intelligence data, NYP then advises its clients of the range

of prices that competitors offer for the various movements solicited for bid by the DOD (and other agencies as well).

NYP's clients include multiple modes of transport-rail (Classes I, II), truckload van (TL) carriers, flatbed carriers, refrigerated carriers, tank fleet carriers, specialized haulers, less than truckload (LTL) carriers, freight forwarders, intermodal shipping companies(IMC's), etc. For its purposes, NYP designed proprietary programs contain the most extensive data bases (and data processing tools for efficient retrieval and effective execution of results that specifically target government freight transport) possessed by any individual carrier or external services firm in this nation. All data used by NYP comes only from publicly assessable records, which NYP offers its services to provide by recovering from its own records and for maintaining on a real time basis.

For certain clients under contract, NYP also offers the service of developing historical bid patterns by the client's direct competitors, be they truck, rail or both, and providing the best advice we can for proper target bidding on new freight. Whether the client accepts the advice is up to them.

NYP is a Sustaining Member of the National Defense Transportation Association, an Associate Member of Munitions Carriers Conference, and NYP participates in most government transportation meetings and forums, usually with exhibitions.

NYP piloted the first EDI compatible software program to enable paperless rate issuance for DOD freight, is one of 3 services firms in the nation that can EDI rates with GSA, and has computerized public file data only available in hard-copy from DOD.

In addition to its market research capability for government shipping, NYP also files bid submissions in a computerized format for its clients, which includes execution of government required rate presentations according to various differing sets of rules established by different agencies; and NYP performs billing and collection processes from the government for clients having difficulty with this function.

NYP is the only company in the United States having the in-depth knowledge of government usage of the national transportation system and possessing the capability of displaying how responsive transporters are in offering their services and rates for government shipping. This includes having the capability of researching price activity by the transporters offering their services to the government. While other data bases have the capability of identifying total charges (exclusive of any adjustments) for <u>rail</u> movement of traffic, they <u>do not</u> have the ability to determine the spectrum of prices offered by <u>all modes or combinations thereof</u> for purposes of determining historical pricing philosophies of any mode of carriers or to

look at railroad bidding practices relative to intramodal competition as well as intermodal competition as applicable.

NYP was contacted by Mr. I. W. Ploth asking NYP to develop a series of data elements from our data base and records. Those data elements pertained to advice on bid results for various types of shipments of DOD traffic involving rail transport. The data NYP has in-house, given our client base's geographic coverage of the US includes anything that moved via truck nationwide, and anything that moved via rail nationwide except for those bids covering movements to, from and between the southeast and northeast. NYP's proprietary data base contains all movements of all modes within the Continental United States as does our Standing Route Order Program. Mr. Ploth advised he would like to contract us to research our data for his purposes.

Two primary sets of data were accessed for Mr. Ploth. The first is the actual bid solicitation issued by DOD, that contained the detailed shipping information upon which a bid would be issued. This data includes, among other things, such detail as the total volume, the actual points between which the movement would take place, equipment demands, size of shipment (number of units per car, per train, weight per car, articles having overdimensional or overweight characteristics, etc.), duration of shipment period, round trip requirements, special loading configurations, and requirements for loading and

unloading at remote sites. The bids will also show if the shipment was solicited for truck as well as rail.

The second data set is the actual bid results of the parties submitting bids, which includes not only the carrier(s) winning the bid, but also the bids of carriers unsuccessful in their attempt for the traffic (for both alternate rail carriers and truck, if truck was solicited).

The bid material being used by Mr. Ploth for his analysis contains only those records where the actual bid and bid results could be matched and includes all the rail bids within NYP's files, regardless of origin/destination and carriers for which NYP could develop the needed match at this time. The bids used for the evaluation involved a period from late 1994 to early 1996 to provide the capability of showing any historical patterns.

Prior to 1994, NYP captured only those bid results when a client bid the business. In 1994, NYP made a decision to capture all bid results, regardless of client interest in bidding. The advantage of this comprehensive approach is at least two fold: 1) NYP offers competitive research as part of their services and a complete set of these types of records was needed for that work and 2) as clients changed (or their interests changed) we needed the data for backup to future bids should interest be present at a later date.

Through attending bid openings, which are open to the public, and capturing the bid results posted (or obtaining copies at a later date as needed), NYP has developed, over the past year and a half, a solid file of bids and their results, both for guaranteed and negotiated bids.

Guaranteed bids are generally for large shipments to move in a limited time frame, such as military exercises. In this case, the carrier winning the bid is guaranteed the business that moves for the duration of the move, assuming performance is acceptable. These bid types are heavily rail oriented when rail service is feasible between the points in question.

Guaranteed bids, with the inclusion of some negotiated route orders, discussed in the SRO section, became the basis for the development of a spread sheet supplied to Mr. Ploth. All data in the bid file/results file was recorded in a spread sheet as stated in the bid results or bid information with one exception: Assessorial charges were not included, such as rail surveillance, for which an extra separate charge is issued in addition to the rate itself to cover the service. Omission in these cases was determined to be appropriate as not all shipments required this extra service, and inclusion would have distorted the objective of determining base rate comparisons without the affect of non-uniformly applied assessorial services. Total records for the spreadsheet evaluation included 7,697 carloads, $24,626,772 in traffic volume, 463 separate records and 284 bids. Matched bids

with results identified following the cut-off for supply to Mr. Ploth totalled 35; unmatched results with bids totalled 9. A separate summary was sent to Mr. Ploth for review of the 35 missed entries.

The spread sheets provided to Ploth included the following data:

Bid Date

Origin City, State

Destination City, State

Number of Originating Carriers (whether all bid or not)

Number of Destining Carriers (whether all bid or not)

Number of potential route options

Number of independent routes -(e.g. only one carrier served either the origin or destination, only one independent route existed)

Separate record under each bid solicitation for each rail bid submitted

Actual originating carrier in the bid response

Route, inclusive of junctions and connecting carriers

Miles for each carrier participant in the route (using ALK's rail mile program).

Percentage each carrier had as a part of the through route

Total rail miles by each route

Designation for each carrier in the route as to whether their miles were competitive or non competitive.

Truck designator for those shipments which, due to non direct rail service to or from the points in the bid, necessitated origination or final delivery by truck.

Designator for any bids where either the origin or destination was singly rail served, but where a competitive

railroad in close proximity to the captive point, railed to their transload location and trucked beyond to attempt defeat of the price bid by the single serving carrier.

Bid (carload amount) for each bid issued

Total tons of the shipment.

Total carloads

Designation of whether the shipment was round trip or single direction

Designator for whether truck was solicited for the bid. NSOL= Not Solicited; SOLN = Solicited, but no truck response to the invitation. Carrier name if truck response was received.

If truck response received, number of trucks required

Low cost truck bid rate converted to carload equivalent

Percentage truck bid differed from low cost rail bid

Commodity shipped

Unusual dimensions, if they existed

Total highway miles (either using the miles shown in the bid results papers or, where that was not listed, ALK's highway miles)

Rail car bid per highway mile

The only manipulations done by NYP was the calculation of rail miles using ALK's rail mile program.

The second source addressed was that of the Standing Route Orders (SRO). As explanation these documents are generally the by-product of negotiated bids. Negotiated bids are usually let for repetitive moves that occur over the course of a year or years. DOD, once the bid has been let and awarded, creates what is called a Standing Route Order, which lists the awards in sequence, low to high. Generally the award is for a six month

period. At the end of the six months, DOD reviews their rate data file to determine if any other rates have been placed on file since the award was initially made. If a lower rate is found at that time, the carrier line-up is changed accordingly and reissued for another 90 days. This process allows a carrier to adjust his price and win the business for the next 90 days if unsuccessful in the initial bid. Thus, it is like a re-bid without a formal re-bid issued by DOD.

SRO's are available only in hardcopy from DOD. However, NYP, has computerized these and was able to browse them for consideration in the analysis. A total of 342 general freight SRO's exist (241 for the eastern half of the US; 101 for the western half), of which 62 involved rail. Of the 62 rail, 20 were contained in the bid analysis supplied to Mr. Ploth; 25 involved shipments within the east, thus not applicable to this study; 11 involved closed points to one of the three carriers in question; leaving 6 records which were not addressed in the formal spread sheet. Since, without bid information on these six points, such as carload counts, these were not added to the spread sheet supplied to Mr. Ploth, but were sent in a separate report form for analysis as appropriate.

The second type of SRO is the carrier lineup for the shipment of ammunition. (Ammunition is not generally bid, but when it is the results are published in the form of an SRO update). This data was not supplied to Mr. Ploth in the spread

sheets for the complete data sets, nor the abbreviated form for the general freight SRO's. The reason for this exclusion is NYP's concern for confidentiality of these DOD sensitive shipments. NYP maintains a computerized format of these shipments, but with the agreement between NYP and DOD that access to these files will only be allowed to DOD munitions approved carriers. NYP cannot breach this agreement, especially given the broad exposure such data would have in any merger proceeding.

To meet the needs of this evaluation, all ammunition SRO's were reviewed and those containing SP, UP, BNSF, or any combination of the three were listed by SRO#. In addition to the SRO#, each rail carrier, their price, and the low cost bid by truck was identified. Finally a competitive designator (N for Not Open - C for Competitive) was identified for each end of the move. Verification of the data can be made by the SRO# should DOD decide such verification is agreeable to them.

Included in both the rail and truck rate levels supplied to Mr. Ploth were the assessorial charges for rail surveillance for rail shipments, and satellite monitoring, dual driver, protective tarping, etc. that would apply for motor transport. Since these are standard services for munitions, and variances in those charges by carrier can have major impact on total charges for comparison purposes, these charges were included.

Shipment information specific to Concord, CA; Herlong, CA; Lone Star, TX; Pine Bluff, AR; and Red River, TX (points associated with movement of munitions all jointly served by UP and SP), was requested by Mr. Ploth. Non munitions data on these points was already supplied to Mr. Ploth in the bid spread sheets. The following was supplied for the munitions evaluation: Designator as to whether the record was identifying inbound or outbound from the facility, all rail carriers listed, inclusion of the low cost truck rate if included in the SRO, and the rate each carrier offered, inclusive of assessorial charges.

Next, at Mr. Ploth's request, since many of the ammunition SRO's are longstanding without rebid documents to establish volume (which had not been a problem with the general freight bids included in the spread sheets) NYP reviewed their internal data base of historical shipments and applied estimated volumes to the SRO records. These estimates were taken from a three year pull (1990, 1992, and 1994-5) of historical data stored by NYP; the source of which is DOD. That information was then averaged for an annual estimate.

Finally, NYP supplied Mr. Ploth with the same 1990, 1992, 1994-5 data for all ammunition locations listed above (except Red River) whether those shipments were covered by SRO's or not. The facilities opposite end points were excluded from the data, thus deletion of lane information, given presence of munitions in those records.

The data NYP supplied Mr. Ploth that is included in his Statement is accurate, was carefully gathered and assembled using sound methodology, and provides a reliable basis for his analysis.

VERIFICATION

State of Missouri) ss:

Nell Nunn, being duly sworn, deposes and says that she has read the foregoing statement, knows the contents thereof, and that the same are true as stated:

Nell Nunn
Nell Nunn

March 25, 1996
Dated

State: Missouri

County: Clay

Subscribed and sworn to before me this 25th day of March, 1996.

Gerald A. Williams
Notary Public
Clay County, Missouri

My Commission expires: June 22, 1996.

STATEMENT OF QUALIFICATIONS

OF

NELL NUNN

My name is Nell Nunn. I am co-owner and Chief Executive Officer of Nunn, Yoest, Principals & Associates, Inc.

I am a graduate from St. Olaf College, Northfield, MN with a bachelors degree in Economics and a minor in Russian Language, 1970. In 1979 I concluded a course called The Advanced Transportation Management Program at Northwestern University.

I and Dan Yoest, President, co-founded Nunn, Yoest, Principals & Associates, Inc. (NYP) in 1986. One of our corporate objectives is to provide the transportation industry a resource upon which to rely for development of government freight. That support comes in the form of competitive research, market research, document execution to meet government requirements for doing business with them, and billing and collections for firms having difficulty with this task.

Other work performed by NYP includes market research in general and rail coordination for hazardous, municipal, and recyclable wastes.

Our offices are in Arlington, VA; Atlanta, GA; Portland, OR; with Headquarters in Kansas City, MO, where I am located. In my capacity, I direct the work of our firm and make the decisions on resources we will access and develop to provide service excellence to our clients. Our firm employs 26 people; 17 full time, and 9 part time.

Project work I have personally executed includes developing market analysis and competitive bid information for complex government bids, accessing the publicly available files we maintain in-house. From this work, I fully understand the bid process and the necessity to maintain current files for proper target marketing. It is from these files that we drew the data for Mr. Ploth. I was directly responsible for the entrance of many carriers, including a major truckload carrier, into the field of government freight. Within 4 short years, the major carrier has excelled to be among the top 25 DOD truck carriers in the nation. Their success has been with our advice from our files, with a majority of their business moving via rail intermodally.

Other, non government related work includes the evaluation of rail use for the movement of tires to a waste to energy plant; evaluation of rail substitution for a proprietary truck fleet for hazardous waste transport; evaluation of a services agreement between a Class III railroad and Class I; and a shipper survey

for a Class I railroad to determine the market potential for a new rail intermodal facility.

Prior to forming NYP, I was employed by Union Pacific Railroad as the Group Market Manager of Consumer Products, Government Traffic, and Waste (Hazardous and Municipal). In that capacity I directed the work of 17 employees, and was directly responsible for the creation, in 1981, of the market focus on government traffic and waste. Under my direction, we increased Union Pacific's market share in government freight by three-fold, and began the first rail focus in the country on the waste industry.

Prior positions with Union Pacific Railroad included Manager of Long Range Planning where I oversaw the development process and work product produced for the railroad's submission to Union Pacific Corporation; Assistant Manager-Chemicals, where I was directly involved in a project with the Soda Ash shippers that produced tremendous savings to the railroad through elimination of a hold provision that was going to necessitate the building of a new rail yard; Analyst - Automotives and Machinery; and Analyst Market Research. I began my career with Union Pacific in January 1975.

JOINT VERIFIED STATEMENT

OF

PATTEYE J. SIMPSON AND H. LYNN TURNER

Our names are Patteye J. Simpson and H. Lynn Turner. We are offering the following joint testimony in STB Finance Docket No. 32760, *Union Pacific Corp. -- Control and Merger -- Southern Pacific Corp.* Our respective work experiences and qualifications are set forth immediately below.

QUALIFICATIONS

Ms. Simpson: I am currently employed by The Kansas City Southern Railway Company ("KCS") as its Marketing Account Director in Vancouver, Washington. I have been employed by KCS in this capacity since August of 1993. Prior to August of 1993, I was employed by Union Pacific Railroad Company ("UP") for 16 years, from 1977 to 1993. During that time I held a number of positions in UP's Portland, Oregon Marketing and Sales office, advancing from Sales Representative, Assistant District Sales Manager, Regional Administrative Manager, to, finally, District Sales Representative. In the year before my departure from UP, I held the top performance rating for field sales people and left the company, on positive terms, for a better position with KCS.

Mr. Turner: I am currently employed by The Kansas City Southern Railway Company ("KCS") as its Marketing Account Director in Atlanta, Georgia. I have been employed by KCS in this capacity since March 1995. Prior to my employment by KCS, I was employed by Southern Pacific Transportation Company ("SP") for a total of 21 years beginning in 1969 through 1979 and from 1983 until 1995. During that time I held a number of positions in Tyler,

Texas, Los Angeles, Houston, New Orleans, and Atlanta, advancing from Sales Representative, Account Executive, Assistant Director Sales Manager District Sales Manager, Manager National Accounts, to, finally, Director of National Accounts. During the final 11 years of my employment with SP, my responsibilities were primarily with customers whose businesses related to chemicals and other bulk commodities. During my tenure with SP, I was recognized on numerous occasions for superior sales efforts among my peers. I left SP, with a written commendation of performance, for an offer of better overall working circumstances with KCS.

STATEMENTS

Our testimony in this statement is offered as part of KCS's opposition to UP's proposed merger with SP (together "UP/SP") and will address UP/SP's definition of so-called "2-to-1" shippers. UP/SP's witness Richard B. Peterson defines "2-to-1" shippers as those "[t]hat would otherwise [but for the UP/SP's settlement agreement with Burlington Northern Santa Fe ("BNSF")] lose a choice between two railroads in an unconditional merger . . ." (V.S. Peterson at 9). In contrast, the testimony of UP/SP's witness John Rebensdorf regarding UP/SP's negotiated "solution" to competitive problems demonstrates that, as applied to the settlement negotiations, UP/SP's working definition of "2-to-1" customers was far more constricted than indicated by Mr. Peterson.

Rather than considering the number of practical "choices" a shipper currently has, as Mr. Peterson suggested, Mr. Rebensdorf confined consideration in settlement negotiations to "customers who, prior to the announcement of the merger on August 4, 1995, <u>were served by</u> both UP and SP and no other railroad . . ." ("2-to-1" customers) (V.S. Rebensdorf at 292) (emphasis added).

Thus, using Mr. Rebensdorf's definition, in order for a 2-to-1 situation to exist, Applicants require that both UP and SP actually serve a customer, to the exclusion of any other railroad. In so doing, Applicants' 2-to-1 definition does not include situations in which UP or SP may not actually serve a customer but their proximity impacts the rail rates the serving railroad charges the customer because of: (1) potential transloading operations; (2) actual rebilling of movements; and (3) the threats of obtaining reciprocal switching access; or (4) actually building in to reach the customer's plant site. Mr. Rebensdorf's "working definition" also fails to consider the fact that two railroads can compete with one another where each serves separate customers but both customers ship the same or similar commodities. Our experience as railroad marketing representatives has been that shippers have used these aforementioned competitive factors to pressure rail carriers for lower rates.

- In the late 1980's and early 1990's, UP utilized **transloading operations**, *i.e.*, moving the commodity from the customer's plant site by truck to a "transloading" site or facility, where it is loaded into rail equipment for further movement by rail. Conversely, goods can be transloaded from rail equipment to truck and delivered to the customer's site. In the Portland, Oregon area UP utilized transloading to dramatically increase its rail market share (vis-a-vis SP) of wood product shipments from the Pacific Northwest. UP did so even though it did not physically serve the customers' plant sites. Burlington Northern also used similar transloading operations to its advantage at Salem, Eugene, and Portland, Oregon. With these "transloading" options, customers have the flexibility of choice, which enables them to leverage attractive rate and service packages from their rail carrier. Customers are able to take advantage of having railroad options by simply trucking to a different warehouse site or by trucking into a receiver's location.

This example clearly shows that the very presence of choices in the vicinity forces the carriers to be responsive to the competition.

- In 1983, prior to merger with SP, DRGW began to offer **transloading services** at Salt Lake City, Utah to at least one major soda ash producer. The producer's mine and primary facilities were located exclusively on UP lines in Wyoming. In order to maintain freight rates at competitive levels, the shipper regularly trucked major portions of its production to DRGW's transload facilities. This practice continued and grew following the DRGW/SP merger in 1988 because of SP's expanded competitive service area when compared to UP's. Since DRGW/SP considered these movements to be incremental revenue, the effect lowered rates at UP's exclusively served producing point.

- Chemical shippers in the Houston market area served by one carrier often used their ability to move carload traffic on local mileage scale rates to the agent of another local carrier, and then **rebill shipments**, as a competitive tool. Shippers are able to bill cars in care of a competing carrier's agent at Houston and then **rebill shipments** on a new "Bill of Lading" to competitively served destinations using the second carrier's lower rate, which, at times, allows the shipper to ship under negotiated contract rates.

- At least one chemical shipper in Louisiana has **separate plant facilities** on the rail lines of both UP and SP. These separate facilities are separated geographically by less than 15 miles. As the shipper demonstrated its ability to shift and reschedule production between its manufacturing facilities, both UP and SP offered more competitive rate levels. The ability to shift and reschedule production between manufacturing facilities helps the shipper to enjoy competitive rate levels from both UP and SP.

- Chemical shippers in Texas also move intrastate shipments of chemicals to SP's exclusively served destinations such as Galena Park (Houston) by way of UP, using Texas intrastate regulations, which require stations on movements within Texas to be open to reciprocal switching. When SP service or SP rates become unacceptable, chemical shippers can use these regulations to their competitive advantage by changing, or threatening to change, the traffic routing unless service and rates improve.

- SP regularly considers the market price of commodities produced by shippers of plastics located on the UP line in the Houston area when pricing movements for plastic producers on its own line. In order to protect market share, SP often makes pricing concessions to captive plastics shippers when competing with UP-served shippers to destinations in the Northeast corridor. Since both UP and SP connect with Conrail near East St. Louis and both have similar transit times, SP often protects its producers by providing rates competitive with the rates of shippers located on UP lines, or competitors served by UP and SP (or competitors served by the Port Terminal Rail Association in Houston).

- SP also considers the price of commodities produced by chemical shippers located on UP lines in remote areas. For example, on movements of chemicals from Houston to Los Angeles, SP will take into account the rate charged to a UP-served shipper at Odessa, Texas when pricing shipments to Los Angeles. Since SP's shipper in Houston supplies the same commodity to Los Angeles as UP's shipper in Odessa, SP will often match its price for its customer with UP's price for UP's customer, even though SP's cost of transportation is obviously much higher considering the more than 500 additional miles the SP's goods must travel.

- SP often leverages its position with plastics producers in the Houston area. For example, a plastics producer with an SP-served plant at Mt. Belvieu, Texas also has another plant at Baytown, Texas served by both UP and SP. Both plants produce the same commodity. SP will package rate offers, considering tonnages from both facilities and propose rebate allowances from for the SP-served facility when annual volume from the jointly served facility reaches predetermined annual volume levels. This tactic insures that production from the jointly served location is transported by SP, and ensures a competitive price for the captive SP-served facility.

VERIFICATION

Personally appeared the undersigned Patteye J. Simpson, who under oath states that the information contained in the foregoing Verified Statement is true and correct.

Patteye J. Simpson

Patteye J. Simpson

Sworn to and subscribed
before me this 22ND day
of March, 1996.

Samuel A. Johnson

Notary Public

My Commission Expires: 12-9-99

VERIFICATION

Personally appeared the undersigned H. Lynn Turner, who under oath stated that the information contained in the foregoing Verified Statement is true and correct.

H. Lynn Turner

H. Lynn Turner

Sworn to and subscribed
before me this 25th day
of March, 1996.

Joyce M. Storey

Notary Public

My Commission Expires:

Notary Public, Cobb County, Georgia
My Commission Expires February 28, 1997

VERIFIED STATEMENT
OF
MR. PAUL SHADERICK (SHADE) MAY

My name is Paul Shaderick (Shade) May. I have been employed by Escalation Consultants, Inc. of Gaithersburg, Maryland for eleven years; my current title is Director of Financial Analysis. My experience and qualifications are set forth below.

QUALIFICATIONS

I received a Bachelor of Science Degree in Business, with a major emphasis in transportation, from the University of Maryland, in 1985, and a Master of Business Administration Degree, specializing in finance, from the University of Maryland, College Park in 1985.

Escalation Consultants, a transportation consulting firm started in 1979, specializes primarily in advising clients about strategies for monitoring and managing prices in rail transportation and coal contracts. In addition to its consulting services, Escalation Consultants publishes the Rail Price Advisor (RPA) and Escalation Advisor newsletters, and conducts coal and railroad contracting seminars. Members of virtually all industries that ship by rail have attended our seminars on managing railroad contracts. During my tenure with Escalation Consultants, I have advised a large number of utilities about the methods of managing prices for transportation and coal supply. I have also advised shippers in numerous other industries, including agriculture, automotive, chemical, steel, forestry, and oil. I am in continuous contact with many shippers through publishing the RPA, conducting seminars on rail transportation, and other consulting services. Discussions with shippers

pertaining to competition issues are a normal part of my business of developing articles for publication, participating in discussions at our seminars and gathering background information for consulting assignments.

My experience has led me to conclude that many shippers having only one railroad serving their plants also have another railroad or railroads serving their general region. These shippers are always interested in using the proximity of the other carrier or carriers as a means to develop a competitive alternative or to use the other carrier as leverage to improve their rates or service. Unfortunately, I have found that shippers frequently do not explore alternatives until rates climb to an unacceptably high level or service deteriorates to a level that negatively impacts production at the shipper's plant.

STATEMENT

When our firm is contacted by a shipper, we initially gather facts and conduct an analysis of the client's competitive situation. This effort requires an investigation of the measures that realistically can bring about new transportation alternatives. Three competitive alternative frequently employed by shippers are:

- constructing or locating a transloading facility on another carrier's line;
- short hauling freight to another carrier; and
- constructing a rail spur to gain access to another carrier.

A transloading facility, to load or off-load freight, located on another carrier's line, allows a shipper to transport freight at a lower cost than if the shipper remained exclusively served by just one carrier. When a transloading option exists, shippers can originate or terminate freight on either railroad, and the carriers must compete with each other to carry

the freight. Short hauling (moving freight a short distance to another carrier who provides the line haul or major portion of the movement) is another way to create competition. Short hauling is often done by truck, barge and sometimes over a railroad; this action also permits a shipper to originate or terminate freight on two carriers, thereby forcing them to compete. Constructing a rail spur generally is a more expensive method that allows a shipper to originate or terminate freight on more than one railroad. However, when viewed in the long term, constructing a rail spur becomes an economic option for many shippers. Such rail construction project start at the shipper's plant and connect to a second railroad.

Below are three examples of actions shippers have taken to increase the transportation options available to them:

DuBose Steel Co.

Historically, DuBose Steel Company imported structural steel through the port of Wilmington, N.C., and delivered the steel to its plant in Roseboro, N.C. via truck. DuBose then cut the steel to meet its customers' requirements and delivered the finished product to receivers via truck. When domestic steel prices substantially declined, DuBose could not take advantage of the low prices because rail rates quoted by CSXT to the closest delivery point where DuBose could receive freight (Fayetteville, N.C.), were too high.

In order to create a competitive situation, DuBose arranged to lease a parcel of land on the Aberdeen and Rockfish Railroad (a shortline) in order to install an overhead crane to off load steel onto trucks. Because the Aberdeen and Rockfish Railroad (A&R) has access to both CSXT and Norfolk Southern (NS), the new transloading facility created competition for DuBose's inbound freight business. Prior to the installation of the overhead crane, CSXT

captured most of the price differential between domestic and foreign steel prices. After the installation of the crane, DuBose was able to purchase and capture the price differential for domestic steel as a result of having competition from both NS and CSXT through the A&R.

As Mr. Tom Harrington, Executive Vice President of DuBose Steel, informed me during an interview, the savings generated by the new operation enabled DuBose to recover its investment in the overhead crane and unloading facilities in "a little more than six months." Adding a competitive alternative to the service offered by the CSXT enabled DuBose to have a larger number of suppliers for steel and a larger number of transportation providers, all of which resulted in lower prices and better service for both steel and transportation.

This example demonstrates that a shipper's competitive situation is not always accurately defined by how many rail carriers are located at a site. When shippers are pressed by problems or when a new opportunity presents itself, such as a new source for a raw material, they become creative. They seek solutions to their problems so that they may avail themselves of new opportunities.

The closest railroad does not have to be the only alternative. The ability to locate truck transloading equipment on another carrier's lines permits shippers to gain a competitive advantage similar to that enjoyed by other shippers with dual access to two Class I carriers at their plants.

If the UP/SP merger is approved, market opportunities such as this may not be available for many current shippers who are located on various SP lines. First, the shipper would have no incentive to locate such facilities on the "competing" carrier's tracks. Second, under the BNSF Settlement Agreement, if the shipper had previously received

service only from SP, then that shipper would not get access to BNSF even though BNSF would operate over the track adjacent to the shipper's facilities.

Hoechst Celanese

Hoechst Celanese (HC) was exclusively served by the SP at its Bayport, TX plant, which produced approximately 350 million pounds of High Density Polyethylene (HDPE) per year. According to the pleadings filed by HC with the Interstate Commerce Commission in 1990, it was subjected to poor service at very high rates. HC's complaints brought about little or no response by SP. Upon the renewal date of the contract, SP offered a new contract which:

- substantially increased the rate by reducing the car allowance;
- increased the volume requirement by demanding a percentage of production, rather than a percentage of freight actually shipped by rail; and
- eliminated HC's option of using the Illinois Central Railroad as a bridge carrier for east bound freight via Chicago, IL.

HC responded by utilizing a local SP rate to move cars from its plant to the Burlington Northern's (BN) yard in the Houston area, thus re-routing the majority of the traffic onto BN (*i.e.*, short hauling the SP). SP retaliated in three ways:

(i) SP terminated a separate contract with HC governing local service and offered a new local service contract at double the existing rates.

(ii) SP increased HC's rates again by cancelling the contract that provided an allowance to HC for providing its own in-plant switching.

Muscatine Power & Water

Muscatine Power & Water desired to burn Powder River Basin Coal at one of its generating stations. Prior to 1993, Muscatine received Illinois Basin coal via barge because the plant sits on the west bank of the Mississippi River. At the time, Muscatine had the ability to receive coal via Union Pacific Railroad (UP) and barge, or via Burlington Northern Railroad (BN) and barge. An all-rail option via BN and Canadian Pacific Railroad (CP) was identified, but only if Muscatine constructed approximately 3,000 feet of track from the CP into the generating station.

After the construction of the spur, I had an interview with Mr. Jay Logel, Manager of Business Development at Muscatine Power & Water, who reported that the all rail delivery saved him $2.35/ton versus rail/water deliveries. A portion of the savings ($1.50/ton) was attributed to the elimination of the rail to water transloading fee; the remainder of the savings ($0.85/ton) was attributed to the reduction in the price of transportation. Muscatine was able to reduce its total transportation cost by adding an additional competitive alternative: an all rail movement.

Constructing a rail spur, however, is an expensive capital investment. In Muscatine Power's case, the rail spur would not have been built if the differential in delivery costs would not have recouped the cost of the spur. Having said that, it has also been my experience that three alternatives for transporting freight are preferable to two alternatives -- the greater the number of alternatives available to a shipper, the lower the rate.

Shippers are encouraged by consultants and common sense on a daily basis to find innovative methods to increase competition for their freight. Many shippers go to great lengths and spend large amounts of money in order to create a competitive situation where

none previously existed. Many others go to these lengths only when prompted by poor service or high rates. If the UP/SP merger is approved, current and future shippers on the combined UP-SP will be deprived of all such opportunities that are currently available for build outs to SP from plants served solely by the UP, and vice versa.

In my opinion a reduction in the number of Class I rail carriers reduces the competitive options available to shippers. There are fewer opportunities to build rail spurs; there are fewer opportunities to locate transloading facilities on another railroad's line; and, there are fewer opportunities to short haul to another carrier. The fact that another carrier exists within a geographic region affects the rates offered to shippers in the same way that prices for gasoline, hamburgers or dry-cleaning at the corner store are affected by another store located six blocks away. The mere proximity of another railroad acts to hold down rates. The cost of building a rail spur, installing a means to transload or short haul are impediments that can be overcome.

Most railroad marketing executives realize that rail rates are determined by what the market will bear. A new group of shippers served only by one carrier will be created if the UP-SP merger is approved. In my opinion, when these shippers are approached by a combined UP-SP with market driven rates, they will quickly come to understand that the forces brought to bear in the examples set forth above will be gone. These shippers will have no ability to transload, short haul or build out, and their competitive options will be almost nonexistent.