

ASSOCIATION
OF AMERICAN
RAILROADS

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Vice President - Policy & Economics

September 3, 2004

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

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Dear Mr. Williams:

This submission is the AAR forecast of the fourth quarter 2004 All-Inclusive Index and Rail Cost Adjustment Factor, filed in Ex Parte No. 290 (Sub-No. 5) (2004-4), *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 fourth quarter 2004 results on the fourth quarter 2002 base, and shows the percentage changes from the previous quarter.

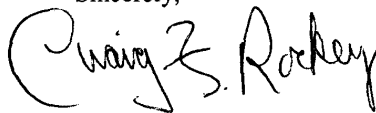
	<u>2004Q3</u>	<u>2004Q4</u>	<u>% Change</u>
All-Inclusive Index	105.5	107.5	1.9
Preliminary RCAF	1.055	1.075	1.9
Forecast Error Adjustment	0.016	0.022	
RCAF (Unadjusted)	1.071	1.097	2.4
Productivity Adjustment Factor	2.0053	2.0163	
RCAF (Adjusted)	0.534	0.544	1.9
PAF-5	2.1048	2.1147	
RCAF-5	0.509	0.519	2.0

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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 dark ink, appearing to read "Craig F. Rockey". The signature is fluid and cursive, with the first name "Craig" and last name "Rockey" clearly legible.

Craig F. Rockey

Attachments

**Fourth Quarter 2004
All-Inclusive Index**

Ex Parte No. 290 (Sub-No. 5) (2004-4)

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

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

September 3, 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 fourth 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 (2002) weights were used for the fourth quarter of 2003 through the third quarter of 2004. Beginning with the fourth quarter of 2004, the 2003 weights are used. The biggest change in the weights was for Fuel, which increased by 1.6 percentage points, close to its weight based on 2001 data. The Other component increased again, this time by 0.7 percentage points. The remaining changes were decreases of less than one percentage point. The 2003 (current) and 2002 (previous) weights are shown below.

RCAF Weights		
	Previous 2002	Current 2003
Labor	38.0 %	37.5 %
Fuel	9.0	10.6
Materials & Supplies	4.6	4.4
Equipment Rents	10.3	9.4
Depreciation	10.9	10.7
Interest	3.7	3.2
Other	23.5	24.2

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 Fourth 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.

	2003 Weights	Forecast		Percent Change
		Previous 2004Q3	Current 2004Q4	
1. Labor	37.5%	281.9	286.8	1.7 %
2. Fuel	10.6%	137.7	148.3	7.7
3. M&S	4.4%	160.3	169.7	5.9
4. Equipment Rents	9.4%	177.0	178.3	0.7
5. Depreciation	10.7%	159.6	162.4	1.8
6. Interest	3.2%	98.0	90.2	-8.0
7. Other	24.2%	171.4	173.3	1.1
8. Weighted Average				
a. 1980 = 100		205.7	209.7	
b. 1980 = 100 (linked)		202.6	206.5 ¹	
c. 4Q02 = 100		105.5	107.5 ²	1.9

Note: The 205.7 weighted average for 2004Q3 is recalculated with 2003 weights to eliminate any changes in the fourth quarter index that would be caused by changing weights. The original figure with 2002 weights is 206.4.

¹ To calculate the 1980 = 100 Linked Index:

$$\begin{aligned} \text{Index}_{80} &= (\text{Current Index} / \text{Previous Index}) * \text{the Previous Quarter Linked Index} \\ &= 209.7 \text{ divided by } 205.7 \text{ times } 202.6 \\ &= 206.5 \end{aligned}$$

² To calculate the 4Q02 = 100 index:

$$\begin{aligned} \text{Index}_{4Q02} &= (\text{Current Linked Index} / 4Q02 \text{ Linking Factor}) * 100 \\ &= 206.5 \text{ divided by } 192.1 \text{ times } 100 \\ &= 107.5 \end{aligned}$$

4Q97 based index = 119.2

4Q92 based index = 131.6

4Q87 based index = 156.2

Forecast vs. Actual All-Inclusive Index Second Quarter 2004

As shown below, the first quarter actual index of 104.8 is 2.2 index points above the forecast value of 102.6. Therefore, the forecast error adjustment for the fourth quarter is 2.2 index points.

	2002	Second Quarter 2004		Amt
	Weights	Forecast	Actual	Difference
1. Labor	38.0%	279.5	279.5	
2. Fuel	9.0%	120.8	133.8	
3. M&S	4.6%	155.0	155.0	
4. Equipment Rents ¹	10.3%	173.1	175.9	
5. Depreciation	10.9%	152.3	157.5	
6. Interest	3.7%	98.0	98.0	
7. Other	23.5%	163.9	168.6	
8. Weighted Average				
a. 1980 = 100		200.8	203.9	
b. 1980 = 100 (linked)		197.1	201.3 ²	
c. 4Q02 = 100 ³		102.6	104.8	2.2

Forecast error —————> 2.2 index points

¹	2002	Second Quarter 2004	
	Weights	Forecast	Actual
Car-Hire	50.6%	171.6	171.7
Lease Rentals	49.4%	163.9	168.6
Weighted Average		167.8	170.2
Weighted Average (linked)		173.1	175.9

² Linked actual index = (actual index / previous actual index) x previous linked actual index.
 201.3 = 203.9 / 201.3 x 198.7

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	<u>1.006</u>
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	← 1997-2001
Q2	2004	1.9943	2.0950	
Q3	2004	2.0053	2.1048	← 1998-2002
Q4	2004	2.0163	2.1147	
Q1	2005	2.0274	2.1263	

Rail Cost Adjustment Factor

Fourth 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 2004Q3	Current 2004Q4	Percent Change
All-Inclusive Index ¹	105.5	107.5	1.9
Preliminary RCAF ²	1.055	1.075	1.9
Forecast Error Adjustment ³	<u>0.016</u>	<u>0.022</u>	
RCAF (Unadjusted) ⁴	1.071	1.097	2.4
Productivity Adjustment Factor ⁵	2.0053	2.0163	
RCAF (Adjusted) ⁶	0.534	0.544	1.9
PAF-5 ⁷	2.1048	2.1147	
RCAF-5 ⁸	0.509	0.519	2.0

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

Fourth Quarter 2004

The fourth quarter 2004 Labor Index is forecast to increase 1.7 percent, caused mostly by rebenchmarking to 2003 annual reports and wage statistics.

Rebenchmarking: Rebenchmarking, as well as updating the internal weights (i.e., the proportion of labor costs represented by wages and supplements, respectively), is reflected each year in the fourth quarter filing. The 2003 data underlying the fourth quarter rebenchmarking are obtained from the railroads' 112-Class Wage Statistics and the railroads' R-1 Annual Reports (including railroad revisions through July 1) to the Surface Transportation Board. The source for the wage and supplements internal weights, like the external weights, is the R-1 Annual Report Summary.

Wage Index

The Wage Index is forecast to increase 0.2 percent. Most of the increase was caused by a general wage increase for two national unions. Rebenchmarking had little overall impact on the Wage Index.

National Contracts: The UTU and UTU-Yardmasters have 3 percent general wage increases, originally scheduled for July 1, that were postponed until December 1 under a supplemental agreement. (See Appendix H for union abbreviations.) This increase will not fully impact the Wage Index until the first quarter of 2005, but is given a one third impact for the fourth quarter. No other increases or new agreements were added to the index.

Independent Contracts: No wage increases or new agreements were added to the index.

Lump Sums and Back Pay: Rebenchmarking and higher interest rates caused almost all of the increases for Lump Sums (\$0.004) and Back Pay (\$0.002).

Other: This component contains the amortization of a profit sharing payment that the BNSF made to its dispatchers, yardmasters, and the former ATSF portion of its locomotive engineers. This component was unchanged from the prior quarter.

Supplements Index

The Supplements Index is forecast to increase by 4.0 percent from the third quarter filing. Most of this increase was caused by rebenchmarking to newer annual report data and wage statistics.

Health & Welfare: The Health & Welfare hourly rate increased by 9 percent, caused mostly by rebenchmarking to 2003 annual report data. The decrease of one tenth of one cent from the rebenchmarking third quarter to the fourth quarter reflects lower employer costs because of the addition to the index of employee cost sharing for one union of one railroad.

Labor Fourth Quarter 2004

Railroad Retirement: The Railroad Retirement and Medicare hourly rate increased 0.1 percent as a result of the fourth quarter's higher wage rate.

Unemployment Insurance: The unemployment insurance hourly rate decreased by \$0.004 because of rebenchmarking.

Other: The "Other" category, a reflection of employer 401(k) contributions, increased by 1.8 cents per hour. In the past, this category contained only railroad's (BNSF) quarterly employer 401(k) contributions/matches. Beginning with the fourth quarter, quarterly 401(k) matches for a second railroad (CSX) are also included.

Labor Index Calculation

As shown in table A-1 on the next page, the 0.2 percent increase in the Wage Index and the 4.0 percent increase in the Supplements Index had a combined effect of a 1.7 percent increase in the Labor Index. The linked fourth quarter 2004 index of 286.8 is determined by multiplying the third quarter linked index of 281.9 times the change between the fourth quarter labor index (299.8) and a third quarter labor index (294.7) recalculated using the original third quarter wages and supplements indexes weighted with the new 2003 weights. This method eliminates changes caused by the new weights, but captures changes caused by rebenchmarking. The purpose of the center "Updated to Reflect..." column in table A-1 is only to enable the reader to discern the impact of rebenchmarking.

Labor
Fourth Quarter 2004
Table A-1 Labor Index

	2004Q3		2004Q4	
	Used in Previous Index Filing	Updated to Reflect 2003 Actual Data	Based on 2003 Data	Pct Chg From Prev. Filing
<u>Base Wage</u> – Straight Time & Pay For Time Not Worked	\$28.732	\$28.734	\$28.801	0.2%
Adjustments:				
Lump Sum	0.217	0.220	0.221	1.8%
Back Pay	0.139	0.141	0.141	1.4%
Other	0.014	0.014	0.014	0.0%
Total Wages	<u>\$29.102</u>	<u>\$29.109</u>	<u>29.177</u>	0.3%
Health & Welfare Benefits	4.590	5.005	5.004	9.0%
RR Retirement & Medicare	6.143	6.141	6.151	0.1%
Unemployment Insurance	0.207	0.203	0.203	-1.9%
Other	0.011	0.012	0.029	163.6%
Total Supplements	<u>\$10.951</u>	<u>\$11.361</u>	<u>\$11.387</u>	4.0%
Total Labor	\$40.053	\$40.470	\$40.564	
Wage Index¹	249.1	249.1	249.7	0.2%
Supplements Index²	404.7	419.8	420.8	4.0%
Total labor Index, 2002 Weights ³	295.3			
Total labor Index, 2003 Weights ⁴	294.7	299.1	299.8	
Labor Index (linked)⁵	281.9		286.8	1.7%

¹ 1980 wage rate \$11.685

² 1980 supplements rate \$2.706

³ 2002 weights: wages, supplements 70.3% 29.7%

⁴ 2003 weights: wages, supplements 70.7% 29.3%

⁵ 2004Q4 linked Index = 2004Q3_{linked} × (2004Q4_{WT2003} / 2004Q3_{WT2003})
= 281.9 × 299.8 / 294.7

Fuel

Fourth 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.

In general, world crude oil* prices have been high because of strong demand and concern about supply. The supply concern is related to the lack of spare capacity plus possible output disruptions in Iraq, Russia, or Venezuela. The U.S. Energy Department's Energy Information Administration believes that crude oil production is running at 99 percent capacity.

Crude oil futures rose to a record high of \$49.40 per barrel on August 20, and then began dropping toward \$40 per barrel. The downturn was reversed on September 1 when an Energy Information Administration report contained negative news about crude oil inventories. Prices were also pushed upward by reports of a pipeline fire in northern Iraq.

Railroad fuel prices have risen for ten of the last twelve months. Third quarter (July) prices are 34 percent higher than the July 2003 level, and 58 percent higher than July 2002's average price. The railroads believe that their fourth quarter (October) fuel prices will be 2.5 percent higher than the prices they paid in July, or 7.7 percent higher than the third quarter forecast. (As can be discerned by comparing those two percentages, the third quarter forecast was lower than the average price the railroads eventually paid.)

Forecast fuel index	148.3
Change from previous quarter forecast	7.7%
Change from previous quarter actual	2.5%

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

Materials & Supplies

Fourth Quarter 2004

The Materials & Supplies Index increased 5.9 percent from the third quarter of 2004. Much of this increase was caused by items in the Metal Products category, which increased by 6.2 percent. Steel surcharges have recently been added to the prices railroads pay for many steel products, and the average price for rail increased 12.1 percent. Regional purchases of ballast also caused an increase in the average ballast price.

2004Q4 Materials & Supplies Index = 169.7

2004Q3 Materials & Supplies Index = 160.3

Difference	9.4 basis points
	or
	5.9 %

Equipment Rents

Fourth 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. To eliminate any changes caused by the fourth quarter's new weights, the third quarter weighted average (but not the linked value) has been recalculated using the new weights. The increase in the Car Hire portion of the Index was caused by higher rates for railroad-owned cars. 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.

	2003 Weight	2004Q3	2004Q4	Percent Change
Car Hire	50.1%	171.7	172.5	0.5 %
Lease Rentals	49.9%	171.4	173.3	1.1
Weighted Average		171.6	172.9	0.8
Weighted Average (Linked)		177.0	178.3	0.7

Depreciation

Fourth 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 for February, March, and July that had double-digit increases on an annual basis.

Forecasted depreciation index (1982=100)	146.8
Forecasted depreciation index (1980=100)	162.4
Change from previous quarter forecast	1.8%
Change from actual first month of previous quarter	1.8%
Change from same quarter of prior year (actual)	6.8%

Depreciation Fourth 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	144.20
Trend	0.14084	0.65975

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 136	Standard deviation 2.073
R-square 0.9444	Adjusted R-square 0.9437
Durbin-Watson 1.834	Ljung-Box(18)=10.58 P=0.0888
Forecast error 0.492	BIC 0.5148
MAPE 0.002232	RMSE 0.4852
MAD 0.306	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2004-02	140.100
2004-03	142.200
2004-04	142.000
2004-05	142.300
2004-06	142.800
2004-07	144.200

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2004-08	143.807	144.859	145.912
2004-09	143.923	145.519	147.115
2004-10	144.182	146.179	148.176
2004-11	144.509	146.838	149.168
2004-12	144.878	147.498	150.119
QTR AVG	144.523	146.838	149.154
2005-01	145.276	148.158	151.040
2005-02	145.696	148.818	151.940
2005-03	146.133	149.477	152.822

Interest

Fourth 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

2003	Interest Rate	7.08%
1980	Interest Rate	7.85%
2004Q4	Interest Index	90.2
2004Q3	Interest Index	98.0
	Percent Change	-8.0%

Other Expenses

Fourth 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 4.9 to 8.5 percent every month in 2004.

Forecasted Other Expense (1982=100)	154.6
Forecasted Other Expense (1980=100)	173.3
Change from previous quarter forecast	1.1%
Change from actual first month of previous quarter	1.8%
Change from same quarter of prior year (actual)	5.8%

Other Expenses

Fourth 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

Component	Smoothing Weight	Final Value
Level	0.92743	151.78
Trend	0.33172	0.68523
Seasonal	0.99620	

Seasonal Indexes

January - March	1.00026	0.99999	0.99988
April - June	0.99951	0.99951	0.99982
July - September	1.00012	0.99999	0.99983
October - December	1.00153	1.00012	0.99943

Within-Sample Statistics

Sample size 72	Number of parameters 3
Mean 143	Standard deviation 3.03
R-square 0.9909	Adjusted R-square 0.9906
Durbin-Watson 1.647	Ljung-Box(18)=20.14 P=0.6748
Forecast error 0.2935	BIC 0.3141
MAPE 0.001532	RMSE 0.2873
MAD 0.2199	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2004-02	148.200
2004-03	149.100
2004-04	149.800
2004-05	150.400
2004-06	151.000
2004-07	151.800

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2004-08	151.850	152.466	153.081
2004-09	152.148	153.126	154.104
2004-10	152.834	154.073	155.312
2004-11	153.087	154.542	155.996
2004-12	153.479	155.120	156.760
QTR AVG	153.133	154.578	156.023

Railroad and Union Abbreviations

Fourth 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)

Workpapers Sent to STB for 2004 Q4 RCAF

September 3, 2004

211944

1. Index Calculation Spreadsheet (index_calc.xls, 2 pages)
2. Summary (of ST and PFTNW Hourly Rates) (Q4 and rebenchched/restated Q3)
3. Taxable wages calculation
4. National Contracts spreadsheet, 2 sections (2 and 5 pages)
5. UTU, UTU-YDM, and BLE ST Hourly Rate for National
6. National Increase Applicability and U.S. 2003 Benchmark spreadsheets
7. Contract pages for UTU & UTU-Yardmasters (4 pages)
8. Wage Increase and signature page from new GTW IBEW contract (3 pages)
9. Wall Street Journal - 3 month Treasury Bill Rate
10. 2004/Q4 RCAF Lump Sum Amortization (4 pages)
11. 2004/Q4 RCAF Back Pay Amortization (5 pages)
12. Health & Welfare 2004Q4 worksheet with 2 pages of rates info
13. Rebenchched Health & Welfare 2004Q3 worksheet
14. Railroad Retirement spreadsheet (5 pages) & 1-page RRB memo for 2004 rates
15. Unemployment Insurance worksheet, 2 pages from SAS run, 1 page supporting data
16. Rebenchmarked 2004Q3 Unemployment Insurance worksheet
17. 6 pages of oil news
18. Summary of M&S
19. Car Hire Spreadsheet (2 pages) plus source data (2 pages)
20. 5 pages of PPI-RE for Depreciation including graph, input/output, and BLS data
21. Interest Rate Index calculation spreadsheet
22. 5 pages of PPI-LF for Other (and Lease Rentals) incl. graph, input/output, BLS data
23. Forecast Error calculation and workpapers (9 pages)

Benchmarking Data

1. 2003 RCAF Weights (8 pages)
2. Benchmarks for Supplements (3 pages)
3. Calculation of 12/31/2003 Straight Time Hourly Rate (6 pages)
4. Railroad Retirement & Medicare 2003 (6 pages including 2 from RRB)
5. 2003 112-Class Wage Statistics (Summary)

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RCAF All-Inclusive Index's Labor Index Based on 2003 Benchmarks

03 Wts.	3Q/04 Original	3Q/04 Rebenchd	% Chg	4Q/04	% Chg fr. Orig	1Q/05	% Chg	2Q/05	% Chg	3Q/05	% Chg
Straight Time											
PFTNW		\$23.063	\$23.276	0.9%	\$23.322	1.1%	--	--	--	--	--
		\$5.669	\$5.458	-3.7%	\$5.479	-3.4%	--	--	--	--	--
Total		\$28.732	\$28.734	0.0%	\$28.801	0.2%	--	\$0.000	--	\$0.000	--
Adjustments											
Lump Sum		\$0.217	\$0.220		\$0.221						
Back Pay		\$0.139	\$0.141		\$0.141						
Other		\$0.014	\$0.014		\$0.014						
Total Wages		\$29.102	\$29.109	0.0%	\$29.177	0.3%	--	\$0.000	--	\$0.000	--
Pre-Tax Reduction		(\$0.342)	(\$0.342)		(\$0.343)						
Taxable Wages		\$28.760	\$28.767		\$28.834			\$0.000		\$0.000	
H & W		\$4.590	\$5.005	9.0%	\$5.004	9.0%	--		--		--
RR Ret & Medicare		\$6.143	\$6.141	0.0%	\$6.151	0.1%	--		--		--
Unemp. Insurance		\$0.207	\$0.203	-1.9%	\$0.203	-1.9%	--		--		--
Other		\$0.011	\$0.012	9.1%	\$0.029	163.6%	--		--		--
Total		\$10.951	\$11.361	3.7%	\$11.387	4.0%	--	\$0.000	--	\$0.000	--
Adjustments											
Total Suppl.		\$10.951	\$11.361	3.7%	\$11.387	4.0%	--	\$0.000	--	\$0.000	--
Total Labor		\$40.053	\$40.470	1.0%	\$40.564	1.3%	--	\$0.000	--	\$0.000	--
Wage Rate Index	0.7070	249.1	249.1	0.0%	249.7	0.2%	--	0.0	--	0.0	--
Suppl Index	0.2930	404.7	419.8	3.7%	420.8	4.0%	--	0.0	--	0.0	--
Total Labor Index '02 Wts.		295.3									
Total Labor Index '03 Wts.		294.7	299.1	1.5%	299.8	1.7%	--	0.0	--	0.0	--
Labor Index (Linked)		281.9			286.8	1.7%	--	0.0 -100.0%	--	#DIV/0!	--

All Inclusive Index and RCAF

	03 Wts	3Q/04 02 Wts	3Q/04 03 Wts	% Chg	4Q/04	% Chg	1Q/05	% Chg	2Q/05	% Chg	3Q/05	% Chg
Labor	0.375	281.90	281.9	0.0%	286.8	1.7%	0.0	-100.0%	#DIV/0!	--	#DIV/0!	--
Fuel	0.106	137.70	137.7	0.0%	148.3	7.7%	--	--	--	--	--	--
M&S	0.044	160.30	160.3	0.0%	169.7	5.9%	--	--	--	--	--	--
Equip. Rents	0.094	177.00	177.0	0.0%	178.3	0.7%	0.0	-100.0%	#DIV/0!	--	#DIV/0!	--
Depreciation	0.107	159.60	159.6	0.0%	162.4	1.8%	--	--	--	--	--	--
Interest	0.032	98.00	98.0	0.0%	90.2	-8.0%	90.2	0.0%	90.2	0.0%	90.2	0.0%
Other	0.242	171.40	171.4	0.0%	173.3	1.1%	--	--	--	--	--	--
Weighted Avg. Linked	1.000	206.40 202.60	205.7	-0.3%	209.7 206.5	1.9% 1.9%	2.9 2.9	-98.6% -98.6%	#DIV/0! #DIV/0!	-- --	#DIV/0! #DIV/0!	-- --
10/1/80 basis												
10/1/82		197.30			201.1	1.9%	2.8	-98.6%	#DIV/0!	--	#DIV/0!	--
4Q/87		167.60			170.8	1.9%	2.4	-98.6%	#DIV/0!	--	#DIV/0!	--
4Q/92		153.30			156.2	1.9%	2.2	-98.6%	#DIV/0!	--	#DIV/0!	--
4Q/97		129.10			131.6	1.9%	1.8	-98.6%	#DIV/0!	--	#DIV/0!	--
4Q/02 basis		117.00			119.2	1.9%	1.7	-98.6%	#DIV/0!	--	#DIV/0!	--
		105.50			107.5	1.9%	1.5	-98.6%	#DIV/0!	--	#DIV/0!	--
Car Hire	0.501	171.70	171.7	0.0%	172.5	0.5%	--	--	--	--	--	--
Lease Rents	0.499	171.40	171.4	0.0%	173.3	1.1%	0.0	--	0.0	--	0.0	--
Wghted Avg Eq Rents		171.60	171.6	0.0%	172.9	0.8%	0.0	--	0.0	--	0.0	--
Linked Equipment Rents		177.00			178.3	0.7%	0.0	-100.0%	#DIV/0!	--	#DIV/0!	--
Preliminary RCAF	1.055				1.075	1.90%	0.015	-98.6%	#DIV/0!	--	#DIV/0!	--
Forecast Error Adj. RCAF Unadjusted	0.016 1.071				0.022 1.097	2.43%	0.015	-98.6%	#DIV/0!	--	#DIV/0!	--
PAF	2.0053				2.0163	0.55%	2.0274	0.55%		--		--
RCAF Adjusted	0.534				0.544	1.87%	0.007	-98.7%	#DIV/0!	--	#DIV/0!	--
PAF-5	2.1048				2.1147	0.47%	2.1263	0.55%		--		--
RCAF-5	0.509				0.519	1.96%	0.007	-98.7%	#DIV/0!	--	#DIV/0!	--

Hourly Rate for 2004 Q4

Straight Time and Time Paid For But Not Worked

2004Q4 Straight Time Hourly Rate (from national spreadsheet) **\$23.256**

3% GWI on 7/1/04 for UTU and UTU-YMD is amended to be effective 12/1/04

Adjustments to 2003 base:

Adjustments added 2004 Q1

Independent ATDA (all ATDA now independent)	\$.03 COLA increase for BNSF, CSX, KCS, NS, & SOO	0.000
Non-union independent ¹	2.5% for various CNGT & UP's ATDA	0.007
CNGT/GTW - all unions except UTU & BLE	3 percent G.W.I., no IBBM or SMW employees	0.003
BNSF BLE & SOO BRS	COLA increase of \$0.03	0.001
UP Yardmasters & SOO except BMWE, BRS, ATDA	COLA increase of \$0.03	0.000

Adjustments added 2004 Q2

BNSF BLE new contract added to index	Keep \$0.48 of COLA, retro G.W.I.s Of 4% & 1.5%	0.036
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Adjustments added 2004 Q3

Independent ATDA	\$.09 COLA for BNSF & KCS, New contracts for CSX, NS, & SOO	0.009
Independent G.W.I. ²	3% for 9 IC unions & CSX YMD; new contract for SOO BRS	0.009
UP Yardmasters & SOO except BRS, ATDA	COLA increase of \$0.09 except BMWE COL Wage Adj = \$0.13	0.001

Adjustments added 2004 Q4

No Adjustments

Adjusted STHR Total	\$23.322
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Pay For Time Not Worked

PFTNW (from national spread sheet)		\$5.463
Ratio Adj STHR to Nat STHR	23.322 / 23.256 =	1.00284

Adjusted Pay For Time Not Worked	\$5.479
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¹ UP's ATDA plus CNGT employee groups: 8 for CC&P, 4 for SSAM, 9 for WC, 1 for DWP, 2 for IC (ATDA & YDM).

² For IC: BMWE, BRS, IAM, IBBM, IBEW, IBFO, SMW, TCU, TCU-Car.

Rebench Hourly Rate for 2004 Q3 Straight Time and Time Paid For But Not Worked

2004Q3 Straight Time Hourly Rate (from national spreadsheet) **\$23.210**
G.W.I or COLA for all except UTU, UTU-YDM, and non-union

Adjustments to 2003 base:

Adjustments added 2004 Q1

Independent ATDA (all ATDA now independent)	\$.03 COLA increase for BNSF, CSX, KCS, NS, & SOO	0.000
Non-union independent ¹	2.5% for various CNGT & UP's ATDA	0.007
CNGT/GTW - all unions except UTU & BLE	3 percent G.W.I., no IBBM or SMW employees	0.003
BNSF BLE & SOO BRS	COLA increase of \$0.03	0.001
UP Yardmasters & SOO except BMWE, BRS, ATDA	COLA increase of \$0.03	0.000

Adjustments added 2004 Q2

BNSF BLE new contract added to Index	Keep \$0.48 of COLA, retro G.W.I.s Of 4% & 1.5%	0.036
--------------------------------------	---	-------

Adjustments added 2004 Q3

Independent ATDA	\$.09 COLA for BNSF & KCS, New contracts for CSX, NS, & SOO	0.009
Independent G.W.I. ²	3% for 9 IC unions & CSX YMD; new contract for SOO BRS	0.009
UP Yardmasters & SOO ex. BRS, ATDA, UTU, YMD	COLA increase of \$0.09 except BMWE COL Wage Adj = \$0.13	0.001

Adjusted STHR Total **\$23.276**

Pay For Time Not Worked

PFTNW (from national spread sheet)		\$5.443
Ratio Adj STHR to Nat STHR	23.276 / 23.210 =	1.00284

Adjusted Pay For Time Not Worked **\$5.458**

¹ UP's ATDA plus CNGT employee groups: 8 for CC&P, 4 for SSAM, 9 for WC, 1 for DWP, 2 for IC (ATDA & YDM).

² For IC: BMWE, BRS, IAM, IBBM, IBEW, IBFO, SMW, TCU, TCU-Car.

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 4Q/2004

U.S. ST Hours = 312,004,342
Wage Statistics are for 2003.

Union Group	Employees	Mo. Rate	Annual \$
TCU (BNSF, CSX, GTW, KCS, NS, UP)	10,795	(\$91.42)	-\$11,842,546.80
TCU-BRC (BNSF, CSX, KCS, NS, UP)	9,973	(\$91.42)	-\$10,940,779.92
Indep.\$25 Group (various CN)	2,076	(\$25.00)	-\$622,800.00
BRS (BNSF, CSX, GTW, KCS, NS, SOO, UP)	5,981	(\$100.00)	-\$7,177,200.00
UTU (BNSF, CC, CSX, DWP, GTW, IC, KCS, NS, UP)	38,620	(\$100.00)	-\$46,344,000.00
UTU-YMD (BNSF, CSX, GTW, KCS, NS)	1,756	(\$100.00)	-\$2,107,200.00
BLE (BNSF, CSX, GTW, KCS, NS, UP)	24,571	(\$91.42)	-\$26,955,369.84
Indep. ATDA (CSX, NS, SOO)	1,028	(\$91.42)	-\$1,127,757.12
Total	94,800		-\$107,117,653.68

Reduction in Wage Rate Per ST Hour	-\$0.34332104
Deduct this amount from the Wage Rate	-\$0.343

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	0.25071	0.06313	0.18097	0.00584	0.03665	0.14121	0.06236	0.01241	0.03708	0.00594	0.02819	0.01372	0.01281	0.14896
2003 Avg.	19.066	21.110	21.319	19.448	21.941	19.062	19.962	16.232	19.560	19.209	19.870	29.694	25.854	36.608
12/31/03	19.290	21.406	21.384	19.532	22.255	19.289	20.243	16.314	19.644	19.436	19.955	29.796	26.008	36.608
1/1/04	19.290	21.406	21.400	19.561	22.255	19.289	20.243	16.343	19.672	19.436	19.983	29.796	26.008	37.524
4/1/04	19.290	21.406	21.990	19.561	22.255	19.289	20.243	16.343	19.672	19.436	19.983	29.796	26.008	37.524
7/1/04	19.290	22.040	22.287	19.649	22.939	19.409	20.845	16.429	19.757	19.962	20.069	29.796	26.008	37.524
10/1/04	19.472	22.040	22.287	19.649	22.939	19.409	20.845	16.429	19.757	19.962	20.069	29.796	26.116	37.524
1/1/05	19.835	22.040	22.287	19.649	22.939	19.409	20.845	16.429	19.757	19.962	20.069	29.796	26.333	37.524
4/1/05	19.835	22.040	22.287	19.649	22.939	19.409	20.845	16.429	19.757	19.962	20.069	29.796	26.333	37.524
7/1/05	19.835	22.040	22.287	19.649	22.939	19.409	20.845	16.429	19.757	19.962	20.069	29.796	26.333	37.524

Weighted Straight Time Hourly Rate														
UTU	TCU	BLE	SMWIA	BRS	BMWE	TCU-CAR	IBFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2003 Avg.	4.780	1.333	3.858	0.114	0.804	2.692	1.245	0.201	0.725	0.114	0.560	0.407	0.331	5.453
12/31/03	4.836	1.351	3.870	0.114	0.816	2.724	1.262	0.202	0.728	0.116	0.563	0.409	0.333	5.453
1/1/04	4.836	1.351	3.873	0.114	0.816	2.724	1.262	0.203	0.729	0.116	0.563	0.409	0.333	5.453
4/1/04	4.836	1.351	3.973	0.114	0.816	2.724	1.262	0.203	0.729	0.116	0.563	0.409	0.333	5.453
7/1/04	4.836	1.391	4.033	0.115	0.841	2.741	1.300	0.204	0.733	0.119	0.566	0.409	0.333	5.589
10/1/04	4.882	1.391	4.033	0.115	0.841	2.741	1.300	0.204	0.733	0.119	0.566	0.409	0.335	5.589
1/1/05	4.973	1.391	4.033	0.115	0.841	2.741	1.300	0.204	0.733	0.119	0.566	0.409	0.337	5.589
4/1/05	4.973	1.391	4.033	0.115	0.841	2.741	1.300	0.204	0.733	0.119	0.566	0.409	0.337	5.589
7/1/05	4.973	1.391	4.033	0.115	0.841	2.741	1.300	0.204	0.733	0.119	0.566	0.409	0.337	5.589

Note: The 2003 Average and 12/31/03 Straight Time Hourly Rates are the industry rates and include all Class I railroad employees. The rates for 1/1/04 through 7/1/05 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 2003 are not shown on this page and are handled separately.

National Contracts U.S.

Pay For Time Not Worked Hourly Rate														
	UTU	TCU	BLE	SMWIA	BRS	BMWE	TCU-CAR	IBFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER
Weight	0.25071	0.06313	0.18097	0.00584	0.03665	0.14121	0.06236	0.01241	0.03708	0.00594	0.02819	0.01372	0.01281	0.14896
2003 Avg.	8.398	5.167	7.247	4.036	4.941	3.580	3.771	2.892	4.140	2.931	3.927	4.230	6.805	1.051
12/31/03	8.497	5.239	7.268	4.054	5.012	3.623	3.824	2.906	4.158	2.965	3.943	4.245	6.846	1.051
1/1/04	8.497	5.239	7.274	4.060	5.012	3.623	3.824	2.911	4.164	2.965	3.949	4.245	6.846	1.078
4/1/04	8.497	5.239	7.474	4.060	5.012	3.623	3.824	2.911	4.164	2.965	3.949	4.245	6.846	1.078
7/1/04	8.497	5.394	7.576	4.078	5.166	3.645	3.938	2.927	4.182	3.046	3.966	4.245	6.846	1.078
10/1/04	8.577	5.394	7.576	4.078	5.166	3.645	3.938	2.927	4.182	3.046	3.966	4.245	6.874	1.078
1/1/05	8.737	5.394	7.576	4.078	5.166	3.645	3.938	2.927	4.182	3.046	3.966	4.245	6.932	1.078
4/1/05	8.737	5.394	7.576	4.078	5.166	3.645	3.938	2.927	4.182	3.046	3.966	4.245	6.932	1.078
7/1/05	8.737	5.394	7.576	4.078	5.166	3.645	3.938	2.927	4.182	3.046	3.966	4.245	6.932	1.078

Pay For Time Not Worked Hourly Rate														
UTU	TCU	BLE	SMWIA	BRS	BMWE	TCU-CAR	IBFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2003 Avg.	2.106	0.326	1.311	0.024	0.181	0.506	0.235	0.036	0.154	0.017	0.111	0.058	0.087	5.308
12/31/03	2.130	0.331	1.315	0.024	0.184	0.512	0.238	0.036	0.154	0.018	0.111	0.058	0.088	5.355
1/1/04	2.130	0.331	1.315	0.024	0.184	0.512	0.238	0.036	0.154	0.018	0.111	0.058	0.088	5.355
4/1/04	2.130	0.331	1.315	0.024	0.184	0.512	0.238	0.036	0.154	0.018	0.111	0.058	0.088	5.355
7/1/04	2.130	0.331	1.315	0.024	0.184	0.512	0.238	0.036	0.154	0.018	0.111	0.058	0.088	5.355
10/1/04	2.150	0.341	1.371	0.024	0.189	0.515	0.246	0.036	0.155	0.018	0.112	0.058	0.088	5.463
1/1/05	2.191	0.341	1.371	0.024	0.189	0.515	0.246	0.036	0.155	0.018	0.112	0.058	0.089	5.504
4/1/05	2.191	0.341	1.371	0.024	0.189	0.515	0.246	0.036	0.155	0.018	0.112	0.058	0.089	5.504
7/1/05	2.191	0.341	1.371	0.024	0.189	0.515	0.246	0.036	0.155	0.018	0.112	0.058	0.089	5.504

U.S. National Contract

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UTU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2003 Industry Avg.				19.06630	8.39848
12/31/03 Industry Rate				19.28987	8.49696
1/1/04			94.229%	19.28987	8.49696
4/1/04			94.229%	19.28987	8.49696
7/1/04			94.229%	19.28987	8.49696
10/1/04			94.229%	19.47164	8.57703
1/1/05	3.00%		94.229%	19.83517	8.73716
4/1/05			94.229%	19.83517	8.73716
7/1/05			94.229%	19.83517	8.73716

3% GWI postponed until 12/1/04. Impact on Q4 is one third of 3% increase.

TCU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2003 Industry Avg.				21.10995	5.16670
12/31/03 Industry Rate				21.40593	5.23914
1/1/04			91.092%	21.40593	5.23914
4/1/04			91.092%	21.40593	5.23914
7/1/04	3.25%		91.092%	22.03965	5.39425
10/1/04			91.092%	22.03965	5.39425
1/1/05			91.092%	22.03965	5.39425
4/1/05			91.092%	22.03965	5.39425
7/1/05			91.092%	22.03965	5.39425

BLE

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2003 Industry Avg.				21.31943	7.24664
12/31/03 Industry Rate				21.38354	7.26843
1/1/04		0.03000	54.155%	21.39978	7.27395
4/1/04			54.155%	21.98972	7.47448
7/1/04	2.50%		54.155%	22.28743	7.57567
10/1/04			54.155%	22.28743	7.57567
1/1/05			54.155%	22.28743	7.57567
4/1/05			54.155%	22.28743	7.57567
7/1/05			54.155%	22.28743	7.57567

New contract removes COLAs after 6/30/02 and adds two G.W.I.

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SMWIA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2003 Industry Avg.				19.44777	4.03647
12/31/03 Industry Rate				19.53169	4.05389
1/1/04		0.03000	98.033%	19.56110	4.05999
4/1/04			98.033%	19.56110	4.05999
7/1/04		0.09000	98.033%	19.64933	4.07830
10/1/04			98.033%	19.64933	4.07830
1/1/05			98.033%	19.64933	4.07830
4/1/05			98.033%	19.64933	4.07830
7/1/05			98.033%	19.64933	4.07830

BRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2003 Industry Avg.				21.94068	4.94097
12/31/03 Industry Rate				22.25466	5.01168
1/1/04			94.662%	22.25466	5.01168
4/1/04			94.662%	22.25466	5.01168
7/1/04	3.25%		94.662%	22.93933	5.16587
10/1/04			94.662%	22.93933	5.16587
1/1/05			94.662%	22.93933	5.16587
4/1/05			94.662%	22.93933	5.16587
7/1/05			94.662%	22.93933	5.16587

BMWE

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2003 Industry Avg.				19.06229	3.58013
12/31/03 Industry Rate				19.28875	3.62266
1/1/04			92.241%	19.28875	3.62266
4/1/04			92.241%	19.28875	3.62266
7/1/04		0.13000	92.241%	19.40866	3.64519
10/1/04			92.241%	19.40866	3.64519
1/1/05			92.241%	19.40866	3.64519
4/1/05			92.241%	19.40866	3.64519
7/1/05			92.241%	19.40866	3.64519

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TCU-Carmen

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2003 Industry Avg.				19.96206	3.77077
12/31/03 Industry Rate				20.24305	3.82385
1/1/04			91.483%	20.24305	3.82385
4/1/04			91.483%	20.24305	3.82385
7/1/04	3.25%		91.483%	20.84492	3.93754
10/1/04			91.483%	20.84492	3.93754
1/1/05			91.483%	20.84492	3.93754
4/1/05			91.483%	20.84492	3.93754
7/1/05			91.483%	20.84492	3.93754

IBFO

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2003 Industry Avg.				16.23186	2.89150
12/31/03 Industry Rate				16.31430	2.90619
1/1/04		0.03000	95.276%	16.34289	2.91128
4/1/04			95.276%	16.34289	2.91128
7/1/04		0.09000	95.276%	16.42863	2.92656
10/1/04			95.276%	16.42863	2.92656
1/1/05			95.276%	16.42863	2.92656
4/1/05			95.276%	16.42863	2.92656
7/1/05			95.276%	16.42863	2.92656

IAM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2003 Industry Avg.				19.56009	4.14002
12/31/03 Industry Rate				19.64387	4.15776
1/1/04		0.03000	94.680%	19.67228	4.16377
4/1/04			94.680%	19.67228	4.16377
7/1/04		0.09000	94.680%	19.75749	4.18180
10/1/04			94.680%	19.75749	4.18180
1/1/05			94.680%	19.75749	4.18180
4/1/05			94.680%	19.75749	4.18180
7/1/05			94.680%	19.75749	4.18180

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IBBM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2003 Industry Avg.				19.20915	2.93076
12/31/03 Industry Rate				19.43580	2.96534
1/1/04			90.219%	19.43580	2.96534
4/1/04			90.219%	19.43580	2.96534
7/1/04	3.00%		90.219%	19.96185	3.04560
10/1/04			90.219%	19.96185	3.04560
1/1/05			90.219%	19.96185	3.04560
4/1/05			90.219%	19.96185	3.04560
7/1/05			90.219%	19.96185	3.04560

IBEW

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2003 Industry Avg.				19.87025	3.92666
12/31/03 Industry Rate				19.95483	3.94337
1/1/04		0.03000	95.120%	19.98337	3.94901
4/1/04			95.120%	19.98337	3.94901
7/1/04		0.09000	95.120%	20.06897	3.96593
10/1/04			95.120%	20.06897	3.96593
1/1/05			95.120%	20.06897	3.96593
4/1/05			95.120%	20.06897	3.96593
7/1/05			95.120%	20.06897	3.96593

ATDA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2003 Industry Avg.				29.69420	4.23047
12/31/03 Industry Rate				29.79558	4.24492
1/1/04			0.000%	29.79558	4.24492
4/1/04			0.000%	29.79558	4.24492
7/1/04			0.000%	29.79558	4.24492
10/1/04			0.000%	29.79558	4.24492
1/1/05			0.000%	29.79558	4.24492
4/1/05			0.000%	29.79558	4.24492
7/1/05			0.000%	29.79558	4.24492

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YDMSTRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2003 Industry Avg.				25.85377	6.80544
12/31/03 Industry Rate				26.00757	6.84593
1/1/04			41.687%	26.00757	6.84593
4/1/04			41.687%	26.00757	6.84593
7/1/04			41.687%	26.00757	6.84593
10/1/04			41.687%	26.11599	6.87446
1/1/05	3.00%		41.687%	26.33282	6.93154
4/1/05			41.687%	26.33282	6.93154
7/1/05			41.687%	26.33282	6.93154

3% GWI postponed until 12/1/04. Impact on Q4 is one third of 3% increase.

OTHER

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2003 Industry Avg.				36.60848	1.05126
12/31/03 Industry Rate				36.60848	1.05126
1/1/04	2.50%		100.000%	37.52369	1.07755
4/1/04			100.000%	37.52369	1.07755
7/1/04			100.000%	37.52369	1.07755
10/1/04			100.000%	37.52369	1.07755
1/1/05			100.000%	37.52369	1.07755
4/1/05			100.000%	37.52369	1.07755
7/1/05			100.000%	37.52369	1.07755

Check Sums

	Increase	Applicable	ST HR	PFTNW HR
2003 AVG			308.93627	63.11630
12/31/03			311.15791	
		1132.879%		
		ok matches	ok matches	ok matches
			ok matches	

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

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

New Contracts & Miscellaneous Adjustments

UTU Adjustment for 2004Q4 and 2005Q1

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR	
4/1/04			94.229%	19.28987	8.49696	The UTU national contract has a general wage increase effective December 1, 2004. Therefore, the wage increase is in effect for all of 2005Q1, but only for one third of 2004Q4.
7/1/04			94.229%	19.28987	8.49696	
12/1/04	3.00%		94.229%	19.83517	8.73716	
Use for 1/1/05				19.83517	8.73716	
Calc for Q4 = 1/3 of change			December	19.83517		
			Q3 (7/1)	<u>19.28987</u>		
			Change	0.54530		
			1/3 of Chg	0.18176668		
			Q3	19.28987		
			1/3 of Chg	<u>0.18177</u>		
Use for 10/1/04			Q4	19.47164	8.57703	

UTU-Yardmaster Adjustment for 2004Q4 and 2005Q1

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR	
4/1/04			41.687%	26.00757	6.84593	The UTU-YMD national contract has a general wage increase effective December 1, 2004. Therefore, the wage increase is in effect for all of 2005Q1, but only for one third of 2004Q4.
7/1/04			41.687%	26.00757	6.84593	
12/1/04	3.00%		41.687%	26.33282	6.93154	
Use for 1/1/05				26.33282	6.93154	
Calc for Q4 = 1/3 of change			December	26.33282		
			Q3 (7/1)	<u>26.00757</u>		
			Change	0.32525		
			1/3 of Chg	0.10841722		
			Q3	26.00757		
			1/3 of Chg	<u>0.10842</u>		
Use for 10/1/04			Q4	26.11599	6.87446	

BLE (Locomotive Engineers) Straight Time Hourly Rate (Restated)

National Contract BLE includes CSX, KCS & UP

12/31/2003 STHR	\$21.3206	matches YearEnd2003RCAF
ST Hours Paid	30,577,146	from 2003 wage statistics
COLA Increase 7/1/2002	\$0.00	COLA increase from 1996 contract
Increase 1/1/2003	\$0.11	COLA increase from 1996 contract
Increase 7/1/2003	\$0.16	COLA increase from 1996 contract
12/31/2003 STHR wo COLA	\$21.0506	COLAs after 6/30/2002 removed (Article III)
7/1/02 Gen. Wage Incr.	4.0%	new contract signed 12/16/03 Section 3
Wage Rate	\$21.893	
7/1/03 Gen. Wage Incr.	2.5%	new contract signed 12/16/03 Section 4
4/1/04 STHR	\$22.440	National's STHR using new contract

ST Hours, BLE

National	30,577,146	from 2003 wage statistics
BNSF	13,677,073	from 2003 wage statistics
CCP	110,203	from 2003 wage statistics
DWP	71,329	from 2003 wage statistics
GTW	457,914	from 2003 wage statistics
IC	977,957	from 2003 wage statistics
NS	8,866,054	from 2003 wage statistics
SOO	991,708	from 2003 wage statistics
SSAM	15,242	from 2003 wage statistics
WC	717,614	from 2003 wage statistics
Total	56,462,240	matches total for BLE

ST Hourly Rate, BLE

National 4/1/04	\$22.43999	see above calculations
BNSF 12/31/03	\$20.48183	matches YearEnd2003RCAF (calc from w.s. and contracts)
CCP 12/31/03	\$26.75495	matches YearEnd2003RCAF (calc from w.s. and contracts)
DWP 12/31/03	\$23.83440	matches YearEnd2003RCAF (calc from w.s. and contracts)
GTW 12/31/03	\$21.94074	matches YearEnd2003RCAF (calc from w.s. and contracts)
IC 12/31/03	\$27.58343	matches YearEnd2003RCAF (calc from w.s. and contracts)
NS 12/31/03	\$22.21395	matches YearEnd2003RCAF (calc from w.s. and contracts)
SOO 12/31/03	\$18.14013	matches YearEnd2003RCAF (calc from w.s. and contracts)
SSAM 12/31/03	\$25.56863	matches YearEnd2003RCAF (calc from w.s. and contracts)
WC 12/31/03	\$25.50934	matches YearEnd2003RCAF (calc from w.s. and contracts)

ST Compensation, BLE

Nat'l 4/1/04	\$686,150,831.28	calculated using ST Hourly Rate x ST hours
BNSF 12/31/03	\$280,131,486.84	calculated using ST Hourly Rate x ST hours
CCP 12/31/03	\$2,948,476.00	calculated using ST Hourly Rate x ST hours
DWP 12/31/03	\$1,700,084.00	calculated using ST Hourly Rate x ST hours
GTW 12/31/03	\$10,046,973.00	calculated using ST Hourly Rate x ST hours
IC 12/31/03	\$26,975,412.00	calculated using ST Hourly Rate x ST hours
NS 12/31/03	\$196,950,089.00	calculated using ST Hourly Rate x ST hours
SOO 12/31/03	\$17,989,716.64	calculated using ST Hourly Rate x ST hours
SSAM 12/31/03	\$389,717.00	calculated using ST Hourly Rate x ST hours
WC 12/31/03	\$18,305,861.00	calculated using ST Hourly Rate x ST hours
Total	\$1,241,588,646.76	

Use in NatWage spreadsheet

Total ST HR 4/1/04

\$21.98972 Total ST\$ divided by Total ST Hours Paid

2003 Wage Statistics contain some COLAs that are not part of the new national contracts, making this calculation necessary. The Total ST Hourly Rate is the number that will be used in the NatWage2003RCAF spreadsheet beginning with the second quarter (4/1/04). Normally, this would begin with as the year end 2003 figure, but the RCAF calculation did not add the new contract until the second quarter.

National Increase Applicability for U.S. Total

Union	Year 2003		Not Part of National Agreements														U.S. National Increase	Percent National Contract
	ST Hours	Pd	CSX (E)	GTW (E)	IC (E)	CCP (E)	DWP (E)	SSAM (E)	WC (E)	NS (E)	BNSF (W)	KCS (W)	SOO (W)	UP (W)				
UTU	78,223,638		--	614,409	1,654,865	170,763	81,108	14,329	770,260	--	--	--	1,208,492	--	73,709,412	94.229%		
TCU	19,698,147		--	378,992	604,899	32,720	26,010	0	228,320	--	--	--	483,674	--	17,943,532	91.092%		
BLE	56,462,240		--	457,914	977,957	110,203	71,329	15,242	717,614	8,866,054	13,677,073	--	991,708	--	30,577,146	54.155%		
SMW	1,822,898		--	0	31,025	0	0	0	0	--	--	--	4,828	--	1,787,045	98.033%		
BRS	11,434,395		--	112,899	209,134	29,621	10,505	1,168	134,880	--	--	--	112,108	--	10,824,080	94.662%		
BMWE	44,059,377		--	456,210	937,541	176,667	78,959	60,455	753,886	--	--	--	954,714	--	40,640,945	92.241%		
TCU-CAR	19,457,804		--	328,263	553,515	34,723	20,097	5,581	410,071	--	--	--	305,034	--	17,800,520	91.483%		
IBFO	3,872,669		--	39,212	72,860	1,822	0	0	0	--	--	--	69,038	--	3,689,737	95.276%		
IAM	11,569,803		--	49,353	256,549	18,491	11,478	0	104,581	--	--	--	175,034	--	10,954,317	94.680%		
IBBM	1,854,179		--	0	74,273	0	4,528	0	28,101	--	--	--	74,446	--	1,672,831	90.219%		
IBEW	8,796,813		--	41,509	209,303	15,639	3,472	3,612	38,596	--	--	--	117,159	--	8,367,523	95.120%		
ATDA	4,279,206		--	755,898	30,175	72,320	0	11,046	0	806,669	1,237,142	64,064	79,139	1,150,637	0	0.000%		
UTU-YMD	3,998,223		--	1,130,212	77,442	87,517	0	0	60,565	--	--	--	75,858	899,898	1,666,731	41.687%		
OTHER	46,474,950		--	--	--	--	--	--	--	--	--	--	--	--	46,474,950	100.000%		
U.S. TOTAL	312,004,342	1,886,110	2,586,378	5,741,758	590,649	318,532	100,387	3,318,990	9,672,723	14,914,215	64,064	4,651,232	2,050,535		266,108,769			
Sum (for proofing)																		

Statistics based on AAP's 2003 112-Class Wage Statistics and knowledge of contracts as of July 2004.
Percentages are full float.

U.S. 2003 Benchmark

	From AAR 112-Class Wage Statistics & Survey					ST \$ Adjusted to Exclude Lump Sums	2003 Average Hourly Rates		12/31/2003 ST HR	ST Hrs. 2003 Weights
	ST Hrs.	ST \$	PFTNW \$	Union Lump Sum						
				ST	LS					
UTU	78,223,638	1,495,333,203	656,959,636	3,898,221		1,491,434,982	19,066	8,398	19,290	0.25071
TCU	19,698,147	417,633,636	101,774,455	1,806,799		415,826,837	21,110	5,167	21,406	0.06313
BLE	56,462,240	1,234,345,006	409,161,610	30,602,338		1,203,742,668	21,319	7,247	21,384	0.18097
SMWIA	1,822,898	35,451,292	7,358,068	0		35,451,292	19,448	4,036	19,532	0.00584
BRS	11,434,395	251,082,652	56,497,054	204,270		250,878,382	21,941	4,941	22,255	0.03665
BMWE	44,059,377	839,971,714	157,738,470	98,944		839,872,770	19,062	3,580	19,289	0.14121
TCU-CAR	19,457,804	388,441,541	73,370,868	23,658		388,417,883	19,962	3,771	20,243	0.06236
IBFO	3,872,669	62,905,979	11,197,834	45,350		62,860,629	16,232	2,892	16,314	0.01241
IAM	11,569,803	226,351,489	47,899,261	45,118		226,306,371	19,560	4,140	19,644	0.03708
IBBM	1,854,179	35,744,181	5,434,160	126,977		35,617,204	19,209	2,931	19,436	0.00594
IBEW	8,796,813	174,872,886	34,542,073	78,032		174,794,854	19,870	3,927	19,955	0.02819
ATDA	4,279,206	129,008,982	18,103,073	1,941,384		127,067,598	29,694	4,230	29,796	0.01372
UTU-YMD	3,998,223	104,684,055	27,209,680	1,314,903		103,369,152	25,854	6,805	26,008	0.01281
OTHER	46,474,950	1,701,377,118	48,857,453	0		1,701,377,118	36,608	1,051	36,608	0.14896
AAR 112 Total	312,004,342	7,097,203,734	1,656,103,695	40,185,994		7,057,017,740	22,618	5,308		1.00000
Sum (for proofing)							308.93627	63.11630	311.15791	

Year-End Figures are calculated, based on 2003 statistics and union contracts, in YearEnd2003RCAF.xls and exhibited in document titled "Year-End 2003 ST Hourly Rates for U.S." The ST Hours Weights and the Hourly Rates are full float.

Health and Welfare

	Employees Receiving				
	Pay 2003	Contribution		Total 2003	Total 2004
		2003	2004		
1. All Employees					
a. Group health	165,979	\$875.93	\$935.45	145,385,985.47	155,265,055.55
b. Group dental	165,979	52.20	52.20	8,664,103.80	8,664,103.80
c. Early retirement major medical	165,979	65.73	70.93	10,909,799.67	11,772,890.47
d. Group vision	165,979	8.61	9.37	1,429,079.19	1,555,223.23
2. Suppl. Sickness					
a. Signalmen	6,182	31.75	33.00	196,278.50	204,006.00
b. Shopcrafts	24,405	47.50	61.00	1,159,237.50	1,488,705.00
c. MOW	25,190	39.25	38.00	988,707.50	957,220.00
d. Yardmasters	2,387	31.33	40.74	74,784.71	97,246.38
3. Short-Term Disability (began 7/1/04)					
a. Engineers (CSX, KCS, UP)	13,845	0.00	40.00	0.00	553,800.00
4. Total Premiums				\$168,807,976.34	\$180,558,250.43
5. Employee Contributions To H&W					
a. TCU (BNSF, CSX, GTW, KCS, NS, UP)	10,795		(\$91.42)		(\$986,878.90)
b. TCU-BRC (BNSF, CSX, KCS, NS, UP)	9,973		(\$91.42)		(911,731.66)
c. Indep.\$25 Group (various CN)	2,076		(\$25.00)		(51,900.00)
d. BRS (BNSF, CSX, GTW, KCS, NS, SOO, UP)	5,981		(\$100.00)		(598,100.00)
e. UTU (BNSF, CC, CSX, DWP, GTW, IC, KCS, NS, UP)	38,620		(\$100.00)		(3,862,000.00)
f. UTU-YMD (BNSF, CSX, GTW, KCS, NS)	1,756		(\$100.00)		(175,600.00)
g. BLE (BNSF, CSX, KCS, NS, UP)	24,329		(\$91.42)		(2,224,157.18)
h. Indep. ATDA (CSX, NS, SOO)	1,028		(\$91.42)		(93,979.76)
Total	94,558				(\$8,904,347.50)
6. Net Employer Payments				\$168,807,976.34	\$171,653,902.93
7. Ratio Projected Year to Base Year, Based on Net Monthly Payments					1.01686
8. H&W hourly rate for base year (excludes employee cost sharing payments)				\$4.922	
9. H&W hourly rate for projected year					\$5.005

Sources:

Employee counts are from the 2003 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 SUPPL2003.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.

Health and Welfare**Employer H&W Contribution**

		2003 Pd. Employees
Supplemental Sickness Plan:		
a. Signalmen	BRS	6,182
b. Shopcrafts	Total	24,405
	IBEW	4,921
	IBBM	1,020
	TCU-Car	10,821
	IAM	6,588
	SMW	1,055
c. MOW	BMWE	25,190
d. Yardmasters	UTU-YMD	2,387

Short-Term Disability Contribution:

a. Engineers	Total BLE	13,845
	CSX	5,514
	KCS	519
	UP	7,812

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.

Railroad Retirement and Medicare

Employees Receiving Pay	162,491	(2003 Benchmark, 2002 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)
Medicare Tax Rate	1.45%	(Year = 2004)

USA RCAF	Rate	Factor	RR Ret Tax	Hourly Rate
2002	\$27,258			
2003	\$27,952	1.02546	\$484,357,799	\$6.309
1Q/2004	\$28,111	1.03129	\$463,794,352	\$6.041
2Q/2004	\$28,498	1.04549	\$468,429,539	\$6.102
3Q/2004	\$28,767	1.05536	\$471,464,654	\$6.141
4Q/2004	\$28,834	1.05782	\$472,230,756	\$6.151

RR Ret Tax from RR_Retirement_03annual.xls, Hourly rate from SUPPL2003.xls

Rate = Taxable Rate

It is logical for 2004's hourly rate to be lower than 2003 since 2004 has a lower Tier II tax rate than 2003.

	Tier II Tot Tax Emg	Medicare Tot Tax Emg
	\$3,629,453	\$3,629,453
	2,205,004	2,205,004
	2,468,951	2,468,951
	5,267,310	5,267,310
	9,021,208	9,021,208
	9,619,937	9,619,937
	16,765,318	16,765,318
	24,622,694	24,622,694
	45,518,118	45,518,118
	79,362,583	79,362,583
	113,727,371	113,727,371
	126,726,884	126,726,884
	108,085,153	108,085,153
	122,031,381	122,031,381
	85,016,595	85,016,595
	87,824,308	87,824,308
	99,346,839	99,346,839
	87,126,038	87,126,038
	75,651,601	75,651,601
	86,411,641	86,411,641
	81,104,559	81,104,559
	78,843,638	78,843,638
	70,741,472	72,549,545
	73,227,341	77,425,998
	64,526,801	70,222,975
	69,498,538	77,987,480
	63,283,867	72,762,114
	45,909,232	54,351,052
	52,123,904	63,317,830
	43,423,364	54,185,129
	33,506,335	42,676,058
	35,992,203	47,212,943
	32,263,401	43,371,982
	22,346,372	30,847,908
	19,860,503	27,865,286
	23,589,306	33,916,869
	19,860,503	29,170,974
	13,645,832	20,434,396
	131,539,471	253,707,621
	2,165,715,028	2,422,182,753
	0.131	0.0145
	\$283,708,669	\$35,121,650
		\$463,794,352

9/2/2004

Program Letter--Notice of Annual R...

Page

of 3

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:

Component	Tax Rate	Earnings Base
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%*	\$63,100
Employer Tier 2	13.10%*	\$65,100
Railroad Unemployment	Variable	\$1,130 per month

RCAF Unemployment Insurance Tax

	<u>Unemployment Ins.</u> <u>Tax</u> <u>Rate</u>	<u>Earnings</u> <u>Base</u>	<u>Hourly</u> <u>Earnings</u>	<u>RRB</u> <u>Sample</u> <u>Year</u>	<u>Factor</u> <u>To Update</u> <u>RRB Sample</u>	<u>Avg. Ann.</u> <u>Taxable</u> <u>Earnings</u>	<u>Un. Ins.</u> <u>Hourly</u> <u>Rate</u>
			\$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
			\$27.258	(2002)			
2003 Avg.	4.61%	\$13,440	\$27.952		1.025460	\$12,566.01	\$0.322
4Q/04	2.88%	\$13,560	\$28.834		1.057818	\$12,688.80	\$0.203
1Q/05					--		--
2Q/05					--		--
3Q/05					--		--

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

The MEANS Procedure

Variable	N	Sum	Mean
ANUAL_US	2762	34707308.10	12566.01
QTRLY_US	2762	35046465.18	12688.80

The MEANS Procedure

Variable	N	Sum	Mean
FactorA	2762	2832.32	1.0254600
FactorQ	2762	2921.69	1.0578180
Capa	2762	37121280.00	13440.00
Capq	2762	37452720.00	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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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> <u>Tax</u> <u>Rate</u>	<u>Earnings</u> <u>Base</u>	<u>Hourly</u> <u>Earnings</u>	<u>RRB</u> <u>Sample</u> <u>Year</u>	<u>Factor</u> <u>To Update</u> <u>RRB Sample</u>	<u>Avg. Ann.</u> <u>Taxable</u> <u>Earnings</u>	<u>Un. Ins.</u> <u>Hourly</u> <u>Rate</u>
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3Q/04 reb.	2.88%	\$13,560	\$28.767		1.055360	\$12,687.70	\$0.203
4Q/04		\$13,560					
1Q/05							
2Q/05							
3Q/05							

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 2003 Average Tax Rate 4.61% includes Wisconsin Central data, while it was not in prior years' benchmarks.

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This Week In Petroleum

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Released on September 1, 2004
(Next Release on September 9, 2004)

Roller Coaster

One of the summer joys for many is taking a ride on a roller coaster. Crude oil traders have had a similar experience this August. The near-month futures price for light, sweet crude oil on the New York Mercantile Exchange (NYMEX) was just under \$43 per barrel on August 4. The price then rose to an intraday high of over \$49 per barrel on August 20, only to drop back to about \$42 per barrel by the end of August. These daily price fluctuations have caused some to change their near-term outlook for crude oil prices, by first raising their forecasts, and now lowering them.

In general, despite the sharp variations in recent days, crude oil prices continue to reflect the effects of strong global demand growth and very high levels of worldwide capacity utilization. While high crude oil and product prices may have some dampening effect on global oil demand, it still is expected to show significant growth this year. Strong demand is putting increased pressure on oil suppliers to keep up, with total oil production running around 99 percent of estimated capacity. Any industry, in which production is running at 99 percent of capacity to meet demand, is likely to experience price pressure, and there is no reason to expect that crude oil markets would not reflect these same fundamental economic forces. In addition, there remain concerns about the potential for supply disruptions in several key oil producing countries. With limited spare capacity to make up for any potential losses, prices have been somewhat higher than historical relationships between prices and inventory levels would suggest, and EIA expects that this will continue through 2005 given current projections for demand and supply growth. EIA, which revises its outlook on a monthly cycle, will provide updated oil price projections with the next edition of the [Short-Term Energy Outlook](#) on September 8.

Of course, most consumers are not out buying crude oil, but instead are purchasing products made from crude oil (e.g., gasoline and heating oil) or products in which oil prices impact the cost (e.g., shipping costs and petrochemicals used in plastics). But the major crude oil price-related product purchased by consumers is gasoline. While crude oil prices exhibited a roller coaster path in August, retail gasoline prices showed remarkably little change from week-to-week this past month. Typically, there is a relationship between crude oil prices, as reflected in spot gasoline prices, and retail gasoline prices, with a two to four week lag between the two prices (see "Gasoline Price Pass-through" report). When there is a break from the typical relationship, it is usually due to factors in gasoline markets other than crude oil price pressures (e.g., a major refinery or pipeline problem). In that instance, retail gasoline prices would be expected to increase while crude oil prices remained relatively flat. However, in August, we saw crude oil prices move up and then down, while gasoline prices remained relatively stable. This is highly unusual.

<http://tonto.eia.doe.gov/oog/info/twip/twippprint.html>

9/1/2004

But there is an explanation for this atypical relationship between gasoline and crude oil prices this past month. The high gasoline prices this past spring provided strong incentives (in the form of very high margins above crude oil costs) to gasoline suppliers to maximize supply, through high production levels from domestic refineries, as well as large amounts of gasoline arriving from foreign sources. This surge in supply this summer resulted in inventories rebuilding from relatively low levels in early summer to above average levels by the end of summer (see [Figure 4 in the Weekly Petroleum Status Report](#)). Thus, just as crude oil prices were rising to near \$50 per barrel, gasoline supplies were more than sufficient to get through the end of the peak summer driving season (through Labor Day), the high margins fell sharply, and, as a result, retail gasoline prices did not rise along with the recent rise in crude oil prices. In addition, the latest rise in crude oil prices was followed quickly by a significant drop, making it unlikely that retail gasoline prices will visibly reflect the impact of the crude oil price spike. Thus, while crude oil traders were taking a roller coaster ride in August, U.S. gasoline consumers, for the most part, were simply taking a drive through the rolling hills of the countryside.

Retail Gasoline Prices Decrease By 1.8 Cents

The U.S. average retail price for regular gasoline fell by 1.8 cents per gallon from the previous week to reach 186.6 cents per gallon as of August 30, 12.0 cents higher than this time last year. Retail regular gasoline prices rose on the West Coast by 4.0 cents to reach 206.0 cents per gallon, which is 1.4 cents higher than last year. Prices in California also rose by 4.9 cents to 210.0 cents per gallon, which is the same price as this time last year.

Retail diesel fuel prices fell 0.3 cent this week to a national average of 187.1 cents per gallon, which is 37.0 cents per gallon higher than a year ago. The Rocky Mountains saw an increase of 1.9 cents per gallon to 191.5 cents per gallon. California prices remained the highest, falling 0.5 cent to average 214.8 cents per gallon.

August Propane Build Sets Record

Preliminary estimates show the August build in U.S. inventories of propane set a record 8.4 million barrels for the month, pushing inventories up to 57.5 million barrels as of August 27, 2004. With last week's robust 2.7-million-barrel gain, the nation's primary supply of propane moved to a level that is within the lower boundary of the average range for the first time since April 2004. The record August stockbuild also positioned propane inventories to within easy striking distance of the 60-million-barrel comfort level many industry observers believe to be the minimum for meeting normal winter demand. Imports continued to play a major role in boosting regional inventories higher last week, with inventories in the Gulf Coast region up by 1.4 million barrels, while Midwest inventories during this same period posted a 0.7-million-barrel gain. East Coast inventories showed strong gains totaling 0.4 million barrels last week, while the combined Rocky Mountain/West Coast regions gained a more modest 0.1 million barrels. As of last week, all regional inventories remain within their respective average ranges for the first time since May 2004. Propylene non-fuel use inventories fell by 0.4 million barrels last week to 2.5 million barrels, a level accounting for only 4.3 percent of total propane/propylene inventories.

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

<http://tonto.eia.doe.gov/oog/info/twip/twipprint.html>

9/1/2004



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Oil prices rally after 8-day slump

Crude prices jump amid falling U.S. inventories and another pipeline fire in northern Iraq.

September 1, 2004: 11:35 AM EDT

LONDON (Reuters) - Oil prices jumped Wednesday, stemming an eight-session slide, as a U.S. government report showed crude oil stocks falling to the lowest level in five months.

U.S. light crude for October delivery climbed \$1.26 to \$43.38 a barrel, more than \$6, or 14 percent, below the record high of \$49.40 reached on Aug 20. London's Brent crude added \$1.09 to \$40.70 a barrel.

Prices were up solidly in early trading Wednesday and jumped after the U.S. federal Energy Information Administration said in a weekly report that crude stocks dropped 4.2 million barrels last week to 287.1 million barrels, the lowest level since March.

Crude stocks have fallen by 18 million barrels, or six percent, since early July as refineries run above 95 percent of capacity to meet summer vacation driving demand. However, Gasoline and distillate fuel stocks both rose, the EIA said.

Gasoline prices may rise over the holiday weekend amid strong demand Americans hit the roads for a last summer excursion.

The crude stock draw reinforced how stretched oil supplies are at a time when demand is growing at the fastest rate in 24 years.

Compounding falling U.S. inventories was news that an oil pipeline was on fire in northern Iraq Wednesday in the vicinity of the main Kirkuk-Ceyhan export route.

A Reuters photographer saw smoke rising from the pipeline in the lawless Hadar area west of the city of Mosul. There was no confirmation on whether the export pipeline that runs from the Kirkuk fields to Turkey was the one that was on fire.

Iraq had only this week resumed shipments of northern Kirkuk crude from Turkey's export terminal Ceyhan after a three-month stoppage.

Crude exports from southern Iraq recovered on Tuesday to near-full capacity following repairs to sabotaged pipelines. Exports were running at 1.7 million barrels per day (bpd), just below

the two million bpd level before the last attacks.

The Organization of the Petroleum Exporting Countries is set to raise its formal oil output ceiling to tame prices when it meets on Sept. 15, a senior OPEC official based in the Middle East said on Wednesday.

"OPEC will raise its ceiling in Vienna, but the new production level will be decided at the meeting," he told Reuters.

Delegates in OPEC have suggested the cartel could raise its 26 million bpd ceiling by one to two million bpd.

The official reckoned the 10 OPEC producers bound by quotas are now pumping "almost at full blast" at 27.5 million bpd, 1.5 million bpd above formal limits. ■

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<http://money.cnn.com/2004/09/01/markets/oil.reut/index.htm>

☐ Check the box to include the list of links referenced in the article.


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Oil Surges After U.S. Reports Supplies Fell More Than Expected

Sept. 1 (Bloomberg) -- Crude-oil futures rose after plunging 11 percent from a record \$49.40 a barrel on Aug. 20 on an Energy Department report that showed U.S. oil supplies declined more than expected.

Oil stockpiles fell 4.2 million barrels to 287.1 million last week, the lowest since the week ended March 12. Supplies were expected to drop 400,000 barrels, according to the median of forecasts by 13 analysts in a Bloomberg survey. Prices have declined in seven of the last nine sessions on reduced concern that supplies from Iraq would be disrupted.

"Refiners are chewing through a great deal of crude oil," said John Kilduff, senior vice president of energy risk management at Fimat USA Inc. in New York. "In a matter of weeks we've gone from being well supplied to having tight inventories."

Crude oil for October delivery was up \$1.35, or 3.4 percent, at \$40.96 a barrel at 12:33 p.m. on the New York Mercantile Exchange. Prices, which have declined 10.6 percent since Aug. 20, were 48 percent higher than a year earlier.

In London, the October Brent crude-oil futures contract was up \$1.56, or 3.9 percent, at \$41.17 a barrel on the International Petroleum Exchange.

The Energy Department released its weekly report on petroleum inventories today 10:30 a.m. Washington time.

"The supply concerns that have pervaded the market this year are returning to the fore," Kilduff said.

Crude oil inventories were up 2.4 percent from a year ago compared with a surplus of 4.6 percent a week earlier, according to the department. Refineries ran at 95.7 percent of their capacity, 1 percentage point higher than during the same period a year earlier, after a 0.3 percentage point decline last week.

OPEC's Reaction

The Organization of Petroleum Exporting Countries, which pumps more than a third of the world's oil, has boosted production quotas in each of the past two months in an effort to lower prices.

The United Arab Emirates, OPEC's fourth-largest oil producer, would support an output quota rise to ensure adequate supplies for the Northern Hemisphere winter, the country's oil minister said. OPEC will meet in Vienna on Sept. 15.

Quotas "should increase if it's necessary as prices are still high and we have to ensure stock levels are sufficient for the winter," Obaid bin Saif al-Nasser said in a telephone interview from Abu Dhabi.

Oil plunged after Shiite militants loyal to Moqtada al-Sadr and government forces agreed to a cease-fire on Aug. 26 in Iraq, easing concern about attacks on pipelines.

Iraq's oil exports fell for a fourth month in August to 1.34 million barrels a day, down from this year's peak of 1.8 million in April, according to data collected by shipping agents. Iraq has the third biggest proved reserves of crude oil.

Changing Forecasts

Merrill Lynch, the world's biggest securities firm by capital, raised its 2004 forecast for the U.S. benchmark oil price, West Texas Intermediate, to \$37.70 a barrel. Merrill analyst Michael Rothman also expects the grade to average \$42.50 a barrel this quarter, up by \$10.50, or 33 percent from the previous estimate of \$32.

Barclays Capital, the securities unit of Britain's third- largest bank, reiterated estimates it made a month ago for 2004 prices, which are among the highest suggested by banks and securities firms. Barclays analysts Kevin Norrish and Paul Horsnell forecast the price averaging \$42.90 this quarter, \$44.60 next quarter and \$40.30 for all of 2004.

To contact the reporter on this story:
Mark Shenk in New York at mshenk1@bloomberg.net.

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Last Updated: September 1, 2004 12:50 EDT

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AAR MATERIALS AND SUPPLIES INDEX
Region By Composition
Third Quarter 2004
August 30, 2004

United States by Composition Category - Summary

Composition Category -----	Weight -----	Previous Quarter Index -----	Current Quarter Index -----	Relative Of Change -----
Forest Products	.1375	209.54	205.47	.9806
Metal Products	.6345	123.60	131.31	1.0624
Miscellaneous Products	.2281	179.54	198.52	1.1057
U.S. By Composition	--	148.18	156.85	1.0585
U.S. By Composition (Linked)	--	151.10	159.94	1.0585
United States (1977=100) Linking Factor: 1.423	--	215.02	227.59	1.0585
United States (1980=100) Linking Factor: 1.061	--	160.32	169.70	1.0585

Benchmarks for Supplements

Page 1 of 3

Current year: 2003

	U.S.	East	West	E & W Check	
Fringe Benefits (\$000)					
Sch. 410, Line & Col.					
112 (h)	\$353,025	\$180,305	\$172,720	353,025	ok
113 (h)	34,774	4,590	30,184	34,774	ok
114 (h)	109,003	44,669	64,334	109,003	ok
205 (h)	216,118	79,262	136,856	216,118	ok
224 (h)	163,793	59,856	103,937	163,793	ok
309 (h)	15,179	6,713	8,466	15,179	ok
414 (h)	1,497,742	605,364	892,378	1,497,742	ok
430 (h)	505,721	247,880	257,841	505,721	ok
505 (h)	1,532	529	1,003	1,532	ok
512 (h)	17,862	10,834	7,028	17,862	ok
522 (h)	148,694	58,540	90,154	148,694	ok
611 (h)	314,155	97,234	216,921	314,155	ok
NS FB Adj.	199,707	199,707	0	199,707	ok
Total F.B.	3,577,305	1,595,483	1,981,822.000	3,577,305	ok
HW CS in FB	38,909	15,600	23,310	38,909	ok
F.B. w/o C.S.	3,616,214	1,611,083	2,005,132	3,616,214	ok

Note: F.B. w/o C.S. is Fringe Benefits without the H&W Cost Sharing Payments made by certain employees.

Payroll Taxes (\$000)

Sch. 450 Line, Col (b)					
5 [RR Ret.]	1,824,859	754,546	1,070,313	1,824,859	ok
6 [Hosp Ins]	143,578	59,105	84,473	143,578	ok
7 [Sup An]	(3)	0	(3)	(3)	ok
8 [Unemp Ins]	100,467	44,207	56,260	100,467	ok
5 & 6	1,968,437	813,651	1,154,786	1,968,437	ok
2 RR's 401(k) match	11,636	8,377	3,259	11,636	ok

112-Class Wage Statistics

ST Hrs.	312,004,342	127,529,032	184,475,310	312,004,342	ok
---------	-------------	-------------	-------------	-------------	----

Fringe Benefits By Category (\$000)

H&W wo C.S.	1,535,677.321	744,847.547	790,829.774	1,535,677	ok
RR Ret.&Med.	1,968,437	813,651	1,154,786	1,968,437	ok
Sup. Annuities	(3)	0	(3)	(3)	ok
Unemp. Ins.	100,467	44,207	56,260	100,467	ok
2 RR's 401(k) match	11,636	8,377	3,259	11,636	ok
Total	3,616,214	1,611,083	2,005,132	3,616,214	ok

Rates (\$ per ST Hr.)

H&W wo C.S.	\$4.922	\$5.841	\$4.287
RR Ret.&Med.	\$6.309	\$6.380	\$6.260
Sup. Annuities	(\$0.000)	\$0.000	(\$0.000)
Unemp. Ins.	\$0.322	\$0.347	\$0.305

2 RR's 401(k) match handled as "other" in supplements

[The 401(k) match amount is highly confidential.]

Health and Welfare

	Employees Receiving				
	Pay 2003	Contribution		Total 2003	Total 2004
		2003	2004		
1. All Employees					
a. Group health	165,979	\$875.93	\$935.45	145,385,985.47	155,265,055.55
b. Group dental	165,979	52.20	52.20	8,664,103.80	8,664,103.80
c. Early retirement major medical	165,979	65.73	70.93	10,909,799.67	11,772,890.47
d. Group vision	165,979	8.61	9.37	1,429,079.19	1,555,223.23
2. Suppl. Sickness					
a. Signalmen	6,182	31.75	33.00	196,278.50	204,006.00
b. Shopcrafts	24,405	47.50	61.00	1,159,237.50	1,488,705.00
c. MOW	25,190	39.25	38.00	988,707.50	957,220.00
d. Yardmasters	2,387	31.33	40.74	74,784.71	97,246.38
3. Short-Term Disability (began 7/1/04)					
a. Engineers (CSX, KCS, UP)	13,845	0.00	40.00	0.00	553,800.00
4. Total Premiums				\$168,807,976.34	\$180,558,250.43
5. Employee Contributions To H&W					
a. TCU (BNSF, CSX, GTW, KCS, NS, UP)	10,795		(\$91.42)		(\$986,878.90)
b. TCU-BRC (BNSF, CSX, KCS, NS, UP)	9,973		(\$91.42)		(911,731.66)
c. Indep.\$25 Group (various CN)	2,076		(\$25.00)		(51,900.00)
d. BRS (BNSF, CSX, GTW, KCS, NS, SOO, UP)	5,981		(\$100.00)		(598,100.00)
e. UTU (BNSF, CC, CSX, DWP, GTW, IC, KCS, NS, UP)	38,620		(\$100.00)		(3,862,000.00)
f. UTU-YMD (BNSF, CSX, GTW, KCS, NS)	1,756		(\$100.00)		(175,600.00)
g. BLE (BNSF, CSX, KCS, NS, UP)	24,329		(\$91.42)		(2,224,157.18)
h. Indep. ATDA (CSX, NS, SOO)	1,028		(\$91.42)		(93,979.76)
Total	94,558				(\$8,904,347.50)
6. Net Employer Payments				\$168,807,976.34	\$171,653,902.93
7. Ratio Projected Year to Base Year, Based on Net Monthly Payments					1.01686
8. H&W hourly rate for base year (excludes employee cost sharing payments)				\$4.922	
9. H&W hourly rate for projected year					\$5.005

Sources:

Employee counts are from the 2003 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 SUPPL2003.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.

Health and Welfare**Employer H&W Contribution**

		2003 Pd. Employees
Supplemental Sickness Plan:		
a. Signalmen	BRS	6,182
b. Shopcrafts	Total	24,405
	IBEW	4,921
	IBBM	1,020
	TCU-Car	10,821
	IAM	6,588
	SMW	1,055
c. MOW	BMWE	25,190
d. Yardmasters	UTU-YMD	2,387

Short-Term Disability Contribution:

a. Engineers	Total BLE	13,845
	CSX	5,514
	KCS	519
	UP	7,812

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.

Railroad Retirement and Medicare

Employees Receiving Pay	162,491	(2003 Benchmark, 2002 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)
Medicare Tax Rate	1.45%	(Year = 2004)

USA RCAF	Rate	Factor	RR Ret Tax	Hourly Rate
2002	\$27,258			
2003	\$27,952	1.02546	\$484,357,799	\$6.309
1Q/2004	\$28,111	1.03129	\$463,794,352	\$6.041
2Q/2004	\$28,498	1.04549	\$468,429,539	\$6.102
3Q/2004	\$28,767	1.05536	\$471,464,654	\$6.141
4Q/2004	\$28,834	1.05782	\$472,230,756	\$6.151

RR Ret Tax from RR_Retirement_03annual.xls, Hourly rate from SUPPL2003.xls

Rate = Taxable Rate

It is logical for 2004's hourly rate to be lower than 2003 since 2004 has a lower Tier II tax rate than 2003.

	Tier II Tot Tax Emg	Medicare Tot Tax Emg
	\$3,629,453	\$3,629,453
	2,205,004	2,205,004
	2,468,951	2,468,951
	5,267,310	5,267,310
	9,021,208	9,021,208
	9,619,937	9,619,937
	16,765,318	16,765,318
	24,622,694	24,622,694
	45,518,118	45,518,118
	79,362,583	79,362,583
	113,727,371	113,727,371
	126,726,884	126,726,884
	108,085,153	108,085,153
	122,031,381	122,031,381
	85,016,595	85,016,595
	87,824,308	87,824,308
	99,346,839	99,346,839
	87,126,038	87,126,038
	75,651,601	75,651,601
	86,411,641	86,411,641
	81,104,559	81,104,559
	78,843,638	78,843,638
	70,741,472	72,549,545
	73,227,341	77,425,998
	64,526,801	70,222,975
	69,498,538	77,987,480
	63,283,867	72,762,114
	45,909,232	54,351,052
	52,123,904	63,317,830
	43,423,364	54,185,129
	33,506,335	42,676,058
	35,992,203	47,212,943
	32,263,401	43,371,982
	22,346,372	30,847,908
	19,860,503	27,865,286
	23,589,306	33,916,869
	19,860,503	29,170,974
	13,645,832	20,434,396
	131,539,471	253,707,621
	2,165,715,028	2,422,182,753
	0.131	0.0145
	\$283,708,669	\$35,121,650
		\$463,794,352

9/2/2004

Program Letter--Notice of Annual R...

Page

of 3

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:

Component	Tax Rate	Earnings Base
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%*	\$63,100
Employer Tier 2	13.10%*	\$65,100
Railroad Unemployment	Variable	\$1,130 per month

RCAF Unemployment Insurance Tax

	<u>Unemployment Ins.</u> <u>Tax</u> <u>Rate</u>	<u>Earnings</u> <u>Base</u>	<u>Hourly</u> <u>Earnings</u>	<u>RRB</u> <u>Sample</u> <u>Year</u>	<u>Factor</u> <u>To Update</u> <u>RRB Sample</u>	<u>Avg. Ann.</u> <u>Taxable</u> <u>Earnings</u>	<u>Un. Ins.</u> <u>Hourly</u> <u>Rate</u>
			\$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
			\$27.258	(2002)			
2003 Avg.	4.61%	\$13,440	\$27.952		1.025460	\$12,566.01	\$0.322
4Q/04	2.88%	\$13,560	\$28.834		1.057818	\$12,688.80	\$0.203
1Q/05					--		--
2Q/05					--		--
3Q/05					--		--

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

The MEANS Procedure

Variable	N	Sum	Mean
ANUAL_US	2762	34707308.10	12566.01
QTRLY_US	2762	35046465.18	12688.80

The MEANS Procedure

Variable	N	Sum	Mean
FactorA	2762	2832.32	1.0254600
FactorQ	2762	2921.69	1.0578180
Capa	2762	37121280.00	13440.00
Capq	2762	37452720.00	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

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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> Tax	<u>Earnings</u> Base	Hourly Earnings	RRB Sample Year	Factor To Update RRB Sample	Avg. Ann. Taxable Earnings	Un. Ins. Hourly Rate
			\$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
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			\$27.258	(2002)			
2003 Avg.	4.61%	\$13,440	\$27.952		1.025460	\$12,566.01	\$0.322
3Q/04 reb.	2.88%	\$13,560	\$28.767		1.055360	\$12,687.70	\$0.203
4Q/04		\$13,560					
1Q/05							
2Q/05							
3Q/05							

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 2003 Average Tax Rate 4.61% includes Wisconsin Central data, while it was not in prior years' benchmarks.

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This Week In Petroleum

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Released on September 1, 2004
(Next Release on September 9, 2004)

Roller Coaster

One of the summer joys for many is taking a ride on a roller coaster. Crude oil traders have had a similar experience this August. The near-month futures price for light, sweet crude oil on the New York Mercantile Exchange (NYMEX) was just under \$43 per barrel on August 4. The price then rose to an intraday high of over \$49 per barrel on August 20, only to drop back to about \$42 per barrel by the end of August. These daily price fluctuations have caused some to change their near-term outlook for crude oil prices, by first raising their forecasts, and now lowering them.

In general, despite the sharp variations in recent days, crude oil prices continue to reflect the effects of strong global demand growth and very high levels of worldwide capacity utilization. While high crude oil and product prices may have some dampening effect on global oil demand, it still is expected to show significant growth this year. Strong demand is putting increased pressure on oil suppliers to keep up, with total oil production running around 99 percent of estimated capacity. Any industry, in which production is running at 99 percent of capacity to meet demand, is likely to experience price pressure, and there is no reason to expect that crude oil markets would not reflect these same fundamental economic forces. In addition, there remain concerns about the potential for supply disruptions in several key oil producing countries. With limited spare capacity to make up for any potential losses, prices have been somewhat higher than historical relationships between prices and inventory levels would suggest, and EIA expects that this will continue through 2005 given current projections for demand and supply growth. EIA, which revises its outlook on a monthly cycle, will provide updated oil price projections with the next edition of the [Short-Term Energy Outlook](#) on September 8.

Of course, most consumers are not out buying crude oil, but instead are purchasing products made from crude oil (e.g., gasoline and heating oil) or products in which oil prices impact the cost (e.g., shipping costs and petrochemicals used in plastics). But the major crude oil price-related product purchased by consumers is gasoline. While crude oil prices exhibited a roller coaster path in August, retail gasoline prices showed remarkably little change from week-to-week this past month. Typically, there is a relationship between crude oil prices, as reflected in spot gasoline prices, and retail gasoline prices, with a two to four week lag between the two prices (see "Gasoline Price Pass-through" report). When there is a break from the typical relationship, it is usually due to factors in gasoline markets other than crude oil price pressures (e.g., a major refinery or pipeline problem). In that instance, retail gasoline prices would be expected to increase while crude oil prices remained relatively flat. However, in August, we saw crude oil prices move up and then down, while gasoline prices remained relatively stable. This is highly unusual.

<http://tonto.eia.doe.gov/oog/info/twip/twipprint.html>

9/1/2004

But there is an explanation for this atypical relationship between gasoline and crude oil prices this past month. The high gasoline prices this past spring provided strong incentives (in the form of very high margins above crude oil costs) to gasoline suppliers to maximize supply, through high production levels from domestic refineries, as well as large amounts of gasoline arriving from foreign sources. This surge in supply this summer resulted in inventories rebuilding from relatively low levels in early summer to above average levels by the end of summer (see [Figure 4 in the Weekly Petroleum Status Report](#)). Thus, just as crude oil prices were rising to near \$50 per barrel, gasoline supplies were more than sufficient to get through the end of the peak summer driving season (through Labor Day), the high margins fell sharply, and, as a result, retail gasoline prices did not rise along with the recent rise in crude oil prices. In addition, the latest rise in crude oil prices was followed quickly by a significant drop, making it unlikely that retail gasoline prices will visibly reflect the impact of the crude oil price spike. Thus, while crude oil traders were taking a roller coaster ride in August, U.S. gasoline consumers, for the most part, were simply taking a drive through the rolling hills of the countryside.

Retail Gasoline Prices Decrease By 1.8 Cents

The U.S. average retail price for regular gasoline fell by 1.8 cents per gallon from the previous week to reach 186.6 cents per gallon as of August 30, 12.0 cents higher than this time last year. Retail regular gasoline prices rose on the West Coast by 4.0 cents to reach 206.0 cents per gallon, which is 1.4 cents higher than last year. Prices in California also rose by 4.9 cents to 210.0 cents per gallon, which is the same price as this time last year.

Retail diesel fuel prices fell 0.3 cent this week to a national average of 187.1 cents per gallon, which is 37.0 cents per gallon higher than a year ago. The Rocky Mountains saw an increase of 1.9 cents per gallon to 191.5 cents per gallon. California prices remained the highest, falling 0.5 cent to average 214.8 cents per gallon.

August Propane Build Sets Record

Preliminary estimates show the August build in U.S. inventories of propane set a record 8.4 million barrels for the month, pushing inventories up to 57.5 million barrels as of August 27, 2004. With last week's robust 2.7-million-barrel gain, the nation's primary supply of propane moved to a level that is within the lower boundary of the average range for the first time since April 2004. The record August stockbuild also positioned propane inventories to within easy striking distance of the 60-million-barrel comfort level many industry observers believe to be the minimum for meeting normal winter demand. Imports continued to play a major role in boosting regional inventories higher last week, with inventories in the Gulf Coast region up by 1.4 million barrels, while Midwest inventories during this same period posted a 0.7-million-barrel gain. East Coast inventories showed strong gains totaling 0.4 million barrels last week, while the combined Rocky Mountain/West Coast regions gained a more modest 0.1 million barrels. As of last week, all regional inventories remain within their respective average ranges for the first time since May 2004. Propylene non-fuel use inventories fell by 0.4 million barrels last week to 2.5 million barrels, a level accounting for only 4.3 percent of total propane/propylene inventories.

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

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9/1/2004



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Oil prices rally after 8-day slump

Crude prices jump amid falling U.S. inventories and another pipeline fire in northern Iraq.

September 1, 2004: 11:35 AM EDT

LONDON (Reuters) - Oil prices jumped Wednesday, stemming an eight-session slide, as a U.S. government report showed crude oil stocks falling to the lowest level in five months.

U.S. light crude for October delivery climbed \$1.26 to \$43.38 a barrel, more than \$6, or 14 percent, below the record high of \$49.40 reached on Aug 20. London's Brent crude added \$1.09 to \$40.70 a barrel.

Prices were up solidly in early trading Wednesday and jumped after the U.S. federal Energy Information Administration said in a weekly report that crude stocks dropped 4.2 million barrels last week to 287.1 million barrels, the lowest level since March.

Crude stocks have fallen by 18 million barrels, or six percent, since early July as refineries run above 95 percent of capacity to meet summer vacation driving demand. However, Gasoline and distillate fuel stocks both rose, the EIA said.

Gasoline prices may rise over the holiday weekend amid strong demand Americans hit the roads for a last summer excursion.

The crude stock draw reinforced how stretched oil supplies are at a time when demand is growing at the fastest rate in 24 years.

Compounding falling U.S. inventories was news that an oil pipeline was on fire in northern Iraq Wednesday in the vicinity of the main Kirkuk-Ceyhan export route.

A Reuters photographer saw smoke rising from the pipeline in the lawless Hadar area west of the city of Mosul. There was no confirmation on whether the export pipeline that runs from the Kirkuk fields to Turkey was the one that was on fire.

Iraq had only this week resumed shipments of northern Kirkuk crude from Turkey's export terminal Ceyhan after a three-month stoppage.

Crude exports from southern Iraq recovered on Tuesday to near-full capacity following repairs to sabotaged pipelines. Exports were running at 1.7 million barrels per day (bpd), just below

the two million bpd level before the last attacks.

The Organization of the Petroleum Exporting Countries is set to raise its formal oil output ceiling to tame prices when it meets on Sept. 15, a senior OPEC official based in the Middle East said on Wednesday.

"OPEC will raise its ceiling in Vienna, but the new production level will be decided at the meeting," he told Reuters.

Delegates in OPEC have suggested the cartel could raise its 26 million bpd ceiling by one to two million bpd.

The official reckoned the 10 OPEC producers bound by quotas are now pumping "almost at full blast" at 27.5 million bpd, 1.5 million bpd above formal limits. ■

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Oil Surges After U.S. Reports Supplies Fell More Than Expected

Sept. 1 (Bloomberg) -- Crude-oil futures rose after plunging 11 percent from a record \$49.40 a barrel on Aug. 20 on an Energy Department report that showed U.S. oil supplies declined more than expected.

Oil stockpiles fell 4.2 million barrels to 287.1 million last week, the lowest since the week ended March 12. Supplies were expected to drop 400,000 barrels, according to the median of forecasts by 13 analysts in a Bloomberg survey. Prices have declined in seven of the last nine sessions on reduced concern that supplies from Iraq would be disrupted.

``Refiners are chewing through a great deal of crude oil," said John Kilduff, senior vice president of energy risk management at Fimat USA Inc. in New York. ``In a matter of weeks we've gone from being well supplied to having tight inventories."

Crude oil for October delivery was up \$1.35, or 3.4 percent, at \$40.96 a barrel at 12:33 p.m. on the New York Mercantile Exchange. Prices, which have declined 10.6 percent since Aug. 20, were 48 percent higher than a year earlier.

In London, the October Brent crude-oil futures contract was up \$1.56, or 3.9 percent, at \$41.17 a barrel on the International Petroleum Exchange.

The Energy Department released its weekly report on petroleum inventories today 10:30 a.m. Washington time.

``The supply concerns that have pervaded the market this year are returning to the fore," Kilduff said.

Crude oil inventories were up 2.4 percent from a year ago compared with a surplus of 4.6 percent a week earlier, according to the department. Refineries ran at 95.7 percent of their capacity, 1 percentage point higher than during the same period a year earlier, after a 0.3 percentage point decline last week.

OPEC's Reaction

The Organization of Petroleum Exporting Countries, which pumps more than a third of the world's oil, has boosted production quotas in each of the past two months in an effort to lower prices.

The United Arab Emirates, OPEC's fourth-largest oil producer, would support an output quota rise to ensure adequate supplies for the Northern Hemisphere winter, the country's oil minister said. OPEC will meet in Vienna on Sept. 15.

Quotas ``should increase if it's necessary as prices are still high and we have to ensure stock levels are sufficient for the winter," Obaid bin Saif al-Nasser said in a telephone interview from Abu Dhabi.

Oil plunged after Shiite militants loyal to Moqtada al-Sadr and government forces agreed to a cease-fire on Aug. 26 in Iraq, easing concern about attacks on pipelines.

Iraq's oil exports fell for a fourth month in August to 1.34 million barrels a day, down from this year's peak of 1.8 million in April, according to data collected by shipping agents. Iraq has the third biggest proved reserves of crude oil.

Changing Forecasts

Merrill Lynch, the world's biggest securities firm by capital, raised its 2004 forecast for the U.S. benchmark oil price, West Texas Intermediate, to \$37.70 a barrel. Merrill analyst Michael Rothman also expects the grade to average \$42.50 a barrel this quarter, up by \$10.50, or 33 percent from the previous estimate of \$32.

Barclays Capital, the securities unit of Britain's third- largest bank, reiterated estimates it made a month ago for 2004 prices, which are among the highest suggested by banks and securities firms. Barclays analysts Kevin Norrish and Paul Horsnell forecast the price averaging \$42.90 this quarter, \$44.60 next quarter and \$40.30 for all of 2004.

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AAR MATERIALS AND SUPPLIES INDEX
Region By Composition
Third Quarter 2004
August 30, 2004

United States by Composition Category - Summary

Composition Category -----	Weight -----	Previous Quarter Index -----	Current Quarter Index -----	Relative Of Change -----
Forest Products	.1375	209.54	205.47	.9806
Metal Products	.6345	123.60	131.31	1.0624
Miscellaneous Products	.2281	179.54	198.52	1.1057
U.S. By Composition	--	148.18	156.85	1.0585
U.S. By Composition (Linked)	--	151.10	159.94	1.0585
United States (1977=100) Linking Factor: 1.423	--	215.02	227.59	1.0585
United States (1980=100) Linking Factor: 1.061	--	160.32	169.70	1.0585

Benchmarks for Supplements

Page 1 of 3

Current year: 2003

	U.S.	East	West	E & W Check	
Fringe Benefits (\$000)					
Sch. 410, Line & Col.					
112 (h)	\$353,025	\$180,305	\$172,720	353,025	ok
113 (h)	34,774	4,590	30,184	34,774	ok
114 (h)	109,003	44,669	64,334	109,003	ok
205 (h)	216,118	79,262	136,856	216,118	ok
224 (h)	163,793	59,856	103,937	163,793	ok
309 (h)	15,179	6,713	8,466	15,179	ok
414 (h)	1,497,742	605,364	892,378	1,497,742	ok
430 (h)	505,721	247,880	257,841	505,721	ok
505 (h)	1,532	529	1,003	1,532	ok
512 (h)	17,862	10,834	7,028	17,862	ok
522 (h)	148,694	58,540	90,154	148,694	ok
611 (h)	314,155	97,234	216,921	314,155	ok
NS FB Adj.	199,707	199,707	0	199,707	ok
Total F.B.	3,577,305	1,595,483	1,981,822.000	3,577,305	ok
HW CS in FB	38,909	15,600	23,310	38,909	ok
F.B. w/o C.S.	3,616,214	1,611,083	2,005,132	3,616,214	ok

Note: F.B. w/o C.S. is Fringe Benefits without the H&W Cost Sharing Payments made by certain employees.

Payroll Taxes (\$000)

Sch. 450 Line, Col (b)					
5 [RR Ret.]	1,824,859	754,546	1,070,313	1,824,859	ok
6 [Hosp Ins]	143,578	59,105	84,473	143,578	ok
7 [Sup An]	(3)	0	(3)	(3)	ok
8 [Unemp Ins]	100,467	44,207	56,260	100,467	ok
5 & 6	1,968,437	813,651	1,154,786	1,968,437	ok
2 RR's 401(k) match	11,636	8,377	3,259	11,636	ok

112-Class Wage Statistics

ST Hrs.	312,004,342	127,529,032	184,475,310	312,004,342	ok
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Fringe Benefits By Category (\$000)

H&W wo C.S.	1,535,677.321	744,847.547	790,829.774	1,535,677	ok
RR Ret.&Med.	1,968,437	813,651	1,154,786	1,968,437	ok
Sup. Annuities	(3)	0	(3)	(3)	ok
Unemp. Ins.	100,467	44,207	56,260	100,467	ok
2 RR's 401(k) match	11,636	8,377	3,259	11,636	ok
Total	3,616,214	1,611,083	2,005,132	3,616,214	ok

Rates (\$ per ST Hr.)

H&W wo C.S.	\$4.922	\$5.841	\$4.287	
RR Ret.&Med.	\$6.309	\$6.380	\$6.260	
Sup. Annuities	(\$0.000)	\$0.000	(\$0.000)	
Unemp. Ins.	\$0.322	\$0.347	\$0.305	

2 RR's 401(k) match handled as "other" in supplements

[The 401(k) match amount is highly confidential.]

Benchmarks for Supplements

Page 2 of 3

	U.S.	East	West
2003 Rates:			
H&W wo C.S.	\$4.922	\$5.841	\$4.287
RR Ret.&Med.	\$6.309	\$6.380	\$6.260
Sup. Annuities	\$0.000	\$0.000	\$0.000
Unemp. Ins.	\$0.322	\$0.347	\$0.305
2002 Rates:			
H&W	\$4.172	\$4.792	\$3.744
RR Ret.&Med.	\$6.539	\$6.637	\$6.472
Sup. Annuities	(\$0.010)	(\$0.024)	\$0.000
Unemp. Ins.	\$0.266	\$0.253	\$0.275
% Chg.			
H&W	18.0%	21.9%	14.5% Rates up in 2003
RR Ret.&Med.	-3.5%	-3.9%	-3.3% Tier II lower in 2003
Sup. Annuities	-100.0%	-100.0%	#DIV/0! Rates gone in 2002
Unemp. Ins.	21.1%	37.2%	10.9% Rate up in 2003

Health & Welfare Cost Sharing

Health & Welfare hourly rates in the RCAF are calculated by adjusting a benchmark figure for changes in H&W premiums. The adjustment is calculated by comparing premiums in the benchmark year to premiums in the current year. The benchmark figure is equal to total fringe benefits less railroad retirement taxes, unemployment insurance taxes, and employer 401(k) matches/contributions. Originally, the H&W rate in the RCAF changed with the fourth quarter rebenchmarking and with the new premiums effective in the first quarter.

Benchmark x Adjustment For Changes In Premiums = Hourly Rate

Recent new labor agreements added something new to the H&W rate: employee H&W cost sharing. Employees that were part of these labor agreements make monthly pre-tax contributions to H&W premiums -- which reduces the employer costs. These reductions in employer H&W costs were reflected in the H&W hourly rate by decreasing the adjustment made to the benchmark figure based on union participants cost sharing amounts. These figures vary by union and railroad, and became effective at various times during 2003.

Benchmark x Adjustment For Employee Cost Sharing & Changes In Premiums = Hourly Rate

As we rebenchmark to 2003 data, we now have the problem of a benchmark figure (total fringes less railroad retirement, unemployment, and 401(k) matches) that is distorted by employee cost sharing contributions that were made for portions of the year, with differing amounts for different unions. These employee cost sharing contributions make the H&W segment of fringe benefits lower than what they normally would be. Using the distorted benchmark with an adjustment that includes H&W cost sharing amounts would mean a double adjustment for H&W cost sharing.

Benchmark with Embedded Employee Cost Sharing x Adjustment For Employee Cost Sharing & Changes in Premiums = Hourly Rate with distortions caused by double counting of some cost sharing

To remedy the double adjustment problem, reductions in fringe benefit expenses caused by employee cost sharing contributions have been added back to fringe benefits -- meaning the H&W benchmark does not reflect the impact of 2003 employee H&W contributions, and the adjustment to the benchmark should account for current H&W cost sharing.

Benchmark Without Cost Sharing x Adjustment For Employee Cost Sharing & Changes In Premiums = Hourly Rate

Year-End 2003 ST Hourly Rates for U.S. (Highly Confidential)

Page 1 of 2

	2003	ST	ST\$	As of 12/31/2003			
	ST Hrs Pd	HR	(excl ULS)	Total ST\$ (excl ULS)	Total ST Hours	ST Hourly Rate	
BNSF ATDA	1,237,142	\$30.661	\$37,931,609.4				
CCP ATDA	0		\$0.0				
CSX ATDA	755,898	\$27.869	\$21,066,367.8				
DWP ATDA	11,046	\$24.913	275,187.0				
GTW ATDA	30,175	\$29.049	876,564.0				
IC ATDA	72,320	\$30.460	2,202,871.0				
KCS ATDA	64,064	\$25.080	1,606,717.1				
NS ATDA	806,669	\$26.729	21,561,776.5				
SOO ATDA	79,139	\$25.137	1,989,286.1				
SSAN ATDA	0		0.0				
UP ATDA	1,150,637	\$32.730	37,660,166.0				
WC ATDA	72,116	\$32.322	2,330,901.0				
zNat'l ATDA	0		0.0	\$127,501,445.9	4,279,206.0	\$29.79558	
BNSF BLE	13,677,073	\$20.482	280,131,486.8				
CCP BLE	110,203	\$26.755	2,948,476.0				
DWP BLE	71,329	\$23.834	1,700,084.0				
GTW BLE	457,914	\$21.941	10,046,973.0				
IC BLE	977,957	\$27.583	26,975,412.0				
NS BLE	8,866,054	\$22.214	196,950,089.0				
SOO BLE	991,708	\$18.140	17,989,716.6				
SSAN BLE	15,242	\$25.569	389,717.0				
WC BLE	717,614	\$25.509	18,305,861.0				
zNat'l BLE	30,577,146	\$21.321	651,924,526.7	\$1,207,362,342.2	56,462,240.0	\$21.38354	
CCP BMWE	176,667	\$17.752	3,136,205.0				
DWP BMWE	78,959	\$18.969	1,497,786.0				
GTW BMWE	456,210	\$18.810	8,581,464.0				
IC BMWE	937,541	\$19.365	18,155,562.4				
SOO BMWE	954,714	\$18.377	17,544,749.4				
SSAN BMWE	60,455	\$19.333	1,168,761.0				
WC BMWE	753,886	\$17.375	13,098,566.0				
zNat'l BMWE	40,640,945	\$19.357	786,667,001.1	\$849,850,094.8	44,059,377.0	\$19.28875	
CCP BRS	29,621	\$22.236	658,663.0				
DWP BRS	10,505	\$26.835	281,903.0				
GTW BRS	112,899	\$20.687	2,335,520.0				
IC BRS	209,134	\$22.498	4,705,044.1				
SOO BRS	112,108	\$19.108	2,142,142.6				
SSAN BRS	1,168	\$25.045	29,252.0				
WC BRS	134,880	\$23.074	3,112,272.0				
zNat'l BRS	10,824,080	\$22.284	241,203,750.0	\$254,468,546.7	11,434,395.0	\$22.25466	
CCP IAM	18,491	\$19.663	363,591.0				
DWP IAM	11,478	\$20.836	239,150.0				
GTW IAM	49,353	\$19.824	978,360.0				
IC IAM	256,549	\$21.147	5,425,127.7				
SOO IAM	175,034	\$19.006	3,326,654.7				
SSAN IAM	0		0.0				
WC IAM	104,581	\$19.239	2,012,036.0				
zNat'l IAM	10,954,317	\$19.621	214,930,806.4	\$227,275,725.8	11,569,803.0	\$19.64387	
CCP IBBM	0		0.0				
DWP IBBM	4,528	\$19.922	90,207.0				
GTW IBBM	0		0.0				
IC IBBM	74,273	\$19.036	1,413,825.7				
SOO IBBM	74,446	\$20.560	1,530,643.7				
SSAN IBBM	0		0.0				
WC IBBM	28,101	\$25.594	719,210.0				
zNat'l IBBM	1,672,831	\$19.299	32,283,565.0	\$36,037,451.4	1,854,179.0	\$19.43580	
CCP IBEW	15,639	\$19.954	312,057.0				
DWP IBEW	3,472	\$26.611	92,393.0				
GTW IBEW	41,509	\$21.634	897,994.0				
IC IBEW	209,303	\$21.418	4,482,844.1				
SOO IBEW	117,159	\$19.396	2,272,367.7				

Year-End 2003 ST Hourly Rates for U.S. (Highly Confidential)

Page 2 of 2

	2003 ST Hrs Pd	As of 12/31/2003				
		ST HR	ST\$ (excl ULS)	Total ST\$ (excl ULS)	Total ST Hours	ST Hourly Rate
SSAM IBEW	3,612	\$26.220	94,705.0			
WC IBEW	38,596	\$20.954	808,743.0			
zNat'l IBEW	8,367,523	\$19.908	166,577,808.8	\$175,538,912.7	8,796,813.0	\$19.95483
CCP IBFO	1,822	\$16.727	30,477.0			
DWP IBFO	0		0.0			
GTW IBFO	39,212	\$17.068	669,262.0			
IC IBFO	72,860	\$17.496	1,274,737.1			
SOO IBFO	69,038	\$16.032	1,106,826.0			
SSAM IBFO	0		0.0			
WC IBFO	0		0.0			
zNat'l IBFO	3,689,737	\$16.288	60,098,593.0	\$63,179,895.1	3,872,669.0	\$16.31430
zNat'l OTHER	46,474,950	\$36.608	1,701,377,118.0	\$1,701,377,118.0	46,474,950	\$36.60848
CCP SMW	0		0.0			
DWP SMW	0		0.0			
GTW SMW	0		0.0			
IC SMW	31,025	\$21.322	661,506.6			
SOO SMW	4,828	\$18.866	91,085.2			
SSAM SMW	0		0.0			
WC SMW	0		0.0			
zNat'l SMW	1,787,045	\$19.502	34,851,683.6	\$35,604,275.4	1,822,898.0	\$19.53169
CCP TCU	32,720	\$19.472	637,110.0			
DWP TCU	26,010	\$20.746	539,594.0			
GTW TCU	378,992	\$21.304	8,074,031.0			
IC TCU	604,899	\$21.680	13,114,254.3			
SOO TCU	483,674	\$20.176	9,758,570.9			
SSAM TCU	0		0.0			
WC TCU	228,320	\$21.717	4,958,515.0			
zNat'l TCU	17,943,532	\$21.433	384,575,047.5	\$421,657,122.7	19,698,147.0	\$21.40593
CCP TCU-CAR	34,723	\$19.792	687,223.0			
DWP TCU-CAR	20,097	\$20.651	415,018.0			
GTW TCU-CAR	328,263	\$19.478	6,394,000.0			
IC TCU-CAR	553,515	\$20.758	11,489,797.1			
SOO TCU-CAR	305,034	\$18.719	5,709,911.7			
SSAM TCU-CAR	5,581	\$19.748	110,212.0			
WC TCU-CAR	410,071	\$16.614	6,813,074.0			
zNat'l TCU-CAR	17,800,520	\$20.351	362,266,096.9	\$393,885,332.7	19,457,804.0	\$20.24305
CCP UTU	170,763	\$17.514	2,990,799.0			
DWP UTU	81,108	\$21.002	1,703,435.0			
GTW UTU	614,409	\$18.015	11,068,292.0			
IC UTU	1,654,865	\$17.603	29,131,248.0			
SOO UTU	1,208,492	\$16.200	19,577,223.4			
SSAM UTU	14,329	\$23.131	331,449.0			
WC UTU	770,260	\$23.314	17,957,969.0			
zNat'l UTU	73,709,412	\$19.348	1,426,163,483.6	\$1,508,923,899.0	78,223,638.0	\$19.28987
CCP UTU-YMD	0		0.0			
CSX UTU-YMD	1,130,212	\$23.568	26,637,389.0			
DWP UTU-YMD	0	\$0.000	0.0			
GTW UTU-YMD	77,442	\$25.606	1,982,972.0			
IC UTU-YMD	87,517	\$27.214	2,381,650.0			
SOO UTU-YMD	75,858	\$23.519	1,784,096.6			
SSAM UTU-YMD	0		0.0			
UP UTU-YMD	899,898	\$28.148	25,330,273.8			
WC UTU-YMD	60,565	\$30.484	1,846,265.0			
zNat'l UTU-YMD	1,666,731	\$26.412	44,021,412.5	\$103,984,059.0	3,998,223.0	\$26.00757
Sum	312,004,342	\$2,092.866	7,106,646,221.408	7,106,646,221.408	312,004,342.0	311.15791
Total	312,004,342	\$2,092.866				

Calculations To Get Year-End 2003 ST Hourly Rates for U.S. (Highly Confidential)

Type Ord	2003 ST Hrs Pd Group 1 - COLA or COLA-like Inc., shaded unions signed new contracts in 2004	Full Float			(Check by Calculating)			Increases			Straight Time Hourly Rate			Check	
		2003 Avg.			2003			During Year			12/31/2002			Avg.	
		ST-ULS	PFTNW	PFTNW	ST-UnionLS	PFTNW	PFTNW	Q1	Q3	Q3	12/31/2002	1/1/2003	12/31/2003	Diff.	
1	1,237,142	30.581	3.887	4,808,652	37,832,638	4,808,652	COLA	COLA	COLA	COLA	\$30.391	\$30.501	\$30.661	30.581	0.000
1	13,677,073	20.402	9.117	124,899,140	279,037,321	124,899,140	\$0.11	\$0.11	\$0.16	\$0.16	\$20.212	\$20.322	\$20.482	20.402	0.000
1	755,898	27.789	10.381	7,847,120	21,005,896	7,847,120	\$0.11	\$0.11	\$0.16	\$0.16	\$27.599	\$27.709	\$27.869	27.789	0.000
1	64,064	25.000	3.663	1,801,592	1,801,592	234,639	\$0.11	\$0.11	\$0.16	\$0.16	\$24.810	\$24.920	\$25.080	25.000	0.000
1	79,139	25.057	4.960	1,982,955	1,982,955	392,517	\$0.11	\$0.11	\$0.16	\$0.16	\$24.867	\$24.977	\$25.137	25.057	0.000
1	991,708	18.060	6.450	17,910,380	17,910,380	6,996,400	\$0.11	\$0.11	\$0.16	\$0.16	\$17.870	\$17.980	\$18.140	18.060	0.000
1	954,714	18.207	2.857	17,382,448	17,382,448	2,727,484	0	\$0.34	\$0.16	\$0.16	\$18.037	\$18.037	\$18.377	18.207	0.000
1	112,108	19.028	3.333	2,133,174	2,133,174	373,618	\$0.11	\$0.11	\$0.16	\$0.16	\$18.838	\$18.948	\$19.108	19.028	0.000
1	175,034	18.926	2.958	3,312,652	3,312,652	517,688	\$0.11	\$0.11	\$0.16	\$0.16	\$18.736	\$18.846	\$19.006	18.926	0.000
1	74,446	20.480	3.566	1,524,688	1,524,688	265,484	\$0.11	\$0.11	\$0.16	\$0.16	\$20.290	\$20.400	\$20.560	20.480	0.000
1	117,159	19.316	2.569	2,262,995	2,262,995	301,018	\$0.11	\$0.11	\$0.16	\$0.16	\$19.126	\$19.236	\$19.396	19.316	0.000
1	69,038	15.952	1.942	1,101,303	1,101,303	134,083	\$0.11	\$0.11	\$0.16	\$0.16	\$15.762	\$15.872	\$16.032	15.952	0.000
1	4,828	18.786	3.278	90,699	90,699	15,824	\$0.11	\$0.11	\$0.16	\$0.16	\$18.596	\$18.706	\$18.866	18.786	0.000
1	483,674	20.096	4.408	9,719,877	9,719,877	2,132,186	\$0.11	\$0.11	\$0.16	\$0.16	\$19.906	\$20.016	\$20.176	20.096	0.000
1	305,034	18.639	3.514	5,685,509	5,685,509	1,071,768	\$0.11	\$0.11	\$0.16	\$0.16	\$18.449	\$18.559	\$18.719	18.639	0.000
1	1,208,492	16.120	9.160	19,480,544	19,480,544	11,069,787	\$0.11	\$0.11	\$0.16	\$0.16	\$15.930	\$16.040	\$16.200	16.120	0.000
1	75,858	23.439	4.505	1,778,028	1,778,028	341,762	\$0.11	\$0.11	\$0.16	\$0.16	\$23.249	\$23.359	\$23.519	23.439	0.000
1	899,898	28.068	3.492	25,258,282	25,258,282	3,142,295	\$0.11	\$0.11	\$0.16	\$0.16	\$27.878	\$27.988	\$28.148	28.068	0.000
1	0	0	0	0	0	0	\$0.11	\$0.11	\$0.16	\$0.16	\$0.000	\$0.000	\$0.000	0.000	0.000
1	30,577,146	21.241	7.100	649,478,355	649,478,355	217,110,302	\$0.11	\$0.11	\$0.16	\$0.16	\$21.051	\$21.161	\$21.321	21.241	0.000
1	40,640,945	19.122	3.673	777,116,379	777,116,379	149,273,075	0	\$0.47	\$0.16	\$0.16	\$18.887	\$18.887	\$19.357	19.122	0.000
1	10,954,317	19.541	4.190	214,054,461	214,054,461	45,898,626	\$0.11	\$0.11	\$0.16	\$0.16	\$19.351	\$19.461	\$19.621	19.541	0.000
1	8,367,523	19.828	3.950	165,908,407	165,908,407	33,050,777	\$0.11	\$0.11	\$0.16	\$0.16	\$19.638	\$19.748	\$19.908	19.828	0.000
1	3,689,737	16.208	2.939	59,803,414	59,803,414	10,844,491	\$0.11	\$0.11	\$0.16	\$0.16	\$16.018	\$16.128	\$16.288	16.208	0.000
1	1,787,045	19.422	4.058	34,708,720	34,708,720	7,251,430	\$0.11	\$0.11	\$0.16	\$0.16	\$19.232	\$19.342	\$19.502	19.422	0.000

Calculations To Get Year-End 2003 ST Hourly Rates for U.S. (Highly Confidential)

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Type Ord	(Check by Calculating)										Increases During Year			Full Float		Check Avg.	Diff.
	2003		2003 Avg.		2003		Q1		Q3		Straight Time Hourly Rate						
	ST Hrs Pd	ST-ULS (Pct) mid-year	ST-ULS	PFTNW	ST-UnionLS	PFTNW	Q1	Q3	Q1	Q3	12/31/2002	12/31/2003					
Group 2 - G.W.I. (Pct) mid-year																	
2	IC	BMWE	937,541	19.083	2.214	17,891,161	2,075,525			3.00%	\$18.801	\$19.365	19.083	0.000			
2	IC	BRS	209,134	22.170	3.419	4,636,524	715,066			3.00%	\$21.842	\$22.498	22.170	0.000			
2	IC	IAM	256,549	20.839	2.652	5,346,121	680,314			3.00%	\$20.531	\$21.147	20.839	0.000			
2	IC	IBBM	74,273	18.758	1.635	1,393,236	121,403			3.00%	\$18.481	\$19.036	18.758	0.000			
2	IC	IBEW	209,303	21.106	3.901	4,417,560	816,537			3.00%	\$20.794	\$21.418	21.106	0.000			
2	IC	IBFO	72,860	17.241	1.490	1,256,173	108,597			3.00%	\$16.986	\$17.496	17.241	0.000			
2	IC	SMW	31,025	21.011	2.927	651,873	90,814			3.00%	\$20.701	\$21.322	21.011	0.000			
2	IC	TCU	604,899	21.364	3.955	12,923,270	2,392,247			3.00%	\$21.049	\$21.680	21.364	0.000			
2	IC	TCU-CAR	553,515	20.456	2.566	11,322,470	1,420,100			3.00%	\$20.153	\$20.758	20.456	0.000			
2	NS	ATDA	806,669	26.403	4.870	21,298,828	3,928,466			2.50%	\$26.077	\$26.729	26.403	0.000			
2	zNat'l	BRS	10,824,080	21.959	5.023	237,691,074	54,372,175			3.00%	\$21.635	\$22.284	21.959	0.000			
2	zNat'l	IBBM	1,672,831	19.063	2.970	31,889,863	4,968,665			2.50%	\$18.828	\$19.299	19.063	0.000			
2	zNat'l	TCU	17,943,532	21.120	5.213	378,974,440	93,532,106			3.00%	\$20.808	\$21.433	21.120	0.000			
2	zNat'l	TCU-CAR	17,800,520	20.055	3.867	356,990,377	68,837,683			3.00%	\$19.759	\$20.351	20.055	0.000			
2	zNat'l	UTU	73,709,412	19.113	8.489	1,408,771,246	625,700,236			2.50%	\$18.877	\$19.348	19.113	0.000			
2	zNat'l	UTU-YMD	1,666,731	26.090	6.550	43,484,566	10,917,457			2.50%	\$25.768	\$26.412	26.090	0.000			
Group 3 - G.W.I. Pct Increase Beginning of year																	
3	DWP	ATDA	11,046	24.913	3.460	275,187	38,222			3.00%	\$24.187	\$24.913	24.913	0.000			
3	DWP	BRS	10,505	26.835	5.019	281,903	52,723			3.00%	\$26.054	\$26.835	26.835	0.000			
3	DWP	IAM	11,478	20.836	4.317	239,150	49,546			3.00%	\$20.229	\$20.836	20.836	0.000			
3	DWP	IBEW	3,472	26.611	5.625	92,393	19,529			3.00%	\$25.836	\$26.611	26.611	0.000			
3	DWP	TCU	26,010	20.746	4.829	539,594	125,603			3.00%	\$20.141	\$20.746	20.746	0.000			
3	DWP	TCU-CAR	20,097	20.651	2.805	415,018	56,372			3.00%	\$20.049	\$20.651	20.651	0.000			
3	GTW	ATDA	30,175	29.049	9.114	876,564	275,002			3.00%	\$28.203	\$29.049	29.049	0.000			
3	GTW	BMWE	456,210	18.810	2.527	8,581,464	1,152,928			3.00%	\$18.262	\$18.810	18.810	0.000			
3	GTW	BRS	112,899	20.687	3.981	2,335,520	449,452			3.00%	\$20.084	\$20.687	20.687	0.000			
3	GTW	IBEW	49,353	19.824	7.829	978,360	386,375			3.00%	\$19.246	\$19.824	19.824	0.000			
3	GTW	IBEW	41,509	21.634	3.394	897,994	140,864			3.00%	\$21.004	\$21.634	21.634	0.000			
3	GTW	IBFO	39,212	17.068	2.700	669,262	105,882			3.00%	\$16.571	\$17.068	17.068	0.000			
3	GTW	SMW	0	0	0	0	0			3.00%	\$0.000	\$0.000	0.000	0.000			
3	GTW	TCU	378,992	21.304	8.017	8,074,031	3,038,284			3.00%	\$20.683	\$21.304	21.304	0.000			
3	GTW	TCU-CAR	328,263	19.478	2.726	6,394,000	894,893			3.00%	\$18.911	\$19.478	19.478	0.000			
3	GTW	UTU-YMD	77,442	25.606	10.521	1,982,972	814,790			3.00%	\$24.860	\$25.606	25.606	0.000			

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Calculations To Get Year-End 2003 ST Hourly Rates for U.S. (Highly Confidential)

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Type Ord	Group 4 - No Increases during year	2003				(Check by Calculating)		Increases During Year			Full Float Straight Time Hourly Rate		Check		
		ST Hrs Pd	Full Float		ST-UnionLS	2003		Q1	During Year		12/31/2002	1/1/2003	12/31/2003	Avg.	Diff.
			ST-ULS	PFTNW		PFTNW	Q1		Q3	Q3					
4	CSX UTU-YMD	1,130,212	23,568	9,919	26,637,389	11,211,010					\$23,568	\$23,568	23,568	0,000	
4	GTW IBBM	0	0	0	0	0		0			\$0,000	\$0,000	0,000	0,000	
4	GTW UTU	614,409	18,015	8,794	11,068,292	5,403,076		0			\$18,015	\$18,015	18,015	0,000	
4	NS BLE	8,866,054	22,214	5,207	196,950,089	46,161,761		0			\$22,214	\$22,214	22,214	0,000	
Group 5 - No Info - probably non-union (Increase same as national non-union)															
5	CCP BMWE	176,667	17,752	2,108	3,136,205	372,418		4,00%			\$17,069	\$17,752	17,752	0,000	
5	CCP BRS	29,621	22,236	2,979	658,663	88,240		4,00%			\$21,381	\$22,236	22,236	0,000	
5	CCP IAM	18,491	19,663	2,606	363,591	48,185		4,00%			\$18,907	\$19,663	19,663	0,000	
5	CCP IBEW	15,639	19,954	4,384	312,057	68,567		4,00%			\$19,186	\$19,954	19,954	0,000	
5	CCP IBFO	1,822	16,727	2,624	30,477	4,781		4,00%			\$16,084	\$16,727	16,727	0,000	
5	CCP TCU	32,720	19,472	3,531	637,110	115,542		4,00%			\$18,723	\$19,472	19,472	0,000	
5	CCP TCU-CAR	34,723	19,792	3,083	687,223	107,064		4,00%			\$19,030	\$19,792	19,792	0,000	
5	DWP BMWE	78,959	18,969	2,864	1,497,786	226,111		4,00%			\$18,240	\$18,969	18,969	0,000	
5	DWP IBBM	4,528	19,922	3,529	90,207	15,980		4,00%			\$19,156	\$19,922	19,922	0,000	
5	SSAM BMWE	60,455	19,333	3,143	1,168,761	190,034		4,00%			\$18,589	\$19,333	19,333	0,000	
5	SSAM BRS	1,168	25,045	12,500	29,252	14,600		4,00%			\$24,081	\$25,045	25,045	0,000	
5	SSAM IBEW	3,612	26,220	2,621	94,705	9,467		4,00%			\$25,211	\$26,220	26,220	0,000	
5	SSAM TCU-CAR	5,581	19,748	2,729	110,212	15,230		4,00%			\$18,988	\$19,748	19,748	0,000	
5	WC ATDA	72,116	32,322	3,216	2,330,901	231,958		4,00%			\$31,078	\$32,322	32,322	0,000	
5	WC BMWE	753,886	17,375	2,283	13,098,566	1,720,895		4,00%			\$16,706	\$17,375	17,375	0,000	
5	WC BRS	134,880	23,074	3,197	3,112,272	431,180		4,00%			\$22,187	\$23,074	23,074	0,000	
5	WC IAM	104,581	19,239	3,046	2,012,036	318,527		4,00%			\$18,499	\$19,239	19,239	0,000	
5	WC IBBM	28,101	25,594	2,229	719,210	62,628		4,00%			\$24,609	\$25,594	25,594	0,000	
5	WC IBEW	38,596	20,954	3,506	808,743	135,314		4,00%			\$20,148	\$20,954	20,954	0,000	
5	WC TCU	228,320	21,717	1,920	4,958,515	438,487		4,00%			\$20,882	\$21,717	21,717	0,000	
5	WC TCU-CAR	410,071	16,614	2,360	6,813,074	967,758		4,00%			\$15,975	\$16,614	16,614	0,000	
5	WC UTU-YMD	60,565	30,484	1,228	1,846,265	74,380		4,00%			\$29,312	\$30,484	30,484	0,000	

file: YearEnd2003RCAF.xls

Association of American Railroads

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Calculations To Get Year-End 2003 ST Hourly Rates for U.S. (Highly Confidential)

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Type Ord		2003		Full Float		(Check by Calculating)		Increases			Straight Time Hourly Rate		Full Float		Check	Diff.
		ST Hrs Pd	2003 Avg.	ST-ULS	PFTNW	ST-UnionLS	PFTNW	During Year			12/31/2002	1/1/2003	12/31/2003			
								Q1	Q3	Q3						
Group 6 - No ST hours and No Info																
6	CCP ATDA	0	0	0	0	0	0								0.000	0.000
6	CCP IBBM	0	0	0	0	0	0								0.000	0.000
6	CCP SMW	0	0	0	0	0	0								0.000	0.000
6	DWP IBFO	0	0	0	0	0	0								0.000	0.000
6	DWP SMW	0	0	0	0	0	0								0.000	0.000
6	SSAM ATDA	0	0	0	0	0	0		0		\$0.000	\$0.000	\$0.000		0.000	0.000
6	SSAM IAM	0	0	0	0	0	0								0.000	0.000
6	SSAM IBBM	0	0	0	0	0	0								0.000	0.000
6	SSAM IBFO	0	0	0	0	0	0								0.000	0.000
6	SSAM SMW	0	0	0	0	0	0								0.000	0.000
6	SSAM TCU	0	0	0	0	0	0								0.000	0.000
6	SSAM UTU-YMD	0	0	0	0	0	0								0.000	0.000
6	WC IBFO	0	0	0	0	0	0								0.000	0.000
6	WC SMW	0	0	0	0	0	0								0.000	0.000
Group 7 - Difficult to assess because new contract changes work rules (use year's average)																
7	CCP BLE	110,203	26,755	7,832	2,948,476	863,111	2,948,476				\$26,755	\$26,755	\$26,755		26,755	0.000
7	CCP UTU	170,763	17,514	6,085	2,990,799	1,039,124	2,990,799				\$17,514	\$17,514	\$17,514		17,514	0.000
7	DWP BLE	71,329	23,834	12,893	1,700,084	919,644	1,700,084				\$23,834	\$23,834	\$23,834		23,834	0.000
7	DWP UTU	81,108	21,002	13,606	1,703,435	1,103,547	1,703,435				\$21,002	\$21,002	\$21,002		21,002	0.000
7	GTW BLE	457,914	21,941	6,895	10,046,973	3,157,419	10,046,973				\$21,941	\$21,941	\$21,941		21,941	0.000
7	IC BLE	977,957	27,583	6,127	26,975,412	5,991,731	26,975,412				\$27,583	\$27,583	\$27,583		27,583	0.000
7	IC UTU	1,854,865	17,603	5,601	29,131,248	9,269,529	29,131,248				\$17,603	\$17,603	\$17,603		17,603	0.000
7	SSAM BLE	15,242	25,569	4,790	389,717	73,004	389,717				\$25,569	\$25,569	\$25,569		25,569	0.000
7	SSAM UTU	14,329	23,131	4,627	331,449	66,294	331,449				\$23,131	\$23,131	\$23,131		23,131	0.000
7	WC BLE	717,614	25,509	5,280	18,305,861	3,789,098	18,305,861				\$25,509	\$25,509	\$25,509		25,509	0.000
7	WC UTU	770,260	23,314	4,295	17,957,969	3,308,043	17,957,969				\$23,314	\$23,314	\$23,314		23,314	0.000
Group 8 - Non-union (Increase same as most unions)																
8	CCP UTU-YMD	0	0	0	0	0	0				\$0.000	\$0.000	\$0.000		0.000	0.000
8	DWP UTU-YMD	0	0	0	0	0	0				\$0.000	\$0.000	\$0.000		0.000	0.000
8	IC ATDA	72,320	30,460	3,547	2,202,871	256,546	2,202,871				\$30,460	\$30,460	\$30,460		30,460	0.000
8	IC UTU-YMD	87,517	27,214	8,090	2,381,650	707,986	2,381,650				\$27,214	\$27,214	\$27,214		27,214	0.000
8	UP ATDA	1,150,637	32,730	0.078	37,660,166	89,951	37,660,166				\$32,730	\$32,730	\$32,730		32,730	0.000
8	zNat'l OTHER	46,474,950	36,608	1.051	1,701,377,118	48,857,453	1,701,377,118				\$36,608	\$36,608	\$36,608		36,608	0.000
Check	Sum	312,004,342	2,085.96	434.96	7,057,017,740	1,656,103,695	7,057,017,740				2,043,855	2,079,051	2,092,866		2,085,959	0.000
	Total	312,004,342			7,057,017,740	1,656,103,695	7,057,017,740	(these are merely check sums)								

file: YearEnd2003RCAAF.xls

Association of American Railroads

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RCAF and RCR U.S. Final Annual

Railroad Retirement and Medicare

RRB 2002 Stats plus WS 2003

Empl Rcvg Pay 162,491 AAR's 2003 112-Class Summary

Tier I Maximum \$87,000 from RRB for 2003

Tier II Maximum \$64,500 from RRB for 2003

Medicare Max. no limit

Tier I Tax Rate 6.20%

Tier II Tax Rate 14.20% from RRB for 2003

Medicare Rate 1.45%

ST+PFTNW

(informational only)

USA	Rate	Factor	RR Ret Tax
2002	\$27,258		
2003	\$27,952	1.02546	\$484,357,799

Hourly Rate

6.309 Hourly rate from WS-112, SUPPL2003.xls

RCAF and RCR U.S. Final Annual

Railroad Retirement and Medicare, USA for RCAF and RCR Final Annual

Annual Earnings Groups	Percent of Total Employees	2003 Employees	2003 Receiving Pay	2002 RRB Stats	Avg Annual Earnings	Est Avg Ann Earnings	Avg Othly Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tot Tax Emgs	Tier I Tot Tax Emg	Tier II Tot Tax Emg	Medicare Tot Tax Emg
	(a)		'03 emp * (a)	(a)		2003	2003	2003	2003	2003	2003	2003	2003	2003
\$0 - 21699	0.704	1,144		\$12,306	\$12,619	\$3,155	\$3,155	\$3,155	\$3,155	\$3,155	\$3,608,924	\$3,608,924	\$3,608,924	\$3,608,924
21700 - 23699	0.235	382		\$22,997	\$22,997	5,742	5,742	5,742	5,742	5,742	2,192,532	2,192,532	2,192,532	2,192,532
23700 - 25699	0.235	382		\$25,078	\$25,716	6,429	6,429	6,429	6,429	6,429	2,454,986	2,454,986	2,454,986	2,454,986
25700 - 27699	0.469	762		\$26,808	\$27,491	6,873	6,873	6,873	6,873	6,873	5,237,517	5,237,517	5,237,517	5,237,517
27700 - 29699	0.751	1,220		\$28,673	\$29,403	7,351	7,351	7,351	7,351	7,351	8,970,183	8,970,183	8,970,183	8,970,183
29700 - 31699	0.751	1,220		\$30,576	\$31,354	7,839	7,839	7,839	7,839	7,839	9,565,525	9,565,525	9,565,525	9,565,525
31700 - 33699	1.220	1,982		\$32,802	\$33,637	8,409	8,409	8,409	8,409	8,409	16,670,490	16,670,490	16,670,490	16,670,490
33700 - 35699	1.889	2,744		\$34,798	\$35,684	8,921	8,921	8,921	8,921	8,921	24,483,424	24,483,424	24,483,424	24,483,424
35700 - 37699	2.956	4,803		\$36,756	\$37,692	9,423	9,423	9,423	9,423	9,423	45,260,661	45,260,661	45,260,661	45,260,661
37700 - 39699	4.880	7,930		\$38,819	\$39,807	9,952	9,952	9,952	9,952	9,952	78,913,696	78,913,696	78,913,696	78,913,696
39700 - 41699	6.664	10,828		\$40,736	\$41,773	10,443	10,443	10,443	10,443	10,443	113,084,112	113,084,112	113,084,112	113,084,112
41700 - 43699	7.086	11,514		\$42,689	\$43,776	10,944	10,944	10,944	10,944	10,944	126,010,098	126,010,098	126,010,098	126,010,098
43700 - 45699	5.772	9,379		\$44,698	\$45,836	11,459	11,459	11,459	11,459	11,459	107,473,807	107,473,807	107,473,807	107,473,807
45700 - 47699	6.241	10,141		\$46,673	\$47,861	11,965	11,965	11,965	11,965	11,965	121,341,154	121,341,154	121,341,154	121,341,154
47700 - 49699	4.176	6,786		\$48,595	\$49,832	12,458	12,458	12,458	12,458	12,458	84,535,728	84,535,728	84,535,728	84,535,728
49700 - 51699	4.130	6,711		\$50,759	\$52,051	13,013	13,013	13,013	13,013	13,013	87,327,561	87,327,561	87,327,561	87,327,561
51700 - 53699	4.505	7,320		\$52,639	\$53,979	13,495	13,495	13,495	13,495	13,495	98,784,919	98,784,919	98,784,919	98,784,919
53700 - 55699	3.801	6,176		\$54,714	\$56,107	14,027	14,027	14,027	14,027	14,027	86,633,240	86,633,240	86,633,240	86,633,240
55700 - 57699	3.191	5,185		\$56,590	\$58,031	14,508	14,508	14,508	14,508	14,508	75,223,705	75,223,705	75,223,705	75,223,705
57700 - 59699	3.519	5,718		\$58,514	\$60,106	15,027	15,027	15,027	15,027	15,027	85,922,884	85,922,884	85,922,884	85,922,884
59700 - 61699	3.191	5,185		\$60,669	\$62,214	15,553	15,553	15,553	15,553	15,553	80,645,820	80,645,820	80,645,820	80,645,820
61700 - 63699	3.003	4,880		\$62,670	\$64,266	16,066	16,066	16,066	16,066	16,066	78,397,687	78,397,687	78,397,687	78,397,687
63700 - 65699	2.675	4,347		\$64,738	\$66,386	16,597	16,597	16,597	16,597	16,597	72,139,194	72,139,194	72,139,194	72,139,194
65700 - 67699	2.769	4,499		\$66,744	\$68,443	17,111	17,111	17,111	17,111	17,111	68,857,999	68,857,999	68,857,999	68,857,999
67700 - 69699	2.440	3,965		\$68,697	\$70,446	17,612	17,612	17,612	17,612	17,612	63,932,084	63,932,084	63,932,084	63,932,084
69700 - 71699	2.628	4,270		\$70,835	\$72,638	18,160	18,160	18,160	18,160	18,160	54,043,634	54,043,634	54,043,634	54,043,634
71700 - 73699	2.393	3,888		\$72,579	\$74,427	18,607	18,607	18,607	18,607	18,607	45,486,106	45,486,106	45,486,106	45,486,106
73700 - 75699	1.736	2,821		\$74,732	\$76,635	19,159	19,159	19,159	19,159	19,159	33,197,521	33,197,521	33,197,521	33,197,521
75700 - 77699	1.971	3,203		\$76,681	\$78,633	19,658	19,658	19,658	19,658	19,658	28,541,686	28,541,686	28,541,686	28,541,686
77700 - 79699	1.642	2,668		\$78,769	\$80,774	20,194	20,194	20,194	20,194	20,194	23,371,893	23,371,893	23,371,893	23,371,893
79700 - 81699	1.267	2,059		\$80,400	\$82,447	20,612	20,612	20,612	20,612	20,612	19,677,457	19,677,457	19,677,457	19,677,457
81700 - 83699	1.361	2,212		\$82,804	\$84,912	21,228	21,228	21,228	21,228	21,228	16,125,457	16,125,457	16,125,457	16,125,457
83700 - 85699	1.220	1,982		\$84,859	\$87,020	21,755	21,755	21,755	21,755	21,755	13,966,042	13,966,042	13,966,042	13,966,042
85700 - 87699	0.845	1,373		\$86,575	\$88,779	22,195	22,195	22,195	22,195	22,195	11,520,064	11,520,064	11,520,064	11,520,064
87700 - 89699	0.751	1,220		\$88,567	\$90,822	22,705	22,705	22,705	22,705	22,705	9,565,525	9,565,525	9,565,525	9,565,525
89700 - 91699	0.892	1,449		\$90,761	\$93,072	23,268	23,268	23,268	23,268	23,268	8,409,561	8,409,561	8,409,561	8,409,561
91700 - 93699	0.751	1,220		\$92,717	\$95,078	23,769	23,769	23,769	23,769	23,769	7,351,686	7,351,686	7,351,686	7,351,686
93700 - 95699	0.516	838		\$94,528	\$96,935	24,234	24,234	24,234	24,234	24,234	6,429,886	6,429,886	6,429,886	6,429,886
95700 - over	4.974	8,082		\$121,752	\$124,852	31,213	31,213	31,213	31,213	31,213	175,790,076	175,790,076	175,790,076	175,790,076
TOTAL	100.000	162,491		\$57,817							\$2,323,466,675	\$2,323,466,675	\$2,323,466,675	\$2,323,466,675

Sources:

(a) rrb_earnings_distribution.sas and rbsmpl02.txt [Year 2002 data]

RR_Retirement_03annual.xls

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7/28/04

Tax Rate
Pmt
Total Tier I & II & Medicare

\$2,323,466,675
\$144,054,934
\$305,379,869

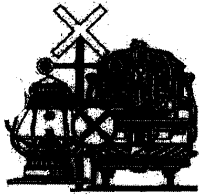
14.20%
1.45%
\$484,357,799

RRB 2002 EARNINGS DATA

Annual Salary Range	Number of Employees	Gross Salary	Group		Cumulative Employees	Cumulative Salary	Average		Cumulative Salary (Cumulative)	Cumulative % Total Employment
			Average Salary (Group)	Employment % Total Employment			Average Salary (Group)	Employment % Total Employment		
\$ 0 TO \$21,699	15	\$184,584	\$12,306	0.704	15	\$184,584	\$12,306	0.704	\$12,306	0.704
\$21,700 TO \$23,699	5	\$111,987	\$22,397	0.235	20	\$296,571	\$14,829	0.939	\$14,829	0.939
\$23,700 TO \$25,699	5	\$125,389	\$25,078	0.235	25	\$421,960	\$16,878	1.173	\$16,878	1.173
\$25,700 TO \$27,699	10	\$268,084	\$26,808	0.469	35	\$690,044	\$19,716	1.642	\$19,716	1.642
\$27,700 TO \$29,699	16	\$458,762	\$28,673	0.751	51	\$1,148,806	\$22,526	2.393	\$22,526	2.393
\$29,700 TO \$31,699	16	\$489,222	\$30,576	0.751	67	\$1,638,028	\$24,448	3.144	\$24,448	3.144
\$31,700 TO \$33,699	26	\$852,855	\$32,802	1.220	93	\$2,490,883	\$26,784	4.364	\$26,784	4.364
\$33,700 TO \$35,699	36	\$1,252,739	\$34,798	1.689	129	\$3,743,622	\$29,020	6.053	\$29,020	6.053
\$35,700 TO \$37,699	63	\$2,315,612	\$36,756	2.956	192	\$6,059,234	\$31,559	9.010	\$31,559	9.010
\$37,700 TO \$39,699	104	\$4,037,221	\$38,819	4.880	296	\$10,096,455	\$34,110	13.890	\$34,110	13.890
\$39,700 TO \$41,699	142	\$5,784,548	\$40,736	6.664	438	\$15,881,003	\$36,258	20.554	\$36,258	20.554
\$41,700 TO \$43,699	151	\$6,446,078	\$42,689	7.086	589	\$22,327,081	\$37,907	27.640	\$37,907	27.640
\$43,700 TO \$45,699	123	\$5,497,833	\$44,698	5.772	712	\$27,824,914	\$39,080	33.412	\$39,080	33.412
\$45,700 TO \$47,699	133	\$6,207,523	\$46,673	6.241	845	\$34,032,437	\$40,275	39.653	\$40,275	39.653
\$47,700 TO \$49,699	89	\$4,324,983	\$48,595	4.176	934	\$38,357,420	\$41,068	43.829	\$41,068	43.829
\$49,700 TO \$51,699	88	\$4,466,791	\$50,759	4.130	1,022	\$42,824,211	\$41,902	47.959	\$41,902	47.959
\$51,700 TO \$53,699	96	\$5,053,311	\$52,639	4.505	1,118	\$47,877,522	\$42,824	52.464	\$42,824	52.464
\$53,700 TO \$55,699	81	\$4,431,840	\$54,714	3.801	1,199	\$52,309,362	\$43,627	56.265	\$43,627	56.265
\$55,700 TO \$57,699	68	\$3,848,119	\$56,590	3.191	1,267	\$56,157,481	\$44,323	59.456	\$44,323	59.456
\$57,700 TO \$59,699	75	\$4,396,087	\$58,614	3.519	1,342	\$60,553,568	\$45,122	62.975	\$45,122	62.975
\$59,700 TO \$61,699	68	\$4,125,490	\$60,669	3.191	1,410	\$64,679,058	\$45,872	66.166	\$45,872	66.166
\$61,700 TO \$63,699	64	\$4,010,869	\$62,670	3.003	1,474	\$68,689,927	\$46,601	69.169	\$46,601	69.169
\$63,700 TO \$65,699	57	\$3,690,081	\$64,738	2.675	1,531	\$72,380,008	\$47,276	71.844	\$47,276	71.844
\$65,700 TO \$67,699	59	\$3,937,907	\$66,744	2.769	1,590	\$76,317,915	\$47,999	74.613	\$47,999	74.613
\$67,700 TO \$69,699	52	\$3,572,250	\$68,697	2.440	1,642	\$79,890,165	\$48,654	77.053	\$48,654	77.053
\$69,700 TO \$71,699	56	\$3,966,756	\$70,835	2.628	1,698	\$83,856,921	\$49,386	79.681	\$49,386	79.681
\$71,700 TO \$73,699	51	\$3,701,548	\$72,579	2.393	1,749	\$87,558,469	\$50,062	82.074	\$50,062	82.074
\$73,700 TO \$75,699	37	\$2,765,090	\$74,732	1.736	1,786	\$90,323,559	\$50,573	83.810	\$50,573	83.810

RRB 2002 EARNINGS DATA

Annual Salary Range	Number of Employees	Gross Salary	Group		Cumulative Employees	Cumulative Salary	Average Salary (Cumulative)	Cumulative % Total Employment
			Average Salary (Group)	% Total Employment				
\$75,700 TO \$77,699	42	\$3,220,622	\$76,681	1.971	1,828	\$93,544,181	\$51,173	85.781
\$77,700 TO \$79,699	35	\$2,756,905	\$78,769	1.642	1,863	\$96,301,086	\$51,691	87.424
\$79,700 TO \$81,699	27	\$2,170,798	\$80,400	1.267	1,890	\$98,471,884	\$52,102	88.691
\$81,700 TO \$83,699	29	\$2,401,313	\$82,804	1.361	1,919	\$100,873,197	\$52,566	90.052
\$83,700 TO \$85,699	26	\$2,206,328	\$84,859	1.220	1,945	\$103,079,525	\$52,997	91.272
\$85,700 TO \$87,699	18	\$1,558,345	\$86,575	0.845	1,963	\$104,637,870	\$53,305	92.116
\$87,700 TO \$89,699	16	\$1,417,066	\$88,567	0.751	1,979	\$106,054,936	\$53,590	92.867
\$89,700 TO \$91,699	19	\$1,724,450	\$90,761	0.892	1,998	\$107,779,386	\$53,944	93.759
\$91,700 TO \$93,699	16	\$1,483,475	\$92,717	0.751	2,014	\$109,262,861	\$54,252	94.510
\$93,700 TO \$95,699	11	\$1,039,806	\$94,528	0.516	2,025	\$110,302,667	\$54,470	95.026
\$95,700 AND OVER	106	\$12,905,708	\$121,752	4.974	2,131	\$123,208,375	\$57,817	100.000
TOTAL	2,131	\$123,208,375	\$57,817	100.000	2,131	\$123,208,375	\$57,817	100.000



RRB News

U.S. Railroad Retirement Board

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No. 02-5

For Immediate Release
October 2002

Year 2003 Railroad Retirement and Unemployment Insurance Taxes

Railroad retirement tax rates on employees remain the same in 2003 while the overall rate for employers decreases, but the amounts of compensation subject to these payroll taxes increase for both employees and employers as a result of indexing to average national wage increases. The railroad unemployment insurance experience-based tax rates paid by employers to fund railroad unemployment and sickness insurance benefits in 2003 will continue to include a surcharge of 2.5 percent.

Retirement Taxes. - The railroad retirement tier I payroll tax rate on covered rail employers and employees for the year 2003 remains at 7.65 percent, and the tier II tax rate on employees will remain at 4.90 percent in 2003, but the tier II tax rates on employers and employee representatives will decrease to 14.20 percent in 2003. The tier II tax rates for employers and employee representatives had been 15.60 percent and 14.75 percent, respectively, in 2002. An employee representative is a labor official of a non-covered labor organization who represents employees covered under the Acts administered by the Railroad Retirement Board.

The railroad retirement tier I tax rate of 7.65 percent for employers and employees is the same as the social security tax, and for withholding and reporting purposes is divided into 6.20 percent for retirement and 1.45 percent for Medicare hospital insurance. The maximum amount of an employee's earnings subject to the 6.20 percent rate will increase to \$87,000 in 2003 from \$84,900 in 2002. There is no maximum on earnings subject to the 1.45 percent Medicare rate; all of an employee's compensation is subject to the Medicare tax.

The maximum amount of earnings subject to the railroad retirement tier II tax of 4.90 percent on employees, and 14.20 percent on employers, will increase to \$64,500 from \$63,000.

(More)

In 2003, the railroad retirement tax on an employee earning \$87,000 will be \$9,816.00 compared to \$6,655.50 under social security, and the employer's tax will be \$15,814.50. In 2002, the regular railroad retirement tax on an employee earning \$84,900 was \$9,581.85 and the employer's regular railroad retirement tax on such an employee was \$16,322.85.

The Railroad Retirement and Survivors' Improvement Act of 2001, among other provisions, amended the Internal Revenue Code to reduce tier II tax rates on rail employers in 2002 and 2003, and provided for future adjustments in the tier II tax rates assessed on both rail employers and employees, depending on railroad retirement fund levels.

Unemployment Insurance Taxes. - Employers, but not employees, also pay railroad unemployment insurance taxes, which are experience-rated by employer. The basic tax rates range from a minimum of 0.65 percent to a maximum of 12 percent on monthly earnings up to \$1,120 in 2003, up from \$1,100 in 2002. However, the Railroad Unemployment Insurance Act also provides for a surcharge in the event the Railroad Unemployment Insurance Account balance falls below an indexed threshold amount, and such a surcharge of 2.5 percent applied in 2002. Since the accrual balance of the Railroad Unemployment Insurance Account was \$40 million on June 30, 2002, which was less than the indexed threshold of \$57 million, a surcharge of 2.5 percent will again be added to the basic tax rates in 2003, but not so as to increase the maximum 12 percent rate.

Consequently, in 2003 the unemployment insurance tax rates on railroad employers will range from 3.15 percent (the minimum basic rate of 0.65 percent plus the 2.5 percent surcharge) to a maximum of 12 percent on monthly compensation up to \$1,120.

The 2.5 percent surcharge will not apply to new employers in 2003, and new employers will initially pay a tax rate of 2.36 percent, which represents the average rate paid by all employers in the period 1999-2001.

For 68 percent of covered employers, the unemployment insurance rate assessed will be 3.15 percent in 2003, which is \$35.28 per month for each employee with earnings of \$1,120 or more per month, and 12 percent will be assessed a rate of 12 percent, which is \$134.40 per month for each employee with earnings of \$1,120 or more per month.

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AAR 2003 Final 112-Class Wage Statistics U.S.

Union	Employees	Straight Time		PFTNW	Union Lump
	Paid	Hours	Comp.	Comp.	Sums
UTU	39,510	78,223,638	\$1,495,333,203	\$656,959,636	\$3,898,221
TCU	11,557	19,698,147	417,633,636	101,774,455	1,806,799
BLE	25,764	56,462,240	1,234,345,006	409,161,610	30,602,338
SMW	1,055	1,822,898	35,451,292	7,358,068	0
BRS	6,182	11,434,395	251,082,652	56,497,054	204,270
BMWE	25,190	44,059,377	839,971,714	157,738,470	98,944
TCU-CAR	10,821	19,457,804	388,441,541	73,370,868	23,658
IBFO	2,213	3,872,669	62,905,979	11,197,834	45,350
IAM	6,588	11,569,803	226,351,489	47,899,261	45,118
IBBM	1,020	1,854,179	35,744,181	5,434,160	126,977
IBEW	4,921	8,796,813	174,872,886	34,542,073	78,032
ATDA	2,414	4,279,206	129,008,982	18,103,073	1,941,384
UTU-YMD	2,387	3,998,223	104,684,055	27,209,680	1,314,903
OTHER	22,869	46,474,950	1,701,377,118	48,857,453	0
Total	162,491	312,004,342	\$7,097,203,734	\$1,656,103,695	\$40,185,994
ST Comp less Union Lump Sums			\$7,057,017,740		

All-Inclusive Index (Actual)

	02 Wts	3Q/03 ¹ 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												
Fuel	38.0%	273.5	273.5	0.0%	278.3	1.8%	276.8	-0.5%	279.5	1.0%	281.9	0.9%
M&S	9.0%	108.0	108.0	0.0%	111.2	3.0%	122.2	9.9%	133.8	9.5%		-100.0%
Equipment Rents	4.6%	152.7	152.7	0.0%	154.8	1.4%	160.3	3.6%	155.0	-3.3%	160.3	3.4%
Depreciation	10.3%	175.9	175.9	0.0%	176.8	0.5%	177.5	0.4%	175.9	-0.9%	0.0	-100.0%
Interest	10.9%	151.7	151.7	0.0%	152.0	0.2%	154.8	1.8%	157.5	1.7%		-100.0%
Other	3.7%	98.6	98.6	0.0%	98.0	-0.6%	98.0	0.0%	98.0	0.0%	98.0	0.0%
	23.5%	162.6	162.6	0.0%	163.8	0.7%	166.0	1.3%	168.6	1.6%		-100.0%
	1.0000											
Weighted Avg.		196.1	197.2	0.6%	199.8	1.3%	201.3	0.8%	203.9	1.3%	118.1	-42.1%
Linked		194.6	194.6	0.0%	197.2	1.3%	198.7	0.8%	201.3	1.3%	116.6	-42.1%
10/1/80		189.5	189.5	0.0%	192.0	1.3%	193.5	0.8%	196.0	1.3%	113.5	-42.1%
10/1/82		161.0	161.0	0.0%	163.1	1.3%	164.4	0.8%	166.5	1.3%	96.4	-42.1%
4Q/87		147.2	147.2	0.0%	149.2	1.4%	150.3	0.7%	152.3	1.3%	88.2	-42.1%
4Q/92		124.0	124.0	0.0%	125.7	1.4%	126.6	0.7%	128.3	1.3%	74.3	-42.1%
4Q/97		112.4	112.4	0.0%	113.9	1.3%	114.7	0.7%	116.2	1.3%	67.3	-42.1%
4Q/02		101.3	101.3	0.0%	102.7	1.4%	103.4	0.7%	104.8	1.4%	60.7	-42.1%
Equipment Rents												
Car Hire	50.6%	177.4	177.4	0.0%	178.0	0.3%	177.2	-0.4%	171.7	-3.1%		-100.0%
Lease Rentals	49.4%	162.6	162.6	0.0%	163.8	0.7%	166.0	1.3%	168.6	1.6%	0.0	-100.0%
	1.0000											
ER Weighted Avg		170.2	170.1	-0.1%	171.0	0.5%	171.7	0.4%	170.2	-0.9%	0.0	-100.0%
ER Linked		175.9	175.9	0.0%	176.8	0.5%	177.5	0.4%	175.9	-0.9%	0.0	-100.0%

¹ Reflects the final actual third quarter values.

	01 Wts	02 Wts
LABOR	103.383	103.930
FUEL	11.340	9.720
M&S	7.024	7.024
EQUIP RENTS	18.470	18.118
DEPR	16.080	16.535
INTEREST	3.747	3.648
OTHER	36.097	38.211
Weighted Avg.	196.141	197.186

RCAF Fuel (Actual All-Inclusive Index)

April 2004

Average Price for Monthly Report

	April 2004 Price (1)	1/1/81 Price (2)	1/91 New Method Linking Factors (3)	April 2004 Index 1/1/81=100 (4)
U.S.	109.47	89.34	99.415	121.82
East	102.12	91.56	99.435	110.90
West	112.37	87.83	99.416	127.19

$(4) = (1) / (2) \times (3)$

Fuel Index on 1977 Base and 1980 Base

	April 2004 Index 1/1/81=100 (1)	Linking Factors 1977=100 (2)	1980=100 (3)	April 2004 Index 1977=100 (4)	1980=100 (5)
U.S.	121.82	2.606	1.096	317.45	133.51
East	110.90	2.569	1.134	284.91	125.76
West	127.19	2.639	1.067	335.66	135.72

$(4) = (1) \times (2)$

$(5) = (1) \times (3)$

Final Actual All-Inclusive Index

	1980=100 April 2004 Current Index	Adjustment Factor	April 2004 Linked Index
U.S.	133.51	1.00192	133.77 ←
East	125.76	1.00621	126.55
West	135.72	1.00024	135.75

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

8/27/2004

Association of American Railroads

file: MF200404calcs.xls

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	64.00	64.00
	RR-OWNED MILEAGE	4.69	7.40	7.40	7.30	7.30	7.30
	PRIVATELY-OWNED CARS	25.47	44.64	44.88	44.64	42.60	42.62
	AUTORACKS	47.00	51.52	52.56	49.74	50.92	52.35
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	155.7	155.7	155.7
	PRIVATELY-OWNED CARS	100.0	175.3	176.2	175.3	167.2	167.3
	AUTORACKS	100.0	109.6	111.8	105.8	108.3	111.4
CAR HIRE INDEX (old wts)	2001	100.0	180.4	--	--	--	--
CAR HIRE INDEX (new wts)	2002	100.0	180.3	180.9	180.1	174.5	174.6
CAR HIRE INDEX (LINKED)		100.0	177.4	178.0	177.2	171.7	171.8

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	8,083	8,359	8,320	8,306	8,346
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	33.0	31.0
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	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	7.3	7.3
All other #2 - Mileage														
Privately Owned														
No. of Cars	50,419	50,255	50,093	49,897	49,861	49,400	49,221	49,058	48,814	48,744	48,708	48,705	48,797	48,856
Superstructures	304,355	303,559	305,180	304,273	303,378	302,644	302,379	302,392	301,533	301,616	300,731	300,247	301,650	300,561
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	266,744	266,734
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	239,935	241,849
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	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	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	55.0	56.0
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	44.2	44.3
Covered Hoppers #2 - Mileage	69.7	69.8	70.1	70.2	70.3	70.3	69.7	69.9	69.1	69.2	69.3	69.5	69.5	69.5
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	71.0	72.0
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	6.5	6.6
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	17.39	17.39
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	22.26	22.58
Private Total	44.59	44.64	44.78	44.85	44.88	45.04	44.60	44.64	42.50	42.58	42.60	42.58	42.54	42.82
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	51.80	52.35

WEIGHTS

	2001	2002
For RCAF & PCR		
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

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	137.9
February	2004			140.3	140.1
March	2004			141.8	142.2
April	2004			142.0	142.0
May	2004				142.3
June	2004				142.8
July	2004				144.2
Actual Qtr.		137.1	137.4	139.9	142.4

1980=100

Actual Qtr.

First Mo. next qtr.

151.7	152.0	154.8	157.5
151.4	152.3	157.1	159.5

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: August 13, 2004 (03:00 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	137.9	140.1	142.2	142.0(P)	142.3(P)	142.8(P)	144.2(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		146.2	147.1	147.2
February	2004			148.2	148.2
March	2004			148.9	149.1
April	2004			149.8	149.8
May	2004				150.4
June	2004				151.0
July	2004				151.8
Actual Qtr.		145.0	146.1	148.1	150.4

1980=100

Actual Qtr.	162.6	163.8	166.0	168.6
First Mo. next qtr.	163.6	163.9	167.9	170.2

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: August 13, 2004 (03:09 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	147.2	148.2	149.1	149.8(P)	150.4(P)	151.0(P)	151.8(P)						

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

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RCAF W its

	U.S.	East	West	2003	2002	Amt Chg.	2001	2000	1999
Labor	\$12,122,677	\$5,274,642	\$6,848,035	37.5%	38.0%	-0.5%	37.8%	36.5%	39.3%
Fuel	3,421,875	1,039,597	2,382,278	10.6%	9.0%	1.6%	10.5%	10.7%	7.1%
Mat & Sup.	1,419,499	591,004	828,495	4.4%	4.6%	-0.2%	4.6%	4.8%	5.3%
Equip. Rents	3,041,677	1,042,674	1,999,003	9.4%	10.3%	-0.9%	10.5%	11.1%	11.4%
Depreciation	3,478,187	1,256,635	2,221,552	10.7%	10.9%	-0.2%	10.6%	10.2%	10.6%
Interest	1,028,889	341,493	687,396	3.2%	3.7%	-0.5%	3.8%	4.6%	4.6%
Other	7,842,546	3,978,838	3,863,708	24.2%	23.5%	0.7%	22.2%	22.1%	21.7%
Total	\$32,355,350	\$13,524,883	\$18,830,467	100.0%	100.0%		100.0%	100.0%	100.0%

Check

410 620f	31,326,461
Interest	1,028,889
Total	32,355,350
	ok

Other	U.S.	East	West	2003	2002	Amt Chg.
Purch Service	\$4,754,060	\$2,568,743	\$2,185,317	14.7%	14.2%	0.5%
Taxes	627,814	224,375	403,439	1.9%	2.1%	-0.2%
Cas & Insur	1,364,372	728,340	636,032	4.2%	2.7%	1.5%
Loss & Dam	116,775	50,548	66,227	0.4%	0.4%	-0.1%
Gen & Admn	979,525	406,832	572,693	3.0%	2.7%	0.3%
Total	\$7,842,546	\$3,978,838	\$3,863,708	24.2%	22.2%	2.0%

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Wages				
Sch 410				
620 (b)	8,109,517	3,221,551	4,887,966	0
NS Adj	<u>457,608</u>	<u>457,608</u>	<u>0</u>	0
Adj Wages	8,567,125	3,679,159	4,887,966	0

Wage Supplements

Sch 410				
112 (f)	349,030	180,305	168,725	0
113 (f)	34,511	4,590	29,921	0
114 (f)	108,497	44,669	63,828	0
205 (f)	214,577	79,262	135,315	0
224 (f)	163,793	59,856	103,937	0
309 (f)	10,943	6,713	4,230	0
414 (f)	1,490,572	605,364	885,208	0
430 (f)	504,613	247,880	256,733	0
505 (f)	1,532	529	1,003	0
512 (f)	17,862	10,834	7,028	0
522 (f)	147,117	58,540	88,577	0
611 (f)	<u>312,798</u>	<u>97,234</u>	<u>215,564</u>	0
Total	3,355,845	1,395,776	1,960,069	0
NS Adj	<u>199,707</u>	<u>199,707</u>	<u>0</u>	0
Adj Supp	3,555,552	1,595,483	1,960,069	0

Fuel

Sch. 410				
409 (c)	3,152,449	951,018	2,201,431	0
409 (d)	504	26	478	0
410 (c)	0	0	0	0
410 (d)	0	0	0	0
425 (c)	268,922	88,553	180,369	0
425 (d)	0	0	0	0
426 (c)	0	0	0	0
426 (d)	0	0	0	0
Total	3,421,875	1,039,597	2,382,278	0

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Materials and Supplies				
Sch. 410				
620 (c)	4,840,870	1,630,575	3,210,295	0
less				
409 (c)	3,152,449	951,018	2,201,431	0
410 (c)	0	0	0	0
425 (c)	268,922	88,553	180,369	0
426 (c)	0	0	0	0
Total	1,419,499	591,004	828,495	0
Equipment Rents				
Sch. 410				
211 (f)	3,337	549	2,788	0
212 (f)	-5,446	-40	-5,406	0
230 (f)	2,193,109	922,360	1,270,749	0
231 (f)	-719,641	-341,827	-377,814	0
315 (f)	102,513	41,665	60,848	0
316 (f)	-48,981	-13,648	-35,333	0
Rents	1,524,891	609,059	915,832	0
207 (f)	698,896	195,880	503,016	0
208 (f)	-21,897	-21,460	-437	0
226 (f)	682,166	242,804	439,362	0
227 (f)	-17,266	-15,093	-2,173	0
311 (f)	193,210	49,289	143,921	0
312 (f)	-18,323	-17,805	-518	0
Lease	1,516,786	433,615	1,083,171	0
Total	3,041,677	1,042,674	1,999,003	0
Car Hire	0.501	0.584	0.458	
Lease Rentals	0.499	0.416	0.542	
Total	1.000	1.000	1.000	

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Purchased Services				
Sch. 410				
620 (d)	8,453,556	4,268,758	4,184,798	0
less				
112 (d)	0	0	0	0
113 (d)	0	0	0	0
114 (d)	0	0	0	0
115 (d)	0	0	0	0
116 (d)	0	0	0	0
117 (d)	0	0	0	0
136 (d)	0	0	0	0
137 (d)	0	0	0	0
138 (d)	0	0	0	0
205 (d)	0	0	0	0
206 (d)	0	0	0	0
207 (d)	698,896	195,880	503,016	0
208 (d)	-21,897	-21,460	-437	0
211 (d)	3,337	549	2,788	0
212 (d)	-5,446	-40	-5,406	0
213 (d)	0	0	0	0
224 (d)	0	0	0	0
225 (d)	0	0	0	0
226 (d)	682,166	242,804	439,362	0
227 (d)	-17,266	-15,093	-2,173	0
230 (d)	2,193,109	922,360	1,270,749	0
231 (d)	-719,641	-341,827	-377,814	0
232 (d)	0	0	0	0
309 (d)	0	0	0	0
310 (d)	0	0	0	0
311 (d)	193,210	49,289	143,921	0
312 (d)	-18,323	-17,805	-518	0
315 (d)	102,513	41,665	60,848	0
316 (d)	-48,981	-13,648	-35,333	0
317 (d)	0	0	0	0
409 (d)	504	26	478	0
410 (d)	0	0	0	0
412 (d)	0	0	0	0
414 (d)	0	0	0	0
415 (d)	0	0	0	0
425 (d)	0	0	0	0
426 (d)	0	0	0	0
428 (d)	0	0	0	0
430 (d)	0	0	0	0
431 (d)	0	0	0	0
504 (d)	0	0	0	0
505 (d)	0	0	0	0
511 (d)	0	0	0	0
512 (d)	0	0	0	0
513 (d)	0	0	0	0
522 (d)	0	0	0	0
523 (d)	0	0	0	0
611 (d)	0	0	0	0
612 (d)	0	0	0	0
614 (d)	0	0	0	0
615 (d)	0	0	0	0
Total	5,411,375	3,226,058	2,185,317	0
- NS Adj W	457,608	457,608	0	0
- NS Adj S	199,707	199,707	0	0
Adj Pur Ser	4,754,060	2,568,743	2,185,317	0

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Depreciation				
Sch. 410				
136 (f)	1,698,828	509,145	1,189,683	0
137 (f)	246,100	23,106	222,994	0
138 (f)	468,905	222,327	246,578	0
213 (f)	524,038	205,280	318,758	0
232 (f)	350,163	201,215	148,948	0
317 (f)	190,153	95,562	94,591	0
Total	3,478,187	1,256,635	2,221,552	0
Interest				
Sch. 210				
42 (b)	1,034,580	341,314	693,266	0
44 (b)	7,868	188	7,680	0
less				0
22(b)	9,243	9	9,234	0
Total	1,033,205	341,493	691,712	0
Sch. 410 (times ratio of freight to total)				0
620 (f)	31,326,461	13,183,390	18,143,071	0
620 (h)	31,440,382	13,183,390	18,256,992	0
ratio (ff)		1.00000000	0.99376014	0
Total	1,028,889	341,493	687,396	0
Note: U.S. = East + West				
Taxes (other than income and payroll)				
Sch. 410				
614 (f)	486,179	169,354	316,825	0
615 (f)	141,635	55,021	86,614	0
Total	627,814	224,375	403,439	0

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Other (RCR Other, portion of RCAF Other)				
Other = Casualties & Insurance + Loss & Damage + General & Administrative				
Sch. 410				
Casualties & Insurance				
115 (f)	166,471	101,470	65,001	0
116 (f)	11,322	1,430	9,892	0
117 (f)	27,567	9,895	17,672	0
206 (f)	158,126	101,283	56,843	0
225 (f)	179,910	109,236	70,674	0
310 (f)	4,726	2,602	2,124	0
415 (f)	440,261	172,521	267,740	0
431 (f)	172,141	113,974	58,167	0
513 (f)	4,375	2,878	1,497	0
523 (f)	29,340	3,728	25,612	0
612 (f)	170,133	109,323	60,810	0
Total	1,364,372	728,340	636,032	0
Loss & Damage				
Sch. 410				
412 (f)	5,949	2,515	3,434	0
428 (f)	21	0	21	0
504 (f)	110,801	48,033	62,768	0
511 (f)	4	0	4	0
Total	116,775	50,548	66,227	0
General & Administrative				
Sch. 410				
620 (e)	9,922,518	4,062,506	5,860,012	0
+NS Adj S	<u>199,707</u>	<u>199,707</u>	<u>0</u>	0
620 (e) Adj	10,122,225	4,262,213	5,860,012	0
less				
W Supp Adj	3,555,552	1,595,483	1,960,069	0
Deprec.	3,478,187	1,256,635	2,221,552	0
Taxes	627,814	224,375	403,439	0
Cas & Ins	1,364,372	728,340	636,032	0
Loss & D	116,775	50,548	66,227	0
(e) = (f) chk	ok			
Total G&A	979,525	406,832	572,693	0
Total Other				
	2,460,672	1,185,720	1,274,952	
For RCAF Other, add Purchased Services and Taxes to RCR Other.				

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Car Hire				
Sch.414				
19 (g)	857,770	397,261	460,509	0
less				
19 (d)	577,652	279,264	298,388	0
Time	280,118	117,997	162,121	0
18 (g)	49,404	7,050	42,354	0
less				
18 (d)	108,746	36,639	72,107	0
Time, A-Rk	-59,342	-29,589	-29,753	0
Time, XAR	339,460	147,586	191,874	0
19 (f)	299,492	124,839	174,653	0
less				
19 (c)	141,989	62,563	79,426	0
Mileage	157,503	62,276	95,227	0
18 (f)	0	0	0	0
less				
18 (c)	0	0	0	0
Mi, A-Rk	0	0	0	0
Mile, XAR	157,503	62,276	95,227	0
19 (e)	1,035,847	400,260	635,587	0
less				
19 (b)	0	0	0	0
Private	1,035,847	400,260	635,587	0
18 (e)	17,735	0	17,735	0
less				
18 (b)	0	0	0	0
Priv, A-Rk	17,735	0	17,735	0
Priv., XAR	1,018,112	400,260	617,852	0
Time, A-Rk	-59,342	-29,589	-29,753	0
Mi, A-Rk	0	0	0	0
Priv, A-Rk	17,735	0	17,735	0
Autorack	-41,607	-29,589	-12,018	0

XAR means total excluding auto racks

RCR and RCAF Internal Weights

	U.S.	East	West	U.S. 2003	East 2003	West 2003	U.S. 2002	Amt Diff
Labor								
Wages	8,567,125	3,679,159	4,887,966	70.7%	69.8%	71.4%	70.3%	0.4%
Wage Supplem	3,555,552	1,595,483	1,960,069	29.3%	30.2%	28.6%	29.7%	-0.4%
Total	12,122,677 ok	5,274,642 ok	6,848,035 ok	100.0%	100.0%	100.0%	100.0%	

Depreciation (RCR)								
Road	2,413,833	754,578	1,659,255	69.4%	60.1%	74.7%	67.6%	1.8%
Locomotive	524,038	205,280	318,758	15.0%	16.3%	14.3%	16.0%	-1.0%
Freight Car	350,163	201,215	148,948	10.1%	16.0%	6.7%	10.8%	-0.7%
Other Equip.	190,153	95,562	94,591	5.5%	7.6%	4.3%	5.6%	-0.1%
Total	3,478,187	1,256,635	2,221,552	100.0%	100.0%	100.0%	100.0%	
Check	ok	ok	ok					

Deprec - Other (RCR)								
Locomotive	524,038	205,280	318,758	59.9%	50.5%	68.2%	59.6%	0.3%
Freight Car	350,163	201,215	148,948	40.1%	49.5%	31.8%	40.4%	-0.3%
Total	874,201	406,495	467,706	100.0%	100.0%	100.0%	100.0%	

Equip. Rents								
Car Hire	1,524,891	609,059	915,832	50.1%	58.4%	45.8%	50.6%	-0.5%
Lease Rents	1,516,786	433,615	1,083,171	49.9%	41.6%	54.2%	49.4%	0.5%
Total	3,041,677	1,042,674	1,999,003	100.0%	100.0%	100.0%	100.0%	
Check	ok	ok	ok					

Interest (RCR)								
Road	94,304,844	37,134,753	57,170,091	79.8%	76.9%	81.8%	80.2%	-0.4%
Locomotive	14,101,102	5,658,816	8,442,286	12.0%	11.7%	12.1%	11.2%	0.8%
Freight Car	9,719,478	5,479,816	4,239,662	8.2%	11.4%	6.1%	8.6%	-0.4%
Total	118,125,424 ok	48,273,385 ok	69,852,039 ok	100.0%	100.0%	100.0%	100.0%	

from Sch. 352B

Car Hire								
RR Time excl Autork	339,460			23.0%			21.8%	1.2%
RR Mileage excl Auto	157,503			10.7%			9.6%	1.1%
Private excl Autorack	1,018,112			69.1%			70.8%	-1.7%
Autorack	-41,607			-2.8%			-2.2%	-0.6%
Total	1,473,468 ok			100.0%			100.0%	

from Sch. 414

Car Hire, Adjusted to eliminate negative numbers								
RR Time excl Autork	339,460			22.4%			21.3%	1.1%
RR Mileage excl Auto	157,503			10.4%			9.4%	1.0%
Private excl Autorack	1,018,112			67.2%			69.3%	-2.1%
Autorack	0			0.0%			0.0%	0.0%
Total	1,515,075			100.0%			100.0%	

Note: These numbers are all rounded to 3 digits after the decimal or 1 digit after the decimal for a percentage. In the event that the rounded percentages do not sum to 100.0%, the number that is closest to rounding in the other direction will be changed to force a 100.0% total. The number is identified by a bold font.

Benchmarks for Supplements

Page 1 of 3

Current year: 2003

	U.S.	East	West	E & W Check	
Fringe Benefits (\$000)					
Sch. 410, Line & Col.					
112 (h)	\$353,025	\$180,305	\$172,720	353,025	ok
113 (h)	34,774	4,590	30,184	34,774	ok
114 (h)	109,003	44,669	64,334	109,003	ok
205 (h)	216,118	79,262	136,856	216,118	ok
224 (h)	163,793	59,856	103,937	163,793	ok
309 (h)	15,179	6,713	8,466	15,179	ok
414 (h)	1,497,742	605,364	892,378	1,497,742	ok
430 (h)	505,721	247,880	257,841	505,721	ok
505 (h)	1,532	529	1,003	1,532	ok
512 (h)	17,862	10,834	7,028	17,862	ok
522 (h)	148,694	58,540	90,154	148,694	ok
611 (h)	314,155	97,234	216,921	314,155	ok
NS FB Adj.	199,707	199,707	0	199,707	ok
Total F.B.	3,577,305	1,595,483	1,981,822.000	3,577,305	ok
HW CS in FB	38,909	15,600	23,310	38,909	ok
F.B. w/o C.S.	3,616,214	1,611,083	2,005,132	3,616,214	ok

Note: F.B. w/o C.S. is Fringe Benefits without the H&W Cost Sharing Payments made by certain employees.

Payroll Taxes (\$000)

Sch. 450 Line, Col (b)					
5 [RR Ret.]	1,824,859	754,546	1,070,313	1,824,859	ok
6 [Hosp Ins]	143,578	59,105	84,473	143,578	ok
7 [Sup An]	(3)	0	(3)	(3)	ok
8 [Unemp Ins]	100,467	44,207	56,260	100,467	ok
5 & 6	1,968,437	813,651	1,154,786	1,968,437	ok
2 RR's 401(k) match	11,636	8,377	3,259	11,636	ok

112-Class Wage Statistics

ST Hrs.	312,004,342	127,529,032	184,475,310	312,004,342	ok
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Fringe Benefits By Category (\$000)

H&W wo C.S.	1,535,677.321	744,847.547	790,829.774	1,535,677	ok
RR Ret.&Med.	1,968,437	813,651	1,154,786	1,968,437	ok
Sup. Annuities	(3)	0	(3)	(3)	ok
Unemp. Ins.	100,467	44,207	56,260	100,467	ok
2 RR's 401(k) match	11,636	8,377	3,259	11,636	ok
Total	3,616,214	1,611,083	2,005,132	3,616,214	ok

Rates (\$ per ST Hr.)

H&W wo C.S.	\$4.922	\$5.841	\$4.287
RR Ret.&Med.	\$6.309	\$6.380	\$6.260
Sup. Annuities	(\$0.000)	\$0.000	(\$0.000)
Unemp. Ins.	\$0.322	\$0.347	\$0.305

2 RR's 401(k) match handled as "other" in supplements

[The 401(k) match amount is highly confidential.]

Benchmarks for Supplements

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	U.S.	East	West
2003 Rates:			
H&W wo C.S.	\$4.922	\$5.841	\$4.287
RR Ret.&Med.	\$6.309	\$6.380	\$6.260
Sup. Annuities	\$0.000	\$0.000	\$0.000
Unemp. Ins.	\$0.322	\$0.347	\$0.305
2002 Rates:			
H&W	\$4.172	\$4.792	\$3.744
RR Ret.&Med.	\$6.539	\$6.637	\$6.472
Sup. Annuities	(\$0.010)	(\$0.024)	\$0.000
Unemp. Ins.	\$0.266	\$0.253	\$0.275
% Chg.			
H&W	18.0%	21.9%	14.5% Rates up in 2003
RR Ret.&Med.	-3.5%	-3.9%	-3.3% Tier II lower in 2003
Sup. Annuities	-100.0%	-100.0%	#DIV/0! Rates gone in 2002
Unemp. Ins.	21.1%	37.2%	10.9% Rate up in 2003

Health & Welfare Cost Sharing

Health & Welfare hourly rates in the RCAF are calculated by adjusting a benchmark figure for changes in H&W premiums. The adjustment is calculated by comparing premiums in the benchmark year to premiums in the current year. The benchmark figure is equal to total fringe benefits less railroad retirement taxes, unemployment insurance taxes, and employer 401(k) matches/contributions. Originally, the H&W rate in the RCAF changed with the fourth quarter rebenchmarking and with the new premiums effective in the first quarter.

Benchmark x Adjustment For Changes In Premiums = Hourly Rate

Recent new labor agreements added something new to the H&W rate: employee H&W cost sharing. Employees that were part of these labor agreements make monthly pre-tax contributions to H&W premiums -- which reduces the employer costs. These reductions in employer H&W costs were reflected in the H&W hourly rate by decreasing the adjustment made to the benchmark figure based on union participants cost sharing amounts. These figures vary by union and railroad, and became effective at various times during 2003.

Benchmark x Adjustment For Employee Cost Sharing & Changes In Premiums = Hourly Rate

As we rebenchmark to 2003 data, we now have the problem of a benchmark figure (total fringes less railroad retirement, unemployment, and 401(k) matches) that is distorted by employee cost sharing contributions that were made for portions of the year, with differing amounts for different unions. These employee cost sharing contributions make the H&W segment of fringe benefits lower than what they normally would be. Using the distorted benchmark with an adjustment that includes H&W cost sharing amounts would mean a double adjustment for H&W cost sharing.

Benchmark with Embedded Employee Cost Sharing x Adjustment For Employee Cost Sharing & Changes in Premiums = Hourly Rate with distortions caused by double counting of some cost sharing

To remedy the double adjustment problem, reductions in fringe benefit expenses caused by employee cost sharing contributions have been added back to fringe benefits -- meaning the H&W benchmark does not reflect the impact of 2003 employee H&W contributions, and the adjustment to the benchmark should account for current H&W cost sharing.

Benchmark Without Cost Sharing x Adjustment For Employee Cost Sharing & Changes In Premiums = Hourly Rate

Year-End 2003 ST Hourly Rates for U.S. (Highly Confidential)

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	2003 ST Hrs Pd	As of 12/31/2003				
		ST HR	ST\$ (excl ULS)	Total ST\$ (excl ULS)	Total ST Hours	ST Hourly Rate
BNSF ATDA	1,237,142	\$30.661	\$37,931,609.4			
CCP ATDA	0		\$0.0			
CSX ATDA	755,898	\$27.869	\$21,066,367.8			
DWP ATDA	11,046	\$24.913	275,187.0			
GTW ATDA	30,175	\$29.049	876,564.0			
IC ATDA	72,320	\$30.460	2,202,871.0			
KCS ATDA	64,064	\$25.080	1,606,717.1			
NS ATDA	806,669	\$26.729	21,561,776.5			
SOO ATDA	79,139	\$25.137	1,989,286.1			
SSAN ATDA	0		0.0			
UP ATDA	1,150,637	\$32.730	37,660,166.0			
WC ATDA	72,116	\$32.322	2,330,901.0			
zNat'l ATDA	0		0.0	\$127,501,445.9	4,279,206.0	\$29.79558
BNSF BLE	13,677,073	\$20.482	280,131,486.8			
CCP BLE	110,203	\$26.755	2,948,476.0			
DWP BLE	71,329	\$23.834	1,700,084.0			
GTW BLE	457,914	\$21.941	10,046,973.0			
IC BLE	977,957	\$27.583	26,975,412.0			
NS BLE	8,866,054	\$22.214	196,950,089.0			
SOO BLE	991,708	\$18.140	17,989,716.6			
SSAN BLE	15,242	\$25.569	389,717.0			
WC BLE	717,614	\$25.509	18,305,861.0			
zNat'l BLE	30,577,146	\$21.321	651,924,526.7	\$1,207,362,342.2	56,462,240.0	\$21.38354
CCP BMWE	176,667	\$17.752	3,136,205.0			
DWP BMWE	78,959	\$18.969	1,497,786.0			
GTW BMWE	456,210	\$18.810	8,581,464.0			
IC BMWE	937,541	\$19.365	18,155,562.4			
SOO BMWE	954,714	\$18.377	17,544,749.4			
SSAN BMWE	60,455	\$19.333	1,168,761.0			
WC BMWE	753,886	\$17.375	13,098,566.0			
zNat'l BMWE	40,640,945	\$19.357	786,667,001.1	\$849,850,094.8	44,059,377.0	\$19.28875
CCP BRS	29,621	\$22.236	658,663.0			
DWP BRS	10,505	\$26.835	281,903.0			
GTW BRS	112,899	\$20.687	2,335,520.0			
IC BRS	209,134	\$22.498	4,705,044.1			
SOO BRS	112,108	\$19.108	2,142,142.6			
SSAN BRS	1,168	\$25.045	29,252.0			
WC BRS	134,880	\$23.074	3,112,272.0			
zNat'l BRS	10,824,080	\$22.284	241,203,750.0	\$254,468,546.7	11,434,395.0	\$22.25466
CCP IAM	18,491	\$19.663	363,591.0			
DWP IAM	11,478	\$20.836	239,150.0			
GTW IAM	49,353	\$19.824	978,360.0			
IC IAM	256,549	\$21.147	5,425,127.7			
SOO IAM	175,034	\$19.006	3,326,654.7			
SSAN IAM	0		0.0			
WC IAM	104,581	\$19.239	2,012,036.0			
zNat'l IAM	10,954,317	\$19.621	214,930,806.4	\$227,275,725.8	11,569,803.0	\$19.64387
CCP IBBM	0		0.0			
DWP IBBM	4,528	\$19.922	90,207.0			
GTW IBBM	0		0.0			
IC IBBM	74,273	\$19.036	1,413,825.7			
SOO IBBM	74,446	\$20.560	1,530,643.7			
SSAN IBBM	0		0.0			
WC IBBM	28,101	\$25.594	719,210.0			
zNat'l IBBM	1,672,831	\$19.299	32,283,565.0	\$36,037,451.4	1,854,179.0	\$19.43580
CCP IBEW	15,639	\$19.954	312,057.0			
DWP IBEW	3,472	\$26.611	92,393.0			
GTW IBEW	41,509	\$21.634	897,994.0			
IC IBEW	209,303	\$21.418	4,482,844.1			
SOO IBEW	117,159	\$19.396	2,272,367.7			

Year-End 2003 ST Hourly Rates for U.S. (Highly Confidential)

Page 2 of 2

	2003 ST Hrs Pd	As of 12/31/2003				
		ST HR	ST\$ (excl ULS)	Total ST\$ (excl ULS)	Total ST Hours	ST Hourly Rate
SSAM IBEW	3,612	\$26.220	94,705.0			
WC IBEW	38,596	\$20.954	808,743.0			
zNat'l IBEW	8,367,523	\$19.908	166,577,808.8	\$175,538,912.7	8,796,813.0	\$19.95483
CCP IBFO	1,822	\$16.727	30,477.0			
DWP IBFO	0		0.0			
GTW IBFO	39,212	\$17.068	669,262.0			
IC IBFO	72,860	\$17.496	1,274,737.1			
SOO IBFO	69,038	\$16.032	1,106,826.0			
SSAM IBFO	0		0.0			
WC IBFO	0		0.0			
zNat'l IBFO	3,689,737	\$16.288	60,098,593.0	\$63,179,895.1	3,872,669.0	\$16.31430
zNat'l OTHER	46,474,950	\$36.608	1,701,377,118.0	\$1,701,377,118.0	46,474,950	\$36.60848
CCP SMW	0		0.0			
DWP SMW	0		0.0			
GTW SMW	0		0.0			
IC SMW	31,025	\$21.322	661,506.6			
SOO SMW	4,828	\$18.866	91,085.2			
SSAM SMW	0		0.0			
WC SMW	0		0.0			
zNat'l SMW	1,787,045	\$19.502	34,851,683.6	\$35,604,275.4	1,822,898.0	\$19.53169
CCP TCU	32,720	\$19.472	637,110.0			
DWP TCU	26,010	\$20.746	539,594.0			
GTW TCU	378,992	\$21.304	8,074,031.0			
IC TCU	604,899	\$21.680	13,114,254.3			
SOO TCU	483,674	\$20.176	9,758,570.9			
SSAM TCU	0		0.0			
WC TCU	228,320	\$21.717	4,958,515.0			
zNat'l TCU	17,943,532	\$21.433	384,575,047.5	\$421,657,122.7	19,698,147.0	\$21.40593
CCP TCU-CAR	34,723	\$19.792	687,223.0			
DWP TCU-CAR	20,097	\$20.651	415,018.0			
GTW TCU-CAR	328,263	\$19.478	6,394,000.0			
IC TCU-CAR	553,515	\$20.758	11,489,797.1			
SOO TCU-CAR	305,034	\$18.719	5,709,911.7			
SSAM TCU-CAR	5,581	\$19.748	110,212.0			
WC TCU-CAR	410,071	\$16.614	6,813,074.0			
zNat'l TCU-CAR	17,800,520	\$20.351	362,266,096.9	\$393,885,332.7	19,457,804.0	\$20.24305
CCP UTU	170,763	\$17.514	2,990,799.0			
DWP UTU	81,108	\$21.002	1,703,435.0			
GTW UTU	614,409	\$18.015	11,068,292.0			
IC UTU	1,654,865	\$17.603	29,131,248.0			
SOO UTU	1,208,492	\$16.200	19,577,223.4			
SSAM UTU	14,329	\$23.131	331,449.0			
WC UTU	770,260	\$23.314	17,957,969.0			
zNat'l UTU	73,709,412	\$19.348	1,426,163,483.6	\$1,508,923,899.0	78,223,638.0	\$19.28987
CCP UTU-YMD	0		0.0			
CSX UTU-YMD	1,130,212	\$23.568	26,637,389.0			
DWP UTU-YMD	0	\$0.000	0.0			
GTW UTU-YMD	77,442	\$25.606	1,982,972.0			
IC UTU-YMD	87,517	\$27.214	2,381,650.0			
SOO UTU-YMD	75,858	\$23.519	1,784,096.6			
SSAM UTU-YMD	0		0.0			
UP UTU-YMD	899,898	\$28.148	25,330,273.8			
WC UTU-YMD	60,565	\$30.484	1,846,265.0			
zNat'l UTU-YMD	1,666,731	\$26.412	44,021,412.5	\$103,984,059.0	3,998,223.0	\$26.00757
Sum	312,004,342	\$2,092.866	7,106,646,221.408	7,106,646,221.408	312,004,342.0	311.15791
Total	312,004,342	\$2,092.866				

Calculations To Get Year-End 2003 ST Hourly Rates for U.S. (Highly Confidential)

Type Ord	2003 ST Hrs Pd Group 1 - COLA or COLA-like Inc., shaded unions signed new contracts in 2004	Full Float			(Check by Calculating)			Increases During Year			Straight Time Hourly Rate		Check	
		2003 Avg.			2003			Q1 Q3 Q3			12/31/2002 1/1/2003 12/31/2003		Avg. Diff.	
		ST-ULS	PFTNW	PFTNW	ST-UnionLS	PFTNW	PFTNW	Q1 Q3 Q3	COLA COLA COLA					
1	1,237,142	30,581	3,887	3,887	37,832,638	4,808,652	4,808,652	\$0.11	\$0.16	\$0.16	\$30,391	\$30,501	\$30,661	30,581 0.000
1	13,677,073	20,402	9,117	9,117	279,037,321	124,899,140	124,899,140	\$0.11	\$0.16	\$0.16	\$20,212	\$20,322	\$20,482	20,402 0.000
1	755,898	27,789	10,381	10,381	21,005,896	7,847,120	7,847,120	\$0.11	\$0.16	\$0.16	\$27,599	\$27,709	\$27,869	27,789 0.000
1	64,064	25,000	3,663	3,663	1,801,592	234,639	234,639	\$0.11	\$0.16	\$0.16	\$24,810	\$24,920	\$25,080	25,000 0.000
1	79,139	25,057	4,960	4,960	1,982,955	392,517	392,517	\$0.11	\$0.16	\$0.16	\$24,867	\$24,977	\$25,137	25,057 0.000
1	991,708	18,060	6,450	6,450	17,910,380	6,396,400	6,396,400	\$0.11	\$0.16	\$0.16	\$17,870	\$17,980	\$18,140	18,060 0.000
1	954,714	18,207	2,857	2,857	17,382,448	2,727,484	2,727,484	0	\$0.34	\$0.34	\$18,037	\$18,037	\$18,377	18,207 0.000
1	112,108	19,028	3,333	3,333	2,133,174	373,618	373,618	\$0.11	\$0.16	\$0.16	\$18,838	\$18,948	\$19,108	19,028 0.000
1	175,034	18,926	2,958	2,958	3,312,652	517,688	517,688	\$0.11	\$0.16	\$0.16	\$18,736	\$18,846	\$19,006	18,926 0.000
1	74,446	20,480	3,566	3,566	1,524,688	265,484	265,484	\$0.11	\$0.16	\$0.16	\$20,290	\$20,400	\$20,560	20,480 0.000
1	117,159	19,316	2,569	2,569	2,262,995	301,018	301,018	\$0.11	\$0.16	\$0.16	\$19,126	\$19,236	\$19,396	19,316 0.000
1	69,038	15,952	1,942	1,942	1,101,303	134,083	134,083	\$0.11	\$0.16	\$0.16	\$15,762	\$15,872	\$16,032	15,952 0.000
1	4,828	18,786	3,278	3,278	90,699	15,824	15,824	\$0.11	\$0.16	\$0.16	\$18,596	\$18,706	\$18,866	18,786 0.000
1	483,674	20,096	4,408	4,408	9,719,877	2,132,186	2,132,186	\$0.11	\$0.16	\$0.16	\$19,906	\$20,016	\$20,176	20,096 0.000
1	305,034	18,639	3,514	3,514	5,685,509	1,071,768	1,071,768	\$0.11	\$0.16	\$0.16	\$18,449	\$18,559	\$18,719	18,639 0.000
1	1,208,492	16,120	9,160	9,160	19,480,544	11,069,787	11,069,787	\$0.11	\$0.16	\$0.16	\$15,930	\$16,040	\$16,200	16,120 0.000
1	75,858	23,439	4,505	4,505	1,778,028	341,762	341,762	\$0.11	\$0.16	\$0.16	\$23,249	\$23,359	\$23,519	23,439 0.000
1	899,898	28,068	3,492	3,492	25,258,282	3,142,295	3,142,295	\$0.11	\$0.16	\$0.16	\$27,878	\$27,988	\$28,148	28,068 0.000
1	0	0	0	0	0	0	0	\$0.11	\$0.16	\$0.16	\$0,000	\$0,000	\$0,000	0,000 0.000
1	30,577,146	21,241	7,100	7,100	649,478,355	217,110,302	217,110,302	\$0.11	\$0.16	\$0.16	\$21,051	\$21,161	\$21,321	21,241 0.000
1	40,640,945	19,122	3,673	3,673	777,116,379	149,273,075	149,273,075	0	\$0.47	\$0.47	\$18,887	\$18,887	\$19,357	19,122 0.000
1	10,954,317	19,541	4,190	4,190	214,054,461	45,898,626	45,898,626	\$0.11	\$0.16	\$0.16	\$19,351	\$19,461	\$19,621	19,541 0.000
1	8,367,523	19,828	3,950	3,950	165,908,407	33,050,777	33,050,777	\$0.11	\$0.16	\$0.16	\$19,638	\$19,748	\$19,908	19,828 0.000
1	3,689,737	16,208	2,939	2,939	59,803,414	10,844,491	10,844,491	\$0.11	\$0.16	\$0.16	\$16,018	\$16,128	\$16,288	16,208 0.000
1	1,787,045	19,422	4,058	4,058	34,708,720	7,251,430	7,251,430	\$0.11	\$0.16	\$0.16	\$19,232	\$19,342	\$19,502	19,422 0.000

Calculations To Get Year-End 2003 ST Hourly Rates for U.S. (Highly Confidential)

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Type Ord	2003				Full Float		(Check by Calculating)		Increases			Full Float		Check	Diff.
	ST Hrs Pd		2003 Avg.		2003		During Year			Straight Time Hourly Rate					
	Group 2 - G.W.I. (Pct) mid-year	ST-ULS	PFTNW	ST-UnionLS	PFTNW	Q1	Q1	Q3	Q3	12/31/2002	12/31/2003	Avg.			
2	IC	BMWE	937,541	19,083	2,214	17,891,161	2,075,525				3.00%	\$18,801	\$19,365	19,083	0.000
2	IC	BRS	209,134	22,170	3,419	4,636,524	715,066				3.00%	\$21,842	\$22,498	22,170	0.000
2	IC	IAM	256,549	20,839	2,652	5,346,121	680,314				3.00%	\$20,531	\$21,147	20,839	0.000
2	IC	IBBM	74,273	18,758	1,635	1,393,236	121,403				3.00%	\$18,481	\$19,036	18,758	0.000
2	IC	IBEW	209,303	21,106	3,901	4,417,560	816,537				3.00%	\$20,794	\$21,418	21,106	0.000
2	IC	IBFO	72,860	17,241	1,490	1,256,173	108,597				3.00%	\$16,986	\$17,496	17,241	0.000
2	IC	SMW	31,025	21,011	2,927	651,873	90,814				3.00%	\$20,701	\$21,322	21,011	0.000
2	IC	TCU	604,899	21,364	3,955	12,923,270	2,392,247				3.00%	\$21,049	\$21,680	21,364	0.000
2	IC	TCU-CAR	553,515	20,456	2,566	11,322,470	1,420,100				3.00%	\$20,153	\$20,758	20,456	0.000
2	NS	ATDA	806,669	26,403	4,870	21,298,828	3,928,466				2.50%	\$26,077	\$26,729	26,403	0.000
2	zNat'l	BRS	10,824,080	21,959	5,023	237,691,074	54,372,175				3.00%	\$21,635	\$22,284	21,959	0.000
2	zNat'l	IBBM	1,672,831	19,063	2,970	31,889,863	4,968,665				2.50%	\$18,828	\$19,299	19,063	0.000
2	zNat'l	TCU	17,943,532	21,120	5,213	378,974,440	93,532,106				3.00%	\$20,808	\$21,433	21,120	0.000
2	zNat'l	TCU-CAR	17,800,520	20,055	3,867	356,990,377	68,837,683				3.00%	\$19,759	\$20,351	20,055	0.000
2	zNat'l	UTU	73,709,412	19,113	8,489	1,408,771,246	625,700,236				2.50%	\$18,877	\$19,348	19,113	0.000
2	zNat'l	UTU-YMD	1,666,731	26,090	6,550	43,484,566	10,917,457				2.50%	\$25,768	\$26,412	26,090	0.000
Group 3 - G.W.I. Pct Increase Beginning of year															
3	DWP	ATDA	11,046	24,913	3,460	275,187	38,222				3.00%	\$24,913	\$24,913	24,913	0.000
3	DWP	BRS	10,505	26,835	5,019	281,903	52,723				3.00%	\$26,054	\$26,835	26,835	0.000
3	DWP	IAM	11,478	20,836	4,317	239,150	49,546				3.00%	\$20,229	\$20,836	20,836	0.000
3	DWP	IBEW	3,472	26,611	5,625	92,393	19,529				3.00%	\$25,836	\$26,611	26,611	0.000
3	DWP	TCU	26,010	20,746	4,829	539,594	125,603				3.00%	\$20,141	\$20,746	20,746	0.000
3	DWP	TCU-CAR	20,097	20,651	2,805	415,018	56,372				3.00%	\$20,049	\$20,651	20,651	0.000
3	GTW	ATDA	30,175	29,049	9,114	876,564	275,002				3.00%	\$28,203	\$29,049	29,049	0.000
3	GTW	BMWE	456,210	18,810	2,527	8,581,464	1,152,928				3.00%	\$18,262	\$18,810	18,810	0.000
3	GTW	BRS	112,899	20,687	3,981	2,335,520	449,452				3.00%	\$20,084	\$20,687	20,687	0.000
3	GTW	IAM	49,353	19,824	7,829	978,360	366,375				3.00%	\$19,246	\$19,824	19,824	0.000
3	GTW	IBEW	41,509	21,634	3,394	897,994	140,864				3.00%	\$21,004	\$21,634	21,634	0.000
3	GTW	IBFO	39,212	17,068	2,700	669,262	105,882				3.00%	\$16,571	\$17,068	17,068	0.000
3	GTW	SMW	0	0	0	0	0				3.00%	\$0,000	\$0,000	0.000	0.000
3	GTW	TCU	378,992	21,304	8,017	8,074,031	3,038,284				3.00%	\$21,304	\$21,304	21,304	0.000
3	GTW	TCU-CAR	328,263	19,478	2,726	6,394,000	894,893				3.00%	\$18,911	\$19,478	19,478	0.000
3	GTW	UTU-YMD	77,442	25,606	10,521	1,982,972	814,790				3.00%	\$24,860	\$25,606	25,606	0.000

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Calculations To Get Year-End 2003 ST Hourly Rates for U.S. (Highly Confidential)

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Type Ord	2003 ST Hrs Pd	Full Float 2003 Avg.		(Check by Calculating)		Increases During Year			Straight Time Hourly Rate		Check			
		Group 4 - No Increases during year	ST-ULS	PFTNW	ST-UnionLS	PFTNW	Q1	Q1	Q3	Q3	12/31/2002	12/31/2003		
4	CSX	UTU-YMD	1,130,212	23,568	9,919	26,637,389	11,211,010			0.00%	\$23,568	\$23,568	23,568	0.000
4	GTW	IBBM	0	0	0	0	0			0	\$0.000	\$0.000	0.000	0.000
4	GTW	UTU	614,409	18,015	8,794	11,068,292	5,403,076			0	\$18,015	\$18,015	18,015	0.000
4	NS	BLE	8,866,054	22,214	5,207	196,950,089	46,161,761			0	\$22,214	\$22,214	22,214	0.000
Group 5 - No Info - probably non-union (increase same as national non-union)														
5	CCP	BMWE	176,667	17,752	2,108	3,136,205	372,418			4.00%	\$17,069	\$17,752	17,752	0.000
5	CCP	BRS	29,621	22,236	2,979	658,663	88,240			4.00%	\$21,381	\$22,236	22,236	0.000
5	CCP	IAM	18,491	19,663	2,606	363,591	48,185			4.00%	\$18,907	\$19,663	19,663	0.000
5	CCP	IBEW	15,639	19,954	4,384	312,057	68,567			4.00%	\$19,186	\$19,954	19,954	0.000
5	CCP	IBFO	1,922	16,727	2,624	30,477	4,761			4.00%	\$16,084	\$16,727	16,727	0.000
5	CCP	TCU	32,720	19,472	3,531	637,110	115,542			4.00%	\$18,723	\$19,472	19,472	0.000
5	CCP	TCU-CAR	34,723	19,792	3,083	687,223	107,064			4.00%	\$19,030	\$19,792	19,792	0.000
5	DWP	BMWE	78,959	18,969	2,864	1,497,786	226,111			4.00%	\$18,240	\$18,969	18,969	0.000
5	DWP	IBBM	4,528	19,922	3,529	90,207	15,980			4.00%	\$19,156	\$19,922	19,922	0.000
5	SSAM	BMWE	60,455	19,333	3,143	1,168,761	190,034			4.00%	\$18,589	\$19,333	19,333	0.000
5	SSAM	BRS	1,168	25,045	12,500	29,252	14,600			4.00%	\$24,081	\$25,045	25,045	0.000
5	SSAM	IBEW	3,612	26,220	2,621	94,705	9,467			4.00%	\$25,211	\$26,220	26,220	0.000
5	SSAM	TCU-CAR	5,581	19,748	2,729	110,212	15,230			4.00%	\$18,988	\$19,748	19,748	0.000
5	WC	ATDA	72,116	32,322	3,216	2,330,901	231,958			4.00%	\$31,078	\$32,322	32,322	0.000
5	WC	BMWE	753,886	17,375	2,283	13,098,566	1,720,895			4.00%	\$16,706	\$17,375	17,375	0.000
5	WC	BRS	134,880	23,074	3,197	3,112,272	431,180			4.00%	\$22,187	\$23,074	23,074	0.000
5	WC	IAM	104,581	19,239	3,046	2,012,036	318,527			4.00%	\$18,499	\$19,239	19,239	0.000
5	WC	IBBM	28,101	25,594	2,229	719,210	62,628			4.00%	\$24,609	\$25,594	25,594	0.000
5	WC	IBEW	38,596	20,954	3,506	808,743	135,314			4.00%	\$20,148	\$20,954	20,954	0.000
5	WC	TCU	228,320	21,717	1,920	4,958,515	438,487			4.00%	\$20,882	\$21,717	21,717	0.000
5	WC	TCU-CAR	410,071	16,614	2,360	6,813,074	967,758			4.00%	\$15,975	\$16,614	16,614	0.000
5	WC	UTU-YMD	60,565	30,484	1,228	1,846,265	74,380			4.00%	\$29,312	\$30,484	30,484	0.000

file: YearEnd2003RCAF.xls

Association of American Railroads

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Calculations To Get Year-End 2003 ST Hourly Rates for U.S. (Highly Confidential)

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Type Ord		2003		Full Float		(Check by Calculating)		Increases			Straight Time Hourly Rate		Full Float		Check	Diff.
		ST Hrs Pd	2003 Avg.	ST-ULS	PFTNW	ST-UnionLS	PFTNW	During Year			12/31/2002	1/1/2003	12/31/2003			
								Q1	Q3	Q3						
Group 6 - No ST hours and No Info																
6	CCP ATDA	0	0	0	0	0	0								0.000	0.000
6	CCP IBBM	0	0	0	0	0	0								0.000	0.000
6	CCP SMW	0	0	0	0	0	0								0.000	0.000
6	DWP IBFO	0	0	0	0	0	0								0.000	0.000
6	DWP SMW	0	0	0	0	0	0								0.000	0.000
6	SSAM ATDA	0	0	0	0	0	0		0		\$0.000	\$0.000			0.000	0.000
6	SSAM IAM	0	0	0	0	0	0								0.000	0.000
6	SSAM IBBM	0	0	0	0	0	0								0.000	0.000
6	SSAM IBFO	0	0	0	0	0	0								0.000	0.000
6	SSAM SMW	0	0	0	0	0	0								0.000	0.000
6	SSAM TCU	0	0	0	0	0	0								0.000	0.000
6	SSAM UTU-YMD	0	0	0	0	0	0								0.000	0.000
6	WC IBFO	0	0	0	0	0	0								0.000	0.000
6	WC SMW	0	0	0	0	0	0								0.000	0.000
Group 7 - Difficult to assess because new contract changes work rules (use year's average)																
7	CCP BLE	110,203	26,755	7,832	2,948,476		863,111				\$26,755	\$26,755	\$26,755		26,755	0.000
7	CCP UTU	170,763	17,514	6,085	2,990,799		1,039,124				\$17,514	\$17,514	\$17,514		17,514	0.000
7	DWP BLE	71,329	23,834	12,893	1,700,084		919,644				\$23,834	\$23,834	\$23,834		23,834	0.000
7	DWP UTU	81,108	21,002	13,606	1,703,435		1,103,547				\$21,002	\$21,002	\$21,002		21,002	0.000
7	GTW BLE	457,914	21,941	6,895	10,046,973		3,157,419				\$21,941	\$21,941	\$21,941		21,941	0.000
7	IC BLE	977,957	27,583	6,127	26,975,412		5,991,731				\$27,583	\$27,583	\$27,583		27,583	0.000
7	IC UTU	1,854,865	17,603	5,601	29,131,248		9,269,529				\$17,603	\$17,603	\$17,603		17,603	0.000
7	SSAM BLE	15,242	25,569	4,790	389,717		73,004				\$25,569	\$25,569	\$25,569		25,569	0.000
7	SSAM UTU	14,329	23,131	4,627	331,449		66,294				\$23,131	\$23,131	\$23,131		23,131	0.000
7	WC BLE	717,614	25,509	5,280	18,305,861		3,789,098				\$25,509	\$25,509	\$25,509		25,509	0.000
7	WC UTU	770,260	23,314	4,295	17,957,969		3,308,043				\$23,314	\$23,314	\$23,314		23,314	0.000
Group 8 - Non-union (Increase same as most unions)																
8	CCP UTU-YMD	0	0	0	0	0	0				\$0.000	\$0.000	\$0.000		0.000	0.000
8	DWP UTU-YMD	0	0	0	0	0	0				\$0.000	\$0.000	\$0.000		0.000	0.000
8	IC ATDA	72,320	30,460	3,547	2,202,871		256,546				\$30,460	\$30,460	\$30,460		30,460	0.000
8	IC UTU-YMD	87,517	27,214	8,090	2,381,650		707,986				\$27,214	\$27,214	\$27,214		27,214	0.000
8	UP ATDA	1,150,637	32,730	0.078	37,660,166		89,951				\$32,730	\$32,730	\$32,730		32,730	0.000
8	zNat'l OTHER	46,474,950	36,608	1.051	1,701,377,118		48,857,453				\$36,608	\$36,608	\$36,608		36,608	0.000
Check	Sum	312,004,342	2,085.96	434.96	7,057,017,740		1,656,103,695				2,043,855	2,079,051	2,092,866		2,085.959	0.000
	Total	312,004,342			7,057,017,740		1,656,103,695				(these are merely check sums)					

file: YearEnd2003RCAF.xls

Association of American Railroads

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RCAF and RCR U.S. Final Annual

Railroad Retirement and Medicare

RRB 2002 Stats plus WS 2003

Empl Rcvg Pay 162,491 AAR's 2003 112-Class Summary

Tier I Maximum \$87,000 from RRB for 2003

Tier II Maximum \$64,500 from RRB for 2003

Medicare Max. no limit

Tier I Tax Rate 6.20%

Tier II Tax Rate 14.20% from RRB for 2003

Medicare Rate 1.45%

ST+PFTNW

(informational only)

USA	Rate	Factor	RR Ret Tax
2002	\$27,258		
2003	\$27,952	1.02546	\$484,357,799

Hourly Rate

6.309 Hourly rate from WS-112, SUPPL2003.xls

RCAF and RCR U.S. Final Annual

Railroad Retirement and Medicare, USA for RCAF and RCR Final Annual

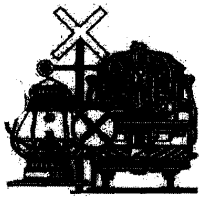
Annual Earnings Groups	Percent of Total Employees	2003 Employees Receiving Pay	2003 Employees Receiving Pay 03 emp * (a)	Avg Annual Earnings 2002 RRB Stats	Est Avg Ann Earnings 2003	Avg Othly Earnings 2003	Tier I Taxable 2003	Tier II Taxable 2003	Medicare Taxable 2003	Tot Tax Emg 2003	Tier I Tot Tax Emg 2003	Tier II Tot Tax Emg 2003	Medicare Tot Tax Emg 2003
\$0 - 21699	0.704	1,144	1,144	\$12,306	\$12,619	\$3,155	\$3,155	\$3,155	\$3,155	\$3,155	\$3,155	\$3,155	\$3,155
21700 - 23699	0.235	382	382	\$22,997	\$22,997	5,742	5,742	5,742	5,742	5,742	5,742	5,742	5,742
23700 - 25699	0.235	382	382	\$25,078	\$25,716	6,429	6,429	6,429	6,429	6,429	6,429	6,429	6,429
25700 - 27699	0.469	762	762	\$26,808	\$27,491	6,873	6,873	6,873	6,873	6,873	6,873	6,873	6,873
27700 - 29699	0.751	1,220	1,220	\$28,673	\$29,403	7,351	7,351	7,351	7,351	7,351	7,351	7,351	7,351
29700 - 31699	0.751	1,220	1,220	\$30,576	\$31,354	7,839	7,839	7,839	7,839	7,839	7,839	7,839	7,839
31700 - 33699	1.220	1,982	1,982	\$32,802	\$33,637	8,409	8,409	8,409	8,409	8,409	8,409	8,409	8,409
33700 - 35699	1.889	2,744	2,744	\$34,798	\$35,684	8,921	8,921	8,921	8,921	8,921	8,921	8,921	8,921
35700 - 37699	2.956	4,803	4,803	\$36,756	\$37,692	9,423	9,423	9,423	9,423	9,423	9,423	9,423	9,423
37700 - 39699	4.880	7,930	7,930	\$38,619	\$39,607	9,952	9,952	9,952	9,952	9,952	9,952	9,952	9,952
39700 - 41699	6.664	10,828	10,828	\$40,736	\$41,773	10,443	10,443	10,443	10,443	10,443	10,443	10,443	10,443
41700 - 43699	7.086	11,514	11,514	\$42,689	\$43,776	10,944	10,944	10,944	10,944	10,944	10,944	10,944	10,944
43700 - 45699	5.772	9,379	9,379	\$44,698	\$45,836	11,459	11,459	11,459	11,459	11,459	11,459	11,459	11,459
45700 - 47699	6.241	10,141	10,141	\$46,673	\$47,861	11,965	11,965	11,965	11,965	11,965	11,965	11,965	11,965
47700 - 49699	4.176	6,786	6,786	\$48,595	\$49,832	12,458	12,458	12,458	12,458	12,458	12,458	12,458	12,458
49700 - 51699	4.130	6,711	6,711	\$50,759	\$52,051	13,013	13,013	13,013	13,013	13,013	13,013	13,013	13,013
51700 - 53699	4.505	7,320	7,320	\$52,639	\$53,979	13,495	13,495	13,495	13,495	13,495	13,495	13,495	13,495
53700 - 55699	3.801	6,176	6,176	\$54,714	\$56,107	14,027	14,027	14,027	14,027	14,027	14,027	14,027	14,027
55700 - 57699	3.191	5,185	5,185	\$56,590	\$58,031	14,508	14,508	14,508	14,508	14,508	14,508	14,508	14,508
57700 - 59699	3.519	5,718	5,718	\$58,514	\$60,106	15,027	15,027	15,027	15,027	15,027	15,027	15,027	15,027
59700 - 61699	3.191	5,185	5,185	\$60,669	\$62,214	15,553	15,553	15,553	15,553	15,553	15,553	15,553	15,553
61700 - 63699	3.003	4,880	4,880	\$62,670	\$64,266	16,066	16,066	16,066	16,066	16,066	16,066	16,066	16,066
63700 - 65699	2.675	4,347	4,347	\$64,738	\$66,386	16,597	16,597	16,597	16,597	16,597	16,597	16,597	16,597
65700 - 67699	2.769	4,499	4,499	\$66,744	\$68,443	17,111	17,111	17,111	17,111	17,111	17,111	17,111	17,111
67700 - 69699	2.440	3,965	3,965	\$68,697	\$70,446	17,612	17,612	17,612	17,612	17,612	17,612	17,612	17,612
69700 - 71699	2.628	4,270	4,270	\$70,835	\$72,638	18,160	18,160	18,160	18,160	18,160	18,160	18,160	18,160
71700 - 73699	2.393	3,888	3,888	\$72,579	\$74,427	18,607	18,607	18,607	18,607	18,607	18,607	18,607	18,607
73700 - 75699	1.736	2,821	2,821	\$74,732	\$76,635	19,159	19,159	19,159	19,159	19,159	19,159	19,159	19,159
75700 - 77699	1.971	3,203	3,203	\$76,681	\$78,633	19,658	19,658	19,658	19,658	19,658	19,658	19,658	19,658
77700 - 79699	1.642	2,668	2,668	\$78,769	\$80,774	20,194	20,194	20,194	20,194	20,194	20,194	20,194	20,194
79700 - 81699	1.267	2,059	2,059	\$80,400	\$82,447	20,612	20,612	20,612	20,612	20,612	20,612	20,612	20,612
81700 - 83699	1.361	2,212	2,212	\$82,804	\$84,912	21,228	21,228	21,228	21,228	21,228	21,228	21,228	21,228
83700 - 85699	1.220	1,982	1,982	\$84,859	\$87,020	21,755	21,755	21,755	21,755	21,755	21,755	21,755	21,755
85700 - 87699	0.845	1,373	1,373	\$86,575	\$88,779	22,195	22,195	22,195	22,195	22,195	22,195	22,195	22,195
87700 - 89699	0.751	1,220	1,220	\$88,567	\$90,822	22,705	22,705	22,705	22,705	22,705	22,705	22,705	22,705
89700 - 91699	0.892	1,449	1,449	\$90,761	\$93,072	23,268	23,268	23,268	23,268	23,268	23,268	23,268	23,268
91700 - 93699	0.751	1,220	1,220	\$92,717	\$95,078	23,769	23,769	23,769	23,769	23,769	23,769	23,769	23,769
93700 - 95699	0.516	838	838	\$94,528	\$96,935	24,234	24,234	24,234	24,234	24,234	24,234	24,234	24,234
95700 - over	4.974	8,082	8,082	\$121,752	\$124,852	31,213	31,213	31,213	31,213	31,213	31,213	31,213	31,213
TOTAL	100.000	162,491	162,491	\$57,817									
Sources:													
(a) rrb_earnings_distribution.sas and rbsmpl02.txt [Year 2002 data]													
										Tax Rate	6.20%	\$2,150,562,457	\$2,408,482,527
										Pmt	14.20%	\$34,922,997	\$34,922,997
										Total Tier I & II & Medicare		\$305,379,869	\$484,357,799

RRB 2002 EARNINGS DATA

Annual Salary Range	Number of Employees	Gross Salary	Group		Cumulative Employees	Cumulative Salary	Average		Cumulative Salary (Cumulative)	Cumulative % Total Employment
			Average Salary (Group)	Employment % Total Employment			Average Salary (Group)	Employment % Total Employment		
\$ 0 TO \$21,699	15	\$184,584	\$12,306	0.704	15	\$184,584	\$12,306	0.704	\$12,306	0.704
\$21,700 TO \$23,699	5	\$111,987	\$22,397	0.235	20	\$296,571	\$14,829	0.939	\$14,829	0.939
\$23,700 TO \$25,699	5	\$125,389	\$25,078	0.235	25	\$421,960	\$16,878	1.173	\$16,878	1.173
\$25,700 TO \$27,699	10	\$268,084	\$26,808	0.469	35	\$690,044	\$19,716	1.642	\$19,716	1.642
\$27,700 TO \$29,699	16	\$458,762	\$28,673	0.751	51	\$1,148,806	\$22,526	2.393	\$22,526	2.393
\$29,700 TO \$31,699	16	\$489,222	\$30,576	0.751	67	\$1,638,028	\$24,448	3.144	\$24,448	3.144
\$31,700 TO \$33,699	26	\$852,855	\$32,802	1.220	93	\$2,490,883	\$26,784	4.364	\$26,784	4.364
\$33,700 TO \$35,699	36	\$1,252,739	\$34,798	1.689	129	\$3,743,622	\$29,020	6.053	\$29,020	6.053
\$35,700 TO \$37,699	63	\$2,315,612	\$36,756	2.956	192	\$6,059,234	\$31,559	9.010	\$31,559	9.010
\$37,700 TO \$39,699	104	\$4,037,221	\$38,819	4.880	296	\$10,096,455	\$34,110	13.890	\$34,110	13.890
\$39,700 TO \$41,699	142	\$5,784,548	\$40,736	6.664	438	\$15,881,003	\$36,258	20.554	\$36,258	20.554
\$41,700 TO \$43,699	151	\$6,446,078	\$42,689	7.086	589	\$22,327,081	\$37,907	27.640	\$37,907	27.640
\$43,700 TO \$45,699	123	\$5,497,833	\$44,698	5.772	712	\$27,824,914	\$39,080	33.412	\$39,080	33.412
\$45,700 TO \$47,699	133	\$6,207,523	\$46,673	6.241	845	\$34,032,437	\$40,275	39.653	\$40,275	39.653
\$47,700 TO \$49,699	89	\$4,324,983	\$48,595	4.176	934	\$38,357,420	\$41,068	43.829	\$41,068	43.829
\$49,700 TO \$51,699	88	\$4,466,791	\$50,759	4.130	1,022	\$42,824,211	\$41,902	47.959	\$41,902	47.959
\$51,700 TO \$53,699	96	\$5,053,311	\$52,639	4.505	1,118	\$47,877,522	\$42,824	52.464	\$42,824	52.464
\$53,700 TO \$55,699	81	\$4,431,840	\$54,714	3.801	1,199	\$52,309,362	\$43,627	56.265	\$43,627	56.265
\$55,700 TO \$57,699	68	\$3,848,119	\$56,590	3.191	1,267	\$56,157,481	\$44,323	59.456	\$44,323	59.456
\$57,700 TO \$59,699	75	\$4,396,087	\$58,614	3.519	1,342	\$60,553,568	\$45,122	62.975	\$45,122	62.975
\$59,700 TO \$61,699	68	\$4,125,490	\$60,669	3.191	1,410	\$64,679,058	\$45,872	66.166	\$45,872	66.166
\$61,700 TO \$63,699	64	\$4,010,869	\$62,670	3.003	1,474	\$68,689,927	\$46,601	69.169	\$46,601	69.169
\$63,700 TO \$65,699	57	\$3,690,081	\$64,738	2.675	1,531	\$72,380,008	\$47,276	71.844	\$47,276	71.844
\$65,700 TO \$67,699	59	\$3,937,907	\$66,744	2.769	1,590	\$76,317,915	\$47,999	74.613	\$47,999	74.613
\$67,700 TO \$69,699	52	\$3,572,250	\$68,697	2.440	1,642	\$79,890,165	\$48,654	77.053	\$48,654	77.053
\$69,700 TO \$71,699	56	\$3,966,756	\$70,835	2.628	1,698	\$83,856,921	\$49,386	79.681	\$49,386	79.681
\$71,700 TO \$73,699	51	\$3,701,548	\$72,579	2.393	1,749	\$87,558,469	\$50,062	82.074	\$50,062	82.074
\$73,700 TO \$75,699	37	\$2,765,090	\$74,732	1.736	1,786	\$90,323,559	\$50,573	83.810	\$50,573	83.810

RRB 2002 EARNINGS DATA

Annual Salary Range	Number of Employees	Gross Salary	Group		Cumulative Employees	Cumulative Salary	Average Salary (Cumulative)	Cumulative % Total Employment
			Average Salary (Group)	% Total Employment				
\$75,700 TO \$77,699	42	\$3,220,622	\$76,681	1.971	1,828	\$93,544,181	\$51,173	85.781
\$77,700 TO \$79,699	35	\$2,756,905	\$78,769	1.642	1,863	\$96,301,086	\$51,691	87.424
\$79,700 TO \$81,699	27	\$2,170,798	\$80,400	1.267	1,890	\$98,471,884	\$52,102	88.691
\$81,700 TO \$83,699	29	\$2,401,313	\$82,804	1.361	1,919	\$100,873,197	\$52,566	90.052
\$83,700 TO \$85,699	26	\$2,206,328	\$84,859	1.220	1,945	\$103,079,525	\$52,997	91.272
\$85,700 TO \$87,699	18	\$1,558,345	\$86,575	0.845	1,963	\$104,637,870	\$53,305	92.116
\$87,700 TO \$89,699	16	\$1,417,066	\$88,567	0.751	1,979	\$106,054,936	\$53,590	92.867
\$89,700 TO \$91,699	19	\$1,724,450	\$90,761	0.892	1,998	\$107,779,386	\$53,944	93.759
\$91,700 TO \$93,699	16	\$1,483,475	\$92,717	0.751	2,014	\$109,262,861	\$54,252	94.510
\$93,700 TO \$95,699	11	\$1,039,806	\$94,528	0.516	2,025	\$110,302,667	\$54,470	95.026
\$95,700 AND OVER	106	\$12,905,708	\$121,752	4.974	2,131	\$123,208,375	\$57,817	100.000
TOTAL	2,131	\$123,208,375	\$57,817	100.000	2,131	\$123,208,375	\$57,817	100.000



RRB News

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Year 2003 Railroad Retirement and Unemployment Insurance Taxes

Railroad retirement tax rates on employees remain the same in 2003 while the overall rate for employers decreases, but the amounts of compensation subject to these payroll taxes increase for both employees and employers as a result of indexing to average national wage increases. The railroad unemployment insurance experience-based tax rates paid by employers to fund railroad unemployment and sickness insurance benefits in 2003 will continue to include a surcharge of 2.5 percent.

Retirement Taxes. - The railroad retirement tier I payroll tax rate on covered rail employers and employees for the year 2003 remains at 7.65 percent, and the tier II tax rate on employees will remain at 4.90 percent in 2003, but the tier II tax rates on employers and employee representatives will decrease to 14.20 percent in 2003. The tier II tax rates for employers and employee representatives had been 15.60 percent and 14.75 percent, respectively, in 2002. An employee representative is a labor official of a non-covered labor organization who represents employees covered under the Acts administered by the Railroad Retirement Board.

The railroad retirement tier I tax rate of 7.65 percent for employers and employees is the same as the social security tax, and for withholding and reporting purposes is divided into 6.20 percent for retirement and 1.45 percent for Medicare hospital insurance. The maximum amount of an employee's earnings subject to the 6.20 percent rate will increase to \$87,000 in 2003 from \$84,900 in 2002. There is no maximum on earnings subject to the 1.45 percent Medicare rate; all of an employee's compensation is subject to the Medicare tax.

The maximum amount of earnings subject to the railroad retirement tier II tax of 4.90 percent on employees, and 14.20 percent on employers, will increase to \$64,500 from \$63,000.

(More)

In 2003, the railroad retirement tax on an employee earning \$87,000 will be \$9,816.00 compared to \$6,655.50 under social security, and the employer's tax will be \$15,814.50. In 2002, the regular railroad retirement tax on an employee earning \$84,900 was \$9,581.85 and the employer's regular railroad retirement tax on such an employee was \$16,322.85.

The Railroad Retirement and Survivors' Improvement Act of 2001, among other provisions, amended the Internal Revenue Code to reduce tier II tax rates on rail employers in 2002 and 2003, and provided for future adjustments in the tier II tax rates assessed on both rail employers and employees, depending on railroad retirement fund levels.

Unemployment Insurance Taxes. - Employers, but not employees, also pay railroad unemployment insurance taxes, which are experience-rated by employer. The basic tax rates range from a minimum of 0.65 percent to a maximum of 12 percent on monthly earnings up to \$1,120 in 2003, up from \$1,100 in 2002. However, the Railroad Unemployment Insurance Act also provides for a surcharge in the event the Railroad Unemployment Insurance Account balance falls below an indexed threshold amount, and such a surcharge of 2.5 percent applied in 2002. Since the accrual balance of the Railroad Unemployment Insurance Account was \$40 million on June 30, 2002, which was less than the indexed threshold of \$57 million, a surcharge of 2.5 percent will again be added to the basic tax rates in 2003, but not so as to increase the maximum 12 percent rate.

Consequently, in 2003 the unemployment insurance tax rates on railroad employers will range from 3.15 percent (the minimum basic rate of 0.65 percent plus the 2.5 percent surcharge) to a maximum of 12 percent on monthly compensation up to \$1,120.

The 2.5 percent surcharge will not apply to new employers in 2003, and new employers will initially pay a tax rate of 2.36 percent, which represents the average rate paid by all employers in the period 1999-2001.

For 68 percent of covered employers, the unemployment insurance rate assessed will be 3.15 percent in 2003, which is \$35.28 per month for each employee with earnings of \$1,120 or more per month, and 12 percent will be assessed a rate of 12 percent, which is \$134.40 per month for each employee with earnings of \$1,120 or more per month.

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AAR 2003 Final 112-Class Wage Statistics U.S.

Union	Employees	Straight Time		PFTNW	Union Lump
	Paid	Hours	Comp.	Comp.	Sums
UTU	39,510	78,223,638	\$1,495,333,203	\$656,959,636	\$3,898,221
TCU	11,557	19,698,147	417,633,636	101,774,455	1,806,799
BLE	25,764	56,462,240	1,234,345,006	409,161,610	30,602,338
SMW	1,055	1,822,898	35,451,292	7,358,068	0
BRS	6,182	11,434,395	251,082,652	56,497,054	204,270
BMWE	25,190	44,059,377	839,971,714	157,738,470	98,944
TCU-CAR	10,821	19,457,804	388,441,541	73,370,868	23,658
IBFO	2,213	3,872,669	62,905,979	11,197,834	45,350
IAM	6,588	11,569,803	226,351,489	47,899,261	45,118
IBBM	1,020	1,854,179	35,744,181	5,434,160	126,977
IBEW	4,921	8,796,813	174,872,886	34,542,073	78,032
ATDA	2,414	4,279,206	129,008,982	18,103,073	1,941,384
UTU-YMD	2,387	3,998,223	104,684,055	27,209,680	1,314,903
OTHER	22,869	46,474,950	1,701,377,118	48,857,453	0
Total	162,491	312,004,342	\$7,097,203,734	\$1,656,103,695	\$40,185,994
ST Comp less Union Lump Sums			\$7,057,017,740		