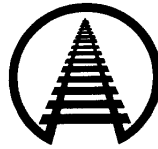


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ASSOCIATION
OF AMERICAN
RAILROADS

Craig F. Rockey
Vice President - Policy & Economics



The Honorable Vernon A. Williams
Secretary
Surface Transportation Board, Room 711
1925 K Street, N.W.
Washington, DC 20423-0001

ENTERED
Office of Proceedings

JUN 07 2004

Part of
Public Record

Dear Mr. Williams:

This submission is the AAR forecast of the third quarter 2004 All-Inclusive Index and Rail Cost Adjustment Factor, filed in Ex Parte No. 290 (Sub-No. 5) (2004-3), *Quarterly Rail Cost Adjustment Factor*. The versions of RCAF-related indices covered in this filing are: the All-Inclusive Index (initiated in the second quarter 1985), the Unadjusted RCAF (produced since October 1982), the Adjusted RCAF (first published in the second quarter of 1989), and the RCAF-5 (created by the STB in its Ex Parte No. 290 (Sub-No. 7) decision served October 3, 1996). The table below summarizes the third quarter 2004 results on the fourth quarter 2002 base, and shows the percentage changes from the previous quarter.

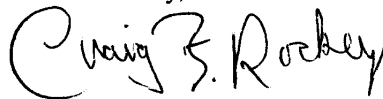
	<u>2004Q2</u>	<u>2004Q3</u>	<u>% Change</u>
All-Inclusive Index	102.6	105.5	2.8
Preliminary RCAF	1.026	1.055	2.8
Forecast Error Adjustment	0.007	0.016	
RCAF (Unadjusted)	1.033	1.071	3.7
Productivity Adjustment Factor	1.9943	2.0053	
RCAF (Adjusted)	0.518	0.534	3.1
PAF-5	2.0950	2.1048	
RCAF-5	0.493	0.509	3.2

Page 2
June 7, 2004

In its October 3, 1996 decision in Ex Parte No. 290 (Sub-No. 7), *Productivity Adjustment - Implementation*, the STB noted its intent to publish, in addition to the RCAF (Unadjusted) and RCAF (Adjusted), an RCAF-5 (i.e., a calculation of the productivity adjusted RCAF values as if the agency had always used a 5-year rolling average to calculate the productivity adjustment). In response to a request by STB staff, the AAR is including a calculation of the RCAF-5 in its quarterly RCAF filing. The AAR and its members, however, do not believe the publication of a third RCAF index is required or permitted by the applicable statute (49 U.S.C. § 10708) and do not endorse its publication.

Two copies of the quarterly non-proprietary workpapers underlying this submission are filed herewith, in accordance with the ICC's order in Ex Parte No. 290 (Sub-No. 2), *Railroad Cost Recovery Procedures*, served February 8, 1990. A third copy of the working papers has been delivered to Jeff Warren in the STB office handling this proceeding. All workpapers are available for STB inspection. Questions should be directed to me or Clyde Crimmel (202 639-2309) of this office.

Sincerely,

A handwritten signature in black ink that reads "Craig F. Rockey". The signature is written in a cursive, slightly stylized font. The first name "Craig" is written with a large, looping 'C'. The last name "Rockey" is written with a large, looping 'R' and a trailing flourish.

Craig F. Rockey

Attachments

**Third Quarter 2004
All-Inclusive Index**

Ex Parte No. 290 (Sub-No. 5) (2004-3)

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

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

June 7, 2004

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Introduction

On January 2, 1985, the Interstate Commerce Commission (ICC) [now the Surface Transportation Board (STB)] adopted the All-Inclusive Index of Railroad costs as the basis for the Rail Cost Adjustment Factor (RCAF). The quarterly projection of railroad costs, as documented herein, employs the All-Inclusive Index as required by the regulations. Also presented in this submission is the RCAF, both Adjusted and Unadjusted, as required by the ICC in its decision in Ex Parte No. 290 (Sub-No. 4), *Rail Cost Recovery Procedures - Productivity Adjustment*, served March 24, 1989. In addition, the AAR has included (but does not endorse) the RCAF-5, which was instituted by an STB decision served October 3, 1996 in Ex Parte No. 290 (Sub-No. 7), *Productivity Adjustment - Implementation*. This quarter's projection of railroad costs is for the third quarter of 2004.

Index Weights

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

The previous (2001) weights were used for the fourth quarter of 2002 through the third quarter of 2003. Beginning with the fourth quarter of 2003, the 2002 weights are used. The biggest change in the weights was for Fuel, which decreased by 1.5 percentage points, close to its weight based on 1996 data. The Other component increased by 1.3 percentage points. The changes for the remaining components were by three tenths of a percentage point or less. The 2002 (current) and 2001 (previous) weights are shown below.

RCAF Weights		
	Previous 2001	Current 2002
Labor	37.8 %	38.0 %
Fuel	10.5	9.0
Materials & Supplies	4.6	4.6
Equipment Rents	10.5	10.3
Depreciation	10.6	10.9
Interest	3.8	3.7
Other	22.2	23.5

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

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

All-Inclusive Index Third Quarter 2004

The components and values of the current and previous All-Inclusive Indexes are shown below. Details of the construction of each component of the index are contained in the Appendices.

	2002 Weights	Forecast		Percent Change
		Previous 2004Q2	Current 2004Q3	
1. Labor	38.0%	279.5	281.9	0.9 %
2. Fuel	9.0%	120.8	137.7	14.0
3. M&S	4.6%	155.0	160.3	3.4
4. Equipment Rents	10.3%	173.1	177.0	2.3
5. Depreciation	10.9%	152.3	159.6	4.8
6. Interest	3.7%	98.0	98.0	0.0
7. Other	23.5%	163.9	171.4	4.6
8. Weighted Average				
a. 1980 = 100		200.8	206.4	
b. 1980 = 100 (linked)		197.1	202.6 ¹	
c. 4Q02 = 100		102.6	105.5 ²	2.8

¹ To calculate the 1980 = 100 Linked Index:

$$\begin{aligned} \text{Index}_{80} &= (\text{Current Index} / \text{Previous Index}) * \text{the Previous Quarter Linked Index} \\ &= 206.4 \text{ divided by } 200.8 \text{ times } 197.1 \\ &= 202.6 \end{aligned}$$

² To calculate the 4Q02 = 100 index:

$$\begin{aligned} \text{Index}_{4Q02} &= (\text{Current Linked Index} / 4Q02 \text{ Linking Factor}) * 100 \\ &= 202.6 \text{ divided by } 192.1 \text{ times } 100 \\ &= 105.5 \end{aligned}$$

4Q97 based index = 117.0
4Q92 based index = 129.1
4Q87 based index = 153.3

Forecast vs. Actual All-Inclusive Index First Quarter 2004

As shown below, the first quarter actual index of 103.4 is 1.6 index points above the forecast value of 101.8. Therefore, the forecast error adjustment for the third quarter is 1.6 index points.

	2002	First Quarter 2004		Amt
	Weights	Forecast	Actual	Difference
1. Labor	38.0%	276.8	276.8	
2. Fuel	9.0%	110.8	122.2	
3. M&S	4.6%	160.3	160.3	
4. Equipment Rents ¹	10.3%	176.7	177.5	
5. Depreciation	10.9%	150.7	154.8	
6. Interest	3.7%	98.0	98.0	
7. Other	23.5%	163.9	166.0	
8. Weighted Average				
a. 1980 = 100		199.3	201.3	
b. 1980 = 100 (linked)		195.6	198.7 ²	
c. 4Q02 = 100 ³		101.8	103.4	1.6

Forecast error **→ 1.6 index points**

	2002	First Quarter 2004	
	Weights	Forecast	Actual
Car-Hire	50.6%	178.6	177.2
Lease Rentals	49.4%	163.9	166.0
Weighted Average		171.3	171.7
Weighted Average (linked)		176.7	177.5

² Linked actual index = (actual index / previous actual index) x previous linked actual index.
 $198.7 = 201.3 / 199.8 \times 197.2$

³ The 4Q02 based indexes are 1980 based indexes divided by the 4Q02 linking factor (192.1/100).
 4Q97 based indexes are the 1980 based indexes divided by the 4Q97 linking factor (173.2/100).
 4Q92 based indexes are the 1980 based indexes divided by the 4Q92 linking factor (156.9/100).

Productivity

On January 12, 2004, the Surface Transportation Board (STB) served a decision in Ex Parte 290 (Sub-No. 4) which added the year 2002 to the Productivity Adjustment Factor (PAF) and deleted the year 1997. This creates an average annual productivity for 1998 through 2002 of 2.2 percent – an increase from the 1997 through 2001 average of 1.9 percent. The components of this average annual value are shown on the following table. Productivity changes are calculated by dividing the output index by the input index. The average annual rate is calculated by multiplying each of the five productivity changes together and taking the result to the one fifth power. The quarterly productivity adjustment factors (PAF) are calculated by increasing the previous quarter's PAF by quarterly versions of the annual rate which are the fourth root of the average annual growth rate. The difference between the PAF and the PAF-5 is the timing of the 5-year productivity trend.

Comparison of Output, Input, & Productivity

1998 - 2002

Year	Output Index (1)	Input Index (2)	Productivity ¹ Changes (3)
1998	1.006	1.018	0.988
1999	1.032	1.008	1.024
2000	1.029	0.953	1.079
2001	0.971	0.955	1.016
2002	1.012	1.006	1.006
Average			1.022
Previous Average (1997-2001)			1.019

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

Calculation of PAF and PAF-5

For 1998-2002 use fourth root of avg. productivity change 1.0055
For 1997-2001 use fourth root of previous avg. change 1.0047

Quarter	Year	PAF	PAF-5
Q1	2004	1.9834	2.0852
Q2	2004	1.9943	2.0950
Q3	2004	2.0053	2.1048
Q4	2004	2.0163	2.1147
Q1	2005	2.0274	2.1263

1997-2001

1998-2002

Rail Cost Adjustment Factor

Third Quarter 2004

Four RCAF values are presented in this filing. Two of the indexes, the All-Inclusive Index and the Unadjusted RCAF, are not modified for productivity, while the Adjusted RCAF and the RCAF-5 incorporate a productivity calculation. The All-Inclusive Index and all four RCAF values, plus the percent change for each, are shown below.

	Previous 2004Q2	Current 2004Q3	Percent Change
All-Inclusive Index ¹	102.6	105.5	2.8
Preliminary RCAF ²	1.026	1.055	2.8
Forecast Error Adjustment ³	0.007	0.016	
RCAF (Unadjusted) ⁴	1.033	1.071	3.7
Productivity Adjustment Factor ⁵	1.9943	2.0053	
RCAF (Adjusted) ⁶	0.518	0.534	3.1
PAF-5 ⁷	2.0950	2.1048	
RCAF-5 ⁸	0.493	0.509	3.2

¹ See All-Inclusive Index on page 3.

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

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

⁴ Preliminary RCAF plus the forecast error adjustment.

⁵ See Productivity on page 5.

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

⁷ See Productivity on page 5.

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

Appendixes

Labor Third Quarter 2004

A 1.0 percent increase in the Wage Index, combined with a 0.6 percent increase in the Supplements Index, resulted in a 0.9 percent increase in the third quarter Labor Index forecast. July wage increases were the main cause of the increased costs. All national unions, except the United Transportation Union and its Yardmasters Department, received either a general wage increase or an increase in their cost of living allowance.

Wage Index

National Contracts: July 1 wage increases for participants in the national agreements are listed below. See Appendix H for union abbreviations.

TCU, TCU-Car, BRS	3.25% general wage increase
IBBM	3.0% general wage increase
BLE*	2.5% general wage increase
UTU*, UTU-YMD*	(g.w.i. postponed until December 1)
BMWE	13 cent cost of living wage adjustment
All other unions	9 cent increase in cost of living allowance

* Service Scale "bump-ups" effective July 1 in addition to wage increases

Two major railroads have BLE agreements that will not increase wages during the third quarter, which dilutes the impact of the 2.5 percent wage increase. The UTU and UTU-Yardmaster national agreements originally had general wage increases scheduled for July 1, but supplemental agreements amended the originals, and postponed the general wage increase until December 1. The national UTU, UTU-Yardmaster, and BLE contracts also have a service scale section (Article VI, Article V for Yardmasters) that, effective July 1, promotes certain non-senior employees so that they are compensated at the full rate for their position. Insufficient information is available to calculate the impact of this service scale provision on the Wage Index.

Independent Contracts: All of Canadian National's Illinois Central Railroad unions, with the exception of the UTU and BLE, have July 1 general wage increases of 3 percent. CSX Yardmasters also have a 3 percent general wage increase for July 1 – it was not postponed like the national agreement. Union Pacific's Yardmasters and most of Canadian Pacific's Soo Line unions will have a 9 cent increase in their cost of living allowances. Soo Line's Brotherhood of Railway Signalmen signed a new agreement with retroactive wage increases plus a 3.25 percent general wage increase effective July 1. New agreements were also added for dispatchers working for the Soo Line, Norfolk Southern, and CSX. The dispatcher (ATDA) agreements featured retroactive and July 1 wage increases, and two of the agreements had signing bonuses.

Labor Third Quarter 2004

Lump Sums: The lump sum adjustment increased by two tenths of a cent as two lump sum amounts were completely amortized and removed, but signing bonuses were added for the new CSX and NS ATDA agreements.

Back Pay: The back pay adjustment increased 0.9 cents because of the three new ATDA contracts, plus the new BRS contract with the Soo Line. The back pay amounts are net figures since some of the COLAs paid earlier were offset against the back pay amount. In addition, retroactive health and welfare cost sharing amounts were also offset against back pay.

Other: This component contains the amortization of a profit sharing payment that the BNSF made to its Brotherhood of Locomotive Engineers employees from the former Atchison, Topeka and Santa Fe Railway in early 2004 for performance in 2003. In addition, profit sharing payments to BNSF dispatchers and yardmasters have also been included, which caused the 0.4 cent increase.

Supplements Index

The Supplements Index is forecast to increase by 0.6 percent from the second quarter filing. About two thirds of the increase was related to higher wages impacting Railroad Retirement.

Health & Welfare: The Health & Welfare hourly rate increased by 2 cents from the second quarter level because of a provision, effective July 1 in the national BLE contract, that requires the participating railroad to make a monthly contribution of \$40 for each BLE employee to the BLE's insured short-term disability plan. *Employee* cost sharing for the four new independent contracts was also added to the Supplements Index, and this lessened some of the increase caused by the BLE provision.

Railroad Retirement: The Railroad Retirement and Medicare hourly rate increased 0.7 percent as a result of the higher wage rate caused mostly by the July 1 wage increases.

Unemployment Insurance: The unemployment insurance hourly rate was unchanged.

Other: The "Other" category, a reflection of a quarterly employer matching 401(k) contribution by BNSF to (mostly BLE and BMW) non-salaried employees, was unchanged.

Labor Index Calculation

As shown in table A-1 on the next page, the 1.0 percent increase in the Wage Index and the 0.6 percent increase in the Supplements Index had a combined effect of a 0.9 percent increase in the Labor Index. The linked third quarter 2004 index is 281.9.

Table A-1 Labor Index

¹ 1980 wage rate	\$11.685	
² 1980 supplements rate	\$2.706	
³ 2002 weights: wages, supplements	70.3%	29.7%
⁴ 2004Q3 linked Index = 2004Q2 linked x	(2004Q3 /	2004Q2)
	= 279.5 x	295.3 / 292.8

Fuel

Third Quarter 2004

The forecast for fuel is based on: (1) a survey of railroad fuel purchasing officers concerning current price and volume levels, (2) expectations of railroad purchasing officers based on discussions with their major suppliers, and (3) a consensus of petroleum industry experts and general business publications.

As is sometimes the case, railroad fuel prices were difficult to forecast. Crude oil prices jumped up and then down in early June. In general, oil prices have been kept high because of stronger than expected worldwide demand and concern about oil supply triggered by recent events.

A deadly terrorist attack on oil-related offices and workers in Saudi Arabia (the world's leading oil exporter) caused oil futures contracts to reach record highs of over \$42 per barrel on June 1. The market became concerned about the safety of oil production facilities, and one "think-tank" said that terrorism has added \$5 to \$10 to the price of a barrel of oil. (The third quarter 2003 RCAF filing talks of crude oil prices rising above \$30 per barrel!)

After the spike in crude oil prices, oil exporters took steps to calm the market. The Organization of the Petroleum Exporting Countries (OPEC), concerned that high oil prices could restrain world economic growth and suppress petroleum demand, promised to increase production. Crude oil prices fell to below \$39 by June 4.

Early June heating oil* prices had daily gyrations similar to those of crude oil. On a monthly basis, railroad fuel prices have increased for seven consecutive months through April. The railroads' expect third quarter (July 2004) fuel prices to increase 2.9 percent from the second quarter (April) actual level. This is a 14.0 percent from the second quarter forecast, since April fuel prices were higher than the railroads anticipated.

Forecast fuel index	137.7
Change from previous quarter forecast	14.0%
Change from previous quarter actual	2.9%

* Heating oil is very similar in composition to the diesel fuel used by locomotives, and is produced at the same refineries. Heating oil spot and futures prices are monitored by the U.S. Department of Energy and other energy industry groups.

Materials & Supplies

Third Quarter 2004

The Materials & Supplies Index increased 3.4 percent from the second quarter of 2004. Much of this increase was caused by items in the Metal Products category, which increased by 5 percent. Steel surcharges have recently been added to the prices railroads pay for many steel products. Despite this increase, the index for Materials & Supplies has not exceeded (it matches) its first quarter level.

2004Q3 Materials & Supplies Index = 160.3

2004Q2 Materials & Supplies Index = 155.0

Difference	5.3 basis points
	or
	3.4 %

Equipment Rents

Third Quarter 2004

The equipment rents index consists of two components – car hire and lease rentals. The methodology used to create these two components and the final equipment rents index are explained below.

Car Hire

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

Lease Rentals

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

Equipment Rent Index Calculation

The table below calculates the Equipment Rent Index. The slight increase in the Car Hire portion of the Index was caused mostly by higher rates for privately-owned autoracks. The PPI-LF proxy for Lease Rentals, which caused most of increase in Equipment Rents, was influenced by relatively significant increases in every month of 2004.

	2002 Weight	2004Q2	2004Q3	Percent Change
Car Hire	50.6%	171.6	171.7	0.1 %
Lease Rentals	49.4%	163.9	171.4	4.6
Weighted Average		167.8	171.6	2.3
Weighted Average (Linked)		173.1	177.0	2.3

Depreciation

Third Quarter 2004

The Producer Price Index for Railroad Equipment (PPI-RE) is used to index depreciation expense. The PPI-RE is forecast using an ARIMA process on 6 years of monthly data (a sample size of 72) with the most recent available monthly data being the first month of the quarter prior to the forecast quarter. For a first quarter forecast, the most recent month of data available would be for October of the prior year. For a second quarter forecast, January would normally be the most recent monthly data available. April and July would be the most recent months available for third and fourth quarter forecasts, respectively. The output from the forecast model is shown on page 2 of this appendix for 1982=100. The figure forecast by the model reflects monthly PPI-RE figures that jumped by 1.9 and 1.1 percent in February and March, respectively – double-digit increases on an annual basis.

Forecasted depreciation index (1982=100)	144.3
Forecasted depreciation index (1980=100)	159.6
Change from previous quarter forecast	4.8%
Change from actual first month of previous quarter	1.6%
Change from same quarter of prior year (actual)	5.2%

Depreciation Third Quarter 2004

PPI RAIL EQUIPMENT

Forecast Model for PPIRE

Holt exponential smoothing: Linear trend, No seasonality

Confidence limits proportional to level

Component	Smoothing Weight	Final Value
Level	0.99937	142.00
Trend	0.13283	0.57258

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 135.7	Standard deviation 1.42
R-square 0.889	Adjusted R-square 0.8874
Durbin-Watson 1.892	Ljung-Box(18)=12.11 P=0.1587
Forecast error 0.4766	BIC 0.4987
MAPE 0.002115	RMSE 0.4699
MAD 0.2886	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2003-11	137.700
2003-12	137.300
2004-01	137.700
2004-02	140.300
2004-03	141.800
2004-04	142.000

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2004-05	141.565	142.573	143.581
2004-06	141.623	143.145	144.668
2004-07	141.815	143.718	145.621
2004-08	142.071	144.291	146.510
2004-09	142.368	144.863	147.359
QTR AVG	142.085	144.291	146.497
2004-10	142.692	145.436	148.180
2004-11	143.036	146.008	148.980
2004-12	143.397	146.581	149.765

Interest

Third Quarter 2004

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

Interest Expense (Schedule 210)

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

Average Total Debt (Schedule 200)

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

2002	Interest Rate	7.69%
1980	Interest Rate	7.85%
2004Q3	Interest Index	98.0
2004Q2	Interest Index	98.0
	Percent Change	0.0%

Other Expenses

Third Quarter 2004

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

Like the PPI-RE, the PPI-LF is forecast using an ARIMA process on 6 years of monthly data (a sample size of 72) with the most recent available monthly data being the first month of the quarter prior to the forecast quarter. For a first quarter forecast, the most recent month of data available would be for October of the prior year. For a second quarter forecast, January would normally be the most recent monthly data available. April and July would be the most recent months available for third and fourth quarter forecasts respectively. The output from the forecast model is shown on page 2 of this appendix for 1982=100. The figure forecast by the model reflects monthly PPI-LF figures that have jumped at an annual rate of 6 to 9 percent every month in 2004.

Forecasted Other Expense (1982=100)	152.9
Forecasted Other Expense (1980=100)	171.4
Change from previous quarter forecast	4.6%
Change from actual first month of previous quarter	2.1%
Change from same quarter of prior year (actual)	5.4%

Other Expenses

Third Quarter 2004

PPI INDUSTRIAL COMMODITIES LESS FUEL AND RELATED PRODUCTS AND POWER

Forecast Model for PPILF

Multiplicative Winters: Linear trend, Multiplicative seasonality

Confidence limits proportional to indexes and level

Component	Smoothing Weight	Final Value
Level	0.92454	149.86
Trend	0.34339	0.76974
Seasonal	0.99554	

Seasonal Indexes

January - March	1.00006	0.99986	0.99956
April - June	0.99960	0.99989	1.00018
July - September	1.00017	0.99996	0.99980
October - December	1.00154	1.00008	0.99933

Within-Sample Statistics

Sample size 72	Number of parameters 3
Mean 142.5	Standard deviation 2.603
R-square 0.9876	Adjusted R-square 0.9873
Durbin-Watson 1.688	Ljung-Box(18)=14.65 P=0.3143
Forecast error 0.2939	BIC 0.3145
MAPE 0.0015	RMSE 0.2877
MAD 0.2149	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2003-11	146.100
2003-12	146.300
2004-01	147.100
2004-02	148.200
2004-03	148.900
2004-04	149.800

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2004-05	149.970	150.612	151.254
2004-06	150.402	151.425	152.449
2004-07	150.897	152.194	153.491
2004-08	151.409	152.932	154.455
2004-09	151.958	153.677	155.396
QTR AVG	151.421	152.934	154.447

Railroad and Union Abbreviations

Third Quarter 2004

Railroads

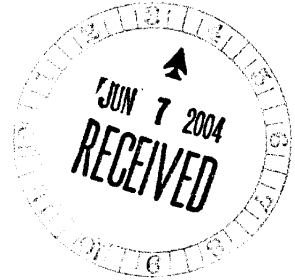
ATSF	The Atchison, Topeka & Santa Fe Railway (Merged with Burlington Northern to form BNSF.)
BNSF	The Burlington Northern and Santa Fe Railway
CC	Chicago, Central & Pacific (Part of CN's Grand Trunk Corp. Sometimes noted as CC&P.)
CN	Canadian National Railway (Commonly known as CN, owns Grand Trunk Corporation.)
CNGT	AAR's abbreviation for Grand Trunk Corporation (Most of CN's U.S. operations.)
CP	Canadian Pacific Railway (Also noted as CPR. Owns the U.S. Class I railroad Soo Line.)
CSX	CSX Transportation
DWP	Duluth, Winnipeg & Pacific Railway (Part of CN's Grand Trunk Corp.)
GTW	Grand Trunk Western Railroad (Part of CN's Grand Trunk Corp.)
IC	Illinois Central Railroad (Part of CN's Grand Trunk Corp.)
KCS	Kansas City Southern Railway
NS	Norfolk Southern Combined Railroad Subsidiaries (a.k.a. Norfolk Southern Railway or NS Rail)
SOO	Soo Line Railroad (Most of Canadian Pacific Railway's western U.S. operations.)
SSAM	Sault Saint Marie Bridge Company (Part of CN's Grand Trunk Corp.)
UP	Union Pacific Railroad
WC	Wisconsin Central and subsidiaries (Part of CN's Grand Trunk Corp.)

Major Unions Involved with Railroads

ATDA	American Train Dispatchers Association
BLE	Brotherhood of Locomotive Engineers and Trainmen (a.k.a. BLET)
BMWE	Brotherhood of Maintenance of Way Employees
BRC	(see TCU-Carmen)
BRS	Brotherhood of Railroad Signalmen
IAM	International Association of Machinists and Aerospace Workers
IBBM	International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers
IBEW	International Brotherhood of Electrical Workers
IBFO	International Brotherhood of Firemen and Oilers (predecessor to NCFO)
NCFO	National Conference of Firemen and Oilers (labeled in AAR data bases as IBFO)
SMW	Sheet Metal Workers' International Association
TCU	Transportation Communication International Union
TCU-Carmen	Brotherhood of Railway Carmen Division of the Transportation Communications International Union
UTU	United Transportation Union
UTU-Yard	United Transportation Union Yardmaster Department (also noted as UTU-YMD)

Work Papers Sent to STB for 2004 Q3 RCAF

June 7, 2004



1. Index Calculation Spreadsheet (index_calc.xls, 2 pages)
2. Summary (of ST and PFTNW Hourly Rates)
3. Taxable wages calculation
4. National Contracts spreadsheet, 2 sections (2 and 5 pages)
5. BLE ST Hourly Rate for National, ATDA ST Hourly Rate for National
6. 18 contract pages for national and other agreements
7. NRLC memo for COLA increase and BMWE cost of living wage adjustment
8. 17 pages of independent contracts & memos including CSX, IC, and SOO.
9. Wall Street Journal - 3 month Treasury Bill Rate
10. 2004/Q3 RCAF Lump Sum Amortization (3 pages)
11. lump sum/signing bonus pages from CSX and NS ATDA contracts (2 pages)
12. 2004/Q3 RCAF Back Pay Amortization (5 pages)
13. 15 contract pages for SOO BRS, CSX ATDA, NS ATDA, SOO ATDA
14. 2-page Health & Welfare worksheet
15. Health & Welfare premiums for 2004
16. H&W e-mail from NRLC for July rates
17. 33 contract pages for H&W cost sharing effective July 1, 2004
18. Railroad Retirement spreadsheet (5 pages) & 1-page RRB memo for 2004 rates
19. Unemployment Insurance worksheet, 2 pages from SAS run, 1 page supporting info
20. 20 pages of fuel information and analysis from various new organizations
21. Summary of M&S plus portion of an e-mail concerning steel prices
22. Car Hire Spreadsheet (2 pages) plus source data (2 pages)
23. 5 pages of PPI-RE for Depreciation including graph, input/output, and BLS data
24. 5 pages of PPI-LF for Other (and Lease Rentals) incl. graph, input/output, BLS data
25. Forecast Error calculation and work papers (9 pages)

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LABOR INDEX (RCAF)

02 Wts.	3Q/03 Original	3Q/03 Rebenchd	% Chg	4Q/03	% Chg fr. Orig	1Q/04	% Chg	2Q/04	% Chg	3Q/04	% Chg	
Straight Time												
PFTNW	\$22.418	\$22.512	0.4%	\$22.512	0.4%	\$22.708	0.9%	\$22.849	0.6%	\$23.063	0.9%	
	\$5.709	\$5.545	-2.9%	\$5.545	-2.9%	\$5.563	0.3%	\$5.616	1.0%	\$5.669	0.9%	
Total	\$28.127	\$28.057	-0.2%	\$28.057	-0.2%	\$28.271	0.8%	\$28.465	0.7%	\$28.732	0.9%	
Adjustments												
Lump Sum	\$0.140	\$0.143		\$0.054		\$0.051		\$0.215		\$0.217		
Back Pay	\$0.099	\$0.100		\$0.033		\$0.025		\$0.130		\$0.139		
Other	\$0.010	\$0.010		\$0.010		\$0.010		\$0.010		\$0.014		
Total Wages	\$28.376	\$28.310	-0.2%	\$28.154	-0.8%	\$28.357	0.7%	\$28.820	2%	\$29.102	1%	
Pre-Tax Reduction	(\$0.070)	(\$0.066)		(\$0.066)		(\$0.267)		(\$0.342)		(\$0.342)		
Taxable Wages	\$28.306	\$28.244		\$28.088		\$28.090		\$28.478		\$28.760		
H & W	\$3.871	\$4.466	15.4%	\$4.466	15.4%	\$4.623	3.5%	\$4.570	-1.1%	\$4.590	0.4%	
RR Ret & Medicare	\$6.355	\$6.357	0.0%	\$6.332	-0.4%	\$6.038	-4.6%	\$6.098	1.0%	\$6.143	0.7%	
Suppl. Annuities	\$0.000	\$0.000		\$0.000		\$0.000	--	\$0.000	--	\$0.000	--	
Unemp. Insurance	\$0.325	\$0.328	0.9%	\$0.328	0.9%	\$0.207	-36.9%	\$0.207	0.0%	\$0.207	0.0%	
Other	\$0.009	\$0.009	0.0%	\$0.010	11.1%	\$0.011	10.0%	\$0.011	0.0%	\$0.011	0.0%	
Total	\$10.560	\$11.160	5.7%	\$11.136	5.5%	\$10.879	-2.3%	\$10.886	0.1%	\$10.951	0.6%	
Adjustments												
Total Suppl.	\$10.560	\$11.160	5.7%	\$11.136	5.5%	\$10.879	-2.3%	\$10.886	0.1%	\$10.951	0.6%	
Total Labor	\$38.936	\$39.470	1.4%	\$39.290	0.9%	\$39.236	-0.1%	\$39.706	1.2%	\$40.053	0.9%	
Wage Rate Index	0.7030	242.8	242.3	-0.2%	240.9	-0.8%	242.7	0.7%	246.6	1.6%	249.1	1.0%
Suppl Index	0.2970	390.2	412.4	5.7%	411.5	5.5%	402.0	-2.3%	402.3	0.1%	404.7	0.6%
Total Labor Index '01 Wts.		284.1										
Total Labor Index '02 Wts.		286.6	292.8	2.2%	291.6	1.7%	290.0	-0.5%	292.8	1.0%	295.3	0.9%
Labor Index (Linked)		273.5			278.3	1.8%	276.8	-0.5%	279.5	1.0%	281.9	0.9%

ALL-INCLUSIVE INDEX

	02 Wts	3Q/03 01 Wts	3Q/03 02 Wts	% Chg	4Q/03	% Chg	1Q/04	% Chg	2Q/04	% Chg	3Q/04	% Chg
Labor	0.380	273.50	273.5	0.0%	278.3	1.8%	276.8	-0.5%	279.5	1.0%	281.9	0.9%
Fuel	0.090	106.30	106.3	0.0%	113.3	6.6%	110.8	-2.2%	120.8	9.0%	137.7	14.0%
M&S	0.046	152.70	152.7	0.0%	154.8	1.4%	160.3	3.6%	155.0	-3.3%	160.3	3.4%
Equip. Rents	0.103	175.80	175.8	0.0%	175.7	-0.1%	176.7	0.6%	173.1	-2.0%	177.0	2.3%
Depreciation	0.109	149.90	149.9	0.0%	152.4	1.7%	150.7	-1.1%	152.3	1.1%	159.6	4.8%
Interest	0.037	98.60	98.6	0.0%	98.0	-0.6%	98.0	0.0%	98.0	0.0%	98.0	0.0%
Other	0.235	163.20	163.2	0.0%	162.6	-0.4%	163.9	0.8%	163.9	0.0%	171.4	4.6%
Weighted Avg.	1.000	195.90	197.0	0.6%	199.6	1.3%	199.3	-0.2%	200.8	0.8%	206.4	2.8%
Linked		193.30			195.9	1.3%	195.6	-0.2%	197.1	0.8%	202.6	2.8%
10/1/80 basis		188.20			190.7	1.3%	190.5	-0.1%	191.9	0.7%	197.3	2.8%
10/1/82		159.90			162.0	1.3%	161.8	-0.1%	163.0	0.7%	167.6	2.8%
4Q/87		146.20			148.2	1.4%	148.0	-0.1%	149.1	0.7%	153.3	2.8%
4Q/92		123.20			124.9	1.4%	124.7	-0.2%	125.6	0.7%	129.1	2.8%
4Q/97		111.60			113.1	1.3%	112.9	-0.2%	113.8	0.8%	117.0	2.8%
4Q/02 basis		100.60			102.0	1.4%	101.8	-0.2%	102.6	0.8%	105.5	2.8%
Car Hire	0.506	177.40	177.4	0.0%	177.8	0.2%	178.6	0.4%	171.6	-3.9%	171.7	0.1%
Lease Rents	0.494	163.20	163.2	0.0%	162.6	-0.4%	163.9	0.8%	163.9	0.0%	171.4	4.6%
Wghted Avg Eq Rents		170.50	170.4	-0.1%	170.3	-0.1%	171.3	0.6%	167.8	-2.0%	171.6	2.3%
Linked Equipment Rents		175.80			175.7	-0.1%	176.7	0.6%	173.1	-2.0%	177.0	2.3%
Preliminary RCAF	1.006				1.020	1.39%	1.018	-0.2%	1.026	0.8%	1.055	2.8%
Forecast Error Adj.	0.014				(0.003)		0.007		0.007		0.016	
RCAF Unadjusted	1.020				1.017	-0.29%	1.025	0.8%	1.033	0.8%	1.071	3.7%
PAF	1.9649				1.9741	0.47%	1.9834	0.47%	1.9943	0.55%	2.0053	0.6%
RCAF Adjusted	0.519				0.515	-0.77%	0.517	0.4%	0.518	0.2%	0.534	3.09%
PAF-5	2.0542				2.0754	1.03%	2.0852	0.47%	2.0950	0.47%	2.1048	0.47%
RCAF-5	0.497				0.490	-1.41%	0.492	0.4%	0.493	0.2%	0.509	3.2%

Hourly Rate for 2004 Q3

Straight Time and Time Paid For But Not Worked

2004Q3 Straight Time Hourly Rate (from national spreadsheet) **\$23.017**
 Mid-year GWI or COLA for all except UTU and UTU-YMD

Adjustments to 2002 base:

Adjustments added 2003 Q1

GTW - TCU, BMW, Carmen, IBFO, ATDA	3% General Wage Increase	0.002
Independent Non-Union	4% G.W.I. for IC & UP ATDA, misc CN rrs & groups	0.010
SOO - all unions except BMW	National-like COLAs	0.001

Adjustments added 2003 Q2

GTW - BRS ¹ , UTU-YMD ²	3 percent GWI retro to 1/1/02 and 1/1/03	0.001
IC - UTU, UTU-YMD	11 cents COLA 1/1/03	0.001
UP - UTU-YMD ³	11 cents COLA 1/1/03	0.000

Adjustments added 2003 Q3

GTW - new IAM	5/2/03 contract 3% retros to Jan. 1 '01, '02, '03	0.000
IC - most unions	3 percent	0.006
SOO - All Unions	16 cents COLAs, except 34 cents for BMW	0.003
UP - UTU-YMD	16 cents COLA	0.001

Adjustments added 2003 Q4

GTW - new IBEW	8/15/03 contract 3% retros to Jan. 1 '01, '02, '03	0.000
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Adjustments added 2004 Q1

Non-union independent ⁴	2.5% for UP & IC Dispatchers, various CNGT	0.007
CNGT/GTW - all unions except UTU & BLE	3 percent, no IBBM employees	0.003
SOO - all unions except BMW	COLA increase of 3 cents	0.000
UP Yardmasters	COLA increase of 3 cents, not national	0.000

Adjustments added 2004 Q2

No Adjustments

Adjustments added 2004 Q3

CSX - UTU-YMD	3 percent GWI	0.003
IC - most unions	3 percent	0.006
SOO - All ⁵	9 cents COLAs, except 13 cents for BMW	0.002
UP - UTU-YMD	9 cents COLA	0.000

Adjusted STHR Total	\$23.063
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Pay For Time Not Worked

PFTNW (from national spread sheet)			\$5.658
Ratio Adj STHR to Nat STHR	23.063 /	23.017 =	1.00200

Adjusted Pay For Time Not Worked	\$5.669
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¹ New contract signed 1/21/03 with 3% GWI retro to 1/1/02 & 1/1/03.

² New contract 12/12/02 with 3% GWI retro to 1/1/02 & 1/1/03, not in 2002 wage stats, AAR received late.

³ UP Yardmasters are independent and still receiving COLAs. COLA amount confirmed by AAR late.

⁴ UP & IC Dispatchers, 7 employee groups for CNGT's CC&P, 3 for CNGT's SSAM, 8 for CNGT's WC.

⁵ COLA 9 cents for TCU, BLE, SMW, TCU-CAR, IBFO, IAM, IBBM, IBEW; 13 cents for BMW.

GW 3.25% on 7/1/04 plus retro 2.5% to 6/30/02, 3.5% to 7/1/02, 3% to 7/1/03 for new contracts

RCAF Taxable Wages

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

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

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

Reduction Calculation for 3Q/2004

U.S. ST Hours = 317,388,636
 Wage Statistics are for 2002.

Union Group	Employees	Mo. Rate	Annual \$
TCU (BNSF, CSX, GTW, KCS, NS, UP)	11,701	(\$91.42)	-\$12,836,465.04
TCU-BRC (BNSF, CSX, KCS, NS, UP)	10,339	(\$91.42)	-\$11,342,296.56
Indep. \$25 Group (various CN)	2,123	(\$25.00)	-\$636,900.00
BRS (BNSF, CSX, GTW, KCS, NS, SOO, UP)	5,997	(\$100.00)	-\$7,196,400.00
UTU (BNSF, CC, CSX, DWP, GTW, IC, KCS, NS, UP)	38,270	(\$100.00)	-\$45,924,000.00
UTU-YMD (BNSF, CSX, GTW, KCS, NS)	1,772	(\$100.00)	-\$2,126,400.00
BLE (BNSF, CSX, KCS, NS, UP)	24,845	(\$91.42)	-\$27,255,958.80
Indep. ATDA (CSX, NS, SOO)	1,031	(\$91.42)	-\$1,131,048.24
Total	96,078		-\$108,449,468.64

Reduction in Wage Rate Per ST Hour	-\$0.34169298
Deduct this amount from the Wage Rate	-\$0.342

Note: Numerous DW&P unions' cost sharing expired at the end of 2003.
 Total employees and monthly rates must match H&W sheet.

National Contracts U.S.

Straight Time Hourly Rate														
	UTU	TCU	BLE	SMWIA	BRS	BMWE	TCU-CAR	IBFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER
Weight	0.23898	0.06946	0.17711	0.00649	0.03607	0.14634	0.0634	0.01305	0.03885	0.00616	0.02893	0.01404	0.01324	0.14786
2002 Avg.	18.401	20.001	20.848	19.222	20.558	18.237	18.918	16.704	19.301	17.666	19.548	28.969	24.964	34.845
12/31/02	18.742	20.011	20.848	19.227	20.564	18.290	18.927	16.710	19.307	17.995	19.555	28.969	25.298	34.845
1/1/03	18.742	20.111	20.934	19.335	20.668	18.290	19.028	16.815	19.411	17.995	19.660	29.043	25.298	36.239
4/1/03	18.742	20.917	20.934	19.335	20.668	18.290	19.779	16.815	19.411	17.995	19.660	29.043	25.298	36.239
7/1/03	19.182	21.491	21.059	19.492	20.819	18.727	20.325	16.968	19.563	18.411	19.813	29.151	25.560	36.239
10/1/03	19.182	21.491	21.059	19.492	20.819	18.727	20.325	16.968	19.563	18.411	19.813	29.151	25.560	36.239
1/1/04	19.182	21.491	21.082	19.521	22.071	18.727	20.325	16.996	19.591	18.411	19.842	29.171	25.560	37.144
4/1/04	19.182	21.491	21.878	19.521	22.071	18.727	20.325	16.996	19.591	18.411	19.842	29.171	25.560	37.144
7/1/04	19.182	22.130	22.187	19.610	22.749	18.847	20.933	17.082	19.676	18.921	19.928	30.038	25.560	37.144

Weighted Straight Time Hourly Rate														
	UTU	TCU	BLE	SMWIA	BRS	BMWE	TCU-CAR	IBFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER
2002 Avg.	4.397	1.389	3.692	0.125	0.742	2.669	1.200	0.218	0.750	0.109	0.566	0.407	0.330	5.152
12/31/02	4.479	1.390	3.692	0.125	0.742	2.677	1.200	0.218	0.750	0.111	0.566	0.407	0.335	5.152
1/1/03	4.479	1.397	3.708	0.126	0.746	2.677	1.206	0.219	0.754	0.111	0.569	0.408	0.335	5.358
4/1/03	4.479	1.453	3.708	0.126	0.746	2.677	1.254	0.219	0.754	0.111	0.569	0.408	0.335	5.358
7/1/03	4.584	1.493	3.730	0.127	0.751	2.741	1.289	0.221	0.760	0.113	0.573	0.409	0.338	5.358
10/1/03	4.584	1.493	3.730	0.127	0.751	2.741	1.289	0.221	0.760	0.113	0.573	0.409	0.338	5.358
1/1/04	4.584	1.493	3.734	0.127	0.796	2.741	1.289	0.222	0.761	0.113	0.574	0.410	0.338	5.492
4/1/04	4.584	1.493	3.875	0.127	0.796	2.741	1.289	0.222	0.761	0.113	0.574	0.410	0.338	5.492
7/1/04	4.584	1.537	3.930	0.127	0.821	2.758	1.327	0.223	0.764	0.116	0.577	0.422	0.338	5.492

Note: The 2002 Average and 12/31/02 Straight Time Hourly Rates are the industry rates and include all Class I railroad employees. The rates for 1/1/03 through 7/1/04 are based on the industry year-end rate updated by national union wage increases using contract information. These national increases are diluted using "percent national" ratios to account for non-national union contracts. The impact of non-national or independent contract increases after 2002 are not shown on this page and are handled separately.

		Pay For Time Not Worked Hourly Rate												
	UTU	TCU	BLE	SMWIA	BRS	BMWE	TCU-CAR	IBFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER
Weight	0.23898	0.06946	0.17711	0.00649	0.03607	0.14634	0.0634	0.01305	0.03885	0.00616	0.02893	0.01404	0.01324	0.14786
2002 Avg.	8.755	4.997	7.742	3.966	4.360	3.510	3.521	2.832	4.150	2.899	3.948	4.305	6.336	1.069
12/31/02	8.918	5.000	7.742	3.967	4.362	3.520	3.522	2.833	4.152	2.942	3.949	4.305	6.420	1.069
1/1/03	8.918	5.025	7.774	3.989	4.384	3.520	3.541	2.851	4.174	2.942	3.970	4.316	6.420	1.112
4/1/03	8.918	5.226	7.774	3.989	4.384	3.520	3.681	2.851	4.174	2.942	3.970	4.316	6.420	1.112
7/1/03	9.127	5.370	7.821	4.021	4.416	3.604	3.783	2.877	4.207	3.010	4.001	4.332	6.487	1.112
10/1/03	9.127	5.370	7.821	4.021	4.416	3.604	3.783	2.877	4.207	3.010	4.001	4.332	6.487	1.112
1/1/04	9.127	5.370	7.829	4.027	4.681	3.604	3.783	2.882	4.213	3.010	4.007	4.335	6.487	1.140
4/1/04	9.127	5.370	8.125	4.027	4.681	3.604	3.783	2.882	4.213	3.010	4.007	4.335	6.487	1.140
7/1/04	9.127	5.529	8.240	4.046	4.825	3.628	3.896	2.896	4.231	3.094	4.024	4.464	6.487	1.140

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6/2/04

U.S. National Contract

Page 1 of 5

UTU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2002 Industry Avg.				18.40064	8.75549
12/31/02 Industry Rate				18.74207	8.91795
1/1/03			93.879%	18.74207	8.91795
4/1/03			93.879%	18.74207	8.91795
7/1/03	2.50%		93.879%	19.18194	9.12726
10/1/03			93.879%	19.18194	9.12726
1/1/04			93.879%	19.18194	9.12726
4/1/04			93.879%	19.18194	9.12726
7/1/04			93.879%	19.18194	9.12726

Note: 3% GWI on 7/1/04 is amended to be effective on 12/1/04

TCU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2002 Industry Avg.				20.00082	4.99745
12/31/02 Industry Rate				20.01064	4.99990
1/1/03		0.11000	91.443%	20.11122	5.02504
4/1/03			91.443%	20.91738	5.22646
7/1/03	3.00%		91.443%	21.49120	5.36984
10/1/03			91.443%	21.49120	5.36984
1/1/04			91.443%	21.49120	5.36984
4/1/04			91.443%	21.49120	5.36984
7/1/04	3.25%		91.443%	22.12990	5.52943

New national TCU contract removes all COLAs except 27 cents, adds 2.5% GWI and 3.5% GWI. See TCU (Clerks & Carmen) Straight Time Hourly Rate.

BLE

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2002 Industry Avg.				20.84784	7.74236
12/31/02 Industry Rate				20.84784	7.74236
1/1/03			78.150%	20.93381	7.77428
4/1/03			78.150%	20.93381	7.77428
7/1/03			78.150%	21.05885	7.82072
10/1/03			78.150%	21.05885	7.82072
1/1/04		0.03000	78.150%	21.08229	7.82942
4/1/04			78.150%	21.87830	8.12504
7/1/04			78.150%	22.18741	8.23984

BNSF not taking national BLE increase of 2.5% See BLE NewContract.xls.

U.S. National Contract

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SMWIA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2002 Industry Avg.				19.22194	3.96562
12/31/02 Industry Rate				19.22681	3.96663
1/1/03		0.11000	98.176%	19.33481	3.98891
4/1/03			98.176%	19.33481	3.98891
7/1/03		0.16000	98.176%	19.49189	4.02131
10/1/03			98.176%	19.49189	4.02131
1/1/04		0.03000	98.176%	19.52134	4.02739
4/1/04			98.176%	19.52134	4.02739
7/1/04		0.09000	98.176%	19.60970	4.04562

BRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2002 Industry Avg.				20.55777	4.36037
12/31/02 Industry Rate				20.56368	4.36162
1/1/03			94.437%	20.66756	4.38366
4/1/03			94.437%	20.66756	4.38366
7/1/03			94.437%	20.81866	4.41571
10/1/03			94.437%	20.81866	4.41571
1/1/04			94.437%	22.07128	4.68139
4/1/04			94.437%	22.07128	4.68139
7/1/04	3.25%		94.437%	22.74869	4.82507

New national BRS contract removes all COLAs except 27 cents, adds 2.5%, 3.5% and 3.0% GWI. See BRS Straight Time Hourly Rate.

BMWE

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2002 Industry Avg.				18.23706	3.51023
12/31/02 Industry Rate				18.28974	3.52037
1/1/03			92.940%	18.28974	3.52037
4/1/03			92.940%	18.28974	3.52037
7/1/03		0.47000	92.940%	18.72656	3.60445
10/1/03			92.940%	18.72656	3.60445
1/1/04			92.940%	18.72656	3.60445
4/1/04			92.940%	18.72656	3.60445
7/1/04		0.13000	92.940%	18.84738	3.62770

U.S. National Contract

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TCU-Carmen

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2002 Ind				18.91827	3.52092
12/31/02				18.92657	3.52246
1/1/03			92.015%	19.02778	3.54130
4/1/03			92.015%	19.77907	3.68112
7/1/03	3.00%		92.015%	20.32506	3.78274
10/1/03			92.015%	20.32506	3.78274
1/1/04			92.015%	20.32506	3.78274
4/1/04			92.015%	20.32506	3.78274
7/1/04	3.25%		92.015%	20.93288	3.89586

New national TCU contract removes all COLAs except 27 cents, adds 2.5% GWI and 3.5% GWI. See TCU (Clerks & Carmen) Straight Time Hourly Rate.

IBFO

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2002 Industry Avg.				16.70413	2.83214
12/31/02 Industry Rate				16.70984	2.83311
1/1/03		0.11000	95.484%	16.81487	2.85092
4/1/03			95.484%	16.81487	2.85092
7/1/03		0.16000	95.484%	16.96765	2.87682
10/1/03			95.484%	16.96765	2.87682
1/1/04		0.03000	95.484%	16.99629	2.88168
4/1/04			95.484%	16.99629	2.88168
7/1/04		0.09000	95.484%	17.08223	2.89625

IAM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2002 Industry Avg.				19.30112	4.15036
12/31/02 Industry Rate				19.30684	4.15159
1/1/03		0.11000	94.743%	19.41106	4.17400
4/1/03			94.743%	19.41106	4.17400
7/1/03		0.16000	94.743%	19.56265	4.20660
10/1/03			94.743%	19.56265	4.20660
1/1/04		0.03000	94.743%	19.59107	4.21271
4/1/04			94.743%	19.59107	4.21271
7/1/04		0.09000	94.743%	19.67634	4.23104

U.S. National Contract

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IBBM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2002 Industry Avg.				17.66621	2.88867
12/31/02 Industry Rate				17.99459	2.94237
1/1/03			92.454%	17.99459	2.94237
4/1/03			92.454%	17.99459	2.94237
7/1/03	2.50%		92.454%	18.41051	3.01038
10/1/03			92.454%	18.41051	3.01038
1/1/04			92.454%	18.41051	3.01038
4/1/04			92.454%	18.41051	3.01038
7/1/04	3.00%		92.454%	18.92115	3.09387

IBEW

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2002 Industry Avg.				19.54785	3.94779
12/31/02 Industry Rate				19.55472	3.94918
1/1/03		0.11000	95.608%	19.65989	3.97041
4/1/03			95.608%	19.65989	3.97041
7/1/03		0.16000	95.608%	19.81287	4.00131
10/1/03			95.608%	19.81287	4.00131
1/1/04		0.03000	95.608%	19.84155	4.00710
4/1/04			95.608%	19.84155	4.00710
7/1/04		0.09000	95.608%	19.92759	4.02448

ATDA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2002 Industry Avg.				28.96879	4.30507
12/31/02				28.96879	4.30507
1/1/03		0.11000	67.431%	29.04296	4.31610
4/1/03			67.431%	29.04296	4.31610
7/1/03		0.16000	67.431%	29.15085	4.33213
10/1/03			67.431%	29.15085	4.33213
1/1/04		0.03000	67.431%	29.17108	4.33514
4/1/04			67.431%	29.17108	4.33514
7/1/04			67.431%	30.03816	4.46399

National ATDA including BNSF and KCS given 9 cents COLA increase on 7/1/04. However, CSX and NS individually signed new contracts with 48 cents COLA rolled in, add 4%, 2.5% and 3% GWI on 7/1/04.

U.S. National Contract

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YDMSTRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2002 Industry Avg.				24.96420	6.33562
12/31/02 Industry Rate				25.29779	6.42029
1/1/03			41.501%	25.29779	6.42029
4/1/03			41.501%	25.29779	6.42029
7/1/03	2.50%		41.501%	25.56026	6.48690
10/1/03			41.501%	25.56026	6.48690
1/1/04			41.501%	25.56026	6.48690
4/1/04			41.501%	25.56026	6.48690
7/1/04			41.501%	25.56026	6.48690

Note: 3% GWI on 7/1/04 is amended to be effective on 12/1/04

OTHER

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2002 Industry Avg.				34.84474	1.06947
12/31/02 Industry Rate				34.84471	1.06947
1/1/03	4.00%		100.000%	36.23850	1.11225
4/1/03			100.000%	36.23850	1.11225
7/1/03			100.000%	36.23850	1.11225
10/1/03			100.000%	36.23850	1.11225
1/1/04	2.50%		100.000%	37.14446	1.14006
4/1/04			100.000%	37.14446	1.14006
7/1/04			100.000%	37.14446	1.14006

Check Sums

	Increase	Applicable	ST HR	PFTNW HR
2002 AVG			298.181	62.382
12/31/02			299.285	
		1228.261%		
		ok matches	ok matches	ok matches
			ok matches	

BLE (Locomotive Engineers) Straight Time Hourly Rate

National Contract BLE includes CSX, KCS & UP while BNSF takes the Optional Alternative Compensation Program

	National	BNSF	Total	
Employees Paid	14,301	6,022	20,323	from 2002 wage statistics
ST Hours Paid	30,580,131	13,351,361	43,931,492	from 2002 wage statistics
ST Comp \$	652,115,965	269,742,884	921,858,849	from 2002 wage statistics
Union Lump Sum	95,472	1,885,702	1,981,174	from 2002 wage statistics
2002 Avg ST HR	21.322	20.062	20.939	excl LS, Total matches YearEnd2002RCAF
Increase during 2002	\$0.10	\$0.10	\$0.10	COLA from 1996 contract
12/31/2001 STHR	\$21.222	\$19.962	\$20.839	
COLA Increase 1/1/2002	\$0.10	\$0.10	\$0.10	COLA from 1996 contract
Q1 1/1/2002 STHR	\$21.322	\$20.062	\$20.939	unchanged
Q2 4/1/2002 STHR	\$21.322	\$20.062	\$20.939	unchanged
6/30/02 STHR	\$21.322	\$20.062	\$20.939	unchanged
7/1/02 Gen. Wage Incr.	4.0%	4.0%	4.0%	new contract signed 12/16/03
Q3 7/1/02 STHR	\$22.175	\$20.865	\$21.776	
Q4 10/1/02 STHR	\$22.175	\$20.865	\$21.776	unchanged
Q1 1/1/03 STHR	\$22.175	\$20.865	\$21.776	unchanged
Q2 4/1/03 STHR	\$22.175	\$20.865	\$21.776	unchanged
7/1/03 Gen. Wage Incr.	2.5%	1.5%		new contract signed 12/16/03
Q3 7/1/03 STHR	\$22.729	\$21.178		
Q4 10/1/03 STHR	\$22.729	\$21.178		unchanged
Q1 1/1/04 STHR	\$22.729	\$21.178		unchanged
Q2 4/1/04 STHR	\$22.729	\$21.178		unchanged
7/1/04 Gen. Wage Incr.	2.5%	0.0%		new contract signed 12/16/03
Q3 7/1/04 STHR	\$23.297	\$21.178		

ST Hours

Nat'l BLE ST Hrs Pd	30,580,131	from 2002 wage statistics
BNSF BLE ST Hrs Pd	13,351,361	from 2002 wage statistics
CCP BLE ST Hrs Pd	112,435	from 2002 wage statistics
DWP BLE ST Hrs Pd	86,841	from 2002 wage statistics
GTW BLE ST Hrs Pd	483,944	from 2002 wage statistics
IC BLE ST Hrs Pd	1,040,990	from 2002 wage statistics
NS BLE ST Hrs Pd	8,919,749	from 2002 wage statistics
SOO BLE ST Hrs Pd	929,621	from 2002 wage statistics
SSAM BLE ST Hrs Pd	14,209	from 2002 wage statistics
WC BLE ST Hrs Pd	694,828	from 2002 wage statistics
Total	56,214,109	matches total for BLE

ST Hourly Rate (YearEnd2002.xls)

Nat'l BLE 7/1/04 STHR	\$23.297
BNSF BLE 7/1/04 STHR	\$21.178
CCP BLE 12/31/02 STHR	\$20.44979
DWP BLE 12/31/02 STHR	\$19.02222
GTW BLE 12/31/02 STHR	\$22.57706
IC BLE 12/31/02 STHR	\$20.52624
NS BLE 12/31/02 STHR	\$20.24689
SOO BLE 12/31/02 STHR	\$18.44279
SSAM BLE 12/31/02 STHR	\$25.36456
WC BLE 12/31/02 STHR	\$25.49980

1/1/2002 wage rate includes 48 cents of COLAs, which get rolled into the wage rate under the new contracts. Three of the national contract railroads also get a 4% and 2.5% increase. BNSF, under Article II of the national contract, has alternative increases of 4% and 1.5 %.

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ST Compensation

Nat'l BLE 4/1/04 ST\$	\$712,430,191.68
BNSF BLE 4/1/04 ST\$	\$282,750,041.32
CCP BLE 12/31/02 ST\$	\$2,299,272.00
DWP BLE 12/31/02 ST\$	\$1,651,909.00
GTW BLE 12/31/02 ST\$	\$10,926,031.00
IC BLE 12/31/02 ST\$	\$21,367,611.00
NS BLE 12/31/02 ST\$	\$180,597,177.00
SOO BLE 12/31/02 ST\$	\$17,144,802.00
SSAM BLE 12/31/02 ST\$	\$360,405.00
WC BLE 12/31/02 ST\$	\$17,717,972.00
Total	\$1,247,245,412.00

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Total ST HR 7/1/04 **\$22.18741**

Total ST\$ divided by Total ST Hours Paid

These are the figures that go into the NatWage spreadsheet beginning with 2004Q3. They include the new BNSF and national contract wage rates for BLE as of 2004Q3. Non-national agreements are at the 12/31/2002 level, and are updated independently elsewhere.

ATDA (Dispatchers) Straight Time Hourly Rate

National ATDA includes BNSF and KCS while CSX and NS are independent

	National	CSX	NS	Total	
Employees Paid	740	500	486	1,726	from 2002 wage statistics
ST Hours Paid	1,341,607	807,660	855,084	3,004,351	from 2002 wage statistics
ST Comp \$	40,821,027	22,160,815	21,583,020	84,564,862	from 2002 wage statistics
Union Lump Sum	673,824	0	289,057	962,881	from 2002 wage statistics
2002 Avg ST HR	29.925	27.438	24.903	27.827	excl LS, Total matches YearEnd2002RCAF
Increase during 2002	\$0.10	\$0.10	\$0.10	\$0.10	COLA from 1996 contract
12/31/2001 STHR	\$29.825	\$27.338	\$24.803	\$27.727	
COLA Increase 1/1/2002	\$0.10	\$0.10	\$0.10	\$0.10	COLA from 1996 contract
Q1 1/1/2002 STHR	\$29.925	\$27.438	\$24.903	\$27.827	COLA 10 cent added
Q2 4/1/2002 STHR	\$29.925	\$27.438	\$24.903	\$27.827	unchanged
6/30/02 STHR	\$29.925	\$27.438	\$24.903	\$27.827	unchanged
7/1/02 Gen. Wage Incr.	\$0.00	4.0%	4.0%		new contract signed 4/1/04 for CSX and 3/11/03 for NS
Q3 7/1/02 STHR	\$29.925	\$28.517	\$25.899		GW 4% added based on 6/30/02 STHR minus 48 cent COLA for CSX
Q4 10/1/02 STHR	\$29.925	\$28.517	\$25.899		unchanged
COLA Increase 1/1/2003	\$0.11	0	0		COLA from 1996 contract for national
Q1 1/1/03 STHR	\$30.035	\$28.517	\$25.899		COLA 11 cent added for national contract
Q2 4/1/03 STHR	\$30.035	\$28.517	\$25.899		unchanged
7/1/03 COLA/GWI	\$0.16	2.5%	2.5%		COLA for national, GWI for CSX and NS
Q3 7/1/03 STHR	\$30.195	\$29.230	\$26.546		COLA added for national, GWI for CSX & NS
Q4 10/1/03 STHR	\$30.195	\$29.230	\$26.546		unchanged
COLA Increase 1/1/2004	\$0.03	0	0		COLA from 1996 contract for national
Q1 1/1/04 STHR	\$30.225	\$29.230	\$26.546		COLA 3 cent added for national contract
Q2 4/1/04 STHR	\$30.225	\$29.230	\$26.546		unchanged
7/1/04 Gen. Wage Incr.	\$0.09	3.0%	3.0%		COLA for national, GWI for CSX and NS
Q3 7/1/04 STHR	\$30.315	\$30.106	\$27.343		COLA added for national, GWI for CSX & NS

ST Hours

Nat'l ATDA ST Hrs Pd	1,341,607	from 2002 wage statistics
CSX ATDA ST Hrs Pd	807,660	from 2002 wage statistics
NS ATDA ST Hrs Pd	855,084	
CCP ATDA ST Hrs Pd	0	from 2002 wage statistics
DWP ATDA ST Hrs Pd	9,915	from 2002 wage statistics
GTW ATDA ST Hrs Pd	32,552	from 2002 wage statistics
IC ATDA ST Hrs Pd	72,688	from 2002 wage statistics
SOO ATDA ST Hrs Pd	82,448	from 2002 wage statistics
SSAM ATDA ST Hrs Pd	0	from 2002 wage statistics
UP ATDA ST Hrs Pd	1,189,870	from 2002 wage statistics
WC ATDA ST Hrs Pd	63,649	from 2002 wage statistics
Total	4,455,473	matches total for ATDA

ST Hourly Rate (YearEnd2002.xls)

Nat'l ATDA 7/1/04 STHR	\$30.315
CSX ATDA 7/1/04 STHR	\$30.106
NS ATDA 7/1/04 STHR	\$27.343
CCP ATDA 12/31/02 STHF	\$0.00000
DWP ATDA 12/31/02 STHI	\$25.00192
GTW ATDA 12/31/02 STHI	\$28.28966
IC ATDA 12/31/02 STHR	\$29.34643
SOO ATDA 12/31/02 STHF	\$24.99186
SSAM ATDA 12/31/02 STHF	\$0.00000
UP ATDA 12/31/02 STHR	\$31.84778
WC ATDA 12/31/02 STHR	\$34.72978

1/1/2002 wage rate includes 48 cents of COLAs, which get rolled into the wage rate under the new contracts. Two of the national contract railroads still get COLA increases through uptodate. CSX and NS have GWI retro to 7/1/02.

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ST Compensation

Nat'l ATDA 7/1/04 ST\$	\$40,670,429.73
CSX ATDA 7/1/04 ST\$	\$24,315,760.06
NS ATDA 7/1/04 ST\$	\$23,380,345.49
CCP ATDA 12/31/02 ST\$	\$0.00
DWP ATDA 12/31/02 ST\$	\$247,894.00
GTW ATDA 12/31/02 ST\$	\$920,885.00
IC ATDA 12/31/02 ST\$	\$2,133,133.00
SOO ATDA 12/31/02 ST\$	\$2,060,529.00
SSAM ATDA 12/31/02 ST\$	\$0.00
UP ATDA 12/31/02 ST\$	\$37,894,718.00
WC ATDA 12/31/02 ST\$	\$2,210,516.00
Total	\$133,834,210.29

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Total ST HR 7/1/04 \$30.03816

Total ST\$ divided by Total ST Hours Paid

These are the figures that go into the NatWage spreadsheet beginning with 2004Q3. They include the national and the new CSX and NS independent contracts wage rates for ATDA as of 2004Q3. Non-national agreements are at the 12/31/2002 level, and are updated independently elsewhere.

UTU Sup. Agn.
National

Document "A"

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT, made this 6th day of November, 2003 by and between the participating carriers listed in Exhibit A, attached hereto and made a part hereof, and represented by the National Carriers' Conference Committee, and the employees (other than Yardmasters) of such carriers shown thereon and represented by the United Transportation Union, witnesseth:

IT IS HEREBY AGREED:

SECTION 1 - PURPOSE

This Agreement is made pursuant to Article IV - Health and Welfare of the parties' August 20, 2002 Agreement - Document "A" ("2002 National Agreement") and is intended to be a full and final disposition of the parties' respective pending bargaining notices concerning health and welfare issues. Its terms are incorporated into and will be a part of the 2002 National Agreement as provided herein.

SECTION 2 - AMENDED EFFECTIVE DATE

For the purpose of defraying health and welfare costs, Section 4 - Third General Wage Increase of the 2002 National Agreement is amended to provide that the effective date of such General Wage Increase shall be December 1, 2004 instead of July 1, 2004.

SECTION 3 - COST-OF-LIVING ALLOWANCE AMENDMENTS

Part B of Article III - Cost-Of-Living Payments of the 2002 National Agreement is amended to read as follows:

(30) months after the date of this Agreement, unless the parties otherwise agree or the Dispute Committee otherwise decides.

(h) In the event that Trip Rates are not implemented for runs/pools on a carrier by the date specified in subsection (g) above, effective the next day thereafter, the dual basis of pay shall be eliminated with respect to post October 31, 1985 employees on such runs/pools (including extra employees) and such employees will be paid on the same basis as Pre-85 Employees represented by UTU with respect to the national pay elements identified in Section 5 of this Part, provided, however, that where the carrier has taken all actions required in this Part to implement Trip Rates with respect to the above-referenced runs/pools as described in this Section and the trip rate issue(s) is/are in the dispute resolution process described in this Article, such runs/pools will be governed solely by the outcome of such dispute resolution process.

PART C - OTHER CLASSES OF SERVICE

Trip rates will be established for other classes of road service (road switchers, local freight, etc.) consistent with the terms, conditions, principles and guidelines as currently established in this Article and consistent with each class of service.

ARTICLE VI - SERVICE SCALE

Section 1

Any employee who is subject, on June 30, 2004, to Article IV, Section 5 of the UTU Implementing Document A of November 1, 1991 shall be compensated, on and after July 1, 2004, at the full rate of the position when working as a conductor/foreman, brakeman/helper, hostler, or engineer (on a carrier party hereto on which the UTU represents locomotive engineers).

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The increase provided for in this Section 2 shall be applied in the same manner as provided for in Section 1 hereof.

Section 3 - Third General Wage Increase

Effective July 1, 2003, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2003 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 3 shall be applied in the same manner as provided for in Section 1 hereof.

Section 4 - Fourth General Wage Increase

Effective July 1, 2004, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2004 for employees covered by this Agreement shall be increased in the amount of three-and-one-quarter (3-1/4) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 hereof.

ARTICLE II - COST-OF-LIVING PAYMENTS

Part A - Cost-of-Living Payments Under National Agreement Dated September 9, 1996

On October 1, 2001, twenty-seven (27) cents-per-hour of the cost-of-living allowance payable pursuant to Article II, Part C of the National Agreement dated September 9, 1996 ("Article II, Part C") shall be rolled in to basic rates of pay. Article II, Part C shall be eliminated effective June 30, 2002. Cost-of-living allowance payments made to employees for periods on or before June 30, 2002 shall be retained. Any cost-of-living allowance payments made to employees for periods on and after July 1, 2002 shall be recovered from any retroactive wage increase payments made under Article I.

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Section 5 - Third General Wage Increase

(a) Effective July 1, 2004, all standard basic daily rates of pay in effect on June 30, 2004 for employees represented by the Brotherhood of Locomotive Engineers shall be increased by two-and-one-half (2-1/2) percent, computed and applied in the same manner prescribed in Section 3(b) above.

Wage

(b) Effective July 1, 2004, in lieu of an additional general wage increase of one-half (1/2) percent, the carriers shall remit a \$40.00 payment per month with respect to eligible employees to be used to defray the cost of the BLE's insured short-term disability plan, as provided in Article IV, Part A, Section 5(a) of this Agreement.

F. B.

Section 6 - Standard Rates

☐ The standard basic daily rates of pay produced by application of the increases provided for in this Article are set forth in Appendix 1, which is a part of this Agreement.

Section 7- Application of Wage Increases

(a) The adjustments provided for in this Article (i) will apply to mileage rates of pay for overmiles, and (ii) will not apply to duplicate time payments, including arbitraries and special allowances that are expressed in time, miles or fixed amounts of money.

(b) Miscellaneous rates based upon hourly or daily rates of pay, as provided in the schedules or wage agreements, shall be adjusted under this Agreement in the same manner as heretofore increased under previous wage agreements.

(c) In determining new hourly rates, fractions of a cent will be disposed of by applying the next higher quarter of a cent.

☐

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ARTICLE VI - SERVICE SCALE

Section 1

Any employee who is subject, on June 30, 2004, to Article IV, Section 5 of the November 7, 1991 BLE Implementing Document shall be compensated, on and after July 1, 2004, at the full rate of the position when working as a locomotive engineer.

Section 2

Local rules that adjust compensation for employees based on length of service on carriers that are not covered by the aforementioned Article IV, Section 5 are hereby amended in the same manner as provided in Section 1.

Section 3

Each carrier covered by this Article shall establish a Service Scale that shall be applicable to all employees whose seniority in engine or train service is established on or after July 1, 2004. Such Service Scale shall conform to the rules in effect on such carrier on June 30, 2004 that adjust employee compensation based on length of service (including the aforementioned Article IV, Section 5 where and to the extent applicable). The carrier shall make arrangements with the applicable organization representative(s) for a process to review such preexisting rules prior to establishment of the Service Scale.

BNSF BLE 10/2
no, G.W.I.
for July 2004

-2-

virtue of employment under another agreement, nor will such payment be used to offset, construct or increase guarantees in protective agreements or arrangements.

Section 2 - First General Wage Increase

(a) Effective July 1, 2002, all standard basic daily rates of pay for employees represented by the Brotherhood of Locomotive Engineers in effect on June 30, 2002 shall be increased by four (4) percent.

(b) In computing the increase for enginemen under paragraph (a) above, four (4) percent shall be applied to the standard basic daily rates of pay applicable in the following weight-on-drivers brackets, and the amounts so produced shall be added to each standard basic daily rate of pay:

Passenger	- 600,000 and less than 650,000 pounds
Freight	- 950,000 and less than 1,000,000 pounds (through freight rates)
Yard Engineers	- Less than 500,000 pounds
Yard Firemen	- Less than 500,000 pounds (separate computation covering five- day rates and other than five-day rates)

Section 3 - Second General Wage Increase

Effective July 1, 2003, all standard basic daily rates of pay in effect on June 30, 2003 for employees represented by the Brotherhood of Locomotive Engineers shall be increased by one-and-one-half (1-1/2) percent, computed and applied in the same manner prescribed in Section 2.

Section 4 - Profit Sharing for 2004

A new profit sharing plan shall be established for BNSF engineers, effective January 1, 2004, according to the following terms.

Under the new plan ("PS" Plan), each BNSF engineer may receive a profit sharing payment no later than April 30 of the year immediately following "performance" (calendar) year 2004. Such payment shall have a maximum potential of (be up to) six percent (6%) of the engineers' regular earnings (regular earnings exclude such things as any benefit buy-out payment, moving/real estate benefit, previous year's profit sharing payment, etc.) as an engineer on BNSF property in the performance year.

The actual share (up to but not greater than 6%) of each engineer's covered regular earnings which the payment shall be for the 2004 performance year, shall be determined by and be 66.7% of the level of (percentage of target potential) payout made under the Incentive Compensation Plan for exempt employees ("ICP") for the same performance year, based on the company-wide goals set specifically for that performance year under the ICP. [For example, the types of company-wide goals relate to: operating income, free cash flow, system on-time performance achievement, safety (personal injury and lost time) achievement, and contribution per RTM.] Currently, forty percent (40%) of each engineer's PS Plan total payment (up to 6% of his covered earnings) shall be based on the company-wide operating income goal, twenty percent (20%) shall be based on free cash flow, fifteen percent (15%) shall be based on the company-wide on-time performance goal achievement, fifteen percent (15%) shall be based on the safety goal achievement, and ten (10%) based on contribution per RTM.

If the design of the BNSF ICP itself (not the specific NRFO, on-time, or safety goals set from year to year) is ever changed in a way materially affecting its impact on engineers covered by the PS Plan provided for in this Article of this Agreement, then the parties shall meet promptly to revise the PS Plan in a way which does not adversely affect the interests of engineers covered by it. If the parties cannot so agree, they shall submit the matter to expedited, parties-pay, final and binding arbitration before a single neutral. In such event, the arbitrator shall have jurisdiction exclusively to reformulate the PS Plan in a way which has no material adverse effect on either covered engineers or the Carrier and which effectuates the intent represented here in view of the changed conditions.

Section 5 - Snap-back/Profit Sharing Option for 2005

For calendar year 2005 and subsequent years, the maximum profit sharing potential will be (be up to) eight percent (8%) of the engineers' regular earnings (regular

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Section 3 - Third General Wage Increase

Effective July 1, 2003 all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2003 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 3 shall be applied in the same manner as provided for in Section 1 hereof.

Section 4 - Fourth General Wage Increase

Effective July 1, 2004 all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2004 for employees covered by this Agreement shall be increased in the amount of three-and-one-quarter (3-1/4) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 hereof.

ARTICLE II - COST-OF-LIVING PAYMENTS

Cost-of-Living Payments Under National Agreement Dated August 8, 1996

On October 1, 2001, twenty-seven (27) cents-per-hour of the cost-of-living allowance payable pursuant to Article II, Part C of the Agreement dated August 8, 1996 ("Article II, Part C") shall be rolled in to basic rates of pay. Article II, Part C shall be eliminated effective June 30, 2002. Cost-of-living allowance payments made to employees for periods on or before June 30, 2002 shall be retained. Any cost-of-living allowance payments made to employees for periods on and after July 1, 2002 shall be recovered from any retroactive wage increase payments made under Article I.

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-5-

B of this Agreement except as otherwise provided in subsection (b) hereof, and (ii) the lesser of (x) the cents per hour produced by dividing forty-five (45) percent of the increase, if any, in the carriers' 2003 payment rate over such payment rate for 2002, by the average composite straight-time equivalent hours that are subject to wage increases for the latest year for which statistics are available, and (y) one-half of the amount referred to in (i) above.

(b) The measurement period for this cost-of-living wage adjustment shall be March 2002 to March 2003, and the provisions of Article II, Part B, Section 1(d) shall not be applicable.

(c) All hourly, daily, weekly, monthly and piece-work rates of pay in effect on June 30, 2003 for employees covered by this Agreement shall be increased by the amount computed pursuant to subsection (a) applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 2(c) hereof.

Section 5 - Fifth General Wage Increase

(a) A cost-of-living wage adjustment, calculated in accordance with this subsection, shall be payable and rolled in to basic rates of pay on July 1, 2004. Such wage adjustment shall be equal to the difference between (i) the cost-of-living wage adjustment calculated pursuant to Article II, Part B of this Agreement except as otherwise provided in subsection (b) hereof, and (ii) the lesser of (x) the cents per hour produced by dividing fifty (50) percent of the increase, if any, in the carriers' 2004 payment rate over such payment rate for 2003, by the average composite straight-time equivalent hours that are subject to wage increases for the latest year for which statistics are available, and (y) one-half of the amount referred to in (i) above.

(b) The measurement period for this cost-of-living wage adjustment

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shall be increased in the same manner as provided in Section 1 hereof. The increase provided for in this Section 2 shall be applied in the same manner as provided for in Section 1 hereof.

Section 3 - Third General Wage Increase

Effective July 1, 2003, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2003 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase irrespective of the method of payment. Rates of freight carmen shall be increased in the same manner as provided in Section 1 hereof. The increase provided for in this Section 3 shall be applied in the same manner as provided for in Section 1 hereof.

Section 4 - Fourth General Wage Increase

Effective July 1, 2004, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2004 for employees covered by this Agreement shall be increased in the amount of three-and-one-quarter (3-1/4) percent applied so as to give effect to this increase irrespective of the method of payment. Rates of freight carmen shall be increased in the same manner as provided in Section 1 hereof. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 hereof.

ARTICLE II - COST-OF-LIVING PAYMENTS

Part A - Cost-of-Living Payments Under National Agreement Dated September 9, 1996

On October 1, 2001, twenty-seven (27) cents-per-hour of the cost-of-living allowance payable pursuant to Article II, Part C of the National Agreement dated September 9, 1996 ("Article II, Part C") shall be rolled in to basic rates of pay. Article II, Part C shall be eliminated effective June 30, 2002. Cost-of-living allowance payments made to employees for periods on

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- 3 -

(e) Disposition of Fractions -

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

(f) Application of Wage Increase -

The increase in wages provided for in this Section 2 shall be applied in accordance with the wage or working conditions agreement in effect between each carrier and the labor organization party hereto. Special allowances not included in fixed hourly, daily, weekly or monthly rates of pay for all services rendered, and arbitraries representing duplicate time payments, will not be increased. Overtime hours will be computed in accordance with individual schedules for all overtime hours paid for.

Section 3 - Second General Wage Increase

Effective July 1, 2003; all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2003 for employees covered by this Agreement shall be increased by two-and-one-half (2-1/2) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 3 shall be applied in the same manner as provided for in Section 2 hereof.

Section 4 - Third General Wage Increase

Effective July 1, 2004 all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2004 for employees covered by this Agreement

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shall be increased in the amount of three (3) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 2 hereof.

ARTICLE II - OPTIONAL ALTERNATIVE COMPENSATION PROGRAM

Section 1

A carrier, at its discretion, may offer employees alternative compensation arrangements in lieu of the general wage increases provided in Article I (in whole or part). Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401(k) plans.

Section 2

(a) The following conditions shall govern implementation of alternative compensation arrangements pursuant to this Article:

- (1) Carrier shall notify the appropriate organization representative(s) regarding its proposed alternative compensation arrangement(s). The parties shall meet promptly on such proposal and use their best efforts to reach agreement on implementation;
- (2) The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate organization representative(s);
- (3) The proposed arrangement(s) must be made available to the smallest employee grouping that can be reasonably administered.

CSX - ATDA

C. First General Wage Increase.

Effective July 1, 2002, all standard, basic daily rates of pay for employees covered by this Agreement on June 30, 2002 shall be increased by four (4) percent.

D. Second General Wage Increase.

Effective July 1, 2003, all standard, basic daily rates of pay for employees covered by this Agreement on June 30, 2003 shall be increased by two and one-half (2.5) percent.

E. Third General Wage Increase.

Effective July 1, 2004, all standard, basic daily rates of pay for employees covered by this Agreement on June 30, 2004 shall be increased by three (3) percent.

F. Fourth General Wage Increase.

Effective July 1, 2005, all standard, basic daily rates of pay for employees covered by this Agreement on June 30, 2005 shall be increased by three and one-half (3.5) percent.

G. Fifth General Wage Increase.

Effective July 1, 2006, all standard, basic daily rates of pay for employees covered by this Agreement on June 30, 2006 shall be increased by three (3) percent.

H. Application of Wage Increases.

Special allowances not included in fixed daily or monthly rates of pay for all services rendered and arbitraries representing duplicate time payments will not be increased.

SECTION II

A. Effective January 1, 2003, a work rule rationalization allowance will be granted to rostered Train Dispatchers in the amount of ten (10) dollars per tour of duty and/or any daily payment of paid-for-not work time. This payment is not subject to increase under the terms of Section I (H) and is granted account of changes made to the Collective Bargaining Agreement. This payment (WRRRA) will be included in daily payments without a requirement for the employee to formally claim said allowance.

B. Article XIII of the February 20, 1997 Agreement between CSXT and ATDA will be amended in order to increase the Company match from twenty-five (25) cents of each one (1) dollar a dispatcher contributes (4% limit on match) to his/her 401(k) account, to fifty (50) cents of each one (1) dollar contributed commencing April 1, 2004.

In addition, the monetary equivalent of any or all unused personal leave days, sick days and vacation days pursuant to Article 11, Section 2 (d) may be contributed to their 401(k) account subject to the existing protocols of Article XIII of the February 20, 1997 Agreement between CSXT and ATDA and any applicable IRS regulation.

CSX ATDA

SECTION IV

COST OF LIVING PAYMENTS

Part A – Cost of Living Payments Under February 20, 1997 Agreement

Section 1

Article II, Part C, of the February 20, 1997 Agreement, shall be eliminated effective on the date of this Agreement. On January 1, 2003, the forty-eight (48) cent cost of living allowance pursuant to such provision in effect on that date shall be rolled in to basic rates of pay. Any COLA paid subsequent to January 2, 2003 will be recovered by CSXT.

Section 2

Any local counterpart to the above-referenced Article II, Part C that is in effect on a carrier party to this Agreement shall be amended in the same manner as provided in Section 1.

Part B – Cost of Living Allowance and Adjustments Thereto After January 1, 2007

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

(a) A cost of living allowance shall be payable in the manner set forth in and subject to the provisions of this Part, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost of living allowance shall be payable effective July 1, 2007 based, subject to paragraph (b), on the CPI for March 2007 as compared with the CPI for September 2006. Such allowance, and further cost of living adjustments thereto which shall become effective as described below, shall be based on the change in the CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (b)(iii), according to the formula set forth in paragraph (c).

Measurement Periods

<u>Base Month</u>	<u>Measurement Month</u>	<u>Effective Date of Adjustment</u>
September 2006	March 2007	July 1, 2007
March 2007	September 2007	January 1, 2008

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

(b)(i) Cap. In calculations under paragraph (c), the maximum increase in the CPI that shall be taken into account shall be as follows:

NS ATDA

AGREEMENT

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - Lump Sum Payment

- (a) Not later than three months after the date of this Agreement each employee covered by this Agreement who qualifies under subsection (b) shall be paid a Lump Sum of \$600.00. Such Lump Sum shall be paid in a separate check and shall be subject to withholdings for applicable Federal, State and Local Taxes.
- (b) To qualify for the Lump Sum an employee must:
 - (1) have an employment relationship with the Carrier as of January 1, 2003 or have retired or died subsequent to the date of this Agreement; and
 - (2)
 - (i) have received compensation for active service performed during the period November 1, 2002 through December 31, 2002, or
 - (ii) have been on authorized leave for such entire period of personal illness, on-duty injury, or pursuant to the Family and Medical Leave Act, and return to active service not later than April 1, 2003, or
 - (iii) have been out of service for such entire period due to Carrier disciplinary action that is subsequently rescinded or overturned with pay for all time lost.
- (c) There shall be no duplication of the Lump Sum payment by virtue of employment under an agreement with another organization, nor will such payment be used to offset, construct or increase guarantees in protective agreements or arrangements.

Section 2 - First General Wage Increase

On July 1, 2002, each basic monthly rate of pay in effect on June 30, 2002, for employees covered by this Agreement shall be increased in the amount of four (4) percent representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

NS ATDA

Section 3 - Second General Wage Increase

Effective July 1, 2003, each basic monthly rate of pay in effect on June 30, 2003 for employees covered by this Agreement shall be increased in the amount of two and one-half percent (2 ½ %) representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

Section 4 - Third General Wage Increase

Effective July 1, 2004, each basic monthly rate of pay in effect on June 30, 2004 for employees covered by this Agreement shall be increased in the amount of three (3) percent representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

ARTICLE II

Part I - Transfer Time

Effective January 1, 2005, existing agreements are amended to provide that an employee covered by this Agreement shall receive an allowance for all time consumed immediately prior or subsequent to the employee's regular tour of duty that is (i) required by the Carrier, and (ii) directly involves the transition of ongoing work responsibilities between shifts. Such allowance shall not exceed an amount equal to fifteen (15) minutes' time at the straight time rate of pay.

Part II - Thoroughbred Performance Bonus Program Participation

The Parties agree that employees represented by ATDD/BLE will participate in the Norfolk Southern Thoroughbred Performance Bonus Program for the periods and on the basis set forth below:

Section 1

- (a) Effective January 1, 2005 and payable in 2006 train dispatchers represented by the undersigned General Chairmen will be eligible for a bonus up to a maximum of five percent (5%) of their dispatcher earnings in the preceding calendar year.
- (b) Effective January 1, 2006 and payable in 2007 train dispatchers represented by the undersigned General Chairmen will be eligible for a bonus up to a maximum of five percent (5%) of their dispatcher earnings in the preceding calendar year.
- (c) Effective January 1, 2007 and payable in 2008, and each year thereafter, train dispatchers represented by the undersigned General Chairmen will be eligible for a bonus up to a maximum of ten percent (10%) of their dispatcher earnings in the preceding calendar year.

NS - ATDA

ARTICLE III - COST-OF-LIVING PAYMENTS

Article II, Part C of the Agreement dated May 2, 1997, shall be eliminated effective on the date of this Agreement. On June 30, 2002, the forty-eight (48) cents-per-hour cost-of-living allowance pursuant to such provision in effect on that date shall be rolled in to basic rates of pay.

ARTICLE IV - HEALTH AND WELFARE

Section 1

The parties' proposals concerning health and welfare matters contained in their respective bargaining notices served on and after November 1, 1999 are, as of the date of this Agreement, being handled on a national basis by the NCCC on behalf of the participating carriers and a coalition of national railroad unions that includes the ATDD/BLE. It is mutually agreed that the settlement of those proposals with those organizations will be incorporated into and become part of this Agreement upon the effective date of such settlement, and will be deemed full and final disposition of the parties' notices on these matters.

Section 2

In the event that the national discussions referenced in Section 1 conclude without the matters in dispute either being fully resolved or referred to other means of dispute resolution under the Railway Labor Act, the parties shall meet promptly to resolve such matters pursuant to and in accordance with their respective rights and obligations under the Railway Labor Act. The parties mutually agree that their health and welfare dispute shall be resolved on the same terms and conditions applicable to the other labor organizations participating in the aforementioned national discussions.

Section 3

Nothing herein shall be construed to bar the parties from reaching mutual agreement on any matter relating to health and welfare.

Section 4

Beginning on January 1, 2005, employee contributions to health and welfare costs will be equivalent to those covering this time period contained in the settlements referred to in Section 1.

UTU - YMD
Nat. Sup. Agmt.

Document "B"

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT, made this 6th day of November, 2003 by and between the participating carriers listed in Exhibit A, attached hereto and made a part hereof, and represented by the National Carriers' Conference Committee, and the employees of such carriers shown thereon and represented by the Yardmasters Department, United Transportation Union, witnesseth:

IT IS HEREBY AGREED:

SECTION 1 - PURPOSE

This Agreement is made pursuant to Article IV - Health and Welfare of the parties' August 20, 2002 Agreement - Document "B" ("2002 National Agreement") and is intended to be a full and final disposition of the parties' respective pending bargaining notices concerning health and welfare issues. Its terms are incorporated into and will be a part of the 2002 National Agreement as provided herein.

SECTION 2 - AMENDED EFFECTIVE DATE

For the purpose of defraying health and welfare costs, Section 4 - Third General Wage Increase of the 2002 National Agreement is amended to provide that the effective date of such General Wage Increase shall be December 1, 2004 instead of July 1, 2004.

SECTION 3 - COST-OF-LIVING ALLOWANCE AMENDMENTS

Part B of Article III - Cost-Of-Living Payments of the 2002 National Agreement is amended to read as follows:

NATIONAL RAILWAY LABOR CONFERENCE**ECONOMIC RESEARCH DEPARTMENT**

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

CAROL LUTZ KEARNS
Director Economic Research
(202) 862-7217
ckearns@nrlc.org

COLA

April 15, 2004

July 1, 2004 Cost-of-Living AllowanceUnder 1996 National AgreementsBLE, UTU, UTU-Yardmasters, BMW, BRS,TCU-Clerks, TCU-Carmen, IBB, NCF&O, IBEW, IAM, SMWIA

CIRCULAR NO. 804-19 (BLE)
CIRCULAR NO. 805-35 (UTU)
CIRCULAR NO. 805-36 (YARDMASTERS)
CIRCULAR NO. 807-22 (CLERKS)
CIRCULAR NO. 809-20 (BRS)
CIRCULAR NO. 810-20 (CARMEN)
CIRCULAR NO. 811-15 (IBB)
CIRCULAR NO. 812-16 (NCF&O)
CIRCULAR NO. 813-20 (IBEW)
CIRCULAR NO. 814-21 (IAM)
CIRCULAR NO. 815-21 (SMWIA)

TO MEMBER ROADS:

The 1996 National Agreements with the above-referenced organizations provide, in Article II, Part C, for a cost-of-living allowance to be payable on July 1, 2004. The COL adjustment will be nine cents, calculated on the basis of the change in the CPI-W for the measurement period September 2003 to March 2004. The nine cents will be added to the existing 78-cent COL allowance for a total COL allowance of 87 cents effective July 1, 2004.

This COL allowance for the BMW, UTU, Yardmasters, IBB, TCU Clerks and Carmen, BLE, and BRS applies only to those railroads that have not eliminated the COL Adjustment provisions of the 1996 contracts through subsequent agreements. For example, if you are a party to any of the national agreements with those organizations reached in 2001, 2002, or 2003, the COL adjustment should be disregarded insofar as employees covered by such contracts.

Carol L. Kearns

NATIONAL RAILWAY LABOR CONFERENCE**ECONOMIC RESEARCH DEPARTMENT**

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

CAROL LUTZ KEARNS
Director Economic Research
(202) 862-7217
ckearns@nrlc.org

April 15, 2004

BMW E
Wage
Adjustment

July 1, 2004 General Wage Increase
Under the May 31, 2001 BMW E National Agreement

CIRCULAR NO. 835-9**TO MEMBER ROADS:**

The National Agreement with the Brotherhood of Maintenance of Way Employees provides in Article I, Section 3 for a cost-of-living wage adjustment to be payable and rolled into rates of pay on July 1, 2004. This wage adjustment will be thirteen (13) cents.

Calculated on the basis of the change in the CPI-W for the measurement period March 2003 to March 2004, the gross COL adjustment is 25 cents. Article I, Section 3 provides that such COL amount is subject to reduction by the lesser of (i) 50% of the increase in the carriers' 2004 payment rate for health benefits over the 2003 rate (on an hourly basis) and (ii) one-half of the COL amount. Fifty percent of the 2004 increase in BMW E health benefits is 13.2 cents, which is more than one-half of the COL amount. Therefore the July 1, 2004 COL wage adjustment is 25 cents minus 12.5 cents, or 13 cents net (rounded).

Carol L. Kearns

CSX Yardmaster

AGREEMENT

THIS AGREEMENT, made this ____ day of _____, 2002 by and between the CSX Transportation, Inc. and the employees represented by the United Transportation Union-Yardmasters Department, Witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - WAGES

The parties agree that Article I, Sections 1-5 of the proposed UTU National Agreement, Document B, dated _____, 2002 apply herein as follows:

Section -1- Longevity Bonus

The bonus will be paid in accordance with the alternative signing bonus plan contained in CSXT System Yardmaster Agreement, Side Letter No. 10.

Section -2- First General Wage Increase

Effective July 1, 2002, all standard basic daily rates of pay for employees covered by the Agreement in effect June 30, 2002 shall be increased by four (4) percent.

Section -3- Second General Wage Increase

Effective July 1, 2003, all standard basic daily rates of pay for employees covered by this Agreement will be increased by a two-and-one-half (2-1/2) percent general wage increase; however, such increase will be suspended pursuant to Article II of this Agreement.

Section -4- Third General Wage Increase

Effective July 1, 2004, all standard basic daily rates of pay in effect on June 30, 2004 for employees covered by this Agreement shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 2 above.

Section -5- Application of Wage Increases

Special allowances not included in fixed daily, weekly or monthly rates of pay for all services rendered, and arbitraries representing duplicate time payments will not be increased.

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Section 5 - Fourth General Wage Increase

Effective July 1, 2003, the rates of pay in effect on June 30, 2003, shall be increased in the amount of 3%.

Section 6 - Fifth General Wage Increase

Effective July 1, 2004, the rates of pay in effect on June 30, 2004, shall be increased in the amount of 3%.

Section 7 - Application of Wage Increases

- (a) Rates of pay resulting from application of Sections 2 through 6, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.
- (b) Insofar as concerns deductions, which may be made from the rates resulting from the increases herein granted, under Section 3(m) of the Fair Labor Standards Act of 1938, they may continue to be made to the extent that such deductions were being legally made as of August 31, 1941.

**ARTICLE II - COST-OF-LIVING ALLOWANCE AND ADJUSTMENTS THERETO
AFTER JANUARY 1, 2005**

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

- (a) A cost-of-living allowance will be payable in the manner set forth in and subject to the provisions of this Article, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the BLS CPI. The first such cost-of-living allowance shall be payable effective July 1, 2005 based, subject to paragraph (d), on the BLS CPI for September 2004 as compared with the BLS CPI for March 2005. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS CPI during the respective measurement periods shown in the following table, subject to the

**AGREEMENT
BETWEEN
CANADIAN NATIONAL/ILLINOIS CENTRAL RAILROAD
AND
SHEET METAL WORKERS' INTERNATIONAL ASSOCIATION**

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

Effective July 1, 2000, the rates of pay in effect on June 30, 2000, shall be increased in the amount of 3%.

Section 2 - Second General Wage Increase

Effective July 1, 2001, the rates of pay in effect on June 30, 2001, shall be increased in the amount of 3%.

Section 3 - Third General Wage Increase

Effective July 1, 2002, the rates of pay in effect on June 30, 2002, shall be increased in the amount of 3%.

Section 4 - Fourth General Wage Increase

Effective July 1, 2003, the rates of pay in effect on June 30, 2003, shall be increased in the amount of 3%.

Section 5 - Fifth General Wage Increase

Effective July 1, 2004, the rates of pay in effect on June 30, 2004, shall be increased in the amount of 3%.

Section 6 - Application of Wage Increases

- (a) Rates of pay resulting from application of Sections 1 through 5, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

**AGREEMENT
BETWEEN
CANADIAN NATIONAL/ILLINOIS CENTRAL RAILROAD
AND
BROTHERHOOD OF RAILROAD SIGNALMEN**

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

Effective July 1, 2000, the rates of pay in effect on June 30, 2000, shall be increased in the amount of 3%.

Section 2 - Second General Wage Increase

Effective July 1, 2001, the rates of pay in effect on June 30, 2001, shall be increased in the amount of 3%.

Section 3 - Third General Wage Increase

Effective July 1, 2002, the rates of pay in effect on June 30, 2002, shall be increased in the amount of 3%.

Section 4 - Fourth General Wage Increase

Effective July 1, 2003, the rates of pay in effect on June 30, 2003, shall be increased in the amount of 3%.

Section 5 - Fifth General Wage Increase

Effective July 1, 2004, the rates of pay in effect on June 30, 2004, shall be increased in the amount of 3%.

Section 6 - Application of Wage Increases

- (a) Rates of pay resulting from application of Sections 1 through 5, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.
- (b) Insofar as concerns deductions, which may be made from the rates resulting from the increases herein granted, under Section 3(m) of the Fair Labor Standards Act of 1938, they may continue to be made to the extent that such deductions were being legally made as of August 31, 1941.

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**AGREEMENT BETWEEN
CANADIAN NATIONAL/ILLINOIS CENTRAL RAILROAD
AND
THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES**

IT IS AGREED:

ARTICLE I - WAGES**Section 1 - First General Wage Increase**

Effective July 1, 2003, the rates of pay in effect on June 30, 2003, shall be increased in the amount of 3%.

Section 2 - Second General Wage Increase

Effective July 1, 2004, the rates of pay in effect on June 30, 2004, shall be increased in the amount of 3%.

Section 3 - Application of Wage Increases

- (a) Rates of pay resulting from application of Sections 1 and 2, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.
- (b) Insofar as concerns deductions, which may be made from the rates resulting from the increases herein granted, under Section 3(m) of the Fair Labor Standards Act of 1938, they may continue to be made to the extent that such deductions were being legally made as of August 31, 1941.

**ARTICLE II - COST-OF-LIVING ALLOWANCE AND ADJUSTMENTS
THERE TO AFTER JANUARY 1, 2005**

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

- (a) A cost-of-living allowance will be payable in the manner set forth in and subject to the provisions of this Article, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the BLS CPI. ~~The first such cost-of-living allowance shall be payable effective July 1, 2005 based, subject to paragraph (d), on the BLS CPI for September 2004 as compared with the BLS CPI for March 2005. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will~~

Post-it* Fax Note	7671	Date	5/22/03	# of pages	25
To	SHOU LIU	From	JACK GIBBINS		
Co./Dept.		Co.	IC		
Phone #		Phone #	312-639-2399		
Fax #	202-639-2499	Fax #			

**AGREEMENT
BETWEEN
CANADIAN NATIONAL/ILLINOIS CENTRAL RAILROAD
AND
BROTHERHOOD RAILWAY CARMEN DIVISION
TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION**

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

Effective July 1, 2000, the rates of pay in effect on June 30, 2000, shall be increased in the amount of 3%.

Section 2 - Second General Wage Increase

Effective July 1, 2001, the rates of pay in effect on June 30, 2001, shall be increased in the amount of 3%.

Section 3 - Third General Wage Increase

Effective July 1, 2002, the rates of pay in effect on June 30, 2002, shall be increased in the amount of 3%.

Section 4 - Fourth General Wage Increase

Effective July 1, 2003, the rates of pay in effect on June 30, 2003, shall be increased in the amount of 3%.

Section 5 - Fifth General Wage Increase

Effective July 1, 2004, the rates of pay in effect on June 30, 2004, shall be increased in the amount of 3%.

Section 6 - Application of Wage Increases

- (a) Rates of pay resulting from application of Sections 1 through 5, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

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**AGREEMENT
BETWEEN
CANADIAN NATIONAL/ILLINOIS CENTRAL RAILROAD
AND
NATIONAL CONFERENCE OF FIREMEN AND OILERS
SERVICE EMPLOYEES INTERNATIONAL UNION**

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

Effective July 1, 2003, the rates of pay in effect on June 30, 2003, shall be increased in the amount of 3%.

Section 2 - Second General Wage Increase

Effective July 1, 2004, the rates of pay in effect on June 30, 2004, shall be increased in the amount of 3%.

Section 3 - Application of Wage Increases

- (a) Rates of pay resulting from application of Sections 1 and 2, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.
- (b) Insofar as concerns deductions, which may be made from the rates resulting from the increases herein granted, under Section 3(m) of the Fair Labor Standards Act of 1938, they may continue to be made to the extent that such deductions were being legally made as of August 31, 1941.

**AGREEMENT
BETWEEN
CANADIAN NATIONAL/ILLINOIS CENTRAL RAILROAD
AND
INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS**

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

Effective July 1, 2000, the rates of pay in effect on June 30, 2000, shall be increased in the amount of 3%.

Section 2 - Second General Wage Increase

Effective July 1, 2001, the rates of pay in effect on June 30, 2001, shall be increased in the amount of 3%.

Section 3 - Third General Wage Increase

Effective July 1, 2002, the rates of pay in effect on June 30, 2002, shall be increased in the amount of 3%.

Section 4 - Fourth General Wage Increase

Effective July 1, 2003, the rates of pay in effect on June 30, 2003, shall be increased in the amount of 3%.

Section 5 - Fifth General Wage Increase

Effective July 1, 2004, the rates of pay in effect on June 30, 2004, shall be increased in the amount of 3%.

Section 6 - Application of Wage Increases

- (a) Rates of pay resulting from application of Sections 1 through 5, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

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**AGREEMENT
BETWEEN
CANADIAN NATIONAL/ILLINOIS CENTRAL RAILROAD
AND
INTERNATIONAL BROTHERHOOD OF BOILERMAKERS, IRON SHIP BUILDERS,
BLACKSMITHS, FORGERS AND HELPERS**

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

Effective July 1, 2000, the rates of pay in effect on June 30, 2000, shall be increased in the amount of 3%.

Section 2 - Second General Wage Increase

Effective July 1, 2001, the rates of pay in effect on June 30, 2001, shall be increased in the amount of 3%.

Section 3 - Third General Wage Increase

Effective July 1, 2002, the rates of pay in effect on June 30, 2002, shall be increased in the amount of 3%.

Section 4 - Fourth General Wage Increase

Effective July 1, 2003, the rates of pay in effect on June 30, 2003, shall be increased in the amount of 3%.

Section 5 - Fifth General Wage Increase

Effective July 1, 2004, the rates of pay in effect on June 30, 2004, shall be increased in the amount of 3%.

Section 6 - Application of Wage Increases

- (a) Rates of pay resulting from application of Sections 1 through 5, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

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**AGREEMENT
BETWEEN
CANADIAN NATIONAL/ILLINOIS CENTRAL RAILROAD
AND
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS**

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

Effective July 1, 2000, the rates of pay in effect on June 30, 2000, shall be increased in the amount of 3%.

Section 2 - Second General Wage Increase

Effective July 1, 2001, the rates of pay in effect on June 30, 2001, shall be increased in the amount of 3%.

Section 3 - Third General Wage Increase

Effective July 1, 2002, the rates of pay in effect on June 30, 2002, shall be increased in the amount of 3%.

Section 4 - Fourth General Wage Increase

Effective July 1, 2003, the rates of pay in effect on June 30, 2003, shall be increased in the amount of 3%.

Section 5 - Fifth General Wage Increase

Effective July 1, 2004, the rates of pay in effect on June 30, 2004, shall be increased in the amount of 3%.

Section 6 - Application of Wage Increases

- (a) Rates of pay resulting from application of Sections 1 through 5, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

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SOO BMW E

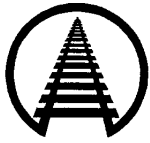
(a) applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 3 shall be applied in the same manner as provided for in Article II, Part B, Section 3.

Section 4 – Fourth General Wage Increase

- (a) A cost-of-living wage adjustment, calculated in accordance with this subsection, shall be payable and rolled into basic rates of pay on July 1, 2003. Such wage adjustment shall be equal to the difference between (i) the cost-of-living wage adjustment calculated pursuant to Article II, Part B of this Agreement except as otherwise provided in subsection (b) hereof, and (ii) the lesser of (x) the cents per hour produced by dividing forty-five (45) percent of the increase, if any, in the Soo Line Railroad Health and Welfare Plan for Union Employees 2003 payment rate over such payment rate for 2002, by the average composite straight-time equivalent hours that are subject to wage increases for the latest year for which statistics are available, and (y) one-half of the amount referred to in (i) above.
- (b) The measurement period for this cost-of-living wage adjustment shall be March 2002 to March 2003, and the provisions of Article II, Part B, Section 1 (d) shall not be applicable.
- (c) All hourly rates of pay in effect on June 30, 2003, for employees covered by this Agreement shall be increased by the amount computed pursuant to subsection (a) applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 3(c) hereof.

Section 5 – Fifth General Wage Increase

- (a) A cost-of-living wage adjustment, calculated in accordance with this subsection, shall be payable and rolled in to basic rates of pay on July 1, 2004. Such wage adjustment shall be equal to the difference between (i) the cost-of-living wage adjustment calculated pursuant to Article II, Part B of this Agreement except as otherwise provided in subsection (b) hereof, and (ii) the lesser of (x) the cents per hour produced by dividing fifty (50) percent of the increase, if any, in the Soo Line Railroad Health and Welfare Plan for Union Employees 2004 payment rate over such payment rate for 2003, by the average composite straight-time equivalent hours that are subject to wage increases for the latest year for which statistics are available, and (y) one-half of the amount referred to in (i) above.
- (b) The measurement period for this cost-of-living wage adjustment shall be March 2003 to March 2004, and the provisions of Article II, Part B, Section 1 (d) shall not be applicable.
- (c) All hourly rates of pay in effect on June 30, 2004 for employees covered by this Agreement shall be increased by the amount computed pursuant to subsection (a) applied so as to give effect to this increase irrespective of the method of



Memo

To: File
From: Shou-Lien Liu
CC: Clyde A. Crimmel
Date: 6/1/2004
Re: SOO BMWWE COLA Amount

John Weiland (612) 904-6191 confirmed today via phone that SOO BMWWE will receive 13-cent COLA on 7/1/04 as the national BMWWE.

MEMORANDUM OF AGREEMENT
BETWEEN THE
SOO LINE RAILROAD COMPANY
AND THE
AMERICAN TRAIN DISPATCHERS ASSOCIATION (ATDA)

ARTICLE I – WAGES

Section 1 - First General Wage Increase

On June 30, 2002, each basic monthly rate of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two-and-one-half (2-1/2) percent.

Section 2 - Second General Wage Increase

Effective July 1, 2002, each basic monthly rate of pay in effect on June 30, 2002 for employees covered by this Agreement shall be increased in the amount of three-and-one-half (3-1/2) percent.

Section 3 - Third General Wage Increase

Effective July 1, 2003, each basic monthly rate of pay in effect on June 30, 2003 for employees covered by this Agreement shall be increased in the amount of three (3) percent.

Section 4 - Fourth General Wage Increase

Effective July 1, 2004, each basic monthly rate of pay in effect on June 30, 2004 for employees covered by this Agreement shall be increased in the amount of three-and-one-quarter (3-1/4) percent.

Section 5 - Fifth General Wage Increase

Effective July 1, 2005, each basic monthly rate of pay in effect on June 30, 2005 for employees covered by this Agreement shall be increased in the amount of two (2) percent.

Soo ATDD
p. 2

ARTICLE II - COST-OF-LIVING ALLOWANCE

Part A - Cost-of-Living Payments Under Article II, Part B of Soo ATDD Agreement dated April 8, 1997

On October 1, 2001, twenty-seven (27) cents-per-hour of the cost-of-living allowance payable pursuant to Article II, Part B of the Soo / ATDD Agreement dated April 8, 1997 ("Article II, Part B") shall be rolled in to basic rates of pay. Article II, Part B shall be eliminated effective June 30, 2002. Cost-of-living allowance payments made to employees for periods on or before June 30, 2002 shall be retained. Any cost-of-living allowance payments made to employees for periods on and after July 1, 2002 shall be recovered from any retroactive wage increase payments made under Article I.

Part B - Cost-of-Living Allowance and Adjustments Thereto After January 1, 2005

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

- (a) A cost-of-living allowance shall be payable in the manner set forth in and subject to the provisions of this Part, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost-of-living allowance shall be payable effective July 1, 2006 based, subject to paragraph (b), on the CPI for March 2006 as compared with the CPI for September 2005. Such allowance, and further cost-of-living adjustments thereto which shall become effective as described below, shall be based on the change in the CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (b)(iii), according to the formula set forth in paragraph (c).

Soo BRS

1 of 3

MEMORANDUM OF AGREEMENT
BETWEEN THE
SOO LINE RAILROAD COMPANY
AND THE
BROTHERHOOD OF RAILROAD SIGNALMEN

ARTICLE I – WAGES

Section 1 - First General Wage Increase

On June 30, 2002, all hourly and monthly rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two-and-one-half (2-1/2) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Application of Wage Increases

(a) **Hourly Rates -**

Add 2-1/2 percent to the existing hourly rates of pay

(b) **Monthly Rates -**

Add 2-1/2 percent to the existing monthly rates of pay

(c) **Disposition of Fractions -**

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

(d) **Application of Wage Increase -**

The increase in wages provided for in this Section 1 shall be applied in accordance with the wage or working conditions agreement in effect between Soo and BRS. Special allowances not included in fixed hourly, or monthly rates of pay for all services rendered, will not

Soo BRS
243

be increased. Overtime hours will be computed in accordance with Soo schedules for all overtime hours paid for. Please refer to Appendix 1 attached hereto for new rates.

Section 2 - Second General Wage Increase

Effective July 1, 2002, all hourly and monthly rates of pay in effect on June 30, 2002 for employees covered by this Agreement shall be increased in the amount of three-and-one-half (3-1/2) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 2 shall be applied in the same manner as provided for in Section 1 hereof.

Section 3 - Third General Wage Increase

Effective July 1, 2003, all hourly and monthly rates of pay in effect on June 30, 2003 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 3 shall be applied in the same manner as provided for in Section 1 hereof.

Section 4 - Fourth General Wage Increase

Effective July 1, 2004, all hourly and monthly rates of pay in effect on June 30, 2004 for employees covered by this Agreement shall be increased in the amount of three-and-one-quarter (3-1/4) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 hereof.

ARTICLE II - COST-OF-LIVING ALLOWANCE

Part A - Cost-of-Living Payments Under

On October 1, 2001, twenty-seven (27) cents-per-hour of the cost-of-living allowance payable pursuant to Article II, Part B of the August 6, 1999 Agreement between Soo and BRS shall be rolled into basic rates of pay. Article II, Part B shall be eliminated effective June 30, 2002. Cost-of-living

500 BRS
3 of 3

allowance payments made to employees for periods on or before June 30, 2002 shall be retained. Any cost-of-living allowance payments made to employees for periods on and after July 1, 2002 shall be recovered from any retroactive wage increase payments made under Article I.

Part B - Cost-of-Living Allowance and Adjustments Thereto After January 1, 2005

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

- (a) A cost-of-living allowance shall be payable in the manner set forth in and subject to the provisions of this Part, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost-of-living allowance shall be payable effective July 1, 2005 based, subject to paragraph (b), on the CPI for March 2005 as compared with the CPI for September 2004. Such allowance, and further cost-of-living adjustments thereto which shall become effective as described below, shall be based on the change in the CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (b)(iii), according to the formula set forth in paragraph (c).

<u>Measurement Periods</u>		
<u>Base Month</u>	<u>Measurement Month</u>	<u>Effective Date of Adjustment</u>
September 2004	March 2005	July 1, 2005
March 2005	September 2005	January 1, 2006

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

1.050%

TUESDAY, MAY 25, 2004 B15

Volume represents total volume for each issue; price/hold data are for trades of \$1 million and greater. * Estimated spreads, in basis points (100 basis points is one percentage point), over the 2, 3, 5, 10 or 30-year hot run Treasury note/bond. 2-year: 2.250 04/06; 3-year: 1.125 05/07; 5-year: 3.875 05/09; 10-year: 4.750 05/14; 30-year: 5.375 02/31. † Comparable U.S. Treasury issue. ‡ Convertible bond.
Source: MarketAccess Corporate Bondfinder

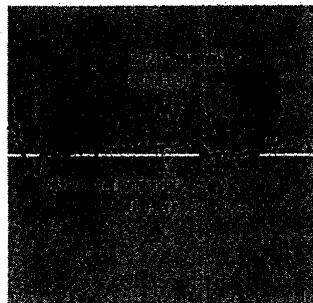
Money Rates

Monday, May 24, 2004

The key U. S. and foreign annual interest rates below are a guide to general levels but don't always represent actual transactions.

Commercial Paper

Yields paid by corporations for short-term financing, typically for daily operation



Source: Federal Reserve

Prime Rate: 4.00% (effective 06/22/03). The base rate on corporate loans posted by at least 75% of the nation's 30 largest banks.

Discount Rate (Primary): 2.00% (effective 06/25/03). Federal Funds: 1.031% high, 0.990% low, 1.000% near closing bid, 1.031% offered. Effective rate: 1.00%. Source: Prebon Yamane (USA) Inc. Federal-funds target rate: 1.000% (effective 06/25/03).

Call Money: 2.75% (effective 06/30/03).

Commercial Paper: Placed directly by General Electric Capital Corp.: 1.03% 30 days; 0.80% 31 to 52 days; 1.11% 53 to 84 days; 1.21% 85 to 106 days; 1.30% 107 to 121 days; 0.80% 122 to 132 days; 1.41% 133 to 175 days; 1.51% 176 to 198 days; 1.60% 199 to 232 days; 1.69% 233 to 270 days.

Euro Commercial Paper: Placed directly by General Electric

Capital Corp.: 2.01% 30 days; 2.04% two months; 2.05% three months; 2.07% four months; 2.09% five months; 2.11% six months.

Dealer Commercial Paper: High-grade unsecured notes sold through dealers by major corporations: 1.02% 30 days; 1.10% 60 days; 1.20% 90 days.

Certificates of Deposit: 1.05% one month; 1.23% three months; 1.54% six months.

Bankers' Acceptances: 1.04% 30 days; 1.11% 60 days; 1.21% 90 days; 1.33% 120 days; 1.42% 150 days; 1.51% 180 days. Source: Prebon Yamane (USA) Inc.

Eurodollars: 1.05% - 1.04% one month; 1.12% - 1.10% two months; 1.25% - 1.23% three months; 1.36% - 1.33% four months; 1.47% - 1.44% five months; 1.54% - 1.50% six months. Source: Prebon Yamane (USA) Inc.

London Interbank Offered Rates (Libor): 1.1000% one month; 1.2900% three months; 1.5900% six months; 2.1300% one year. Effective rate for contracts entered into two days from date appearing at top of this column. Euro Libor: 2.0616% one month; 2.0922% three months; 2.1505% six months; 2.3423% one year. Effective rate for contracts entered into two days from date appearing at top of this column.

Euro Interbank Offered Rates (Euribor): 2.063% one month; 2.093% three months; 2.154% six months; 2.344% one year. Source: Reuters.

Foreign Prime Rates: Canada 3.75%; European Central Bank 2.00%; Japan 1.375%; Switzerland 2.10%; Britain 4.25%.

Treasury Bills: Results of the Monday, May 24, 2004, auction of short-term U.S. government bills, sold at a discount from face value in units of \$1,000 to \$1 million: 1.050% 13 weeks; 1.375% 26 weeks. Tuesday, May 18, 2004 auction: 0.900% 4 weeks.

Overnight Repurchase Rate: 0.97%. Source: Garban Inter-capital.

Freddie Mac Posted yields on 30-year mortgage commitments: Delivery within 30 days 6.05%, 60 days 6.12%, standard conventional fixed-rate mortgages: 2.875%, 2% rate capped one-year adjustable rate mortgages.

Fannie Mae: Posted yields on 30-year mortgage commitments (priced at par) for delivery within 30 days 6.09%, 60 days 6.17%, standard conventional fixed-rate mortgages: 3.35%, 6/2 rate capped one-year adjustable rate mortgages. Constant Maturity Debt Index: 1.192% three months; 1.505% six months; 2.030% one year.

Merrill Lynch Ready Assets Trust: 0.51%. Consumer Price Index: April 188.0, up 2.3% from a year ago. Bureau of Labor Statistics.

AGENCY OF CLASS ACTION AND SETTLEMENT HEARING

BASED OR ACQUIRED THE COMMON ACTION DURING THE PERIOD FROM INCLUDING AUGUST 6, 2002, AND TO A LOSS THEREBY (THE "CLASS").

ED, pursuant to an Order of the United District of Illinois, Eastern Division, dated be held before the Honorable Harry D. Judge, at the United States Courthouse, 60604, at 9:00 a.m., on July 27, 2004, whether the Settlement Class should be applicable prerequisites for class action 23(a) and (b); (2) whether the proposed by the principal amount of Seven Million Two 7,250,000, plus accrued interest, should be reasonable and adequate; (3) whether a Final and dismissing the Litigation on the merits; (4) whether the proposed Plan of and (5) whether the application for attorneys' is reasonable and should be approved. THE CLASS DESCRIBED ABOVE, YOUR AND YOU MAY BE ENTITLED TO SHARE IN you have not yet received (i) the full printed tion; Hearing on Proposed Settlement and to Share in Settlement Fund and (ii) a Proof copies of these documents by identifying ss and by contacting:

Id v. Aon Corp. Securities Litigation
Garden City Group, Inc.
Administrator
9000 #6183
NY 11566-9000
88-3550

Notice forms or Proof of Claim forms, may be

Zivitz, Esq.
& Barroway, LLP
Sala Plaza East, Suite 400
Rwyd, PA 19004

ment, you must submit a Proof of Claim no later are a Class Member and do not exclude yourself d by the Final Order and Judgment of the Court. Class, you must submit a request for exclusion 5, 2004. If you are a Class Member and do not n, you will not share in the Settlement but you be Final Order and Judgment of the Court.

be obtained by directing your inquiry in writing

CT THE COURT OR THE CLERK'S OFFICE
By Order of The Court

Companhia de Bebidas das
B6
McDonald's
B12

2004/Q3 RCAF Lump Sum Amortization

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hour	U.S. ST Hours	
GTW - IAM	2003Q2	2003Q3	\$29,600	0.00009	0.00037	317,388,636	2002
IC - BMW & IBFO	2003Q3	2003Q3	\$620,400	0.00195	0.00782	317,388,636	2002
GTW - IBEW	2003Q4	2003Q4	\$19,200	0.00006	0.00024	317,388,636	2002
Nat'l - BLE	2004Q1	2004Q2	\$27,570,174	0.08687	0.34746	317,388,636	2002
NS - BLE	2004Q1	2004Q2	\$39,642,808	0.12490	0.49961	317,388,636	2002
CSX - ATDA	2004Q3	2004Q3	\$762,825	0.00240	0.00961	317,388,636	2002
NS - ATDA	2004Q3	2004Q3	\$291,600	0.00092	0.00367	317,388,636	2002
Total				0.21515			

Should be slightly less
than amortized amount.

Interest Rate

2003/Q1	1.210
2003/Q2	1.175
2003/Q3	1.100
2003/Q4	0.980
2004/Q1	0.930
2004/Q2	0.930
2004/Q3	1.050
2004/Q4	
2005/Q1	
2005/Q2	
2005/Q3	
2005/Q4	

Lump Sum Adjustment for 2004 Q3 → 0.216533
or
0.217

SCHEDULE: GTW IBEW

Added 2003Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00024			
2003/Q4	4	0.980	0.2450	\$0.00018	\$0.00006	\$0.00000	\$0.00006
2004/Q1	3	0.930	0.2325	\$0.00012	\$0.00006	\$0.00000	\$0.00006
2004/Q2	2	0.930	0.2325	\$0.00006	\$0.00006	\$0.00000	\$0.00006
2004/Q3	1	1.050	0.2625	\$0.00000	\$0.00006	\$0.00000	\$0.00006

SCHEDULE: National BLE

Added 2004Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.34746			
2004/Q2	4	0.930	0.2325	\$0.26090	\$0.08737	\$0.00081	\$0.08656
2004/Q3	3	1.050	0.2625	\$0.17416	\$0.08742	\$0.00068	\$0.08674
2004/Q4	2		0.0000	\$0.08708	\$0.08708	\$0.00000	\$0.08708
2005/Q1	1		0.0000	\$0.00000	\$0.08708	\$0.00000	\$0.08708

SCHEDULE: NS BLE

Added 2004Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.49961			
2004/Q2	4	0.930	0.2325	\$0.37514	\$0.12563	\$0.00116	\$0.12447
2004/Q3	3	1.050	0.2625	\$0.25042	\$0.12571	\$0.00098	\$0.12472
2004/Q4	2		0.0000	\$0.12521	\$0.12521	\$0.00000	\$0.12521
2005/Q1	1		0.0000	\$0.00000	\$0.12521	\$0.00000	\$0.12521

SCHEDULE: CSX ATDA

Added 2004Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00961			
2004/Q2	4	1.050	0.2625	\$0.00722	\$0.00242	\$0.00003	\$0.00239
2004/Q3	3		0.0000	\$0.00481	\$0.00241	\$0.00000	\$0.00241
2004/Q4	2		0.0000	\$0.00241	\$0.00241	\$0.00000	\$0.00241
2005/Q1	1		0.0000	\$0.00000	\$0.00241	\$0.00000	\$0.00241

SCHEDULE: NS ATDA

Added 2004Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00367			
2004/Q2	4	1.050	0.2625	\$0.00276	\$0.00092	\$0.00001	\$0.00092
2004/Q3	3		0.0000	\$0.00184	\$0.00092	\$0.00000	\$0.00092
2004/Q4	2		0.0000	\$0.00092	\$0.00092	\$0.00000	\$0.00092
2005/Q1	1		0.0000	\$0.00000	\$0.00092	\$0.00000	\$0.00092

AGREEMENT BETWEEN CSXT and ATDA
(Offices in Jacksonville, Florida, Calumet City, Illinois and Wallaceburg, Ontario, Canada)
Effective April 1, 2004 2004

IT IS HEREBY AGREED:

SECTION I

A. Article II, Part B of the February 20, 1997 Agreement between CSXT and the ATDA is eliminated. On July 1, 2002, the cost of living allowances currently reflected in the daily rate of \$228.85 shall be rolled into the basic rates of pay.

B. In consideration of the scope of work rule modifications contained in this Agreement, eligible Train Dispatchers will receive bonus payments as described herein upon successful ratification of this Agreement.

- Sixteen Hundred Seventy-Five Dollars (\$1,675.00) to each Train Dispatcher with a seniority date on or before December 31, 2000.

- One Thousand Dollars (\$1,000.00) to each Train Dispatcher with a seniority date between January 1, 2001 and December 31, 2001.

- Five Hundred Dollars (\$500.00) to each Train Dispatcher with a seniority date on or after January 1, 2002.

The bonus will be paid within sixty (60) days of the date that this Agreement has been ratified, the Company notified and signed by the Organization's representatives and shall be subject to withholdings for applicable federal, state and local taxes.

In order to qualify for the signing bonus, an employee must:

- (i) have an employment relationship with the Carrier under this Agreement thirty (30) days prior to the date that this Agreement was executed;

- (ii) have established seniority with the Carrier as a Train Dispatcher on or before the date noted in paragraph (i) above.

There shall be no duplication of the signing bonus by virtue of employment under another agreement, nor will such payment be used to offset, construct or increase guarantees in protective agreements or arrangements.

NS ATDA

AGREEMENT

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - Lump Sum Payment

- (a) Not later than three months after the date of this Agreement each employee covered by this Agreement who qualifies under subsection (b) shall be paid a Lump Sum of \$600.00. Such Lump Sum shall be paid in a separate check and shall be subject to withholdings for applicable Federal, State and Local Taxes.
- (b) To qualify for the Lump Sum an employee must:
 - (1) have an employment relationship with the Carrier as of January 1, 2003 or have retired or died subsequent to the date of this Agreement; and
 - (2)
 - (i) have received compensation for active service performed during the period November 1, 2002 through December 31, 2002, or
 - (ii) have been on authorized leave for such entire period of personal illness, on-duty injury, or pursuant to the Family and Medical Leave Act, and return to active service not later than April 1, 2003, or
 - (iii) have been out of service for such entire period due to Carrier disciplinary action that is subsequently rescinded or overturned with pay for all time lost.
- (c) There shall be no duplication of the Lump Sum payment by virtue of employment under an agreement with another organization, nor will such payment be used to offset, construct or increase guarantees in protective agreements or arrangements.

Section 2 - First General Wage Increase

On July 1, 2002, each basic monthly rate of pay in effect on June 30, 2002, for employees covered by this Agreement shall be increased in the amount of four (4) percent representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

2004/Q3 RCAF Back Pay Amortization

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hour	U.S. ST Hours	
GTW - IAM	2003/Q3	2003/Q3	\$186,598	0.00058792	0.00235	317,388,636	2002
GTW - IBEW	2003/Q4	2003/Q4	\$162,885	0.00051320	0.00205	317,388,636	2002
National - BRS	2002/Q3	2004/Q1	\$9,960,269	0.03138193	0.12553	317,388,636	2002
National - UTU & YMD	2003/Q4	2004/Q1	(\$9,302,548)	-0.02930964	-0.11724	317,388,636	2002
DWP - BRS, TCU, BRC & UTU	Various	2004/Q1	(\$90,937)	-0.00028652	-0.00115	317,388,636	2002
GTW - BRS, TCU, UTU	Various	2004/Q1	(\$831,152)	-0.00261872	-0.01047	317,388,636	2002
IC 10 unions, CCP 2 unions	Various	2004/Q1	(\$1,464,198)	-0.00461327	-0.01845	317,388,636	2002
National - BLE	2002/Q3	2004/Q2	\$27,984,819	0.08817209	0.35269	317,388,636	2002
BNSF - BLE	2002/Q3	2004/Q2	\$14,322,841	0.04512714	0.18051	317,388,636	2002
SOO - ATDA & BRS	2002/Q3	2004/Q3	\$200,159	0.00063064	0.00252	317,388,636	2002
CSX & NS - ATDA	2002/Q3	2004/Q3	\$2,838,343	0.00894280	0.03577	317,388,636	2002
Total				0.13794			

Should be slightly less
than amortized amount.

Interest Rate

2003/Q1	1.210
2003/Q2	1.175
2003/Q3	1.100
2003/Q4	0.980
2004/Q1	0.930
2004/Q2	0.930
2004/Q3	1.050
2004/Q4	
2005/Q1	
2005/Q2	
2005/Q3	
2005/Q4	

Back Pay Adjustment for 2004 Q3	0.13883 or 0.139
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SCHEDULE: GTW - IBEW

Added 2003Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00205			
2003/Q4	4	0.980	0.2450	\$0.00154	\$0.00052	\$0.00001	\$0.00051
2004/Q1	3	0.930	0.2325	\$0.00103	\$0.00052	\$0.00000	\$0.00051
2004/Q2	2	0.930	0.2325	\$0.00052	\$0.00052	\$0.00000	\$0.00051
2004/Q3	1	1.050	0.2625	\$0.00000	\$0.00052	\$0.00000	\$0.00052

SCHEDULE: National BRS

Added 2004Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.12553			
2004/Q1	4	0.930	0.2325	\$0.09426	\$0.03156	\$0.00029	\$0.03127
2004/Q2	3	0.930	0.2325	\$0.06291	\$0.03156	\$0.00022	\$0.03135
2004/Q3	2	1.050	0.2625	\$0.03150	\$0.03158	\$0.00017	\$0.03141
2004/Q4	1		0.0000	\$0.00000	\$0.03150	\$0.00000	\$0.03150

SCHEDULE: National UTU & UTU-Yardmasters

Added 2004Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0.11724)			
2004/Q1	4	0.930	0.2325	(\$0.08803)	(\$0.02948)	(\$0.00027)	(\$0.02921)
2004/Q2	3	0.930	0.2325	(\$0.05876)	(\$0.02948)	(\$0.00020)	(\$0.02928)
2004/Q3	2	1.050	0.2625	(\$0.02942)	(\$0.02949)	(\$0.00015)	(\$0.02934)
2004/Q4	1		0.0000	\$0.00000	(\$0.02942)	\$0.00000	(\$0.02942)

SCHEDULE: DWP - BRS, TCU, BRC and UTU
 Added 2004Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0.00115)			
2004/Q1	4	0.930	0.2325	(\$0.00086)	(\$0.00029)	(\$0.00000)	(\$0.00029)
2004/Q2	3	0.930	0.2325	(\$0.00057)	(\$0.00029)	(\$0.00000)	(\$0.00029)
2004/Q3	2	1.050	0.2625	(\$0.00029)	(\$0.00029)	(\$0.00000)	(\$0.00029)
2004/Q4	1		0.0000	\$0.00000	(\$0.00029)	\$0.00000	(\$0.00029)

SCHEDULE: GTW - BRS, TCU, BRC, UTU, and UTU-YMD
 Added 2004Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0.01047)			
2004/Q1	4	0.930	0.2325	(\$0.00787)	(\$0.00263)	(\$0.00002)	(\$0.00261)
2004/Q2	3	0.930	0.2325	(\$0.00525)	(\$0.00263)	(\$0.00002)	(\$0.00262)
2004/Q3	2	1.050	0.2625	(\$0.00263)	(\$0.00264)	(\$0.00001)	(\$0.00262)
2004/Q4	1		0.0000	\$0.00000	(\$0.00263)	\$0.00000	(\$0.00263)

SCHEDULE: IC - (all except IAM, UTU-YMD, and non-union dispatchers); CCP - BLE and UTU only
 Added 2004Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0.01845)			
2004/Q1	4	0.930	0.2325	(\$0.01386)	(\$0.00464)	(\$0.00004)	(\$0.00460)
2004/Q2	3	0.930	0.2325	(\$0.00925)	(\$0.00464)	(\$0.00003)	(\$0.00461)
2004/Q3	2	1.050	0.2625	(\$0.00463)	(\$0.00464)	(\$0.00002)	(\$0.00462)
2004/Q4	1		0.0000	\$0.00000	(\$0.00463)	\$0.00000	(\$0.00463)

SCHEDULE: National BLE

Added 2004Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.35269			
2004/Q2	4	0.930	0.2325	\$0.26482	\$0.08869	\$0.00082	\$0.08787
2004/Q3	3	1.050	0.2625	\$0.17678	\$0.08874	\$0.00070	\$0.08804
2004/Q4	2		0.0000	\$0.08839	\$0.08839	\$0.00000	\$0.08839
2005/Q1	1		0.0000	\$0.00000	\$0.08839	\$0.00000	\$0.08839

SCHEDULE: BNSF BLE

Added 2004Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.18051			
2004/Q2	4	0.930	0.2325	\$0.13554	\$0.04539	\$0.00042	\$0.04497
2004/Q3	3	1.050	0.2625	\$0.09048	\$0.04542	\$0.00036	\$0.04506
2004/Q4	2		0.0000	\$0.04524	\$0.04524	\$0.00000	\$0.04524
2005/Q1	1		0.0000	\$0.00000	\$0.04524	\$0.00000	\$0.04524

SCHEDULE: SOO ATDA & BRS

Added 2004Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00252			
2004/Q3	4	1.050	0.2625	\$0.00189	\$0.00063	\$0.00001	\$0.00063
2004/Q4	3		0.0000	\$0.00126	\$0.00063	\$0.00000	\$0.00063
2005/Q1	2		0.0000	\$0.00063	\$0.00063	\$0.00000	\$0.00063
2005/Q2	1		0.0000	\$0.00000	\$0.00063	\$0.00000	\$0.00063

SCHEDULE: CSX and NS ATDA
 ended 2004Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.03577			
2004/Q3	4	1.050	0.2625	\$0.02686	\$0.00900	\$0.00009	\$0.00891
2004/Q4	3		0.0000	\$0.01791	\$0.00895	\$0.00000	\$0.00895
2005/Q1	2		0.0000	\$0.00895	\$0.00895	\$0.00000	\$0.00895
2005/Q2	1		0.0000	\$0.00000	\$0.00895	\$0.00000	\$0.00895

MEMORANDUM OF AGREEMENT
BETWEEN THE
SOO LINE RAILROAD COMPANY
AND THE
BROTHERHOOD OF RAILROAD SIGNALMEN

ARTICLE I – WAGES

Section 1 - First General Wage Increase

On June 30, 2002, all hourly and monthly rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two-and-one-half (2-1/2) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Application of Wage Increases

(a) **Hourly Rates -**

Add 2-1/2 percent to the existing hourly rates of pay

(b) **Monthly Rates -**

Add 2-1/2 percent to the existing monthly rates of pay

(c) **Disposition of Fractions -**

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

(d) **Application of Wage Increase -**

The increase in wages provided for in this Section 1 shall be applied in accordance with the wage or working conditions agreement in effect between Soo and BRS. Special allowances not included in fixed hourly, or monthly rates of pay for all services rendered, will not

be increased. Overtime hours will be computed in accordance with Soo schedules for all overtime hours paid for. Please refer to Appendix 1 attached hereto for new rates.

Section 2 - Second General Wage Increase

Effective July 1, 2002, all hourly and monthly rates of pay in effect on June 30, 2002 for employees covered by this Agreement shall be increased in the amount of three-and-one-half (3-1/2) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 2 shall be applied in the same manner as provided for in Section 1 hereof.

Section 3 - Third General Wage Increase

Effective July 1, 2003, all hourly and monthly rates of pay in effect on June 30, 2003 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 3 shall be applied in the same manner as provided for in Section 1 hereof.

Section 4 - Fourth General Wage Increase

Effective July 1, 2004, all hourly and monthly rates of pay in effect on June 30, 2004 for employees covered by this Agreement shall be increased in the amount of three-and-one-quarter (3-1/4) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 hereof.

ARTICLE II - COST-OF-LIVING ALLOWANCE

Part A - Cost-of-Living Payments Under

On October 1, 2001, twenty-seven (27) cents-per-hour of the cost-of-living allowance payable pursuant to Article II, Part B of the August 6, 1999 Agreement between Soo and BRS shall be rolled into basic rates of pay. Article II, Part B shall be eliminated effective June 30, 2002. Cost-of-living

allowance payments made to employees for periods on or before June 30, 2002 shall be retained. Any cost-of-living allowance payments made to employees for periods on and after July 1, 2002 shall be recovered from any retroactive wage increase payments made under Article I.

Part B - Cost-of-Living Allowance and Adjustments Thereto After January 1, 2005

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

- (a) A cost-of-living allowance shall be payable in the manner set forth in and subject to the provisions of this Part, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost-of-living allowance shall be payable effective July 1, 2005 based, subject to paragraph (b), on the CPI for March 2005 as compared with the CPI for September 2004. Such allowance, and further cost-of-living adjustments thereto which shall become effective as described below, shall be based on the change in the CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (b)(iii), according to the formula set forth in paragraph (c).

<u>Measurement Periods</u>		
<u>Base Month</u>	<u>Measurement Month</u>	<u>Effective Date of Adjustment</u>
September 2004	March 2005	July 1, 2005
March 2005	September 2005	January 1, 2006

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

became a dependent of the employee through a marriage, birth, or adoption or placement for adoption. An employee who revokes an Opt-Out-Election will, along with his or her dependents, be once again covered (effective the first day of the first month following such revocation that the employee and/or his dependents would have been covered but for the Opt-Out-Election the employee had previously made) for medical benefits under the Plan.

The following events are the events referred to in the immediately preceding paragraph:

- (1) the employee loses eligibility under, or there is a termination of employer contributions for, the other coverage that allowed the employee to make the Opt-Out Election, or
- (2) if COBRA was the source of such other coverage, that COBRA coverage is exhausted.

Part B – Employee Cost Sharing of Plan Cost Increases

Section 1 – Employee Cost-Sharing Contributions

- (a) Effective July 1, 2001, each employee covered by this Agreement shall contribute \$33.39 per month to the Plan for each month that Soo is required to provide medical benefits coverage for himself and/or his eligible dependents under the Plan.
- (b) Effective July 1, 2002, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$81.18.
- (c) Effective July 1, 2003, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be changed to \$79.74.
- (d) Effective July 1, 2004, the per month employee cost-sharing contribution amount will be based on the new option chosen by the employee from those listed in Appendix 2 of this Agreement.

C. First General Wage Increase.

Effective July 1, 2002, all standard, basic daily rates of pay for employees covered by this Agreement on June 30, 2002 shall be increased by four (4) percent.

D. Second General Wage Increase.

Effective July 1, 2003, all standard, basic daily rates of pay for employees covered by this Agreement on June 30, 2003 shall be increased by two and one-half (2.5) percent.

E. Third General Wage Increase.

Effective July 1, 2004, all standard, basic daily rates of pay for employees covered by this Agreement on June 30, 2004 shall be increased by three (3) percent.

F. Fourth General Wage Increase.

Effective July 1, 2005, all standard, basic daily rates of pay for employees covered by this Agreement on June 30, 2005 shall be increased by three and one-half (3.5) percent.

G. Fifth General Wage Increase.

Effective July 1, 2006, all standard, basic daily rates of pay for employees covered by this Agreement on June 30, 2006 shall be increased by three (3) percent.

H. Application of Wage Increases.

Special allowances not included in fixed daily or monthly rates of pay for all services rendered and arbitraries representing duplicate time payments will not be increased.

SECTION II

A. Effective January 1, 2003, a work rule rationalization allowance will be granted to rostered Train Dispatchers in the amount of ten (10) dollars per tour of duty and/or any daily payment of paid-for-not work time. This payment is not subject to increase under the terms of Section I (H) and is granted account of changes made to the Collective Bargaining Agreement. This payment (WRR) will be included in daily payments without a requirement for the employee to formally claim said allowance.

B. Article XIII of the February 20, 1997 Agreement between CSXT and ATDA will be amended in order to increase the Company match from twenty-five (25) cents of each one (1) dollar a dispatcher contributes (4% limit on match) to his/her 401(k) account, to fifty (50) cents of each one (1) dollar contributed commencing April 1, 2004.

In addition, the monetary equivalent of any or all unused personal leave days, sick days and vacation days pursuant to Article 11, Section 2 (d) may be contributed to their 401(k) account subject to the existing protocols of Article XIII of the February 20, 1997 Agreement between CSXT and ATDA and any applicable IRS regulation.

SECTION IV

COST OF LIVING PAYMENTS

Part A – Cost of Living Payments Under February 20, 1997 Agreement

Section 1

Article II, Part C, of the February 20, 1997 Agreement, shall be eliminated effective on the date of this Agreement. On January 1, 2003, the forty-eight (48) cent cost of living allowance pursuant to such provision in effect on that date shall be rolled in to basic rates of pay. Any COLA paid subsequent to January 2, 2003 will be recovered by CSXT.

Section 2

Any local counterpart to the above-referenced Article II, Part C that is in effect on a carrier party to this Agreement shall be amended in the same manner as provided in Section 1.

Part B – Cost of Living Allowance and Adjustments Thereto After January 1, 2007

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

(a) A cost of living allowance shall be payable in the manner set forth in and subject to the provisions of this Part, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost of living allowance shall be payable effective July 1, 2007 based, subject to paragraph (b), on the CPI for March 2007 as compared with the CPI for September 2006. Such allowance, and further cost of living adjustments thereto which shall become effective as described below, shall be based on the change in the CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (b)(iii), according to the formula set forth in paragraph (c).

Measurement Periods

<u>Base Month</u>	<u>Measurement Month</u>	<u>Effective Date of Adjustment</u>
September 2006	March 2007	July 1, 2007
March 2007	September 2007	January 1, 2008

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

(b)(i) Cap. In calculations under paragraph (c), the maximum increase in the CPI that shall be taken into account shall be as follows:

The following events are the events referred to in the immediately preceding paragraph:

(i) The employee loses eligibility under, or there is a termination of employer contributions for, the other coverage that allowed the employee to make the Opt-Out Election, or

(ii) If COBRA was the source of such other coverage, that COBRA coverage is exhausted.

(i) The parties shall establish a new benefit package denominated as the Basic Health Care Benefit ("BHCB") effective June 1, 2004 that will be administered by one or more vendors. Participation in that arrangement shall be made available as an option to individuals covered by the Plan. The plan design for the BHCB shall be as provided in Attachment A hereto.

(j) Blue Cross Blue Shield programs selected by the parties will be made available for selection by employees choosing coverage under the MMCP in all areas where the MMCP is made available under the Plan and throughout the United States for selection by employees choosing coverage under the CHCB.

(k) The Plan design changes contained in this Section shall be implemented as soon as practicable except as otherwise provided.

Part B – Employee Cost Sharing of Plan Cost Increases

Section 1 – Employee Cost-Sharing Contributions

(a) Effective July 1, 2001, each employee covered by this Agreement shall contribute \$33.39 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

(b) Effective July 1, 2002, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$81.18.

(c) Effective July 1, 2003, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be changed to \$79.74.

(d) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (c) shall be increased by the lesser of (x) thirty (30) percent of the increase, if any, in the carriers' 2004 monthly payment rate over such payment rate for 2003, and (y) \$20.26.

(e) Effective July 1, 2005, the per month employee cost-sharing contribution amount set forth in subsection (d) shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the cost-of-living allowance effective July 1, 2005, multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003. (See Health & Welfare Side Letter G.)

ARTICLE III - COST-OF-LIVING PAYMENTS

Article II, Part C of the Agreement dated May 2, 1997, shall be eliminated effective on the date of this Agreement. On June 30, 2002, the forty-eight (48) cents-per-hour cost-of-living allowance pursuant to such provision in effect on that date shall be rolled in to basic rates of pay.

ARTICLE IV - HEALTH AND WELFARE

Section 1

The parties' proposals concerning health and welfare matters contained in their respective bargaining notices served on and after November 1, 1999 are, as of the date of this Agreement, being handled on a national basis by the NCCC on behalf of the participating carriers and a coalition of national railroad unions that includes the ATDD/BLE. It is mutually agreed that the settlement of those proposals with those organizations will be incorporated into and become part of this Agreement upon the effective date of such settlement, and will be deemed full and final disposition of the parties' notices on these matters.

Section 2

In the event that the national discussions referenced in Section 1 conclude without the matters in dispute either being fully resolved or referred to other means of dispute resolution under the Railway Labor Act, the parties shall meet promptly to resolve such matters pursuant to and in accordance with their respective rights and obligations under the Railway Labor Act. The parties mutually agree that their health and welfare dispute shall be resolved on the same terms and conditions applicable to the other labor organizations participating in the aforementioned national discussions.

Section 3

Nothing herein shall be construed to bar the parties from reaching mutual agreement on any matter relating to health and welfare.

Section 4

Beginning on January 1, 2005, employee contributions to health and welfare costs will be equivalent to those covering this time period contained in the settlements referred to in Section 1.

NS ATDA

March 11, 2003

Side Letter 4

Mr. F. P. Garritano, General Chairman
American Train Dispatchers Department/BLE
5801 Montaville Drive
Fort Wayne, Indiana 46815-5222

Mr. S. A. Hunnicutt, General Chairman
American Train Dispatchers Department/BLE
P. O. Box 362
Juliette, Georgia 31046-0211

Mr. M. F. Greenwell, General Chairman
American Train Dispatchers Department/BLE
325 Debby Drive
Mount Zion, Illinois 62549

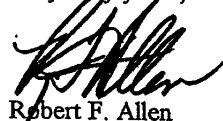
Gentlemen:

This confirms our understanding with respect to the Agreement of this date.

Any cost-of-living amount payments made to employees pursuant to Article II, Part C of the Agreement dated May 2, 1997 on and after July 1, 2002 shall be recovered from any retroactive wage increase payments made under Article I.

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

Very truly yours,



Robert F. Allen
National Carriers Conference Committee

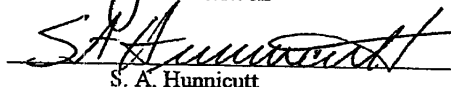
I agree:



F. P. Garritano



M. F. Greenwell



S. A. Hunnicutt

AGREEMENT

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - Lump Sum Payment

- (a) Not later than three months after the date of this Agreement each employee covered by this Agreement who qualifies under subsection (b) shall be paid a Lump Sum of \$600.00. Such Lump Sum shall be paid in a separate check and shall be subject to withholdings for applicable Federal, State and Local Taxes.
- (b) To qualify for the Lump Sum an employee must:
 - (1) have an employment relationship with the Carrier as of January 1, 2003 or have retired or died subsequent to the date of this Agreement; and
 - (2)
 - (i) have received compensation for active service performed during the period November 1, 2002 through December 31, 2002, or
 - (ii) have been on authorized leave for such entire period of personal illness, on-duty injury, or pursuant to the Family and Medical Leave Act, and return to active service not later than April 1, 2003, or
 - (iii) have been out of service for such entire period due to Carrier disciplinary action that is subsequently rescinded or overturned with pay for all time lost.
- (c) There shall be no duplication of the Lump Sum payment by virtue of employment under an agreement with another organization, nor will such payment be used to offset, construct or increase guarantees in protective agreements or arrangements.

Section 2 - First General Wage Increase

On July 1, 2002, each basic monthly rate of pay in effect on June 30, 2002, for employees covered by this Agreement shall be increased in the amount of four (4) percent representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

Section 3 - Second General Wage Increase

Effective July 1, 2003, each basic monthly rate of pay in effect on June 30, 2003 for employees covered by this Agreement shall be increased in the amount of two and one-half percent (2 ½ %) representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

Section 4 - Third General Wage Increase

Effective July 1, 2004, each basic monthly rate of pay in effect on June 30, 2004 for employees covered by this Agreement shall be increased in the amount of three (3) percent representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

ARTICLE II**Part I - Transfer Time**

Effective January 1, 2005, existing agreements are amended to provide that an employee covered by this Agreement shall receive an allowance for all time consumed immediately prior or subsequent to the employee's regular tour of duty that is (i) required by the Carrier, and (ii) directly involves the transition of ongoing work responsibilities between shifts. Such allowance shall not exceed an amount equal to fifteen (15) minutes' time at the straight time rate of pay.

Part II - Thoroughbred Performance Bonus Program Participation

The Parties agree that employees represented by ATDD/BLE will participate in the Norfolk Southern Thoroughbred Performance Bonus Program for the periods and on the basis set forth below:

Section 1

- (a) Effective January 1, 2005 and payable in 2006 train dispatchers represented by the undersigned General Chairmen will be eligible for a bonus up to a maximum of five percent (5%) of their dispatcher earnings in the preceding calendar year.
- (b) Effective January 1, 2006 and payable in 2007 train dispatchers represented by the undersigned General Chairmen will be eligible for a bonus up to a maximum of five percent (5%) of their dispatcher earnings in the preceding calendar year.
- (c) Effective January 1, 2007 and payable in 2008, and each year thereafter, train dispatchers represented by the undersigned General Chairmen will be eligible for a bonus up to a maximum of ten percent (10%) of their dispatcher earnings in the preceding calendar year.

- (ii) If COBRA was the source of such other coverage, that COBRA coverage is exhausted.

(i) The parties shall establish a new benefit package denominated as the Basic Health Care Benefit ("BHCB") effective June 1, 2004 that will be administered by one or more vendors. Participation in that arrangement shall be made available as an option to individuals covered by the Plan. The plan design for the BHCB shall be as provided in Attachment A hereto.

(j) Blue Cross Blue Shield programs selected by the parties will be made available for selection by employees choosing coverage under the MMCP in all areas where the MMCP is made available under the Plan and throughout the United States for selection by employees choosing coverage under the CHCB.

(k) The Plan design changes contained in this Section shall be implemented as soon as practicable except as otherwise provided.

Part B – Employee Cost Sharing of Plan Cost Increases

Section 1 – Employee Cost-Sharing Contributions

(a) Effective July 1, 2001, each employee covered by this Appendix shall contribute \$33.39 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

(b) Effective July 1, 2002, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$81.18.

(c) Effective July 1, 2003, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be changed to \$79.74.

(d) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (c) shall be increased by the lesser of (x) thirty (30) percent of the increase, if any, in the carriers' 2004 monthly payment rate over such payment rate for 2003, and (y) \$20.26.

(e) Effective July 1, 2005, the per month employee cost-sharing contribution amount set forth in subsection (d) shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the cost-of-living allowance effective July 1, 2005, multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003. (See H&W Side Letter H)

(f) Effective January 1, 2006, the per month employee cost-sharing contribution amount in effect on December 31, 2005 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2006 monthly payment rate over such payment rate for 2005, plus (ii) the amount (if any) by which the number described in part (x) of subsection (e) of this Section exceeds the product described in part (y) of such subsection (e), and (y) one-half of the cost-of-living allowance effective January 1, 2006, multiplied by one-twelfth of the ASTE Hours for calendar year 2004. (See H&W Side Letter H)

ARTICLE II - COST-OF-LIVING ALLOWANCE**Part A - Cost-of-Living Payments Under Article II, Part B of Soo ATDD Agreement dated April 8, 1997**

On October 1, 2001, twenty-seven (27) cents-per-hour of the cost-of-living allowance payable pursuant to Article II, Part B of the Soo / ATDD Agreement dated April 8, 1997 ("Article II, Part B") shall be rolled in to basic rates of pay. Article II, Part B shall be eliminated effective June 30, 2002. Cost-of-living allowance payments made to employees for periods on or before June 30, 2002 shall be retained. Any cost-of-living allowance payments made to employees for periods on and after July 1, 2002 shall be recovered from any retroactive wage increase payments made under Article I.

Part B - Cost-of-Living Allowance and Adjustments Thereto After January 1, 2005**Section 1 - Cost-of-Living Allowance and Effective Dates of Adjustments**

- (a) A cost-of-living allowance shall be payable in the manner set forth in and subject to the provisions of this Part, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost-of-living allowance shall be payable effective July 1, 2006 based, subject to paragraph (b), on the CPI for March 2006 as compared with the CPI for September 2005. Such allowance, and further cost-of-living adjustments thereto which shall become effective as described below, shall be based on the change in the CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (b)(iii), according to the formula set forth in paragraph (c).

MEMORANDUM OF AGREEMENT
BETWEEN THE
SOO LINE RAILROAD COMPANY
AND THE
AMERICAN TRAIN DISPATCHERS ASSOCIATION (ATDA)

ARTICLE I – WAGES

Section 1 - First General Wage Increase

On June 30, 2002, each basic monthly rate of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two-and-one-half (2-1/2) percent.

Section 2 - Second General Wage Increase

Effective July 1, 2002, each basic monthly rate of pay in effect on June 30, 2002 for employees covered by this Agreement shall be increased in the amount of three-and-one-half (3-1/2) percent.

Section 3 - Third General Wage Increase

Effective July 1, 2003, each basic monthly rate of pay in effect on June 30, 2003 for employees covered by this Agreement shall be increased in the amount of three (3) percent.

Section 4 - Fourth General Wage Increase

Effective July 1, 2004, each basic monthly rate of pay in effect on June 30, 2004 for employees covered by this Agreement shall be increased in the amount of three-and-one-quarter (3-1/4) percent.

Section 5 - Fifth General Wage Increase

Effective July 1, 2005, each basic monthly rate of pay in effect on June 30, 2005 for employees covered by this Agreement shall be increased in the amount of two (2) percent.

Opt-Out-Election. An employee may also revoke his or her Opt-Out-Election by providing the Plan or its designee with proof satisfactory to it that, after the employee made the Opt-Out-Election, a person became a dependent of the employee through a marriage, birth, or adoption or placement for adoption. An employee who revokes an Opt-Out-Election will, along with his or her dependents, be once again covered (effective the first day of the first month following such revocation that the employee and/or his dependents would have been covered but for the Opt-Out-Election the employee had previously made) for medical benefits under the Plan.

The following events are the events referred to in the immediately preceding paragraph:

- (1) the employee loses eligibility under, or there is a termination of employer contributions for, the other coverage that allowed the employee to make the Opt-Out Election, or
- (2) if COBRA was the source of such other coverage, that COBRA coverage is exhausted.

Part B -- Employee Cost Sharing of Plan Cost Increases

Section 1 -- Employee Cost-Sharing Contributions

- (a) Effective July 1, 2001, each employee covered by this Agreement shall contribute \$33.39 per month to the Plan for each month that Soo is required to provide medical benefits coverage for himself and/or his eligible dependents under the Plan.
- (b) Effective July 1, 2002, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$81.18.
- (c) Effective July 1, 2003, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be changed to \$79.74.

Health and Welfare

	Employees Receiving	Contribution		Total	Total
	Pay 2002	2002	2004	2002	2004
1. All Employees					
a. Group health	165,979	\$836.48	\$935.45	138,838,113.92	155,265,055.55
b. Group dental	165,979	43.41	52.20	7,205,148.39	8,664,103.80
c. Early retirement major medical*	165,979	38.58	70.93	6,403,469.82	11,772,890.47
d. Group vision	165,979	8.40	9.37	1,394,223.60	1,555,223.23
2. Suppl. Sickness					
a. Signalmen	6,218	32.24	33.00	200,468.32	205,194.00
b. Shopcrafts	25,455	46.22	61.00	1,176,530.10	1,552,755.00
c. MOW	25,839	33.32	38.00	860,955.48	981,882.00
d. Yardmasters	2,416	32.18	40.74	77,746.88	98,427.84
3. Short-Term Disability					
a. Engineers (CSX, KCS, NS, UP)	18,823	0.00	40.00	0.00	752,920.00
4. Total Premiums				\$156,156,656.51	\$180,848,451.89
5. Employee Contributions To H&W					
a. TCU (BNSF, CSX, GTW, KCS, NS, UP)	11,701		(\$91.42)		(\$1,069,705.42)
b. TCU-BRC (BNSF, CSX, KCS, NS, UP)	10,339		(\$91.42)		(945,191.38)
c. Indep.\$25 Group (various CN)	2,123		(\$25.00)		(53,075.00)
d. BRS (BNSF, CSX, GTW, KCS, NS, SOO, UP)	5,997		(\$100.00)		(599,700.00)
e. UTU (BNSF, CC, CSX, DWP, GTW, IC, KCS, NS, UP)	38,270		(\$100.00)		(3,827,000.00)
f. UTU-YMD (BNSF, CSX, GTW, KCS, NS)	1,772		(\$100.00)		(177,200.00)
g. BLE (BNSF, CSX, KCS, NS, UP)	24,845		(\$91.42)		(2,271,329.90)
h. Indep. ATDA (CSX, NS, SOO)	1,031		(\$91.42)		(94,254.02)
Total	96,078			\$0.00	(\$9,037,455.72)
6. Net Employer Payments				\$156,156,656.51	\$171,810,996.17
7. Ratio Projected Year to Base Year, Based on Net Monthly Payments					1.10025
8. H&W hourly rate for base year				\$4.172	
9. H&W hourly rate for projected year					\$4.590

Sources:

Employee counts are from the 2002 112-Class Wage Statistics.

Health & Welfare monthly premiums per employee are from the National Railway Labor Conference or contracts.

Employee monthly contribution rates are specified in the union contracts.

H&W hourly rate for base year benchmark is in SUPPL2002.XLS, and based on annual report and wage data.

H&W hourly rate for projected year is the benchmark figure updated by the ratio of projected year to base year.

Notes:

* The Early Retirement Rate changed in March 2002. Figure shown $\$38.58 = (2/12) * (\$31.00)$ plus $(10/12) * (\$40.09)$

See Page 2 for more detail on contracts and employees.

Health and Welfare

Employer H&W Contribution

<i>Supplemental Sickness Plan:</i>		2002 Pd. Employees
a. Signalmen	BRS	6,218
b. Shopcrafts	Total	25,455
	IBEW	5,068
	IBBM	1,006
	TCU-Car	11,269
	IAM	6,940
	SMW	1,172
c. MOW	BMWE	25,839
d. Yardmasters	UTU-YMD	2,416

Short-Term Disability Contribution:

a. Engineers	Total BLE	18,823
	CSX	5,661
	KCS	457
	NS	4,522
	UP	8,183

Employee H&W Cost Sharing

Group	Railroads	Contract Source
a. TCU	BNSF, CSX, KCS, NS, UP	Article III Part B Section 1 (d)
	GTW	Article VIII
b. TCU-Carmen	BNSF, CSX, KCS, NS, UP	Article III Part B Section 1 (d)
c. Independent \$25		
BMWE	IC	Article III
BRS, IBBM, IBEW, NCFO	IC	Article III (a)
TCU, TCU-Car, SMW	IC	Article III (a)
BLE	IC and CC&P	Article 22 Section 1 and Attachment A
TCU-Car	GTW	Article V (a)
d. BRS	BNSF, CSX, KCS, NS, UP	Article III Part B Section 1 (d)
	GTW	Article VII
	SOO	Article III Part B Section 1 (d) & Soo
e. UTU	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (b)
	CC&P and IC	Article 22 Section 1
	DW&P (including engineers)	Article 23 Section 1
	GTW	Article II
f. UTU-YDM	BNSF, KCS, NS	Article IV Part B Section 1 (b)
	CSX	Side Letter #1
	GTW	Side Letter #3
g. BLE	CSX, KCS, UP	Article IV Part B Section 1 (d)
	BNSF	Article III Part B Section 1 (d)
	NS	Article IX Sections 2 & 3
h. Independent ATDA		
ATDA	CSX	Section III Part B Section 1 (d)
	NS	Appendix A Part B Section 1 (d)
	SOO	Article III Part B Section 1 (d) & Soo

Note: DW&P's engineers, which are typically represented by the BLE, are represented by the UTU.

NATIONAL RAILWAY LABOR CONFERENCE**EMPLOYEE BENEFITS DEPARTMENT**

1901 L STREET, N.W., WASHINGTON, D.C. 20036-3514 PHONE: (202) 862-7200 FAX: (202) 862-7153

JOSEPH ESTEY
 Director Employee Benefits
 (202) 862-7244
 E-mail: jpeste@nrlc.org

SUSAN E. PARKS, CHIEF
 Benefits Administrator
 (202) 862-7235
 E-mail: sparks@nrlc.org

November 12, 2003

Mr. Clyde Grimmel
 Director Statistical Information
 Policy & Communications Department
 AAR-6th Floor
 50 F Street N.W.
 Washington, D.C. 20009

Dear Mr. Grimmel:

The revised employer Payment Rates which are effective January 1, 2004 are as follows:

UNUMProvident - Supplemental Sickness Plans	
ShopCrafts	\$ 81.00
Signalmen	\$ 33.00
Maintenance of Way	\$ 38.00
Trustmark - Supplemental Sickness Plans	
Yardmasters	\$ 40.74
Railroad Employees National Health & Welfare Plan & National Railway Carriers/United Transportation Union H&W Plan	
Non-Hospital Road	\$935.45
Railroad Employees National Early Retirement Major Medical Benefit Plan	
Non-Hospital Road	\$ 70.93
Aetna - National Dental Plan	\$ 52.20
VSP - National Vision Plan	\$ 9.37

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

Very truly yours,



Susan E. Parks

cc: Carol Kearns

Crimmel, Clyde

From: Carol Kearns [CKearns@rnrhc.org]
Int: Friday, May 07, 2004 3:03 PM
To: Crimmel, Clyde
Subject: Re: H&W Cost Sharing

We have the following ones, and the others are being worked on by our consultant, in conjunction with the insurance companies. I'll get those to you when I get them.

BMWE - has been taken out of the COLA
TCU & BRC - \$91.42
UTU, YDM, and BRS - \$100

>>> "Crimmel, Clyde" <CCrimmel@aar.org> 5/7/2004 2:49:38 PM >>>
Carol,

When will you know what the H&W cost sharing amounts will be in the various national agreements?

Clyde

Nat. BLE
Fringe Benefit

(i) Each of the Plan design changes contained in this Section shall be implemented as soon as practicable except as otherwise provided.

Section 5 - Short-Term Disability

(a) During each month beginning with the month of July, 2004, the carrier shall remit to the BLE's insured short-term disability plan ("STD Plan") the sum of \$40.00 (as provided in Article I, Section 5(b)) on a pre-tax basis with respect to each employee covered by this Agreement for whom the carrier is required to make a payment to the Railroad Employees National Health and Welfare Plan or to the new health and welfare plan described in Part C of this Article during the same month for foreign-to-occupation health care benefits.

(b) For carriers not covered by Article I, Section 5(b), carrier payment arrangements (if any) with respect to the STD Plan shall be governed by such terms as may be agreed to by the parties.

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

(a) Effective July 1, 2001, each employee covered by this Agreement shall contribute \$33.39 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

(b) Effective July 1, 2002, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$81.18.

(c) Effective July 1, 2003, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be changed to \$79.74.

Nat. TCU

- 14 -

(c) Effective July 1, 2003, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be changed to \$79.74.

(d) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (c) shall be increased by the lesser of (x) thirty (30) percent of the increase, if any, in the carriers' 2004 monthly payment rate over such payment rate for 2003, and (y) \$20.26.

(e) Effective July 1, 2005, the per month employee cost-sharing contribution amount set forth in subsection (d) shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the cost-of-living allowance effective July 1, 2005 pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003.

(f) Effective January 1, 2006, the per month employee cost-sharing contribution amount in effect on December 31, 2005 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2006 monthly payment rate over such payment rate for 2005, plus (ii) the amount (if any) by which the number described in part (x) of subsection (e) of this Section exceeds the product described in part (y) of such subsection (e), and (y) one-half of the cost-of-living allowance effective January 1, 2006 pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.

(g) Effective July 1, 2006, the per month employee cost-sharing contribution amount in effect on June 30, 2006 shall be increased by the lesser of (x) the amount (if any) by which the number described in part (x) of subsection (f) of this Section exceeds the product described in part (y) of such subsection (f), and (y) one-half of the cost-of-living allowance effective July 1, 2006 pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.

(h) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by the

GTW - TCU

ARTICLE VIII - HEALTH AND WELFARE

The parties to this agreement will adopt the provisions of the National Health and Welfare Plan, including dental benefits and vision care, the National Off-Track Vehicle Plan and National Time-Off With Pay Agreements, such as vacation, holiday, personal leave and bereavement leave. They shall participate in the above stated National Plans and/or Agreements on a basis equivalent to agreements and understandings reached nationally between the TCU and carriers represented by NCCC in the bargaining which occurs as a result of the expiration of the moratorium contained in the September 9, 1996 National Agreement. With respect to employee cost sharing provisions, the parties agree that the employee cost sharing will equal the dollar amount contributed under the national agreement.

ARTICLE IX - EFFECTIVE DATE OF AGREEMENT

Except as otherwise provided for herein, this Agreement shall become effective thirty (30) days following the date the company receives written advice of ratification of this agreement.

ARTICLE X - MORATORIUM

This agreement, if approved by membership ratification and the TCU International President and the CN President, is in full and final settlement of the Organization's Section 6 Notice dated October 2, 2001.

Nat TCU-
Carmen

-13-

The following events are the events referred to in the immediately preceding paragraph:

- (i) the employee loses eligibility under, or there is a termination of employer contributions for, the other coverage that allowed the employee to make the Opt-Out Election, or
- (ii) if COBRA was the source of such other coverage, that COBRA coverage is exhausted.

(h) The Plan design changes contained in this Section shall become effective April 1, 2003 or as soon thereafter as practicable.

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

(a) Effective July 1, 2001, each employee covered by this Agreement shall contribute \$33.39 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

(b) Effective July 1, 2002, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$81.18.

(c) Effective July 1, 2003, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be changed to \$79.74.

(d) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (c) shall be increased by the lesser of (x) thirty (30) percent of the increase, if any, in the carriers' 2004 monthly payment rate over such payment rate for 2003, and (y) \$20.26.

(e) Effective July 1, 2005, the per month employee cost-sharing

IC BMW E

calculating such index in such a way as to affect the direct comparability of such revised or changed index with the CPI-W Index during a measurement period, then that Bureau shall be requested to furnish a conversion factor designed to adjust the newly revised index to the basis of the CPI-W Index during such measurement period.

Section 2 - Application of Section 1 Cost-of-Living Allowance

The cost-of-living allowance provided for by Section 1 of this Article will not become part of basic rates of pay. Such allowance and the adjustments thereto will be applied as follows:

- (a) Hourly Rates - Add the amount of the cost-of-living allowance to the hourly rate of pay indicated in Article I.
- (b) Minimum Daily Increases - The increase in rates of pay described in paragraph (a) shall be not less than eight times the applicable increase per hour for each full time day of eight hours, required to be paid for by the rules agreement. In instances where under the existing rules agreement an employee is worked less than eight hours per day, the increase will be determined by the number of hours required to be paid for by the rules agreement.

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

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

ARTICLE III - HEALTH & WELFARE

Effective January 1, 2002, all employees subject to this agreement and their dependents will be covered by the Canadian National Healthcare Plan for active employees, as described in Attachment A. The total cost to the employee, including coverage for dependents will be \$25.00 per month. A contribution equal to that amount will be made to a Flexible Spending Account, which will be established on behalf of each employee.

IC BRS

Section 3 - Continuation of Article II

This Article replaces Article II of the June 2, 1995 Agreement and the arrangements set forth in this Article shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act. Any payments due under the provisions of Article II of the June 2, 1995 Agreement shall expire as of the effective date of this agreement.

ARTICLE III - HEALTH & WELFARE/EMPLOYEE PROTECTION/TIME OFF WITH PAY

- (a) Effective July 1, 2001, all employees subject to this agreement and their dependents will be covered by the Canadian National Healthcare Plan for active employees, as described in Attachment A. The total cost to the employee, including coverage for dependents will be \$25.00 per month. A contribution equal to that amount will be made to a Flexible Spending Account, which will be established on behalf of each employee.
- (b) Other than that covered by paragraph (a) of this article, the parties to this agreement recognize that they shall participate in the national retiree health & welfare plan, Supplemental Sickness plan, the National Off-Track Vehicle Plan, any National Time-off With Pay Agreements and National Job Stabilization Plans. They shall participate in the above stated National Plans and/or Agreements on a basis equivalent to agreements reached nationally between BRS and carriers represented by NCCC in the bargaining which will occur as a result of the expiration of the moratorium contained in the August 8, 1996 National Agreement. In the event either party to this agreement believes the equivalency is changed to a significant extent, the issue shall be subject to re-negotiation.
- (c) If the parties are unable to resolve the issue in accordance with paragraph (b), either party may submit the dispute to final and binding arbitration. Each party will submit its proposal to the arbitrator with supporting argument, and the arbitrator with supporting argument, and the arbitrator will select one of the two proposals.

FC IBBM

- (b) Minimum Daily Increases - The increase in rates of pay described in paragraph (a) shall be not less than eight times the applicable increase per hour for each full time day of eight hours, required to be paid for by the rules agreement. In instances where under the existing rules agreement an employee is worked less than eight hours per day, the increase will be determined by the number of hours required to be paid for by the rules agreement.

Section 3 - Continuation of Article II

This Article replaces Article II of the March 31, 1995 Agreement and the arrangements set forth in this Article shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act. Any payments due under the provisions of Article II of the March 31, 1995 Agreement shall expire as of the effective date of this agreement.

ARTICLE III - HEALTH & WELFARE/EMPLOYEE PROTECTION/TIME OFF WITH PAY

- (a) Effective September 1, 2001, all employees subject to this agreement and their dependents will be covered by the Canadian National Management Health & Welfare Plan. The total cost to the employee, including coverage for dependents, will be \$25.00 per month, which will be credited to a Flexible Spending Account, which will be established on behalf of each employee.
- (b) Other than that covered by paragraph (a) of this article, the parties to this agreement recognize that they shall participate in the national retiree health & welfare plan, the National Supplemental Sickness plan, the National Off-Track Vehicle Plan, any National Time-off With Pay Agreements and National Job Stabilization Plans. They shall participate in the above stated National Plans and/or Agreements on a basis equivalent to agreements reached nationally between IBB&B and carriers represented by NCCC in the bargaining which will occur as a result of the expiration of the moratorium contained in the September 12, 1996 National Agreement. In the event either party to this agreement believes the equivalency is changed to a significant extent, the issue shall be subject to re-negotiation.

IC IBEW

- (b) Minimum Daily Increases - The increase in rates of pay described in paragraph (a) shall be not less than eight times the applicable increase per hour for each full time day of eight hours, required to be paid for by the rules agreement. In instances where under the existing rules agreement an employee is worked less than eight hours per day, the increase will be determined by the number of hours required to be paid for by the rules agreement.

Section 3 - Continuation of Article II

This Article replaces Article II of the July 1, 1995 Agreement and the arrangements set forth in this Article shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act. Any payments due under the provisions of Article II of the July 1, 1995 Agreement shall expire as of the effective date of this agreement.

ARTICLE III - HEALTH & WELFARE/EMPLOYEE PROTECTION/TIME OFF WITH PAY

- (a) Effective September 1, 2001, all employees subject to this agreement and their dependents will be covered by the Canadian National Management Health & Welfare Plan. The total cost to the employee, including coverage for dependents, will be \$25.00 per month, which will be credited to a Flexible Spending Account, which will be established on behalf of each employee.
- (b) Other than that covered by paragraph (a) of this article, the parties to this agreement recognize that they shall participate in the National Supplemental Sickness plan, the National Off-Track Vehicle Plan, any National Time-off With Pay Agreements and National Job Stabilization Plans. They shall participate in the above stated National Plans and/or Agreements on a basis equivalent to agreements reached nationally between IBEW and carriers represented by NCCC in the bargaining which will occur as a result of the expiration of the moratorium contained in the September 16, 1996 National Agreement. In the event either party to this agreement believes the equivalency is changed to a significant extent, the issue shall be subject to re-negotiation.
- (c) If the parties are unable to resolve the issue in accordance with paragraph (b), either party may submit the dispute to final and binding arbitration. Each party will submit its proposal to the arbitrator with supporting argument, and the arbitrator will select one of the two proposals.

IC NCF&O

- (b) **Minimum Daily Increases** - The increase in rates of pay described in paragraph (a) shall be not less than eight times the applicable increase per hour for each full time day of eight hours, required to be paid for by the rules agreement. In instances where under the existing rules agreement an employee is worked less than eight hours per day, the increase will be determined by the number of hours required to be paid for by the rules agreement.

Section 3 - Continuation of Article II

This Article replaces Article II of the May 1, 2000 Agreement and the arrangements set forth in this Article shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act. Any payments due under the provisions of Article II of the May 1, 2000 Agreement shall expire as of the date of this agreement.

ARTICLE III - HEALTH & WELFARE/EMPLOYEE PROTECTION/TIME OFF WITH PAY

- (a) Effective October 1, 2001, all employees subject to this agreement and their dependents will be covered by the Canadian National Management Health & Welfare Plan. The total cost to the employee, including coverage for dependents, will be \$25.00 per month, which will be credited to a Flexible Spending Account, which will be established on behalf of each employee.
- (b) Other than that covered by paragraph (a) of this article, the parties to this agreement recognize that they shall participate in the National Supplemental Sickness plan, the National Off-Track Vehicle Plan, any National Time-off With Pay Agreements and National Job Stabilization Plans. They shall participate in the above stated National Plans and/or Agreements on a basis equivalent to agreements reached nationally between NCF&O/SEIU and carriers represented by NCCC in the bargaining which will occur as a result of the expiration of the moratorium contained in the October 9, 1996 National Agreement. In the event either party to this agreement believes the equivalency is changed to a significant extent, the issue shall be subject to re-negotiation.
- (c) If the parties are unable to resolve the issue in accordance with paragraph (b), either party may submit the dispute to final and binding arbitration. Each party will submit its proposal to the arbitrator with supporting argument, and the arbitrator will select one of the two proposals.

IC TCU

ARTICLE III - HEALTH & WELFARE/EMPLOYEE PROTECTION/TIME OFF WITH PAY

- (a) Effective January 1, 2001, all employees subject to this agreement and their dependents will be covered by the Canadian National Healthcare Plan for active employees, as described in Attachment A. The total cost to the employee, including coverage for dependents will be \$25.00 per month. A contribution equal to that amount will be made to a Flexible Spending Account, which will be established on behalf of each employee.
- (b) Other than that covered by paragraph (a) of this article, the parties to this agreement recognize that they shall participate in the National retiree health and welfare plan, the National Off-Track Vehicle Plan, any National Time-off With Pay Agreements, and National Job Stabilization Plans. They shall participate in the above stated National Plans and/or Agreements on a basis equivalent to agreements reached nationally between TCIU and carriers represented by NCCC in the bargaining which will occur as a result of the expiration of the moratorium contained in the September 9, 1996 National Agreement. In the event either party to this agreement believes the equivalency is changed to a significant extent, the issue shall be subject to re-negotiation.
- (c) If the parties are unable to resolve the issue in accordance with paragraph (b), either party may submit the dispute to final and binding arbitration. Each party will submit its proposal to the arbitrator with supporting argument, and the arbitrator will select one of the two proposals.

ARTICLE IV-SCOPE OF THE AGREEMENT

Effective January 1, 2001 the work indicated below may be shared work and performed by non-agreement employees subject to the conditions indicated below:

- (a) Imaging of documents
- (b) Car weighing
- (c) Perishable inspections
- (d) Inspection of wheels in the Memphis car department
- (e) Unloading of fuel and oil at McComb

IC TCU-Car

- (b) Minimum Daily Increases - The increase in rates of pay described in paragraph (a) shall be not less than eight times the applicable increase per hour for each full time day of eight hours, required to be paid for by the rules agreement. In instances where under the existing rules agreement an employee is worked less than eight hours per day, the increase will be determined by the number of hours required to be paid for by the rules agreement.

Section 3 - Continuation of Article II

This Article replaces Article II of the June 24, 1994 Agreement and the arrangements set forth in this Article shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act. Any payments due under the provisions of Article II of the June 24, 1994 Agreement shall expire as of the effective date of this agreement.

ARTICLE III - HEALTH & WELFARE/EMPLOYEE PROTECTION/TIME OFF WITH PAY

- (a) Effective February 1, 2001, all employees subject to this agreement and their dependents will be covered by the Canadian National Management Health & Welfare Plan. The total cost to the employee, including coverage for dependents, will be \$25.00 per month, which will be credited to a Flexible Spending Account, which will be established on behalf of each employee.
- (b) Other than that covered by paragraph (a) of this article, the parties to this agreement recognize that they shall participate in the National Supplemental Sickness plan, the National Off-Track Vehicle Plan, any National Time-off With Pay Agreements and National Job Stabilization Plans. They shall participate in the above stated National Plans and/or Agreements on a basis equivalent to agreements reached nationally between BRC/TCIU and carriers represented by NCCC in the bargaining which will occur as a result of the expiration of the moratorium contained in the September 9, 1996 National Agreement. In the event either party to this agreement believes the equivalency is changed to a significant extent, the issue shall be subject to re-negotiation.
- (c) If the parties are unable to resolve the issue in accordance with paragraph (b), either party may submit the dispute to final and binding arbitration. Each party will submit its proposal to the arbitrator with supporting argument, and the arbitrator will select one of the two proposals.

IC SMW

- (b) Minimum Daily Increases - The increase in rates of pay described in paragraph (a) shall be not less than eight times the applicable increase per hour for each full time day of eight hours, required to be paid for by the rules agreement. In instances where under the existing rules agreement an employee is worked less than eight hours per day, the increase will be determined by the number of hours required to be paid for by the rules agreement.

Section 3 - Continuation of Article II

This Article replaces Article II of the March 9, 1995 Agreement and the arrangements set forth in this Article shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act. Any payments due under the provisions of Article II of the March 9, 1995 Agreement shall expire as of the effective date of this agreement.

ARTICLE III - HEALTH & WELFARE/EMPLOYEE PROTECTION/TIME OFF WITH PAY

- (a) Effective July 1, 2001, all employees subject to this agreement and their dependents will be covered by the Canadian National Healthcare Plan for active employees, as described in Attachment A. The total cost to the employee, including coverage for dependents will be \$25.00 per month. A contribution equal to that amount will be made to a Flexible Spending Account, which will be established on behalf of each employee.
- (b) Other than that covered by paragraph (a) of this article, the parties to this agreement recognize that they shall participate in the national retiree health & welfare plan, Supplemental Sickness plan, the National Off-Track Vehicle Plan, any National Time-off With Pay Agreements and National Job Stabilization Plans. They shall participate in the above stated National Plans and/or Agreements on a basis equivalent to agreements reached nationally between SMWIA and carriers represented by NCCC in the bargaining which will occur as a result of the expiration of the moratorium contained in the September 12, 1996 National Agreement. In the event either party to this agreement believes the equivalency is changed to a significant extent, the issue shall be subject to re-negotiation.

IC & CCP

BLE

1 of 2

- H. In instances where employee's who have become members of the Armed Forces of the United States return to the service of the Company in accordance with the Veterans Re-Employment Rights Act (8 USC Title 38 §2021-2027), as amended from time to time, time spent by such employee's in the Armed Forces subsequent to their employment by the Company will be credited as qualifying service in determining the length of vacations for which they may qualify upon their return to the service of the Company.

ARTICLE 22 - BENEFITS

Section 1 Health & Welfare

Effective September 1, 2002, employees coming under the scope of this Agreement, along with their dependents, if any, will become participants in a Preferred Provider Organization (PPO), described in "Attachment A" to this Agreement summarizing Medical, Dental and Vision benefits.

Section 2 Short Term Disability

- A. Effective with the implementation of this Agreement, the Company will continue the Short Term Disability Insurance benefit originally effective January 1, 1998, and shall continue to obtain group short term disability income insurance and life insurance benefits for each Engineer covered under this Agreement.
- B. Such insurance, as described above, will be in the amounts of 60% of earnings to a maximum of \$546.00 weekly income benefits. The conditions for the short-term disability income insurance will be as described in "Attachment B" to this Agreement.

Section 3 Life Insurance

An Engineer's maximum life insurance coverage is \$50,000. Engineers requiring assistance concerning the foregoing may contact a Human Resources Representative for further information.

Section 4 Other

Accidental Death Insurance - An Engineer's maximum coverage is \$50,000. Employees requiring assistance concerning the foregoing may contact a Human Resources Representative for further information.

Section 5 Off Track Vehicle Accident Benefits

The parties agree to maintain the current off track vehicle accident benefits as provided in the July 26, 1978 BLE Mediation Agreement.

IC * CCP BLE

2 of 2

Attachment A" Canadian National Health Care Plan

Employee Contributions	\$25 per month. A contribution equal to that amount will be made to a Flexible Spending Account on behalf of the employee.	
Waiting Period	None	
	In Network	Out of Network
Calendar Year Deductible	None	\$100 – Individual \$300 – Family ###
Out-Of-Pocket	\$750 – Individual \$2,250 – Family	\$1,500 – Individual \$4,500 – Family
Lifetime Maximum	\$1,000,000	\$1,000,000
A. Wellness Benefits(adult)		
1. Mammogram	100% for women 40+	80% for women 40+
2. PAP Smear	100%; \$10 co-pay for exam	80%
3. PSA	100% for men age 45+; \$10 co-pay for exam	80% for men age 45+
4. Annual Physical	\$10 co-pay for exam; 100% for specific tests##	No coverage
5. Immunizations	Tetanus (every 10 years for adults)	No coverage
6. Wellness(Child)	\$10 co-pay for exam; 100% of immunizations and screening blood test(s)	No coverage
B. Physician Services		
1. Office Visit	\$10 co-pay	80%
2. Hospital Visit	100%	80%
3. Surgery	100%	80%
4. Anesthesia	100%	100%#
5. ER Visit	100%	100%#
6. Asst. Surgeon	100%	100%#
Nurse Practitioner Physician Assistant	\$10 co-pay	80%
D. Optometrist – (for treatment of a disease or injury only)	\$10 co-pay	80%
E. Chiropractic	80% to \$1,000 calendar year maximum	80% to \$1,000 calendar year maximum
F. Other Outpatient	100%	80%
1. Diagnostic Testing*		
2. Surgical Facility	100%	80%
3. Physical/Speech/ Occup Therapy	80% Pre-cert after 1 st 20 per calendar yr**	80% Pre-cert after 1 st 20 per calendar yr**
4. Ultrasound/ Hot & Cold Packs/Electrical Stimulation	80% to \$300 calendar year maximum	80% to \$300 calendar year maximum
5. Cardiac Rehab	80%	80%
6. Chemo/Radiation	100%	80%
G. Inpatient		
1. Hospital*	100%	80%
2. 23-hr Observation**	100%	80%
3. Skilled Nursing Facility*	100% 30 day maximum per calendar year	80% 30 day maximum per calendar year

proposed numbers. The company may implement its proposed number pending the results of the arbitration.

- (i) The provisions of this Article will become effective May 1, 2001 and are not intended to reduce any existent employee protective conditions, nor to limit any existing company rights to outside contract work within the scope of the Carmen's agreement.

ARTICLE V- HEALTH AND WELFARE

- (a) Effective June 1, 2001, all employees subject to this agreement and their dependents will be covered by Canadian National Management Health & Welfare Plan. The total cost to the employee, including coverage for dependents, will be \$25.00 per month, which will be credited to a Flexible Spending Account, which will be established on behalf of each employee.
- (b) Other than that covered by paragraph (a) of this article, the parties to this agreement recognize that they shall participate in the National Supplemental Sickness plan, the National Off-Track Vehicle Plan, any National Time-off With Pay Agreements and National Job Stabilization Plans. They shall participate in the above stated National Plans and/or Agreements on a basis equivalent to agreements reached nationally between BRC/TCU and carriers represented by NCCC in the bargaining

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

(a) Effective July 1, 2001, each employee covered by this Agreement shall contribute \$33.39 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

(b) Effective July 1, 2002, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$81.18.

(c) Effective July 1, 2003, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be changed to \$79.74.

(d) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (c) shall be changed to \$100.00.

Section 2 - Pre-Tax Contributions

Employee cost-sharing contributions made pursuant to this Part shall be on a pre-tax basis, and in that connection a Section 125 cafeteria plan will be established pursuant to this Agreement.

Section 3 - Retroactive Contributions

Retroactive employee cost-sharing contributions payable for the period on and after July 1, 2001 shall be offset against any retroactive wage payments provided to the employee under Article I, Sections 1 and 2 of this Agreement.

GTW BRS

ARTICLE VII- HEALTH AND WELFARE

The parties to this agreement will adopt the provisions of the National Health and Welfare Plan, including dental benefits and vision care, the National Off-Track Vehicle Plan, Supplemental Sickness Plan, National Job Stabilization Plan and National Time-Off With Pay Agreements, such as vacation, holiday and personal leave.

They shall participate in the above stated National Plans and/or Agreements on a basis equivalent to agreements and understandings reached nationally between the BRS and carriers represented by the NCCC in the bargaining which occurs as a result of the expiration of the moratorium contained in the August 8, 1996 BRS National Agreement. With respect to employee cost sharing provisions for 2002, 2003 and 2004, the parties agree that the employee cost sharing for these years will equal the dollar amount contributed under the national agreement.

If retroactive cost sharing is required under the national agreement, it may be required under this agreement. In such case the company will work with the employees to reduce the impact of any retroactivity. Employee cost sharing provisions shall not extend beyond December 31, 2004 except by subsequent agreement.

Soo BRS

became a dependent of the employee through a marriage, birth, or adoption or placement for adoption. An employee who revokes an Opt-Out-Election will, along with his or her dependents, be once again covered (effective the first day of the first month following such revocation that the employee and/or his dependents would have been covered but for the Opt-Out-Election the employee had previously made) for medical benefits under the Plan.

The following events are the events referred to in the immediately preceding paragraph:

- (1) the employee loses eligibility under, or there is a termination of employer contributions for, the other coverage that allowed the employee to make the Opt-Out Election, or
- (2) if COBRA was the source of such other coverage, that COBRA coverage is exhausted.

Part B -- Employee Cost Sharing of Plan Cost Increases

Section 1 -- Employee Cost-Sharing Contributions

- (a) Effective July 1, 2001, each employee covered by this Agreement shall contribute \$33.39 per month to the Plan for each month that Soo is required to provide medical benefits coverage for himself and/or his eligible dependents under the Plan.
- (b) Effective July 1, 2002, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$81.18.
- (c) Effective July 1, 2003, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be changed to \$79.74.
- (d) Effective July 1, 2004, the per month employee cost-sharing contribution amount will be based on the new option chosen by the employee from those listed in Appendix 2 of this Agreement.

Nat UTU

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

(a) Effective November 1, 2003, each employee covered by this Agreement shall contribute \$119.61 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

(b) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$100.00.

(c) Effective July 1, 2005, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the cost-of-living allowance effective July 1, 2005 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003.

(d) Effective January 1, 2006, the per month employee cost-sharing contribution amount in effect on December 31, 2005 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2006 monthly payment rate over such payment rate for 2005, plus (ii) the amount (if any) by which the number described in part (x) of subsection (c) of this Section exceeds the product described in part (y) of such subsection (c), and (y) one-half of the cost-of-living allowance effective January 1, 2006 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.

(e) Effective July 1, 2006, the per month employee cost-sharing contribution amount in effect on June 30, 2006 shall be increased by the

Section 2 United Transportation Union - Union Officials

Vacation qualification criteria in effect on the date of this Agreement shall continue to apply to Trainmen who hold positions as General Chairperson, Associate General Chairperson, Local Chairperson, and State Legislative Directors ("local officials for the United Transportation Union"). It is further understood that by providing this exclusion it is not intended that the total number of such officials covered be expanded.

Section 3 General

- A. Calendar days on which a Trainman is compensated while attending training and rules classes at the direction of the Company will be included in the determination of qualification for vacation.
- B. During a calendar year in which a Trainman's vacation entitlement will increase on the anniversary date, such Trainman shall be permitted to schedule the additional vacation time to which entitled on the anniversary date at any time during that calendar year.
- C. A Trainman may take up to one (1) week of his annual vacation in single day increments, provided, however, that such employee shall be automatically marked up for service upon the expiration of any single day vacation.
- D. Each day worked on a position not covered by this Agreement shall count as a basic day for vacation qualification purposes.
- E. Calendar days on which a Trainman assigned to an extra list is available for service and on which days he performs no service, will be included in the determination of qualification for vacation; also, calendar days, not in excess of sixty (60), on which a Trainman is absent from and unable to perform service because of sickness or injury received on duty will be included.
- F. All guarantee compensation paid to extra Trainmen shall be considered as service for vacation pay and qualification days.
- G. Where a Trainman is discharged from service and subsequently reinstated without loss of seniority and/or benefits, service performed prior to discharge and subsequent to reinstatement shall be included in the determination of qualification for vacation during the following year. Trainman's restored to service will be credited for all time paid for entitlement purposes.
- H. In instances where employee's who have become members of the Armed Forces of the United States return to the service of the Company in accordance with the Veterans Re-Employment Rights Act (8 USC Title 38 §2021-2027), as amended from time to time, time spent by such employee's in the Armed Forces subsequent to their employment by the Company will be credited as qualifying service in determining the length of vacations for which they may qualify upon their return to the service of the Company.

ARTICLE 22 - BENEFITS**Section 1 Health & Welfare**

Ninety (90) days after the effective date of this Agreement, employees coming under the scope of this Agreement, along with their dependents, and retirees, if any, will be subject to the provisions of and become participants in the National Health and Welfare Plan.

June 23, 2003

DWP UTU
&
engineers

Section 3 General

- A. Calendar days on which an Employee is compensated while attending training and rules classes at the direction of the Company will be included in the determination of qualification for vacation.
- B. During a calendar year in which an Employee's vacation entitlement will increase on the anniversary date, such Employee shall be permitted to schedule the additional vacation time to which entitled on the anniversary date at any time during that calendar year.
- C. An Employee may take up to one (1) week (7 calendar days), of his annual vacation in single day increments, provided, however, that such Employee shall be automatically marked up for service upon the expiration of any single day vacation. Single days of vacation may be used to cover single day unpaid absence.
- D. Each day worked on a position not covered by this Agreement shall count as a basic day for vacation qualification purposes.
- E. All guarantee compensation paid to extra Employees shall be considered as service for vacation pay and qualification days.
- F. Where an Employee is discharged from service and subsequently reinstated without loss of seniority and/or benefits, service performed prior to discharge and subsequent to reinstatement shall be included in the determination of qualification for vacation during the following year. Employee's restored to service will be credited for all time paid for entitlement purposes.
- G. In instances where Employee's who have become members of the Armed Forces of the United States return to the service of the Company in accordance with the Veterans Re-Employment Rights Act (8 USC Title 38 §2021-2027), as amended from time to time, time spent by such Employee's in the Armed Forces subsequent to their employment by the Company will be credited as qualifying service in determining the length of vacations for which they may qualify upon their return to the service of the Company.

ARTICLE 23 BENEFITS

Section 1 Health & Welfare

The parties to this Agreement will adopt the provisions of the National Health and Welfare Plan, including dental benefits and vision care. They shall participate in the above stated National Plans and / or Agreements on a basis equivalent to agreements and understandings reached nationally between the United Transportation Union and Carriers represented by the NCCC, including changes in cost sharing to the account of either party.



"The Voice of Transportation Labor"
UNITED TRANSPORTATION UNION

UTU members on DW&P ratify agreement

DULUTH, Minn. -- UTU members on the Duluth, Winnipeg & Pacific Railway (DW&P) have ratified a three-year agreement that will become effective Sept. 1. The UTU represents engineers, conductors and brakemen on the DW&P.

UTU Vice President Rick Marceau, who assisted in the negotiations, said DW&P general chairpersons Ed Kobe and Dale Slotness demonstrated "considerable leadership, patience and creativity" throughout the successful negotiations. The new agreement does away with the mileage-based pay system.

"We will try out this agreement for three years and if it is not to our liking -- if it doesn't work out for our members -- we have the option of reverting back to our previous agreements," said Kobe. DW&P hauls primarily lumber, potash and paper and connects the Port of Duluth, Minn., with Canadian National at International Falls on the Canadian border.

August 19, 2003

- (f) Existing money differentials above existing standard daily rates shall be maintained.
- (g) In local freight service on runs of miles in excess of the number of miles comprising a basic day and in local and through freight service on runs of miles equal to or less than the number comprising a basic day, the same differential in excess of through freight rates on runs of miles in excess of the number of miles comprising a basic day shall be maintained.
- (h) Retroactive General Wage Increases are payable to each employee who has an employment relationship with the Carrier on the date the Agreement is ratified.

ARTICLE II - HEALTH AND WELFARE/EARLY RETIREMENT PLAN AND OFF-TRACK VEHICLE BENEFITS

The parties will adopt the Health and Welfare/Early Retirement/Off-Track Vehicle provisions contained in future National Settlements effective prior to January 1, 2002, including amounts to be offset, if any, for year-to-year increases in plan costs.

ARTICLE III - PAY RULES

A. Rate Progression - New Hires

Rates of pay, additives, and other applicable elements of compensation for an employee whose seniority in train or engine service is established on or after the effective date of this agreement, will be 90% of the rate for present employees and will increase in one increment to 100% for a year of active service or upon being promoted to conductor, whichever occurs first. A year of active service shall consist of a period of 365 calendar days in which the employee performs a total of 80 or more tours of duty. All employees whose seniority in train or engine service is established prior to the effective date of this Agreement, shall be paid the full 100% rate on the effective date of this Agreement.

Nat UTU -
Yardmaster

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

(a) Effective November 1, 2003, each employee covered by this Agreement shall contribute \$119.61 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

(b) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$100.00.

(c) Effective July 1, 2005, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the cost-of-living allowance effective July 1, 2005 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003.

(d) Effective January 1, 2006, the per month employee cost-sharing contribution amount in effect on December 31, 2005 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2006 monthly payment rate over such payment rate for 2005, plus (ii) the amount (if any) by which the number described in part (x) of subsection (c) of this Section exceeds the product described in part (y) of such subsection (c), and (y) one-half of the cost-of-living allowance effective January 1, 2006 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.

(e) Effective July 1, 2006, the per month employee cost-sharing contribution amount in effect on June 30, 2006 shall be increased by the



Relations Department

500 Water Street, J-455
Jacksonville, FL 32202

ATTACHMENT

July 1, 2002

No. 1

Donald R. Carver
Assistant to President
United Transportation Union
Yardmaster Department
4600 Detroit Avenue
Cleveland, OH 44107

Dear ☐ Carver:

This refers to the discussions which led to the CSXT System Yardmaster Agreement of this date. It was agreed that all the CSXT Yardmasters will be covered by the provisions contained in the final disposition of the UTU National Agreement, Document "B", Article IV - Health and Welfare. That settlement will be incorporated into and become part of this agreement.

Very truly yours,

SA Friedman

Steven R. Friedman
Senior Director
Labor Relations

Agree: *Donald R. Carver*
Donald R. Carver
Assistant to President-UTU/YM

ATTN: C. KRIMMER

Attachment

GTW - Yardmaster

Side Letter No. 3

December 12, 2002

Mr. Leonard J. Forchione, General Chairman
United Transportation Union-Yardmaster Department
521 Fairfield Avenue
Battle Creek, Michigan 49015

Dear Sir:

This refers to the discussions which led to the CNIC(GTW) Yardmaster Agreement of this date. It was agreed that all the former GTW Yardmasters will be covered by the provisions contained in the final disposition of the UTU National Agreement, Document "B", Article IV - Health and Welfare. That settlement will be incorporated into and become part of this Agreement, which may include employee cost sharing.

The parties have agreed that the appropriate death benefit coverage for Yardmasters covered by this Agreement will be \$40,000 natural death and \$42,000 accidental death. In the event consummation of the UTU National Health and Welfare does not contain death benefits of at least these amounts, the Carrier will increase the coverage to these levels.

Yours truly,

Myron W. Becker
Director-Labor Relations

I concur:

Leonard J. Forchione
General Chairman

Nat BLE

(i) Each of the Plan design changes contained in this Section shall be implemented as soon as practicable except as otherwise provided.

Section 5 - Short-Term Disability

(a) During each month beginning with the month of July, 2004, the carrier shall remit to the BLE's insured short-term disability plan ("STD Plan") the sum of \$40.00 (as provided in Article I, Section 5(b)) on a pre-tax basis with respect to each employee covered by this Agreement for whom the carrier is required to make a payment to the Railroad Employees National Health and Welfare Plan or to the new health and welfare plan described in Part C of this Article during the same month for foreign-to-occupation health care benefits.

(b) For carriers not covered by Article I, Section 5(b), carrier payment arrangements (if any) with respect to the STD Plan shall be governed by such terms as may be agreed to by the parties.

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

(a) Effective July 1, 2001, each employee covered by this Agreement shall contribute \$33.39 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

(b) Effective July 1, 2002, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$81.18.

(c) Effective July 1, 2003, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be changed to \$79.74.

Net BLB

(d) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (c) shall be increased by the lesser of (x) thirty (30) percent of the increase, if any, in the carriers' 2004 monthly payment rate over such payment rate for 2003, and (y) \$20.26.

(e) Effective July 1, 2005, the per month employee cost-sharing contribution amount set forth in subsection (d) shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the cost-of-living allowance effective July 1, 2005 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003.

(f) Effective January 1, 2006, the per month employee cost-sharing contribution amount in effect on December 31, 2005 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2006 monthly payment rate over such payment rate for 2005, plus (ii) the amount (if any) by which the number described in part (x) of subsection (e) of this Section exceeds the product described in part (y) of such subsection (e), and (y) one-half of the cost-of-living allowance effective January 1, 2006 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.

(g) Effective July 1, 2006, the per month employee cost-sharing contribution amount in effect on June 30, 2006 shall be increased by the lesser of (x) the amount (if any) by which the number described in part (x) of subsection (f) of this Section exceeds the product described in part (y) of such subsection (f), and (y) one-half of the cost-of-living allowance effective July 1, 2006 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.

(h) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by

BNSF BLE

-15-

if COBRA was the source of such other coverage, that COBRA coverage is exhausted.

(h) The Plan design changes contained in this Section shall become effective April 1, 2003 or as soon thereafter as practicable.

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

(a) Effective July 1, 2001, each employee covered by this Agreement shall contribute \$33.39 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

(b) Effective July 1, 2002, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$81.18.

(c) Effective July 1, 2003, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be changed to \$79.74.

(d) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (c) shall be increased by the lesser of (x) thirty (30) percent of the increase, if any, in the carriers' 2004 monthly payment rate over such payment rate for 2003, and (y) \$20.26.

(e) Effective July 1, 2005, the per month employee cost-sharing contribution amount set forth in subsection (d) shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the cost-of-living allowance effective July 1, 2005 pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003.

(f) Effective January 1, 2006, the per month employee cost-sharing contribution amount in effect on December 31, 2005 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2006 monthly payment rate over such payment rate for 2005, plus (ii) the amount (if any) by which the number

Section 3

Effective January 1, 2004, the BLE will assume responsibility for all administrative costs associated with the plan.

ARTICLE IX - GENERAL PROVISIONS

Section 1

The purpose of this Agreement is to fix the general level of compensation during the period of the Agreement. This Agreement shall remain in effect through December 31, 2009 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act. No party to this agreement shall serve, prior to November 1, 2009 (not to become effective before January 1, 2010) any notice or proposal (and any pending notices or proposals are hereby withdrawn). [This paragraph will not operate to prevent the application of Section 2 below.]

Section 2

It is expected that a national agreement (hereafter "NA") settling notices served by BLE and various railroads on or about November 1, 1999 will be reached in the future. It is also expected that, following the moratorium period contained in that NA, a subsequent national agreement (hereafter SNA) will be reached. It is agreed that the following provisions (under these or similar designations), if any, contained in the NA will be applicable to employees of the Carriers signatory to this Agreement: health & welfare (H&W), retirement, disability, availability, holidays, personal days, sick days, bereavement leave, vacation, off-track vehicle insurance, and detention time. It is also agreed that the following provisions (under these or similar designations), if any, contained in the SNA will be applicable to employees covered by this Agreement: H&W, cost saving, productivity improvement, classification, and staffing.

Section 3

It is intended that adoption of the H&W provisions from the NA and the SNA will a) cause the same plan design changes as are contained in those national agreements to be applicable to employees covered by this Agreement; and b) require employees to make H&W contributions in the same amounts and, except as provided below, on the same periodic basis as employees covered by those national agreements. The future value of i) any H&W contributions required for periods prior to January 1, 2004 shall be deducted from any bonus payable under Article I for calendar year 2003 (and payable in 2004); and ii) any H&W contributions required during 2004 plus any uncollected amount under i) above shall be deducted from any bonus payable under Article I for calendar year 2004 (and payable in 2005). Any uncollected H&W contributions required under i) and ii)

CSX ATDA

The following events are the events referred to in the immediately preceding paragraph:

(i) The employee loses eligibility under, or there is a termination of employer contributions for, the other coverage that allowed the employee to make the Opt-Out Election, or

(ii) If COBRA was the source of such other coverage, that COBRA coverage is exhausted.

(i) The parties shall establish a new benefit package denominated as the Basic Health Care Benefit ("BHCBS") effective June 1, 2004 that will be administered by one or more vendors. Participation in that arrangement shall be made available as an option to individuals covered by the Plan. The plan design for the BHCBS shall be as provided in Attachment A hereto.

(j) Blue Cross Blue Shield programs selected by the parties will be made available for selection by employees choosing coverage under the MMCP in all areas where the MMCP is made available under the Plan and throughout the United States for selection by employees choosing coverage under the CHCB.

(k) The Plan design changes contained in this Section shall be implemented as soon as practicable except as otherwise provided.

Part B – Employee Cost Sharing of Plan Cost Increases

Section 1 – Employee Cost-Sharing Contributions

(a) Effective July 1, 2001, each employee covered by this Agreement shall contribute \$33.39 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

(b) Effective July 1, 2002, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$81.18.

(c) Effective July 1, 2003, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be changed to \$79.74.

(d) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (c) shall be increased by the lesser of (x) thirty (30) percent of the increase, if any, in the carriers' 2004 monthly payment rate over such payment rate for 2003, and (y) \$20.26.

(e) Effective July 1, 2005, the per month employee cost-sharing contribution amount set forth in subsection (d) shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the cost-of-living allowance effective July 1, 2005, multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003. (See Health & Welfare Side Letter G.)

- (ii) If COBRA was the source of such other coverage, that COBRA coverage is exhausted.

(i) The parties shall establish a new benefit package denominated as the Basic Health Care Benefit ("BHCB") effective June 1, 2004 that will be administered by one or more vendors. Participation in that arrangement shall be made available as an option to individuals covered by the Plan. The plan design for the BHCB shall be as provided in Attachment A hereto.

(j) Blue Cross Blue Shield programs selected by the parties will be made available for selection by employees choosing coverage under the MMCP in all areas where the MMCP is made available under the Plan and throughout the United States for selection by employees choosing coverage under the CHCB.

(k) The Plan design changes contained in this Section shall be implemented as soon as practicable except as otherwise provided.

Part B – Employee Cost Sharing of Plan Cost Increases

Section 1 – Employee Cost-Sharing Contributions

(a) Effective July 1, 2001, each employee covered by this Appendix shall contribute \$33.39 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

(b) Effective July 1, 2002, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$81.18.

(c) Effective July 1, 2003, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be changed to \$79.74.

(d) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (c) shall be increased by the lesser of (x) thirty (30) percent of the increase, if any, in the carriers' 2004 monthly payment rate over such payment rate for 2003, and (y) \$20.26.

(e) Effective July 1, 2005, the per month employee cost-sharing contribution amount set forth in subsection (d) shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the cost-of-living allowance effective July 1, 2005, multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003. (See H&W Side Letter H)

(f) Effective January 1, 2006, the per month employee cost-sharing contribution amount in effect on December 31, 2005 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2006 monthly payment rate over such payment rate for 2005, plus (ii) the amount (if any) by which the number described in part (x) of subsection (e) of this Section exceeds the product described in part (y) of such subsection (e), and (y) one-half of the cost-of-living allowance effective January 1, 2006, multiplied by one-twelfth of the ASTE Hours for calendar year 2004. (See H&W Side Letter H)

Soo ATDA

- (d) Effective July 1, 2004, the per month employee cost-sharing contribution amount will be based on the option chosen by the employee from those listed in Appendix 2 of this Agreement.
- (e) Effective July 1, 2005, the per month employee cost-sharing contribution amount set forth in subsection (d) shall be increased by the lesser of (x) one-half of the increase, if any, in Soo's 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the cost-of-living allowance effective July 1, 2005 pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003.
- (f) Effective January 1, 2006, the per month employee cost-sharing contribution amount in effect on December 31, 2005, shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in Soo's 2006 monthly payment rate over such payment rate for 2005, plus (ii) the amount, if any, by which the number described in part (x) of subsection (e) of this Section exceeds the product described in part (y) of such subsection (e), and (y) one-half of the cost-of-living allowance effective January 1, 2006, pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.
- (g) Effective July 1, 2006, the per month employee cost-sharing contribution amount in effect on June 30, 2006, shall be increased by the lesser of (x) the amount, if any, by which the number described in part (x) of subsection (f) of this Section exceeds the product described in part (y) of such subsection (f), and (y) one-half of the cost-of-living allowance effective July 1, 2006, pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.
- (h) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006, shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in Soo's 2007 monthly payment rate over such payment rate for 2006, plus (ii) the amount, if any, by which the number described in part (x) of subsection (g) of this Section exceeds the product described in part (y) of such subsection (g), and (y) one-half of the cost-of-living allowance effective January 1, 2007, pursuant to Article

Railroad Retirement and Medicare

Employees Receiving Pay 165,979 (2002 Benchmark, 2001 RRB Distribution)
 Tier I Maximum 87,900 (Year = 2004)
 Tier II Maximum 65,100 (Year = 2004)
 Medicare Maximum no limit (Year = 2004)
 Tier I Tax Rate 6.20% (Year = 2004)
 Tier II Tax Rate 13.10% (Year = 2004, with Railroad Retirement and Survivors' Improvement Act of 2001)
 Medicare Tax Rate 1.45% (Year = 2004)

USA RCAF	Rate	Factor	RR Ret Tax	Hourly Rate
2001	\$26.887			
2002	\$27.258	1.01380	\$507,963,943	\$6.539
1Q/2004	\$28.090	1.04474	\$469,033,322	\$6.038
2Q/2004	\$28.478	1.05917	\$473,744,180	\$6.098
3Q/2004	\$28.760	1.06966	\$477,168,051	\$6.143
4Q/2004		0.00000	\$0	\$0.000

RR Ret Tax from RR_Retirement_02annual.xls, Hourly rate from SUPPL2002.xls
Taxable Rate

Railroad Retirement & Medicare, U.S.

1Q/2004

1Q/2004

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2002	Avg Annual Earnings (2001 Stats)	Estimated Avg. Annual Earnings	Avg Otlly Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Engs	Tier II Tot Tax Eng	Medicare Tot Tax Eng
\$0 - 21699	1.072	1,779	\$12,130	\$12,673	\$3,168	\$3,168	\$3,168	\$3,168	\$5,637,131	\$5,637,131	\$5,637,131
21700 - 23699	0.179	297	\$23,114	24,148	6,037	6,037	6,037	6,037	1,793,621	1,793,621	1,793,621
23700 - 25699	0.089	148	\$24,336	25,425	6,356	6,356	6,356	6,356	938,948	938,948	938,948
25700 - 27699	0.804	1,334	\$26,739	27,935	6,984	6,984	6,984	6,984	9,319,739	9,319,739	9,319,739
27700 - 29699	0.938	1,557	\$28,713	29,988	7,499	7,499	7,499	7,499	11,675,728	11,675,728	11,675,728
29700 - 31699	0.983	1,632	\$30,792	32,170	8,042	8,042	8,042	8,042	13,121,817	13,121,817	13,121,817
31700 - 33699	1.519	2,521	\$32,773	34,239	8,560	8,560	8,560	8,560	21,581,246	21,581,246	21,581,246
33700 - 35699	2.144	3,559	\$34,763	36,318	9,080	9,080	9,080	9,080	32,310,567	32,310,567	32,310,567
35700 - 37699	3.037	5,041	\$36,820	38,467	9,617	9,617	9,617	9,617	48,476,485	48,476,485	48,476,485
37700 - 39699	5.672	9,414	\$38,827	40,564	10,141	10,141	10,141	10,141	95,471,249	95,471,249	95,471,249
39700 - 41699	7.234	12,007	\$40,735	42,558	10,639	10,639	10,639	10,639	127,746,429	127,746,429	127,746,429
41700 - 43699	6.610	10,971	\$42,640	44,548	11,137	11,137	11,137	11,137	122,185,930	122,185,930	122,185,930
43700 - 45699	6.163	10,229	\$44,762	46,765	11,691	11,691	11,691	11,691	119,592,569	119,592,569	119,592,569
45700 - 47699	5.136	8,525	\$46,622	48,708	12,177	12,177	12,177	12,177	103,805,045	103,805,045	103,805,045
47700 - 49699	4.779	7,932	\$48,621	50,796	12,699	12,699	12,699	12,699	100,731,073	100,731,073	100,731,073
49700 - 51699	3.975	6,598	\$50,759	53,030	13,258	13,258	13,258	13,258	87,468,713	87,468,713	87,468,713
51700 - 53699	3.930	6,523	\$52,686	55,043	13,761	13,761	13,761	13,761	89,761,546	89,761,546	89,761,546
53700 - 55699	4.377	7,265	\$54,759	57,209	14,302	14,302	14,302	14,302	103,904,558	103,904,558	103,904,558
55700 - 57699	4.020	6,672	\$56,759	59,299	14,825	14,825	14,825	14,825	98,915,268	98,915,268	98,915,268
57700 - 59699	3.439	5,708	\$58,696	61,322	15,331	15,331	15,331	15,331	87,507,087	87,507,087	87,507,087
59700 - 61699	3.528	5,856	\$60,650	63,364	15,841	15,841	15,841	15,841	92,760,253	92,760,253	92,760,253
61700 - 63699	2.903	4,818	\$62,644	65,447	16,362	16,362	16,362	16,362	78,836,813	78,836,813	78,836,813
63700 - 65699	2.546	4,226	\$64,727	67,623	16,906	16,906	16,906	16,906	71,440,819	71,440,819	71,440,819
65700 - 67699	2.724	4,521	\$66,734	69,720	17,430	17,430	17,430	17,430	73,583,636	73,583,636	73,583,636
67700 - 69699	1.563	2,594	\$68,734	71,809	17,952	17,952	17,952	17,952	42,221,448	42,221,448	42,221,448
69700 - 71699	2.814	4,671	\$70,746	73,911	18,478	18,478	18,478	18,478	76,014,813	76,014,813	76,014,813
71700 - 73699	2.278	3,781	\$72,657	75,908	18,977	18,977	18,977	18,977	61,535,801	61,535,801	61,535,801
73700 - 75699	1.608	2,669	\$74,692	78,034	19,508	19,508	19,508	19,508	52,067,015	52,067,015	52,067,015
75700 - 77699	1.251	2,076	\$76,898	80,339	20,085	20,085	20,085	20,085	43,437,036	43,437,036	43,437,036
77700 - 79699	1.251	2,076	\$78,694	82,215	20,554	20,554	20,554	20,554	33,793,366	33,793,366	33,793,366
79700 - 81699	1.429	2,372	\$80,490	84,091	21,023	21,023	21,023	21,023	38,601,895	38,601,895	38,601,895
81700 - 83699	0.938	1,557	\$82,775	86,479	21,620	21,620	21,620	21,620	25,338,271	25,338,271	25,338,271
83700 - 85699	1.072	1,779	\$84,613	88,399	22,100	22,100	22,100	22,100	28,958,024	28,958,024	28,958,024
85700 - 87699	0.759	1,260	\$86,655	90,532	22,633	22,633	22,633	22,633	20,502,929	20,502,929	20,502,929
87700 - 89699	0.893	1,482	\$88,556	92,518	23,130	23,130	23,130	23,130	24,122,682	24,122,682	24,122,682
89700 - 91699	0.983	1,632	\$90,582	94,635	23,659	23,659	23,659	23,659	26,553,860	26,553,860	26,553,860
91700 - 93699	0.715	1,187	\$92,448	96,584	24,146	24,146	24,146	24,146	19,314,354	19,314,354	19,314,354
93700 - 95699	0.670	1,112	\$94,515	98,744	24,686	24,686	24,686	24,686	18,098,765	18,098,765	18,098,765
95700 - over	3.975	6,598	\$117,648	122,912	30,728	30,728	30,728	30,728	107,377,002	107,377,002	107,377,002
TOTAL	100.000000	165,979							2,359,095,818	2,195,146,335	2,427,945,608
									0.062	0.131	0.0145
									\$146,263,941	\$287,564,170	\$35,205,211
									Tier I & II & Medicare		
											\$489,033,322

2Q/2004

2Q/2004

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2002	Avg Annual Earnings (2001 Stats)	Estimated Avg. Annual Earnings	2003						
					Avg Qtrly Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Emg	Tier II Tot Tax Emg	Medicare Tot Tax Emg
\$0 - 21699	1.072	1,779	\$12,130	\$12,848	\$3,212	\$3,212	\$3,212	\$3,212	\$5,714,995	\$5,714,995	\$5,714,995
21700 - 23699	0.179	297	\$23,114	24,482	6,120	6,120	6,120	6,120	1,818,396	1,818,396	1,818,396
23700 - 25699	0.089	148	\$24,336	25,776	6,444	6,444	6,444	6,444	951,918	951,918	951,918
25700 - 27699	0.804	1,334	\$26,739	28,321	7,080	7,080	7,080	7,080	9,448,470	9,448,470	9,448,470
27700 - 29699	0.938	1,557	\$28,713	30,412	7,603	7,603	7,603	7,603	11,837,001	11,837,001	11,837,001
29700 - 31699	0.983	1,632	\$30,792	32,614	8,154	8,154	8,154	8,154	13,303,065	13,303,065	13,303,065
31700 - 33699	1.519	2,521	\$32,773	34,712	8,678	8,678	8,678	8,678	21,879,342	21,879,342	21,879,342
33700 - 35699	2.144	3,559	\$34,763	36,820	9,205	9,205	9,205	9,205	32,756,864	32,756,864	32,756,864
35700 - 37699	3.037	5,041	\$36,820	38,999	9,750	9,750	9,750	9,750	96,789,969	96,789,969	96,789,969
37700 - 39699	5.672	9,414	\$38,827	41,125	10,281	10,281	10,281	10,281	121,244,471	121,244,471	121,244,471
39700 - 41699	7.234	12,007	\$40,735	43,145	10,786	10,786	10,786	10,786	129,510,958	129,510,958	129,510,958
41700 - 43699	6.610	10,971	\$42,640	45,163	11,291	11,291	11,291	11,291	123,873,653	123,873,653	123,873,653
43700 - 45699	6.163	10,229	\$44,762	47,481	11,853	11,853	11,853	11,853	121,244,471	121,244,471	121,244,471
45700 - 47699	5.136	8,525	\$46,622	49,381	12,345	12,345	12,345	12,345	105,339,765	105,339,765	105,339,765
47700 - 49699	4.779	7,932	\$48,621	51,498	12,875	12,875	12,875	12,875	102,122,446	102,122,446	102,122,446
49700 - 51699	3.975	6,598	\$50,759	53,763	13,441	13,441	13,441	13,441	88,676,896	88,676,896	88,676,896
51700 - 53699	3.930	6,523	\$52,686	55,804	13,951	13,951	13,951	13,951	91,001,399	91,001,399	91,001,399
53700 - 55699	4.377	7,265	\$54,759	57,999	14,500	14,500	14,500	14,500	105,339,765	105,339,765	105,339,765
55700 - 57699	4.020	6,672	\$56,759	60,118	15,029	15,029	15,029	15,029	100,281,560	100,281,560	100,281,560
57700 - 59699	3.439	5,708	\$58,696	62,169	15,542	15,542	15,542	15,542	88,715,800	88,715,800	88,715,800
59700 - 61699	3.528	5,856	\$60,650	64,239	16,060	16,060	16,060	16,060	94,041,527	94,041,527	94,041,527
61700 - 63699	2.903	4,818	\$62,644	66,351	16,588	16,588	16,588	16,588	78,418,978	78,418,978	78,418,978
63700 - 65699	2.546	4,226	\$64,727	68,557	17,139	17,139	17,139	17,139	79,925,766	79,925,766	79,925,766
65700 - 67699	2.724	4,521	\$66,734	70,683	17,671	17,671	17,671	17,671	72,427,612	72,427,612	72,427,612
67700 - 69699	1.563	2,594	\$68,734	72,801	18,200	18,200	18,200	18,200	73,583,636	73,583,636	73,583,636
69700 - 71699	2.814	4,671	\$70,746	74,932	18,733	18,733	18,733	18,200	47,216,184	47,216,184	47,216,184
71700 - 73699	2.278	3,781	\$72,857	76,956	19,239	19,239	16,275	18,733	87,495,612	76,014,813	87,495,612
73700 - 75699	1.608	2,669	\$74,692	79,112	19,778	19,778	16,275	19,239	72,743,044	61,535,801	72,743,044
75700 - 77699	1.251	2,076	\$76,698	81,448	20,362	20,362	16,275	19,778	52,786,203	43,437,036	52,786,203
77700 - 79699	1.251	2,076	\$78,694	83,351	20,838	20,838	16,275	20,362	42,279,773	33,793,366	42,279,773
79700 - 81699	1.429	2,372	\$80,490	85,253	21,313	21,313	16,275	21,313	50,551,547	38,601,695	50,551,547
81700 - 83699	0.938	1,557	\$82,775	87,673	21,918	21,918	16,275	21,918	34,124,187	25,338,271	34,124,187
83700 - 85699	1.072	1,779	\$84,613	89,620	22,405	22,405	16,275	22,405	39,100,005	28,958,024	39,865,037
85700 - 87699	0.759	1,260	\$86,655	91,783	22,946	22,946	16,275	22,946	27,683,679	20,502,929	28,906,512
87700 - 89699	0.893	1,482	\$88,556	93,796	23,449	23,449	16,275	23,449	32,571,180	24,122,682	34,755,996
89700 - 91699	0.932	1,632	\$90,582	95,942	23,986	23,986	16,275	23,986	35,853,829	26,553,860	39,134,133
91700 - 93699	0.715	1,187	\$92,448	97,918	24,480	24,480	16,275	24,480	36,078,828	19,314,354	29,051,185
93700 - 95699	0.670	1,112	\$94,515	100,108	25,027	25,027	16,275	25,027	24,437,503	18,098,765	27,831,450
95700 - over	3.975	6,598	\$117,648	124,610	31,152	31,152	16,275	31,152	144,983,694	107,377,002	205,533,195
TOTAL	100.000	165,979			Total Taxable Tax Rate	2,387,113,411	2,214,134,784	2,461,482,201	0.062	0.131	0.0145

Qtlly Pmt	\$148,001,031	\$290,051,657	\$35,691,492
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\$35,691,492

Tier I & II & Medicare

\$473,744.180

Railroad Retirement & Medicare, U.S.

4Q/2004

[illegible]

Qrtly Pmt	\$11,513,327	\$65,914,092	\$0
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Qrtly Pmt	\$11,513,327	\$65,914,092	\$0
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Tier I & II & Medicare

Tier I & II & Medicare \$77,427.419

Program Letter**United States
Railroad Retirement Board****Office of Programs
Quality Reporting Service Center**

Letter No. 2004-01

Date: November 25, 2003

Phone: (312) 751- 4992
Fax: (312) 751- 7190
E-mail: qrsc@rrb.gov

TO: Certification, Registration, Retirement and Unemployment Contact Officials
SUBJECT: Notice of Annual Rates (2004)

Please distribute this notice to all individuals within your organization who may need the information in connection with their work.

Creditable and Taxable Compensation

The 2004 railroad retirement tax rates and maximum compensation bases are as follows:

<u>Component</u>	<u>Tax Rate</u>	<u>Earnings Base</u>
Employee Tier 1	6.20%	\$87,900
Employee Medicare	1.45%	No Limit
Employer Tier 1	6.20%	\$87,900
Employer Medicare	1.45%	No Limit
Employee Tier 2	4.90%*	\$65,100
Employer Tier 2	13.10%*	\$65,100
Railroad Unemployment	Variable	\$1,130 per month

* Beginning in 2004, the tier II tax rates are determined annually from a tax rate schedule based on an average account benefits ratio reflecting railroad retirement fund levels. Employer tax rates can range from 8.2 percent to 22.1 percent. Employee tax rates can range from 0 percent to 4.9 percent.

Experience Rating

In October 2003, each employer was sent a notice of their 2004 Railroad Unemployment Insurance Act (RUIA) contribution rate. If you have not received your notice, you should contact the Quality Reporting

RCAF Unemployment Insurance Tax

	<u>Unemployment Ins.</u>			RRB	Factor	Avg. Ann.	Un. Ins.
	<u>Tax</u>	<u>Earnings</u>	<u>Hourly</u>	<u>Sample</u>	<u>To Update</u>	<u>Taxable</u>	<u>Hourly</u>
	<u>Rate</u>	<u>Base</u>	<u>Earnings</u>	<u>Year</u>	<u>RRB Sample</u>	<u>Earnings</u>	<u>Rate</u>
			\$25.088	(1998)			
1999 Avg.	3.67%	\$11,640	\$24.662		0.983020	\$11,010.61	\$0.169
4Q/00	0.79%	\$12,060	\$25.925		1.033363	\$11,414.15	\$0.038
1Q/01	2.15%	\$12,600	\$26.173		1.043248	\$11,909.73	\$0.108
2Q/01	2.15%	\$12,600	\$26.190		1.043925	\$11,910.03	\$0.108
3Q/01	2.15%	\$12,600	\$26.415		1.052894	\$11,913.92	\$0.108
			\$24.662	(1999)			
2000 Avg.	0.79%	\$12,060	\$26.031		1.055511	\$11,480.03	\$0.051
4Q/01	2.15%	\$12,600	\$26.701		1.082678	\$11,987.52	\$0.145
1Q/02	3.81%	\$13,200	\$26.790		1.086287	\$12,542.24	\$0.269
2Q/02	3.81%	\$13,200	\$26.820		1.087503	\$12,542.66	\$0.269
3Q/02	3.81%	\$13,200	\$26.788		1.086205	\$12,542.21	\$0.269
			\$26.031	(2000)			
2001 Avg.	2.15%	\$12,600	\$26.887		1.032884	\$11,872.57	\$0.144
4Q/02	3.81%	\$13,200	\$27.525		1.057393	\$12,427.48	\$0.267
1Q/03	4.55%	\$13,440	\$27.797		1.067842	\$12,649.60	\$0.325
2Q/03	4.55%	\$13,440	\$27.885		1.071223	\$12,651.08	\$0.325
3Q/03	4.55%	\$13,440	\$28.306		1.087396	\$12,658.07	\$0.325
			\$26.887	(2001)			
2002 Avg.	3.81%	\$13,200	\$27.258		1.013798	\$12,454.56	\$0.266
4Q/03	4.61%	\$13,440	\$28.088		1.044668	\$12,685.46	\$0.328
1Q/04	2.88%	\$13,560	\$28.090		1.044743	\$12,795.43	\$0.207
2Q/04	2.88%	\$13,560	\$28.478		1.059174	\$12,800.56	\$0.207
3Q/04	2.88%	\$13,560	\$28.760		1.069662	\$12,804.24	\$0.207

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

The SAS System
 TOTAL GROSS EARNINGS AND AVERAGE GROSS EARNINGS-2001 RRB File

The MEANS Procedure

Variable	N	Sum	Mean
ANUAL_US	2808	34972408.40	12454.56
QTRLY_US	2808	35954309.00	12804.24

The SAS System
Factors and Caps 2002 and 2004Q3

The MEANS Procedure

Variable	N	Sum	Mean
FactorA	2808	2846.74	1.0137980
FactorQ	2808	3003.61	1.0696620
Capa	2808	37065600.00	13200.00
Capq	2808	38076480.00	13560.00

Program Letter**United States
Railroad Retirement Board**

**Office of Programs
Quality Reporting Service Center**

Letter No. 2004-01

Date: November 25, 2003

Phone: (312) 751- 4992

Fax: (312) 751- 7190

E-mail: qrsc@rrb.gov

TO: Certification, Registration, Retirement and Unemployment Contact Officials
SUBJECT: Notice of Annual Rates (2004)

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Railroad Unemployment	Variable	\$1,130 per month $\times 12 = 13,560$

* Beginning in 2004, the tier II tax rates are determined annually from a tax rate schedule based on an average account benefits ratio reflecting railroad retirement fund levels. Employer tax rates can range from 8.2 percent to 22.1 percent. Employee tax rates can range from 0 percent to 4.9 percent.

Experience Rating

In October 2003, each employer was sent a notice of their 2004 Railroad Unemployment Insurance Act (RUIA) contribution rate. If you have not received your notice, you should contact the Quality Reporting



Crude Oil Heads for 3rd Weekly Drop as OPEC Increases Supplies

June 4 (Bloomberg) -- Crude oil prices fell, heading toward the third straight weekly drop, as rising OPEC production bolsters U.S. inventories and eases concern over summer fuel supplies.

The Organization of Petroleum Exporting Countries, source of more than a third of the world's oil supply, agreed yesterday to raise quotas by 2 million barrels daily, or 8.5 percent, starting July 1, on concern high oil prices would hurt global economies. U.S. oil imports in the past four weeks surged 9.3 percent to a near record, the Energy Department said yesterday.

"OPEC's action and promises from the Saudis to pump more oil leads to the conclusion that there's a lot more oil to come this way," said Michael Fitzpatrick, a broker with Fimat USA Inc. in New York.

Crude oil for July delivery was down 53 cents, or 1.4 percent, at \$38.75 a barrel as of 10:01 a.m. on the New York Mercantile Exchange. Futures were down 2.8 percent this week and were 29 percent higher than a year ago.

Prices have plummeted 8.5 percent after surging to \$42.33 a barrel on Tuesday, a record since the contract began trading in 1983.



In London, the July Brent crude-oil futures contract fell 40 cents, or 1.1 percent, to \$36 a barrel on the International Petroleum Exchange. Prices have slid 1.6 percent this week and were 34 percent higher than a year ago.

OPEC may boost oil quotas by 500,000 barrels a day in August, which would lift the group's limit from 25.5 million to 26 million. The producer group is scheduled to meet on July 21 in Vienna, when members may discuss raising its target price band from the \$22-to-\$28 range, based on an index of crude oils.

Higher Range

Consumers are "comfortable" with prices of \$28 to \$34 a barrel for the OPEC benchmark, Iran's oil minister Bijan Namdar Zangeneh said yesterday. Qatar's oil minister Abdullah bin Hamad al-Attiyah said today he prefers prices of \$28 to \$30 a barrel. The price yesterday was at \$35.86 a barrel and has exceed \$28 since December.

Because the group's 10 members with quotas, excluding Iraq, are already pumping over current limits, the higher quotas may result in adding only 1 million barrels a day of supply, according to oil ministers for Iran and Kuwait.

Exceeding Quotas

Daily production from the 10 OPEC members with quotas last month averaged 26.51 million barrels in May, exceeding the group's limit by 3.01 million, or 13 percent, according to Bloomberg estimates. Those countries have the capacity to pump 2.59 million additional barrels, more than half of which is held by Saudi Arabia.



The kingdom has raised its output to 9.1 million barrels of oil a day, Saudi Arabia's oil minister Ali al-Naimi said yesterday, delivering on a pledge made in May. The country says its full production capacity is 10.5 million barrels a day, while Bloomberg estimates say the limit is 10 million.

Increased output from Saudi Arabia means U.S. refiners will have ample supplies to meet soaring gasoline demand during the summer driving season. U.S. oil stockpiles in the week ended May 28 jumped 2.8 million barrels to 301.7 million, the highest since August 2002, based on government data.



Oil imports rose 2 percent to 10.7 million barrels a day, the highest since September when shipments reached a record.

To contact the reporter on this story:
Soozhana Choi in New York at Schoi11@bloomberg.net.

To contact the editor responsible for this story:
Robert Dieterich at rdieterich@bloomberg.net.

▶ □



OILNERGY**NYMEX HEATING OIL PRICE**

Daily	Current Trend	6 Mos Trend	Past 2 Mos	Past 12 Mos	Since 1978	Address	Home
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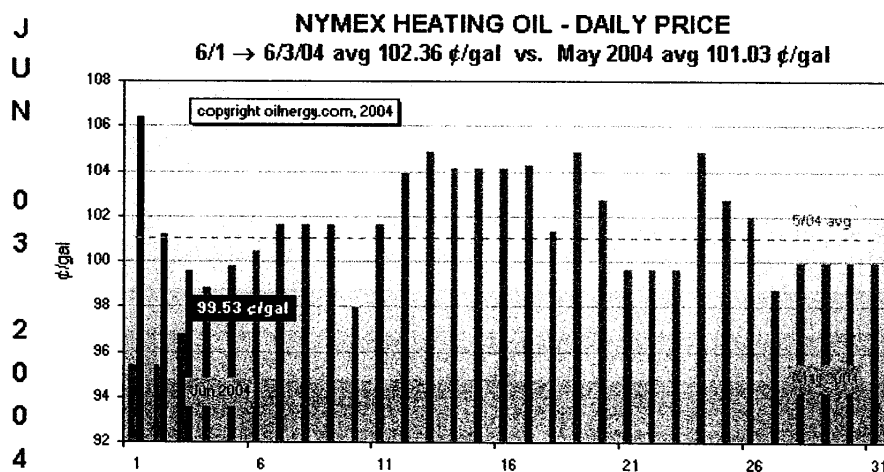
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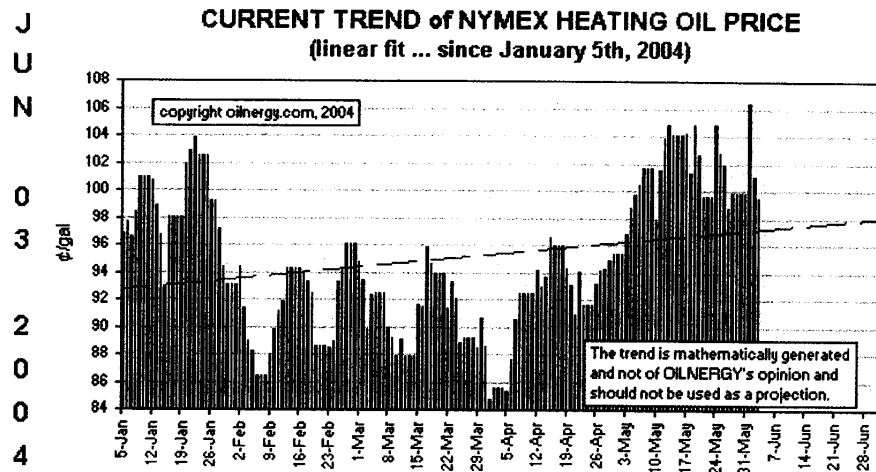
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Up to two screens can be used to display the company's logo, description, specialties, announcements, and a list of branch offices and phone numbers. Furthermore, the readers can response instantly by e-mail or link directly to your own Webpage for further information of your company and services.



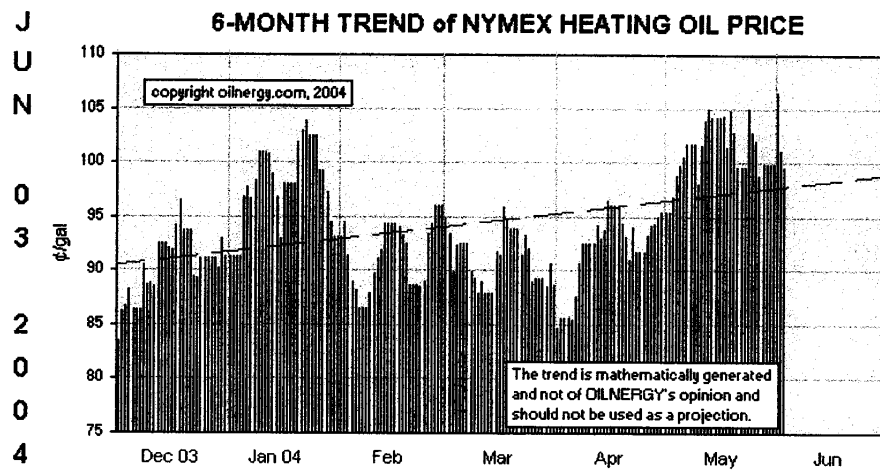
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Daily	Current Trend	6 Mos Trend	Past 2 Mos	Past 12 Mos	Since 1978	Address	Home
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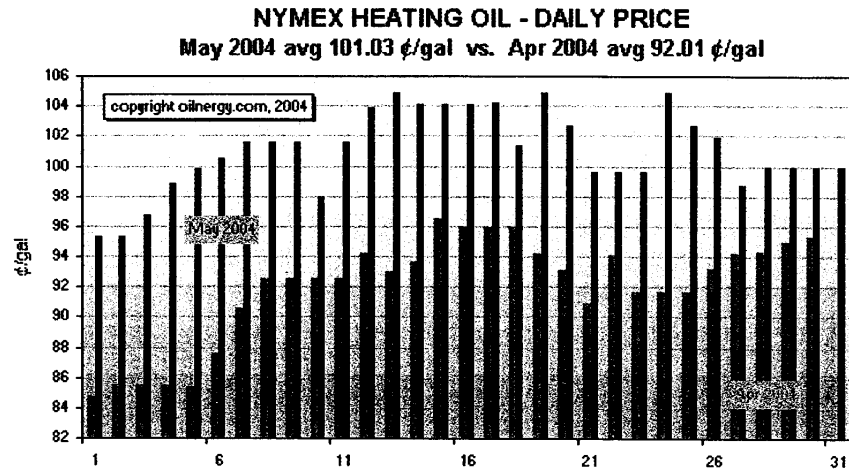
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Daily	Current Trend	6 Mos Trend	Past 2 Mos	Past 12 Mos	Since 1978	Address	Home
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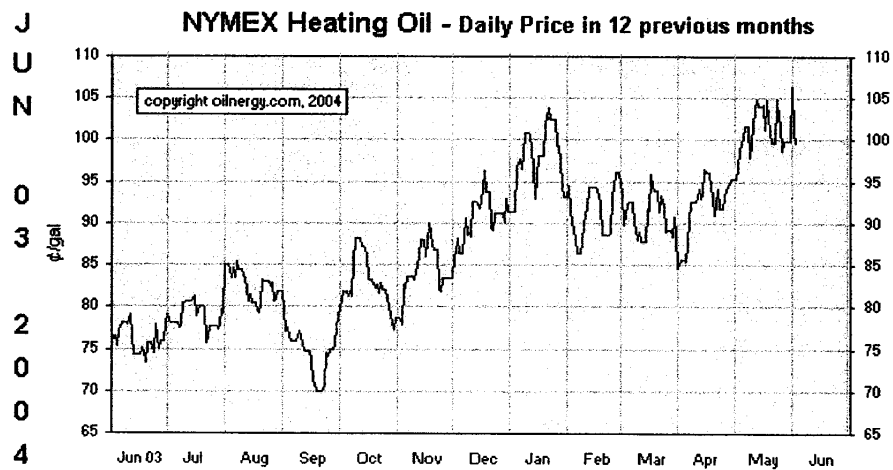
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Daily	Current Trend	6 Mos Trend	Past 2 Mos	Past 12 Mos	Since 1978	Address	Home
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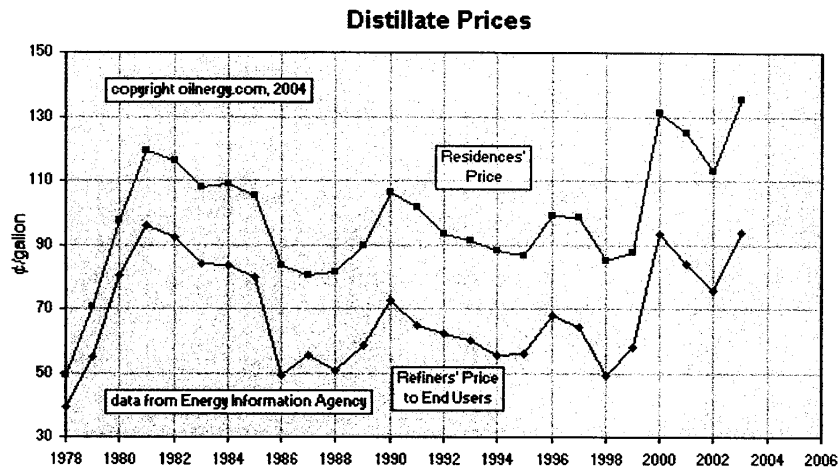
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Daily	Current Trend	6 Mos Trend	Past 2 Mos	Past 12 Mos	Since 1978	Address	Home
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Numeric data is available, click [here](#) for information.

Daily	Current Trend	6 Mos Trend	Past 2 Mos	Past 12 Mos	Since 1978	Address	Home
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Numeric data is available, click [here](#) for information.

Daily	Current Trend	6 Mos Trend	Past 2 Mos	Past 12 Mos	Since 1978	Address	Home
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email@ webslave@oilnergy.com

 OILNERGY.COM, Post Office 80456 Austin, Texas 78708



NYMEX LIGHT SWEET CRUDE OIL PRICE

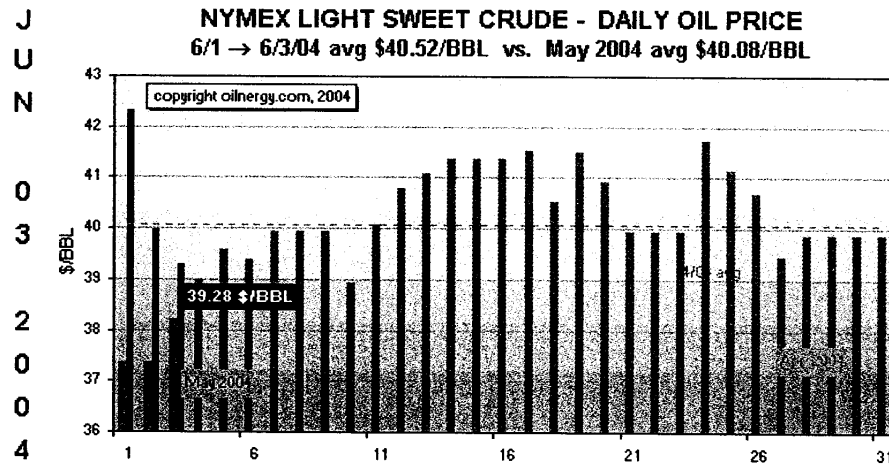
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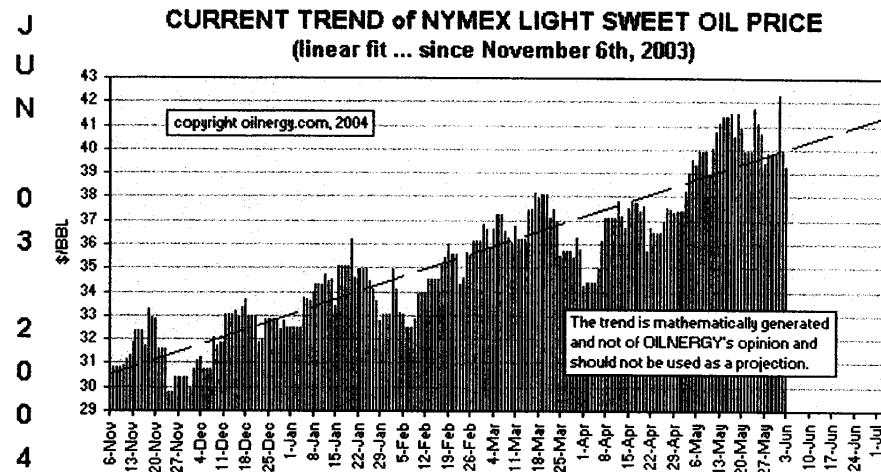
Your sponsorship will result in a **"frontpage impact"** announcement of your **company, products,** and **service** to a **"filtered"** group of oil and gas personnel who are interested in this particular subject.

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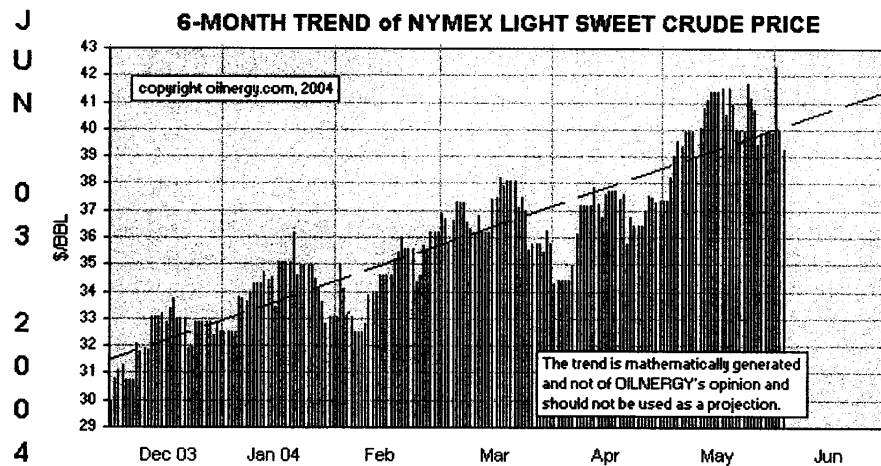
Numeric data is available, [click here](#) for information.

Daily	Current Trend	6 Mos Trend	Past 2 Mos	Past 12 Mos	Since 1920	Address	Home
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Numeric data is available, click [here](#) for information.

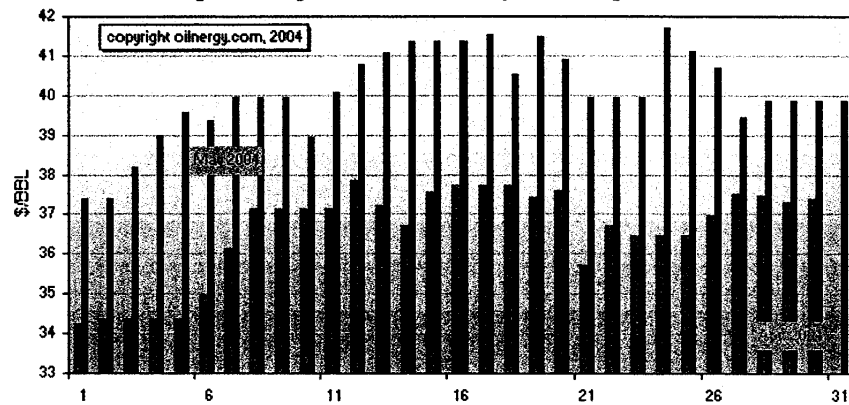
Daily	Current Trend	6 Mos Trend	Past 2 Mos	Past 12 Mos	Since 1920	Address	Home
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Numeric data is available, click [here](#) for information.

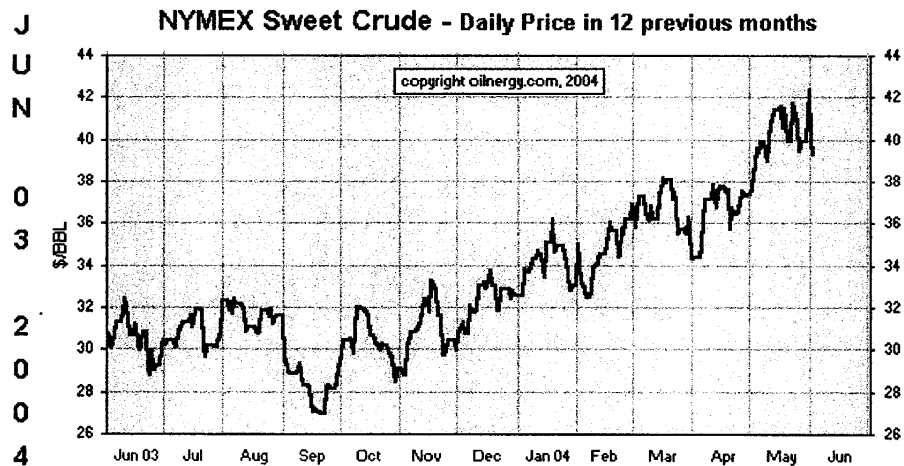
Daily	Current Trend	6 Mos Trend	Past 2 Mos	Past 12 Mos	Since 1920	Address	Home
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NYMEX LIGHT SWEET CRUDE - DAILY OIL PRICE
May 2004 avg \$40.08/BBL vs. Apr 2004 avg \$36.59/BBL



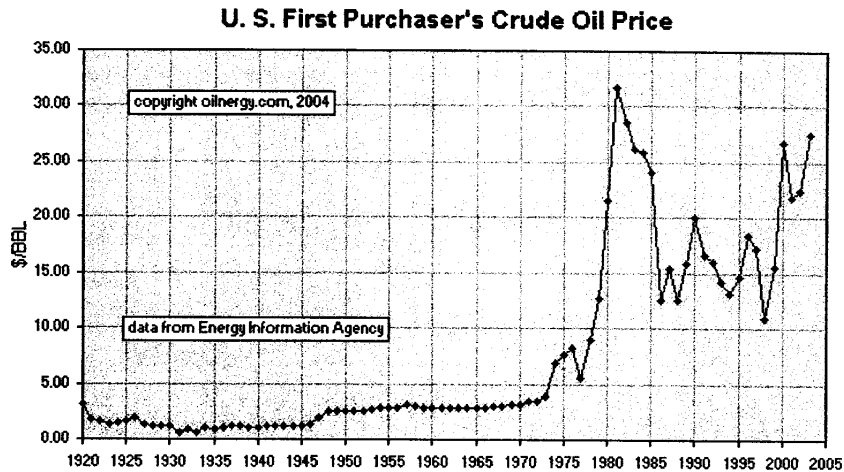
Numeric data is available, [click here](#) for information.

[Daily](#)
[Current Trend](#)
[6 Mos Trend](#)
[Past 2 Mos](#)
[Past 12 Mos](#)
[Since 1920](#)
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Daily	Current Trend	6 Mos Trend	Past 2 Mos	Past 12 Mos	Since 1920	Address	Home
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webslave@oilnergy.com



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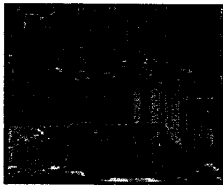
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Suspects killed near Mecca linked to Al-Khobar attacks: ministry

Wed Jun 2, 9:29 AM ET

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JEDDAH, Saudi Arabia (AFP) - Saudi police killed two terror suspects in a gunbattle in mountains near Mecca, the ministry said, linking the pair to the weekend carnage in Al-Khobar.



[AFP/File Photo](#)

"In the hunt for the assailants (behind) the criminal Al-Khobar incident, (security forces) spotted important elements linked to this incident, one of whom was disguised as a woman, the ministry spokesman said, quoted by the official SPA news agency.

Security forces cornered the two on Tuesday at around 6:30 pm (1530 GMT) in an isolated Al-Hada region, on the Taif-Mecca road, in the west of the country, he added.

The spokesman said the suspects opened fire on security forces before abandoning the mountainous region with the hope of escaping".

On Wednesday at 6:00 am (0300 GMT), the two men lobbed grenades and opened fire on police, who responded to the deaths of the two wanted suspects," he added.

The incident came as Saudi security forces were hunting for three gunmen who attacked a residential compound in the oil city of Al-Khobar and took hostages in a weekend of carnage that left 22 people dead and 25 others wounded.

Al-Qaeda purportedly claimed responsibility for the bloody attacks.

The spokesman, who said no security personnel were wounded in Wednesday's incident, would not disclose the identities of the two killed, in "the interests" of the investigation.

A police official in the province of Taif, 50 kilometres (30 miles) from Mecca, told AFP earlier that the suspects had been near the holy city and that one of them was among the most wanted "terrorists" in the kingdom.

According to the Dubai-based satellite television Al-Arabiya, the pair were Al-Qaeda gunmen, one of them disguised as a woman, who were first stopped at a roadblock.

Arms and munitions were found on the bodies, the channel's correspondent said.

The incident came as US military personnel who train the Saudi National Guard came under fire outside the Saudi capital Wednesday, but none of them were hurt, the American embassy said.

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World Tribune.com



Report: Oil terrorism 'serious threat' to world economy

SPECIAL TO WORLD TRIBUNE.COM

Thursday, June 3, 2004

A new report says Al Qaida's insurgency campaign against Saudi Arabia has increased the price of crude oil by up to \$10 a barrel and poses a continuing threat to the Western economy.

The report by the Jaffee Center for Strategic Studies said the insurgency attacks in the Middle East have pointed to regional oil suppliers as political risks amid the increase of oil beyond the \$40 a barrel mark.

The report, authored by researcher Paul Rivlin, said Middle East members of OPEC are greater risks than their non-regional counterparts, which produce more oil.

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"What lessons should be drawn from recent events?" the report asked.

"The first is that terrorism in the Middle East has increased prices on international markets, by \$5-10/barrel. This is a serious threat to the world economy, especially to poorer countries that cannot afford higher oil prices."

The report urged Western consumers, particularly the United States, to reduce oil demand. Rivlin said no oil source can replace Middle East members of OPEC.

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Crude Oil, Gasoline Plunge as OPEC Pledges to Boost Production

June 3 (Bloomberg) -- Crude oil had its biggest two-day drop since March 2003 as OPEC promised to increase global oil supplies in an effort to prevent high prices from curbing economic growth.

Gasoline also plummeted as OPEC pledged to boost oil quotas by 2 million barrels a day with a possible increase of 500,000 barrels in August. The move signals U.S. refiners will have adequate supplies to process into gasoline to meet demand during the summer driving season.

"The latest OPEC decision is enough to shift the market perception to the belief that there's a lot of crude oil coming this way," said John Gretzinger, an oil analyst for F.C. Stone LLC in Kansas City, Missouri. "The price action in the past two days illustrates that."

Crude oil for July delivery fell 68 cents, or 1.7 percent, to settle at \$39.28 a barrel on the New York Mercantile Exchange, the lowest since May 10. Futures were 28 percent higher than a year ago. Prices have fallen 7.2 percent in two days, the biggest decline for that period since U.S. forces invaded Iraq.

Oil prices yesterday fell the most in six months based on statements from some OPEC members that the group would pump as much oil as possible to lower prices.

Analysis of price and volume charts indicated oil futures were poised to plummet today after closing yesterday below the 21-day moving average of \$40.38 a barrel, said Al Bicoff, president of Technical Analytics Inc. in Highland Park, Illinois.

The July gasoline contract plummeted 4.69 cents, or 3.7 percent, to settle at \$1.2354 a gallon on the Nymex, the lowest since April 28. Futures were up 39 percent over the past year. Prices have tumbled 14 percent since Friday.

Saudi Supply

Saudi Arabia, which holds the bulk of the group's additional capacity, and the United Arab Emirates plan to produce an additional 1.1 million barrels a day. Saudi oil minister Ali al-Naimi said the kingdom plans to pump 9.1 million barrels daily this month.

The Organization of Petroleum Exporting Countries, the source of more than a third of the world's oil, agreed at a meeting in Beirut to increase quotas by 8.5 percent to a new limit of 25.5 million barrels a day starting July 1, the biggest increase in more than six years.

"This decision is disappointing because 2 million barrels a day doesn't even cover what OPEC is actually pumping now," said Chris McCormack, a broker with ABN Amro Inc. in New York.

As OPEC members are already producing above their limits, the increase in quotas may add only 800,000 to 1 million barrels a day of crude oil to the world market, said Kuwait's minister, Sheikh Ahmad Fahd al-Ahmad al-Sabah.

Daily production from OPEC's 10 members with quotas, excluding Iraq, averaged 26.51 million barrels in May, exceeding the group's limit by 3.01 million, or 13 percent, according to Bloomberg estimates.

In London, the July Brent crude-oil futures contract fell 46 cents, or 1.3 percent, to \$36.40 a barrel on the International Petroleum Exchange. Prices were 33 percent higher than a year ago.

Chance to Build

Increased supply from OPEC `` will give U.S. refiners a chance to build up some inventories that we'll need," said Phil Flynn, senior energy trader for Alaron Trading Corp. in Chicago.

U.S. crude oil supplies increased by a larger-than-expected 2.8 million barrels to 301.7 million in the week ended May 28, the Energy Department said. Reserves were at the highest since August 2002 and remain 4.2 percent below the five-year average.

Oil Imports rose 2 percent to 10.7 million barrels a day, the highest since September when shipments reached a record. Analysts expected oil reserves to rise 1.13 million barrels, based on a median of responses.

The nation's gasoline supplies rose 1.3 million barrels to 204.3 million last week, the highest since Feb. 13. Supplies had been expected to rise by 1.45 million barrels. Inventories lagged the five-year average by 4.4 percent. Refiners have been working to boost gasoline supplies to meet peak fuel demand during the summer driving season.

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OPEC chief: Oil producers must drive down prices

BEIRUT (AP) — OPEC, which already is pumping close to its production capacity, must boost oil output further to make a "really significant impact" on surging crude prices, the group's president said Wednesday.

With prices for oil futures contracts hitting record highs after a weekend terror attack in Saudi Arabia, the Organization of Petroleum Exporting Countries needs to assess the ability of each of its 11 members to produce more in an effort to calm markets, OPEC President Purnomo Yusgiantoro told reporters. He spoke upon arrival in Beirut for talks ahead of a formal OPEC meeting on production policy Thursday.

RELATED ITEMS

Oil prices were lower Wednesday in New York after surging Tuesday on the first day of trading on major markets since the Khobar attack. U.S. light crude for July delivery was down 44 cents to \$41.89 a barrel in electronic trading Wednesday after climbing \$2.45 on Tuesday to \$42.33 per barrel — the highest settlement price in the contract's 21-year history on the New York Mercantile Exchange. On the International Petroleum Exchange in London, July contracts of Brent crude were down 50 cents at \$38.58 a barrel on Wednesday after ending Tuesday at \$39.08 — their highest for 13.50 years.

Updates

"What we need is a volume that can give a really significant impact to oil prices," said Purnomo, also Indonesia's oil minister.

While Saudi Arabia already is boosting its oil production, the United Arab Emirates announced Wednesday that it, too, plans to produce more oil.

"In order to calm the heat of prices, the United Arab Emirates has taken a decision to increase production by over 400,000 barrels a day. But, of course, we have to discuss it with our counterparts with OPEC," said Oil Minister Obaid bin Saif al-Nasseri of the United Arab Emirates.

"This aims to put a limit on the boiling prices," he said on arrival at Beirut airport.

The Emirates' quota under OPEC is 2.051 million barrels a day.

OPEC representatives were struggling to rein in prices with assurances about the reliability of oil supplies. A deadly weekend attack on oil-related offices and foreign workers in the eastern Saudi oil hub of Khobar stoked fears the Saudi government, which controls the world's largest proven crude reserves, cannot protect its vital oil installations.

Saudi Oil Minister Ali Naimi argued that his country is taking adequate steps to safeguard its most important facilities.

"The illusion that terrorism threatens petroleum facilities in the world is not true. I assure you that installations in the kingdom of Saudi Arabia are secure because they are under intensive protection to prevent such acts," he said in a speech at the Beirut offices of the U.N. Economic and Social Commission for Western Asia.

Naimi added that his country was trying to help lower prices from the uncomfortably high prices of recent weeks but argued that OPEC was not to blame for the runaway market.

"Contrary to what some believe, OPEC cannot always control prices. OPEC's role is limited to working to achieve a balance between supply and demand in the crude oil market. But the prices are controlled by the market and are affected by many factors," he said.

Saudi Arabia, the world's leading crude exporter, is already boosting its own production, independently of OPEC, and Naimi said earlier that he would urge the group to raise its output ceiling by as much as 2.5 million barrels a day, or 11%.

OPEC pumps more than a third of the world's oil, and its talks in the Lebanese capital are drawing unusually close attention. Crude prices have soared in recent weeks because of a combination of strong global demand, low inventories in importing nations and fears about instability in key oil-producing states in the Middle East.

Purnomo said OPEC was already pumping 2.3 million barrels above its current ceiling, or quota, of 23.5 million barrels. Several OPEC members are pumping near their limits, and Saudi Arabia accounts for most of the group's unused capacity. The group is using 88% of its total capacity, he said.

"What we would like to see is which countries now still have spare capacity ... before we decide on a quota increase," Purnomo said.

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OPEC Members Should Pump at Will, Qatar Minister Says (Update4) ▶ ◀ ◀ ◀

June 2 (Bloomberg) -- OPEC should pump oil at will in the next few months, Qatar's energy minister said as the group's president called for efforts to cause a "significant" drop in record oil prices.

The Qatari, Abdullah bin Hamad al-Attiyah, said OPEC is near a consensus to boost its output quota by 2.5 million barrels a day, or 11 percent, a plan also backed by Kuwait. Saudi Arabia, the world's biggest oil exporter, will ensure markets have enough supply, said the nation's oil minister, Ali al-Naimi.

"Everybody should produce what they want over the next few months," al-Attiyah said in an interview in Beirut, where OPEC meets tomorrow. "We do not want to see any shortage of supply at all, and we want to avoid shocks."

Members of Organization of Petroleum Exporting Countries outside of Saudi Arabia are producing as much oil as they can in a bid to prevent higher energy costs from damaging a recovery in the world economy. Canadian Prime Minister Paul Martin said the Group of Eight nations should lobby OPEC for more oil.

Concern of potential attacks on Middle East oil installations and of U.S. refining bottlenecks have inflated prices by \$10 a barrel, the Qatari minister said. Crude oil was at \$41.85 a barrel in New York, down 48 cents, after reaching a record of \$42.45 earlier in electronic trading. Brent crude slid 57 cents to \$38.51 a barrel as of 1:32 p.m. in London.

Higher Quotas

An increase in the quota to 26 million barrels a day would effectively allow members to pump whatever they like, since most of the group is operating at full capacity. Normally, OPEC agrees to restrain supplies to prevent prices from falling.

"Unless there are major terrorist attacks on oil installations, increased production should help lower prices," said Tor Kartevold, an oil-markets analyst at Norway's largest oil producer, Statoil ASA. "However, there will still be a terror premium on prices." He said prices should be around \$28 a barrel based on supply and demand.

Violence is rising in the Middle East, increasing concern about the security of oil supplies from the region. As many as two gunmen today opened fire on U.S. citizens in southern Riyadh, Arabiya television reported. On Saturday, terrorists attacked a compound that houses foreign oil workers in Khobar, Saudi Arabia, killing 22. Last month, five ABB Ltd. employees were killed at a petrochemical plant in Yanbu, Saudi Arabia.

Saudi Arabia has raised oil output to 9.1 million barrels a day, a Persian Gulf oil official said yesterday. That compares with Saudi assessments of capacity of 10.5 million barrels a day. Outside estimates say the limit may be 10 million.

Today in Beirut, delegates from Nigeria, Iran and Venezuela are scheduled to arrive.

'Still Strong' Prices

"What we need is a volume that can have a really significant impact" on oil prices, OPEC President Purnomo Yusgiantoro of Indonesia said in Beirut. Yet "the price is still strong."

Later today, the Ministerial Monitoring Committee, a subgroup including delegates from Nigeria, Iran, Kuwait and OPEC's headquarters in Vienna, is scheduled to meet and recommend a course of action to the ministers.

The United Arab Emirates oil minister, Obaid bin Saif al- Nasser, yesterday said his nation is pumping 2.45 million barrels a day, 400,000 above its OPEC quota and at the nation's limit. As of the middle of the month, production could rise to 2.5 million barrels, he said.

Ministers yesterday said security around Middle East oil installations is increasing, seeking to allay concern among traders of threats to production. At the gathering in Beirut, the Lebanese army provided security and sharpshooters were placed on buildings surrounding the ministers' hotel.

Price Target

Saudi Arabia's al-Naimi in Beirut said his nation wants to keep prices between \$22 and \$28 a barrel for the OPEC price benchmark. OPEC can't always control prices, and Saudi Arabia plans to ensure demand is always met, he said.

"We know the price is high, but we can assure you the kingdom and the other producing countries do not want a price that can reduce economic growth," al-Naimi said. But "OPEC cannot always control prices."

Saudi Arabia on May 21 announced an increase in production and suggested the group's target rise by at least 2 million barrels a day, or 8.5 percent. OPEC president Purnomo and ministers from Qatar and Kuwait have said the group won't formally suspend its system of oil quotas.

The Algerian minister said he supported suspending the limits to show oil traders that prices should decline.

"I support doing away with the quotas, that's the only way we can have an impact on the market," Algeria's Chakib Khelil told reporters in Beirut.

Crude oil futures in New York are 37 percent higher than a year ago, in part because of refining bottlenecks and speculation of potential gasoline shortages in the U.S. Iraqi exports have failed to reach prewar levels because of persistent attacks against pipelines, refineries and other infrastructure.

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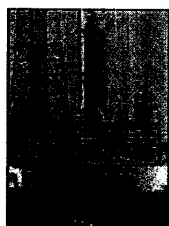
Oil Prices Hit Record High After Attack



Tue Jun 1, 3:51 PM ET

 Add [Business - AP](#) to My Yahoo!By **BRAD FOSS**, AP Business Writer

WASHINGTON - Oil prices surged more than \$2 a barrel and finished at a record level Tuesday as already jittery markets were jolted by the deadly weekend attack against Western oil workers in Saudi Arabia.



AP Photo

"The OPEC ([news](#) - [web sites](#)) meeting is almost an afterthought," said John Kilduff, an analyst at Fimat USA in New York, referring to the oil cartel's gathering in Beirut this week to discuss a possible supply increase.

The attack against two oil company compounds in Saudi Arabia on Saturday that killed two people — the second such incident in the country in one month — solidified traders' fears that the attack would disrupt the global supply chain.

These concerns have propped up prices \$5 per barrel or more in recent months even though supplies have not been affected.

Oil futures settled well above \$42 on Tuesday to a new high, although when inflation in the account crude is not as expensive today as it was during the energy crisis more than a decade ago.

Light crude for July delivery settled at \$42.33 per barrel, up \$2.45, or 6 percent, on the New York Mercantile Exchange. The previous record closing price was \$41.72, set on May 24.

On London's International Petroleum Exchange, Brent crude from the North Sea rose \$39.08.

Analysts say other factors that have kept the cost of oil around \$40 a barrel in recent months include the unexpectedly strong global demand for oil, constraints in the U.S. refining market speculation by hedge funds, and the Bush administration's unwavering refusal to release crude supplies from the nation's Strategic Petroleum Reserve.

The government "should at least stop filling it (the SPR) for now," said Kilduff, echoing a number of analysts concerned about tight supplies.

The worldwide surge in oil prices has prompted Saudi Arabia, the global leader in crude oil production, to increase its daily output and to propose that the Organization of Petroleum Exporting Countries boost its daily production quota of 23.5 million barrels by more than 2 million barrels.

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displays will be flat and portable, your DVR will disappear, and you may even want to use TV to flip through future e-books.

Saudi officials have expressed worries that a prolonged period of higher oil prices could slow global economic recovery and reduce demand. OPEC is scheduled to meet Thursday

"I think this terror attack almost assures that OPEC will raise production," said Phil Fly, analyst at Alaron Trading Corp. in Chicago. "It could unify OPEC against the terrorists

Still, such sentiments failed to calm markets Tuesday, when the Saudi attacks were still fresh in traders' minds and speculators speculated that oil prices could eventually top \$50 a barrel if terrorists succeeded in disrupting supplies.

Gasoline futures were also propelled higher. Unleaded gasoline for July delivery gained 6.5 cents to \$1.3525 per gallon, according to Nymex.

Nationwide the average retail price of gasoline is above \$2.05 per gallon.

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AAR MATERIALS AND SUPPLIES INDEX
 Region By Composition
 Second Quarter 2004
 June 7, 2004

United States by Composition Category - Summary

Composition Category	Weight	Previous Quarter Index	Current Quarter Index	Relative Of Change
-----	-----	-----	-----	-----
Forest Products	.1375	211.57	209.54	.9904
Metal Products	.6345	117.75	123.60	1.0497
Miscellaneous Products	.2281	173.12	179.54	1.0371
U.S. By Composition	--	143.29	148.18	1.0341
U.S. By Composition (Linked)	--	146.12	151.10	1.0341
United States (1977=100) Linking Factor: 1.423	--	207.93	215.02	1.0341
United States (1980=100) Linking Factor: 1.061	--	155.03	160.32	1.0341

-----Original Message-----

From: Mathews, Jim D. Jr. [mailto:Jim.Mathews@nscorp.com]
Sent: Tuesday, June 01, 2004 4:42 PM
To: Liu, Shou-Lien
Subject: RE: P-2004 Q2

Shou-Lien,

1) There is currently a shortage of scrap steel which has caused our vendors (who manufacture items using scrap) to ask for rate increases. Most of our buyers attempt to put in temporary price relief rather than a permanent price increase because should the scrap steel market fall, we want to be able to revert to the lower prices. The prices are in effect based on the AMM fluctuations and are, hopefully, temporary.

Car Hire for RCAF

RCAF (Forecast)

	1980	June 3Q/03	Sept. 4Q/03	Dec. 1Q/04	Mar. 2Q/04	June 3Q/04
RATE						
RR-OWNED TIME	31.00	64.00	64.00	64.00	64.00	64.00
RR-OWNED MILEAGE	4.69	7.40	7.40	7.40	7.30	7.30
PRIVATELY-OWNED CARS	25.47	44.61	44.78	45.04	42.50	42.56
AUTORACKS	47.00	51.52	51.52	53.31	49.72	51.79
INDEX						
RR-OWNED TIME	100.0	206.5	206.5	206.5	206.5	206.5
RR-OWNED MILEAGE	100.0	157.8	157.8	157.8	155.7	155.7
PRIVATELY-OWNED CARS	100.0	175.1	175.8	176.9	166.9	167.1
AUTORACKS	100.0	109.6	109.6	113.4	105.8	110.2
CAR HIRE INDEX (old wts) 2001	100.0	180.3	--	--	--	--
CAR HIRE INDEX (new wts) 2002	100.0	180.2	180.6	181.4	174.3	174.4
CAR HIRE INDEX (LINKED)	100.0	177.4	177.8	178.6	171.6	171.7

Note: The Car Hire Index for third quarter using *old weights* and *linked* should match that quarter's filing. The third quarter *new weights* version is used in the fourth quarter linked index calculation to ensure that the transition from old weights to new weights does not impact the linked index.

Equipment Rents Data From UMLER

	2003						2004							
	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG
Railroad Owned														
No. of Cars	8,879	8,821	8,795	8,987	8,982	8,163	8,123	8,111	8,110	8,093	8,359	8,320		
Superstructures														
Rate	26.0	26.0	26.0	28.0	28.0	31.0	30.0	30.0	30.0	30.0	33.0	33.0		
Superstructures #3 - Auto Rack	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0		
All other #1 - Time	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.3	7.3	7.3	7.3	7.3		
All other #2 - Mileage														
Privately Owned														
No. of Cars	50,419	50,255	50,093	49,897	49,661	49,400	49,221	49,058	48,814	48,744	48,708	48,705		
Superstructures	304,355	303,559	305,160	304,273	303,378	302,644	302,379	302,392	301,533	301,616	300,731	300,247		
Covered Hoppers	265,129	265,235	265,853	266,060	266,782	266,813	266,488	266,227	266,315	267,831	268,691	266,614		
Tank Cars	224,656	225,608	229,251	229,646	229,665	228,706	230,028	232,298	232,996	233,901	235,406	236,207		
Others														
Rate	74.0	74.0	74.0	74.0	74.0	74.0	74.0	74.0	74.0	74.0	74.0	74.0		
Superstructures #1 - Time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Superstructures #2 - Mileage	56.0	56.0	56.0	56.0	57.0	57.0	53.0	53.0	53.0	54.0	54.0	55.0		
Superstructures #3 - Auto Rack	44.2	44.3	44.4	44.5	44.5	44.6	44.0	44.1	44.1	44.2	44.2	44.2		
Covered Hoppers #2 - Mileage	69.7	69.8	70.1	70.2	70.2	70.3	69.7	69.9	63.1	63.2	63.3	63.5		
Tank Cars #2 - Mileage	68.0	68.0	69.0	69.0	69.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0		
Others #1 - Time	6.5	6.5	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.5		
Others #2 - Mileage														
AVERAGE RATES														
Private Superstructures	17.39	17.39	17.39	17.39	17.39	17.39	17.39	17.39	17.39	17.39	17.39	17.39	0.00	0.00
Private Others	21.60	21.60	21.92	21.92	21.92	22.14	22.14	22.14	22.14	22.14	22.14	22.04	0.00	0.00
Private Total	44.59	44.64	44.78	44.85	44.88	45.04	44.60	44.64	42.50	42.58	42.60	42.56	#DIV/0!	#DIV/0!
Autotracks	51.51	51.52	51.52	51.73	52.56	53.31	49.74	49.74	49.72	50.58	50.92	51.79	#DIV/0!	#DIV/0!

WEIGHTS

	2001	2002
For RCAF & RCR		
RR-owned Time	0.211	0.213
RR-owned Mileage	0.084	0.094
Privately-owned Cars	0.705	0.693
Autotracks	0.000	0.000
----- Check sum	1.000	1.000

Weights for Equipment Rents (not used in Car Hire calculation)		
	2001	2002
Car Hire - U.S.	0.515	0.506
Lease Rentals - U.S.	0.485	0.494
----- Check sum	1.000	1.000

AVERAGE RATE FOR 06/04			
CAR RENTAL RATES			
CAR GROUP	CAR COUNT	TIME	AUTO RACK
-----	-----	-----	-----
-VEHICULAR FLATS	8,320	105 ¢/HR	33 ¢/HR
ONO. OF ZERO RATED VEH. FLATS 2/	30	.081 \$/MILE	
-ALL OTHER CARS	743,110	64 ¢/HR	
ONO. OF ZERO RATED "OTHER" CARS 2/	44,514	.073 \$/MILE	
0	TOTAL:	795,974	

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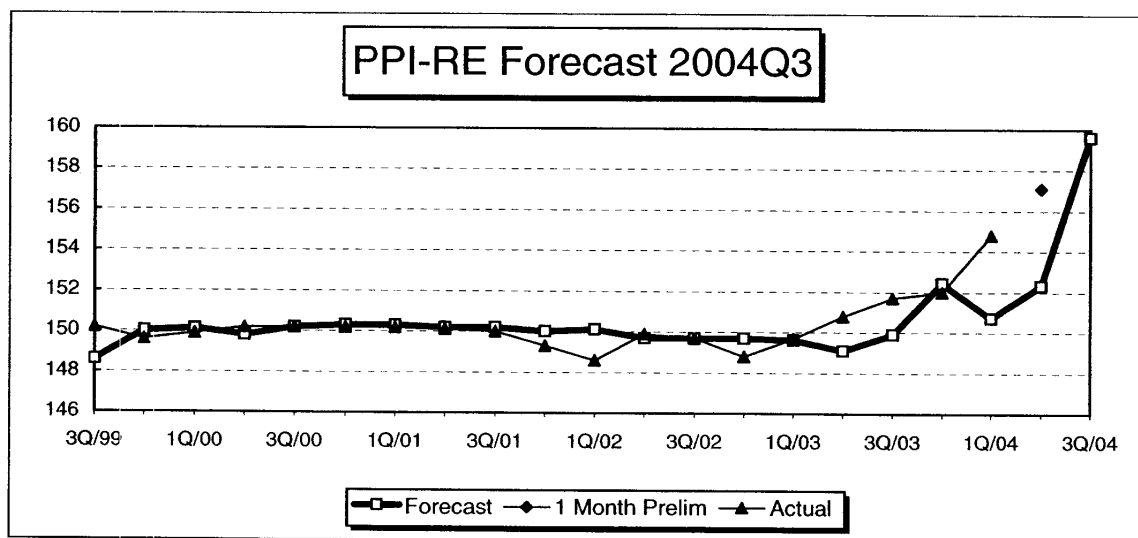
CAR GROUP	CAR COUNT	TIME	MILEAGE	AUTO RACK
-VEHICULAR FLATS	48,705	74 ¢/HR	.000 \$/MILE	55 ¢/HR
ONO. OF ZERO RATED VEH. FLATS 2/	167			
-COVERED HOPPERS	300,247	0 ¢/HR	.442 \$/MILE	
ONO. OF ZERO RATED COVERED HOPPERS 2/	9,529	6 ¢/HR	.635 \$/MILE	
-TANKS	266,614			
ONO. OF ZERO RATED TANKS 2/	9,645			
-ALL OTHER CARS	236,207	70 ¢/HR	.065 \$/MILE	
ONO. OF ZERO RATED "OTHER" CARS 2/	39,977			
TOTAL:	911,091			

PPI-RE Forecast (for Depreciation Component)

	Forecast	Actual	1 Month Prelim
3Q/99	148.6	150.2	
4Q/99	150.0	149.6	
1Q/00	150.1	149.9	
2Q/00	149.8	150.2	
3Q/00	150.2	150.2	
4Q/00	150.3	150.2	
1Q/01	150.3	150.2	
2Q/01	150.2	150.1	
3Q/01	150.2	150.0	
4Q/01	150.0	149.3	
1Q/02	150.1	148.6	
2Q/02	149.7	149.9	
3Q/02	149.7	149.7	
4Q/02	149.7	148.8	
1Q/03	149.6	149.7	
2Q/03	149.1	150.8	
3Q/03	149.9	151.7	
4Q/03	152.4	152.0	
1Q/04	150.7	154.8	
2Q/04	152.3		157.1
3Q/04	159.6		

1980 Base

	PPI-RE Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2004Q3						
Low	142.1	157.2	3.6%			
Modpoint	144.3	159.6	5.2%	1.6%	3.1%	4.8%
High	146.5	162.1	6.9%			





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Data extracted on: May 17, 2004 (12:22 PM)

Producer Price Index-Commodities

Series Catalog:

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2003	134.5	135.4	135.5	136.0	136.3	136.3	136.7	136.5	136.9	137.2	137.7	137.3	136.3
2004	137.7(P)	140.3(P)	141.8(P)	142.0(P)									

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

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Other comments: feedback@bls.gov

re_ppi.txt
Forecast Pro for Windows Version 3.00D

Database I:\Indexes2\RCAF\2004q3\5Deprec\FPre_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPIRE

Length 72 Minimum 134.300 Maximum 142.000
Mean 135.706 Standard deviation 1.410

Classical decomposition (multiplicative)
Trend-cycle: 54.33% Seasonal: 7.46% Irregular: 38.21%

Log transform recommended for Box-Jenkins.

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

Exponential smoothing outperforms Box-Jenkins by 2.260 to 3.040 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12. For Box-Jenkins, I used a log transform.

Series is trended and seasonal.

Recommended model: Exponential Smoothing

Forecast Model for PPIRE
Holt exponential smoothing: Linear trend, No seasonality
Confidence limits proportional to level

Component	Smoothing Weight	Final Value
Level	0.99937	142.00
Trend	0.13283	0.57258

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 135.7	Standard deviation 1.42
R-square 0.889	Adjusted R-square 0.8874
Durbin-Watson 1.892	Ljung-Box(18)=12.11 P=0.1587
Forecast error 0.4766	BIC 0.4987
MAPE 0.002115	RMSE 0.4699
MAD 0.2886	

Forecast Report
Tue May 25 09:07:32 2004
Exponential Smoothing model for PPIRE
Analysis of Historic Fit Set

Date	Historic
1998-05	135.300
1998-06	135.600
1998-07	135.200
1998-08	135.300
1998-09	135.300
1998-10	134.500
1998-11	134.300
1998-12	135.200
1999-01	134.600
1999-02	134.600
1999-03	134.600
1999-04	134.500

re_ppi.txt

1999-05	134.500
1999-06	135.800
1999-07	135.900
1999-08	135.900
1999-09	135.800
1999-10	135.700
1999-11	135.300
1999-12	135.500
2000-01	135.300
2000-02	135.300
2000-03	135.600
2000-04	135.800
2000-05	135.700
2000-06	135.800
2000-07	135.800
2000-08	135.700
2000-09	135.900
2000-10	135.800
2000-11	135.800
2000-12	135.800
2001-01	135.900
2001-02	135.900
2001-03	135.400
2001-04	135.500
2001-05	135.600
2001-06	135.700
2001-07	135.100
2001-08	135.100
2001-09	135.000
2001-10	134.600
2001-11	134.500
2001-12	134.500
2002-01	134.900
2002-02	134.600
2002-03	135.100
2002-04	135.000
2002-05	135.200
2002-06	135.400
2002-07	134.900
2002-08	135.000
2002-09	134.600
2002-10	134.500
2002-11	134.500
2002-12	134.500
2003-01	134.500
2003-02	135.400
2003-03	135.500
2003-04	136.000
2003-05	136.300
2003-06	136.300
2003-07	136.700
2003-08	136.500
2003-09	136.900
2003-10	137.200
2003-11	137.700
2003-12	137.300
2004-01	137.700
2004-02	140.300
2004-03	141.800
2004-04	142.000

Forecasted Values

re_ppi.txt

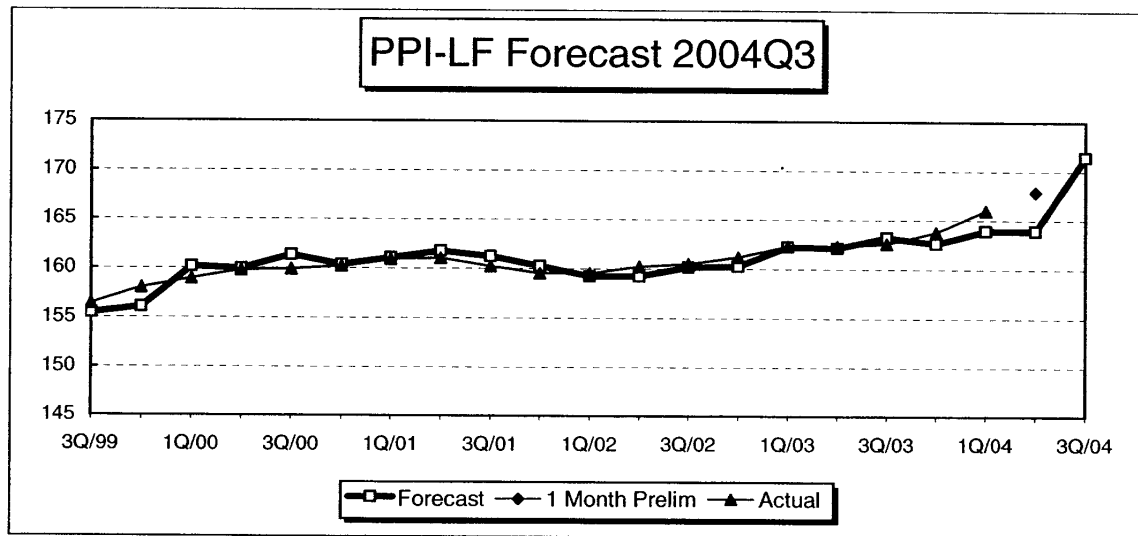
Date	2.5 Lower	Forecast	97.5 Upper
2004-05	141.565	142.573	143.581
2004-06	141.623	143.145	144.668
2004-07	141.815	143.718	145.621
2004-08	142.071	144.291	146.510
2004-09	142.368	144.863	147.359
2004-10	142.692	145.436	148.180
2004-11	143.036	146.008	148.980
2004-12	143.397	146.581	149.765
2005-01	143.771	147.153	150.536
2005-02	144.157	147.726	151.296
2005-03	144.551	148.299	152.046
2005-04	144.954	148.871	152.789

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

	Forecast	Actual	1 Month Prelim
3Q/99	155.4	156.4	
4Q/99	156.0	158.0	
1Q/00	160.1	158.9	
2Q/00	159.9	159.8	
3Q/00	161.3	159.9	
4Q/00	160.3	160.2	
1Q/01	161.0	160.9	
2Q/01	161.7	161.0	
3Q/01	161.2	160.2	
4Q/01	160.2	159.5	
1Q/02	159.2	159.5	
2Q/02	159.2	160.2	
3Q/02	160.1	160.5	
4Q/02	160.2	161.2	
1Q/03	162.2	162.3	
2Q/03	162.1	162.3	
3Q/03	163.2	162.6	
4Q/03	162.6	163.8	
1Q/04	163.9	166.0	
2Q/04	163.9		167.9
3Q/04	171.4		

1980 Base

	PPI-LF Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2004Q3						
Low	151.4	169.7	4.4%			
Modpoint	152.9	171.4	5.4%	2.1%	3.3%	4.6%
High	154.4	173.1	6.5%			





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Producer Price Index-Commodities

Series Catalog:

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2003	144.0	144.7	145.3	144.8	144.9	144.8	144.6	144.8	145.0	145.9	146.1	146.3	145.1
2004	147.1(P)	148.2(P)	148.9(P)	149.8(P)									

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

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lf_ppi.txt
Forecast Pro for windows Version 3.000

Database I:\Indexes2\RCAF\2004q3\7Other\FPlf_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPILF

Length 72 Minimum 138.400 Maximum 149.800
Mean 142.526 Standard deviation 2.585

Classical decomposition (multiplicative)
Trend-cycle: 92.66% Seasonal: 1.79% Irregular: 5.55%

Log transform recommended for Box-Jenkins.

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

Exponential smoothing outperforms Box-Jenkins by 1.437 to 1.913 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12. For Box-Jenkins, I used a log transform.

Series is trended and seasonal.

Recommended model: Exponential Smoothing

Forecast Model for PPILF
Multiplicative winters: Linear trend, Multiplicative seasonality
Confidence limits proportional to indexes and level

Component	Smoothing weight	Final Value
Level	0.92454	149.86
Trend	0.34339	0.76974
Seasonal	0.99554	

Seasonal Indexes

January - March	1.00006	0.99986	0.99956
April - June	0.99960	0.99989	1.00018
July - September	1.00017	0.99996	0.99980
October - December	1.00154	1.00008	0.99933

Within-Sample Statistics

Sample size 72	Number of parameters 3
Mean 142.5	Standard deviation 2.603
R-square 0.9876	Adjusted R-square 0.9873
Durbin-Watson 1.688	Ljung-Box(18)=14.65 P=0.3143
Forecast error 0.2939	BIC 0.3145
MAPE 0.0015	RMSE 0.2877
MAD 0.2149	

Forecast Report
Tue May 25 08:58:48 2004
Exponential Smoothing model for PPILF
Analysis of Historic Fit Set

Date	Historic
1998-05	139.300
1998-06	139.100
1998-07	139.000
1998-08	138.800

lf_ppi.txt

1998-09	138.500
1998-10	138.600
1998-11	138.400
1998-12	138.700
1999-01	138.600
1999-02	138.600
1999-03	138.600
1999-04	138.700
1999-05	138.900
1999-06	139.000
1999-07	139.300
1999-08	139.500
1999-09	139.800
1999-10	140.700
1999-11	140.800
1999-12	141.000
2000-01	141.400
2000-02	141.800
2000-03	142.100
2000-04	142.500
2000-05	142.500
2000-06	142.600
2000-07	142.700
2000-08	142.500
2000-09	142.700
2000-10	143.100
2000-11	142.900
2000-12	142.900
2001-01	143.500
2001-02	143.500
2001-03	143.600
2001-04	143.700
2001-05	143.700
2001-06	143.600
2001-07	143.200
2001-08	142.800
2001-09	142.800
2001-10	142.600
2001-11	142.300
2001-12	142.200
2002-01	142.200
2002-02	142.200
2002-03	142.400
2002-04	142.800
2002-05	142.700
2002-06	143.000
2002-07	143.000
2002-08	143.000
2002-09	143.200
2002-10	143.900
2002-11	143.800
2002-12	143.400
2003-01	144.000
2003-02	144.700
2003-03	145.300
2003-04	144.800
2003-05	144.900
2003-06	144.800
2003-07	144.600
2003-08	144.800
2003-09	145.000
2003-10	145.900
2003-11	146.100

1f_ppi.txt

2003-12	146.300
2004-01	147.100
2004-02	148.200
2004-03	148.900
2004-04	149.800

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2004-05	149.970	150.612	151.254
2004-06	150.402	151.425	152.449
2004-07	150.897	152.194	153.491
2004-08	151.409	152.932	154.455
2004-09	151.958	153.677	155.396
2004-10	152.820	154.715	156.610
2004-11	153.203	155.259	157.315
2004-12	153.707	155.912	158.118
2005-01	154.451	156.796	159.141
2005-02	155.058	157.535	160.011
2005-03	155.655	158.256	160.858
2005-04	156.312	159.033	161.754

Forecast Error Calculation

	2002	First Quarter 2004		Diff	
	Weight	2004Q1 Forecast	2004Q1 Actual		
Labor	38.0%	276.8	276.8	0.0	* actual=forecast
Fuel	9.0%	110.8	122.2	11.4	from 1st month of quarter
M&S	4.6%	160.3	160.3	0.0	* actual=forecast
Equip Rents	10.3%	176.7	177.5	0.8	from Equipment Rents below
Depreciation	10.9%	150.7	154.8	4.1	PPI-RE 137.70 140.30 141.80 0.9040
Interest	3.7%	98.0	98.0	0.0	* actual=forecast
Other	23.5%	163.9	166.0	2.1	PPI-LF 147.10 148.20 148.90 0.8920
Weighted Avg					
1980 = 100		199.3	201.3		calculated
1980 = 100 (linked)		195.6	198.7		calculated
4Q02 = 100		101.8	103.4		calculated
4Q97 = 100		112.9	114.7		calculated
4Q92 = 100		124.7	126.6		calculated

Forecast Error → 1.6

Prior Quarter	
1980 = 100	199.6
1980 = 100 (linked)	195.9
4Q02 = 100	102.0
4Q97 = 100	113.1
4Q92 = 100	124.9

Equipment Rents		
Car Hire	178.6	177.2
Lease Rentals	163.9	166.0
Weighted Average	171.3	171.7
Linked	176.7	177.5

Prior Quarter	
Weighted Average	170.3
Linked	175.7

Sum of Weights ok
Sum of ER Wt. ok

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

file: NewRCAF.xls

5/27/2004

All-Inclusive Index (Actual)

	02 Wts	3Q/03' 01 Wts	3Q/03 02 Wts	% Chg.	4Q/03 02 Wts	% Chg.	1Q/04 02 Wts	% Chg.	2Q/04 02 Wts	% Chg.	3Q/04 02 Wts	% Chg.
Labor	38.0%	273.5	273.5	0.0%	278.3	1.8%	276.8	-0.5%	-100.0%		#DIV/0!	
Fuel	9.0%	108.0	108.0	0.0%	111.2	3.0%	122.2	9.9%	-100.0%		#DIV/0!	
M&S	4.6%	152.7	152.7	0.0%	154.8	1.4%	160.3	3.6%	-100.0%		#DIV/0!	
Equipment Rents	10.3%	175.9	175.9	0.0%	176.8	0.5%	177.5	0.4%	0.0	-100.0%	#####	
Depreciation	10.9%	151.7	151.7	0.0%	152.0	0.2%	154.8	1.8%	-100.0%		#DIV/0!	
Interest	3.7%	98.6	98.6	0.0%	98.0	-0.6%	98.0	0.0%	98.0	0.0%	98.0	0.0%
Other	23.5%	162.6	162.6	0.0%	163.8	0.7%	166.0	1.3%	-100.0%		#DIV/0!	
1.0000												
Weighted Avg.		196.1	197.2	0.6%	199.8	1.3%	201.3	0.8%	3.6	-98.2%	#####	#DIV/0!
Linked		194.6	194.6	0.0%	197.2	1.3%	198.7	0.8%	3.6	-98.2%	#####	#DIV/0!
10/1/80		189.5	189.5	0.0%	192.0	1.3%	193.5	0.8%	3.5	-98.2%	#####	#DIV/0!
10/1/82		161.0	161.0	0.0%	163.1	1.3%	164.4	0.8%	3.0	-98.2%	#####	#DIV/0!
4Q/87		147.2	147.2	0.0%	149.2	1.4%	150.3	0.7%	2.7	-98.2%	#####	#DIV/0!
4Q/92		124.0	124.0	0.0%	125.7	1.4%	126.6	0.7%	2.3	-98.2%	#####	#DIV/0!
4Q/97		112.4	112.4	0.0%	113.9	1.3%	114.7	0.7%	2.1	-98.2%	#####	#DIV/0!
4Q/02		101.3	101.3	0.0%	102.7	1.4%	103.4	0.7%	1.9	-98.2%	#####	#DIV/0!
Equipment Rents												
Car Hire	50.6%	177.4	177.4	0.0%	178.0	0.3%	177.2	-0.4%	-100.0%		#DIV/0!	
Lease Rentals	49.4%	162.6	162.6	0.0%	163.8	0.7%	166.0	1.3%	0.0	-100.0%	0.0	#DIV/0!
1.0000												
ER Weighted Avg		170.2	170.1	-0.1%	171.0	0.5%	171.7	0.4%	0.0	-100.0%	0.0	#DIV/0!
ER Linked		175.9	175.9	0.0%	176.8	0.5%	177.5	0.4%	0.0	-100.0%	#####	#DIV/0!

' Reflects the final actual third quarter values.

LABOR	01 Wts	02 Wts
FUEL	103.383	103.930
M&S	11.340	9.720
EQUIP RENTS	7.024	7.024
DEPR	18.470	18.118
INTEREST	16.080	16.535
OTHER	3.747	3.648
Weighted Avg.	36.097	38.211
	196.141	197.186

RCAF Fuel (Actual All-Inclusive Index)

January 2004

Average Price for Monthly Report

	January 2004 Price (1)	1/1/81 Price (2)	1/91 New Method Linking Factors (3)	January 2004 Index 1/1/81=100 (4)
U.S.	99.98	89.34	99.415	111.25
East	102.28	91.56	99.435	111.08
West	99.09	87.83	99.416	112.16

$(4) = (1) / (2) \times (3)$

Fuel Index on 1977 Base and 1980 Base

	January 2004 Index 1/1/81=100 (1)	Linking Factors 1977=100 (2)	January 2004 Index 1980=100 (3)	January 2004 Index 1977=100 (4)	January 2004 Index 1980=100 (5)
U.S.	111.25	2.606	1.096	289.93	121.94
East	111.08	2.569	1.134	285.36	125.96
West	112.16	2.639	1.067	295.99	119.68

$(4) = (1) \times (2)$
 $(5) = (1) \times (3)$

Final Actual All-Inclusive Index

	1980=100 January 2004 Current Index	Adjustment Factor	January 2004 Linked Index
U.S.	121.94	1.00192	122.17
East	125.96	1.00621	126.74
West	119.68	1.00024	119.70

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

5/27/2004

Association of American Railroads

file: MF200401calcs.xls

RCAF - Depreciation

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

		Forecast Year 2004			
		As reported at end of month 82=100			
		Nov.	Feb.	May	Aug.
For Forecast	→	04Q1	04Q2	04Q3	04Q4
For Actual	→	03Q3	03Q4	04Q1	04Q2
January	2003	134.5	134.5	134.5	134.5
February	2003	135.4	135.4	135.4	135.4
March	2003	135.5	135.5	135.5	135.5
April	2003	136.0	136.0	136.0	136.0
May	2003	136.3	136.3	136.3	136.3
June	2003	136.3	136.3	136.3	136.3
July	2003	137.8	136.7	136.7	136.7
August	2003	136.5	136.5	136.5	136.5
September	2003	136.9	136.9	136.9	136.9
October	2003	136.9	136.9	137.2	137.2
November	2003		137.6	137.7	137.7
December	2003		137.7	137.3	137.3
January	2004	see note	137.7	137.7	137.7
February	2004			140.3	140.3
March	2004			141.8	141.8
April	2004			142.0	
May	2004				
June	2004				
July	2004				
Actual Qtr.		137.1	137.4	139.9	NA

1980=100

Actual Qtr.

First Mo. next qtr.

151.7	152.0	154.8	NA
151.4	152.3	157.1	NA

0.904 =1980

Note:

BLS announced on 2/17/04 the release of the PPI for January 2004 has been delayed from the originally scheduled date of 2/19/04. The delay is caused by the conversion of PPI data from the Standard Industrial Classification system to the North American Industry Classification System. As of 2/26/04, no release date has been announced; therefore, the most current month (December) data available is used for January 2004.



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Data extracted on: May 17, 2004 (12:22 PM)

Producer Price Index-Commodities

Series Catalog:

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2003	134.5	135.4	135.5	136.0	136.3	136.3	136.7	136.5	136.9	137.2	137.7	137.3	136.3
2004	137.7(P)	140.3(P)	141.8(P)	142.0(P)									

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

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RCAF - Other

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

		Forecast Year 2004			
		As reported at end of month 82=100			
		Nov.	Feb.	May	Aug.
For Forecast	→	04Q1	04Q2	04Q3	04Q4
For Actual	→	03Q3	03Q4	04Q1	04Q2
January	2003	144.0	144.0	144.0	144.0
February	2003	144.7	144.7	144.7	144.7
March	2003	145.3	145.3	145.3	145.3
April	2003	144.8	144.8	144.8	144.8
May	2003	144.9	144.9	144.9	144.9
June	2003	144.8	144.8	144.8	144.8
July	2003	144.8	144.6	144.6	144.6
August	2003	145.0	144.8	144.8	144.8
September	2003	145.1	145.1	145.0	145.0
October	2003	145.9	145.9	145.9	145.9
November	2003		146.1	146.1	146.1
December	2003		146.2	146.3	146.3
January	2004	see note	146.2	147.1	147.1
February	2004			148.2	148.2
March	2004			148.9	148.9
April	2004			149.8	
May	2004				
June	2004				
July	2004				
Actual Qtr.		145.0	146.1	148.1	NA

1980=100

Actual Qtr.

First Mo. next qtr.

162.6	163.8	166.0	NA
163.6	163.9	167.9	NA

0.892 =1980

Note:

BLS announced on 2/17/04 the release of the PPI for January 2004 has been delayed from the originally scheduled date of 2/19/04. The delay is caused by the conversion of PPI data from the Standard Industrial Classification system to the North American Industry Classification System. As of 2/26/04, no release date has been announced; therefore, the most current month (December) data available is used for January 2004.



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Data extracted on: May 17, 2004 (12:27 PM)

Producer Price Index-Commodities

Series Catalog:

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2003	144.0	144.7	145.3	144.8	144.9	144.8	144.6	144.8	145.0	145.9	146.1	146.3	145.1
2004	147.1(P)	148.2(P)	148.9(P)	149.8(P)									

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

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Car Hire for RCAF

RCAF (Actual)		1980	Aug 3Q/03	Nov. 4Q/03	Feb 1Q/04	May 2Q/04	Aug 3Q/04
RATE							
	RR-OWNED TIME	31.00	64.00	64.00	64.00	0.00	0.00
	RR-OWNED MILEAGE	4.69	7.40	7.40	7.30	0.00	0.00
	PRIVATELY-OWNED CARS	25.47	44.64	44.88	44.64	#DIV/0!	#DIV/0!
	AUTORACKS	47.00	51.52	52.56	49.74	#DIV/0!	#DIV/0!
INDEX							
	RR-OWNED TIME	100.0	206.5	206.5	206.5	0.0	0.0
	RR-OWNED MILEAGE	100.0	157.8	157.8	155.7	0.0	0.0
	PRIVATELY-OWNED CARS	100.0	175.3	176.2	175.3	#DIV/0!	#DIV/0!
	AUTORACKS	100.0	109.6	111.8	105.8	#DIV/0!	#DIV/0!
	CAR HIRE INDEX (old wts)	2001	100.0	180.4	--	--	--
	CAR HIRE INDEX (new wts)	2002	100.0	180.3	180.9	#DIV/0!	#DIV/0!
	CAR HIRE INDEX (LINKED)		100.0	177.4	178.0	177.2	NA

Equipment Rents Data From UMLER

	2003						2004							
	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG
Railroad Owned														
No. of Cars	8,879	8,821	8,795	8,987	8,982	8,183	8,123	8,111	8,110					
Superstructures														
Rate	26.0	26.0	26.0	28.0	28.0	31.0	30.0	30.0	30.0					
Superstructures #3 - Auto Rack	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0					
All other #1 - Time	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.3	7.3					
All other #2 - Mileage														
Privately Owned														
No. of Cars	50,419	50,255	50,093	49,897	49,661	49,400	49,221	49,058	48,814					
Superstructures	304,355	303,559	305,160	304,273	303,378	302,644	302,379	302,392	301,533					
Covered Hoppers	265,129	265,235	265,853	266,060	266,782	266,813	266,488	266,227	266,315					
Tank Cars	224,656	225,608	229,251	229,646	229,665	228,706	230,028	232,298	232,996					
Others														
Rate	74.0	74.0	74.0	74.0	74.0	74.0	74.0	74.0	74.0					
Superstructures #1 - Time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Superstructures #2 - Mileage	56.0	56.0	56.0	56.0	57.0	57.0	53.0	53.0	53.0					
Superstructures #3 - Auto Rack	44.2	44.3	44.4	44.5	44.5	44.6	44.0	44.1	44.1					
Covered Hoppers #2 - Mileage	69.7	69.8	70.1	70.2	70.2	70.3	69.7	69.9	63.1					
Tank Cars #2 - Mileage	68.0	68.0	69.0	69.0	69.0	70.0	70.0	70.0	70.0					
Others #1 - Time														
Others #2 - Mileage	6.5	6.5	6.6	6.6	6.6	6.6	6.6	6.6	6.6					
AVERAGE RATES														
Private Superstructures	17.39	17.39	17.39	17.39	17.39	17.39	17.39	17.39	17.39	0.00	0.00	0.00	0.00	0.00
Private Others	21.60	21.60	21.92	21.92	21.92	22.14	22.14	22.14	22.14	0.00	0.00	0.00	0.00	0.00
Private Total	44.59	44.64	44.78	44.85	44.88	45.04	44.60	44.84	42.50	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Autotrucks	51.51	51.52	51.52	51.73	52.58	53.31	49.74	49.74	49.72	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

WEIGHTS

	2001	2002
For RCAF & ROR		
RR-owned Time	0.211	0.213
RR-owned Mileage	0.084	0.094
Privately-owned Cars	0.705	0.693
Autotrucks	0.000	0.000
----- Check sum	1.000	1.000

Weights for Equipment Rents (not used in Car Hire calculation)		
	2001	2002
Car Hire - U.S.	0.515	0.506
Lease Rentals - U.S.	0.485	0.494
----- Check sum	1.000	1.000