

ASSOCIATION
OF AMERICAN
RAILROADS

Craig F. Rockey
Vice President - Policy & Economics



December 5, 2005

215288

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 first quarter 2006 All-Inclusive Index and Rail Cost Adjustment Factor, filed in Ex Parte No. 290 (Sub-No. 5) (2006-1), *Quarterly Rail Cost Adjustment Factor*. The versions of RCAF-related indices covered in this filing are: the All-Inclusive Index (initiated in the second quarter 1985), the Unadjusted RCAF (produced since October 1982), the Adjusted RCAF (first published in the second quarter of 1989), and the RCAF-5 (created by the STB in its Ex Parte No. 290 (Sub-No. 7) decision served October 3, 1996). The table below summarizes the first quarter 2006 results on the fourth quarter 2002 base, and shows the percentage changes from the previous quarter.

	<u>2005Q4</u>	<u>2006Q1</u>	<u>% Change</u>
All-Inclusive Index	117.3	116.6	-0.6
Preliminary RCAF	1.173	1.166	-0.6
Forecast Error Adjustment	0.012	0.011	
RCAF (Unadjusted)	1.185	1.177	-0.7
Productivity Adjustment Factor	2.0715	2.0864	
RCAF (Adjusted)	0.572	0.564	-1.4
PAF-5	2.1616	2.1772	
RCAF-5	0.548	0.541	-1.3

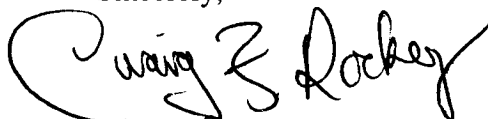
Page 2

December 5, 2005

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

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

Sincerely,

A handwritten signature in black ink, reading "Craig F. Rockey". The signature is written in a cursive, flowing style with a large initial "C".

Craig F. Rockey

Attachments

**First Quarter 2006
All-Inclusive Index**

Ex Parte No. 290 (Sub-No. 5) (2006-1)

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

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

December 5, 2005

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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 first quarter of 2006.

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 (2003) weights were used for the fourth quarter of 2004 through the third quarter of 2005. Beginning with the fourth quarter of 2005, the 2004 weights are used. Like the previous year, Fuel and Other Expenses had the biggest increases in weights. Expenses used for each category's weight calculation all increased by a minimum of five percent, but Fuel and Other experienced the two largest percentage increases in expenses, resulting in an increase in their weights. Labor expenses did not increase as much as most of the others, and had the biggest percentage point (1.5) drop in weighting. All other changes in weights ranged from zero to a decrease of one half of a percentage point. The 2004 (current) and 2003 (previous) weights are shown below.

RCAF Weights		
	Previous 2003	Current 2004
Labor	37.5 %	36.0 %
Fuel	10.6	12.1
Materials & Supplies	4.4	4.4
Equipment Rents	9.4	8.9
Depreciation	10.7	10.6
Interest	3.2	3.0
Other	24.2	25.0

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

First Quarter 2006

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.

		Forecast		
	2004	Previous	Current	Percent
	Weights	2005Q4	2006Q1	Change
1. Labor	36.0%	287.7	292.1	1.5 %
2. Fuel	12.1%	276.2	226.4	-18.0
3. M&S	4.4%	179.9	185.6	3.2
4. Equipment Rents	8.9%	181.4	184.6	1.8
5. Depreciation	10.6%	185.1	195.0	5.3
6. Interest	3.0%	92.7	92.7	0.0
7. Other	25.0%	176.2	182.1	3.3
8. Weighted Average				
a. 1980 = 100		227.5	226.1	
b. 1980 = 100 (linked)		225.3	223.9 ¹	
c. 4Q02 = 100		117.3	116.6 ²	-0.6

¹ To calculate the 1980 = 100 Linked Index:

$$\begin{aligned} \text{Index}_{80} &= (\text{Current Index} / \text{Previous Index}) * \text{the Previous Quarter Linked Index} \\ &= 226.1 \quad \text{divided by} \quad 227.5 \quad \text{times} \quad 225.3 \\ &= 223.9 \end{aligned}$$

² To calculate the 4Q02 = 100 index:

$$\begin{aligned} \text{Index}_{4Q02} &= (\text{Current Linked Index} / 4Q02 \text{ Linking Factor}) * 100 \\ &= 223.9 \quad \text{divided by} \quad 192.1 \quad \text{times} \quad 100 \\ &= 116.6 \end{aligned}$$

$$4Q97 \text{ based index} = 129.3$$

$$4Q92 \text{ based index} = 142.7$$

$$4Q87 \text{ based index} = 169.4$$

Forecast vs. Actual All-Inclusive Index Third Quarter 2005

As shown below, the third quarter actual index of 114.1 is 1.1 index points above the forecast value of 113.0. Therefore, the forecast error adjustment for the first quarter 2006 is 1.1 index points.

	2003	Third Quarter 2005		Amt
	Weights	Forecast	Actual	Difference
1. Labor	37.5%	291.1	290.9 ¹	
2. Fuel	10.6%	193.6	212.3	
3. M&S	4.4%	179.8	179.8	
4. Equipment Rents ²	9.4%	182.8	181.8	
5. Depreciation	10.7%	180.3	178.9	
6. Interest	3.2%	90.2	90.2	
7. Other	24.2%	179.5	176.8	
8. Weighted Average				
a. 1980 = 100		220.4	221.4	
b. 1980 = 100 (linked)		217.0	219.2 ³	
c. 4Q02 = 100 ⁴		113.0	114.1	1.1

Forecast error → 1.1 index points

¹ Actual Labor includes July Employee H&W Cost Sharing rates that were not available at time of filing. See page 2 of Appendix A from June 6 filing.

	2003	Third Quarter 2005	
	Weights	Forecast	Actual
Car-Hire	50.1%	175.1	175.1
Lease Rentals	49.9%	179.5	176.8
Weighted Average		177.3	175.9
Weighted Average (linked)		182.8	181.8

³ Linked actual index = (actual index / previous actual index) x previous linked actual index.

$$219.2 = 221.4 / 219.4 \times 217.2$$

⁴ 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 February 18, 2005, the Surface Transportation Board (STB) served a decision in Ex Parte 290 (Sub No. 4) which added the year 2003 to the Productivity Adjustment Factor (PAF) and deleted the year 1998. This creates an average annual productivity for 1999 through 2003 of 2.9 percent – an increase from the 1998 through 2002 average of 2.2 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			
1999 - 2003			
Year	Output Index (1)	Input Index (2)	Productivity ¹ Changes (3)
1999	1.032	1.008	1.024
2000	1.029	0.953	1.079
2001	0.971	0.955	1.016
2002	1.012	1.006	1.006
2003	1.039	1.020	1.019
Average			1.029
Previous Average (1998-2002)			1.022

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 1999-2003 use fourth root of avg. productivity change			1.0072
For 1998-2002 use fourth root of previous avg. change			1.0055
Quarter	Year	PAF	PAF-5
Q1	2005	2.0274	2.1263
Q2	2005	2.0420	2.1380
Q3	2005	2.0567	2.1498
Q4	2005	2.0715	2.1616
Q1	2006	2.0864	2.1772

1998-2002

1999-2003

Rail Cost Adjustment Factor

First Quarter 2006

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 2005Q4	Current 2006Q1	Percent Change
All-Inclusive Index ¹	117.3	116.6	-0.6
Preliminary RCAF ²	1.173	1.166	-0.6
Forecast Error Adjustment ³	<u>0.012</u>	<u>0.011</u>	
RCAF (Unadjusted) ⁴	1.185	1.177	-0.7
Productivity Adjustment Factor ⁵	2.0715	2.0864	
RCAF (Adjusted) ⁶	0.572	0.564	-1.4
PAF-5 ⁷	2.1616	2.1772	
RCAF-5 ⁸	0.548	0.541	-1.3

¹ See All-Inclusive Index on page 3.

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

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

⁴ Preliminary RCAF plus the forecast error adjustment.

⁵ See Productivity on page 5.

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

⁷ See Productivity on page 5.

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

Appendixes

Labor

First Quarter 2006

The first quarter 2006 Labor Index is forecast to rise 1.5 percent. January 1 cost-of living allowance (COLA) increases, and increased health & welfare premiums, were the biggest contributors to the increase.

Wage Index

The Wage Index portion of the Labor Index is forecast to increase 0.7 percent. A non-union wage increase and an increase in cost-of-living allowances (COLA) for most unions caused the increase. Appendix H lists the major railroad unions and their abbreviations.

National Increases: As done in previous years, non-union employees were given a wage increase similar to that of the largest union. In this case, a 15 cent non-union wage increase matches the COLA increase received by the UTU effective July 1. All of the major unions receive a COLA increase of 31 cents effective January 1, with the exception of the BRS, IAM, and BMW. The BRS does not have a provision for COLAs in its contract, and the IAM COLAs do not begin until July 2006. The BMW, which embeds Health & Welfare cost sharing in its wage rate, had a cost-of-living wage adjustment that nets to 19 cents.

Independent Agreements: CN's DW&P and DMIR were part of a 2005 agreement that added BMW employees from those railroads to an agreement already in place with CN's WC employees. This contract was recently received by the AAR and added to the index. A new contract was also added for the IAM and all of CN's U.S. operations. In addition, a new contract was received and added to the index for the CC&P's TCU-Carmen. CN railroads B&LE, DMIR, and GTW all had new (and separate) agreements with the NCFO. In addition to the new contracts, many independent agreements also received COLA increases effective January 1. Some of the independent groups receiving COLA increases were: most of the SOO unions, dispatchers for BNSF and KCS, yardmasters for CSX and UP, BLET members for BNSF and GTW, and GTW's UTU.

Lump Sums: The lump sum rate decreased by a 1.3 cents mostly because of the complete amortization and removal of an amount paid by BNSF to its dispatchers. Small amounts (totaled less than one half of a cent per hour) were added to the rate for bonuses paid in new contracts with various CN railroads.

Back Pay: The back pay rate decreased 6.7 cents mostly because of the complete amortization and removal of amounts relating to last year's new national IBEW contract. Two smaller amounts were also removed, and one new back pay amount was added for various new CN contracts (see Independent Agreements herein).

Labor

First Quarter 2006

Supplements Index

The Supplements Index is forecast to increase 2.9 percent from the fourth quarter filing. Health & Welfare premiums, and payroll tax rates, changed effective January 1.

Health & Welfare: The Health & Welfare hourly rate increased 3.3 percent because of new Health & Welfare premiums effective January 1. Group Health & Life accounted for almost all of the increase (see pages 4 and 5 of this Appendix). New (and higher) employee Health & Welfare cost sharing rates, effective January 1 for most unions, offset a portion of the increase in Health & Welfare premiums – reducing the increase in employer contributions.

Railroad Retirement: The Railroad Retirement and Medicare hourly rate increased 1.5 percent because of higher taxable wage rates for first quarter 2006 and higher taxable earnings for 2006. The Tier I and Tier II tax rates for 2006 are unchanged from 2005. Employer tax rates and taxable earnings for 2004 through 2006 are shown on page 4 of this Appendix.

Unemployment Insurance: The Unemployment Insurance rate increased by 1.1 cents because of slightly higher tax rates and taxable earnings for 2006.

Other: The "Other" category is a reflection of all other fringe benefits, and currently contains employer contributions to employee 401(k) accounts that are recorded as fringe benefits. The increase of 6.2 cents was caused by higher employer contributions.

Labor Index Calculation

As shown in table A-1 on the next page, the 0.7 percent increase in the Wage Index and the 2.9 percent increase in the Supplements Index had a combined effect of a 1.5 percent increase in the Labor Index. The linked first quarter 2006 index is 292.1.

Labor

First Quarter 2006

Table A-1 Labor Index

	2005Q4	2006Q1	Change	
			Percent	Amount
<u>Base Wage</u> – Straight Time & Pay For Time Not Worked	\$29.192	\$29.486	1.0%	\$0.294
Adjustments:				
Lump Sum	0.132	0.119	-9.8%	-0.013
Back Pay	0.258	0.191	-26.0%	-0.067
Other	0.118	0.121	2.5%	0.003
Total Wages	<u>29.700</u>	<u>29.917</u>	0.7%	0.217
Health & Welfare Benefits	4.874	5.035	3.3%	0.161
RR Retirement & Medicare	6.106	6.199	1.5%	0.093
Unemployment Insurance	0.159	0.170	6.9%	0.011
Other	0.041	0.103	151.2%	0.062
Total Supplements	<u>\$11.180</u>	<u>\$11.507</u>	2.9%	0.327
 Total Labor	 \$40.880	 \$41.424		
 Wage Index ¹	 254.2	 256.0	 0.7%	
Supplements Index ²	413.2	425.2	2.9%	
 Total labor Index, 2004 Weights ³	 298.4	 303.0		
Labor Index (linked) ⁴	287.7	292.1	1.5%	

¹ 1980 wage rate \$11.685

² 1980 supplements rate \$2.706

³ 2004 weights: wages, supplements 72.2% 27.8%

⁴ 2006Q1 linked Index = 2005Q4 _{linked} x (2006Q1 / 2005Q4)
 = 287.7 x 303.0 / 298.4

Labor

First Quarter 2006

Supplement Comparisons

Health and Welfare Rates

Plan	Railroad Contribution Per Employee Per Month				
	2004	2005	2006	Change	
				'04-'05	'05-'06
Group Health & Life	\$935.45	\$948.19	\$1,001.02	1.4%	5.6%
Early Retirement Major Medical	70.93	90.57	87.86	27.7%	-3.0%
Group Dental	52.20	47.20	47.20	-9.6%	0.0%
Group Vision	9.37	10.84	10.66	15.7%	-1.7%
Supplemental Sickness					
Maintenance of Way	38.00	36.00	36.00	-5.3%	0.0%
Shop Crafts	61.00	61.00	61.00	0.0%	0.0%
Signalmen	33.00	32.00	32.00	-3.0%	0.0%
Yardmasters	40.74	44.48	47.06	9.2%	5.8%

Railroad Retirement and Medicare

	Earnings Base			Employer Rate		
	2004	2005	2006	2004	2005	2006
Tier I	\$87,900	\$90,000	\$94,200	6.20%	6.20%	6.20%
Tier II	65,100	66,900	69,900	13.10%	12.60%	12.60%
Medicare	no limit	no limit	no limit	1.45%	1.45%	1.45%

Unemployment Insurance

Monthly Taxable Earnings Base			Weighted Avg. Class I Rate		
2004	2005	2006	2004	2005	2006
\$1,130	\$1,150	\$1,195	2.88%	2.28%	2.36%

Labor

First Quarter 2006

NATIONAL RAILWAY LABOR CONFERENCE

EMPLOYEE BENEFITS DEPARTMENT

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November 7, 2005

Mr. Clyde Crimmel
Director Statistical Information
Policy & Communications Department
AAR-5th Floor
50 F Street N.W.
Washington, D.C. 20009

Dear Mr. Crimmel:

The revised employer Payment Rates which are effective January 1, 2006 are as follows:

UNUMProvident - Supplemental Sickness Plans	
ShopCrafts	\$ 61.00
Signalmen	\$ 32.00
Maintenance of Way	\$ 38.00
Trustmark - Supplemental Sickness Plans	
Yardmasters	\$ 47.06
Railroad Employees National Health & Welfare Plan & National Railway Carriers/United Transportation Union H&W Plan	
Non-Hospital Road	\$1,001.02
Railroad Employees National Early Retirement Major Medical Benefit Plan	
Non-Hospital Road	\$ 87.86
Aetna - National Dental Plan	\$ 47.20
VSP - National Vision Plan	\$ 10.66

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

Very truly yours,



Susan E. Parks

cc: Glen Williams

Fuel

First Quarter 2006

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

Railroad fuel prices have increased every month in 2005 except January and May, and both September and October prices jumped over 10 percent. Much of the September-October fuel price increase was supply related, as Hurricanes Katrina (Gulf Coast August 29) and Rita (Gulf Coast September 24) caused significant damage to the U.S. oil-production infrastructure. The hurricanes inflicted their wrath on 192 oil and natural gas drilling rigs and producing platforms, which were damaged, set adrift, or sunk. Domestic refineries* suffered from wind damage, flooding, and power outages – about 25 percent of domestic refining capacity was out of commission for the last week of September. The refineries have been faster than the crude oil production facilities in restoring capacity, but both are expected to have capacity at pre-hurricane levels by the second quarter of 2006. As production capacity increases, prices should retreat from their October highs, especially if extra import oil becomes available. During November, heating oil** prices have already begun declining. The railroads believe that January (first quarter) prices will be lower than their record October levels, but still higher than third quarter pre-Katrina fuel prices. Therefore, the Fuel Index has been forecast to decrease 18.0 percent from the previous quarter forecast, which means an 20.1 percent decrease from the previous quarter actual price.

Forecast fuel index	226.4
Change from previous quarter forecast	-18.0%
Change from previous quarter actual	-20.1%

* Diesel fuel used by locomotives is made from refined crude oil.

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

Materials & Supplies

First Quarter 2006

The Materials & Supplies Index increased 3.2 percent from the fourth quarter of 2005. Locomotive lubrication oil prices increased by over 10 percent for every railroad. In addition, price increases for both the entire metal products and forest products categories averaged 2.0 and 2.5 percent, respectively.

2006Q1 Materials & Supplies Index = 185.6

2005Q4 Materials & Supplies Index = 179.9

Difference	5.7 basis points
	or
	3.2 %

Equipment Rents

First Quarter 2006

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

Car Hire

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

Lease Rentals

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

Equipment Rent Index Calculation

The table below calculates the Equipment Rent Index. The 0.2 percent increase in the Car Hire portion of the Index was caused by higher rates for privately-owned tank cars. A 3.3 percent increase in Lease Rentals combined with the increase in Car Hire to cause the overall Equipment Rent Index to rise 1.8 percent.

	2004 Weight	2005Q4	2006Q1	Percent Change
Car Hire	51.0%	175.6	176.0	0.2 %
Lease Rentals	49.0%	176.2	182.1	3.3
Weighted Average		175.9	179.0	1.8
Weighted Average (Linked)		181.4	184.6	1.8

Depreciation

First Quarter 2006

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

Forecasted depreciation index (1982=100)	176.3
Forecasted depreciation index (1980=100)	195.0
Change from previous quarter forecast	5.3%
Change from actual first month of previous quarter	8.3%
Change from same quarter of prior year (actual)	13.6%

Depreciation

First Quarter 2006

PPI RAIL EQUIPMENT

Recommended model: Box-Jenkins

Forecast Model for PPIRE

ARIMA(0,1,0)*(0,1,0) with log transform

Term	Coefficient	Std. Error	t-Statistic	Significance
b[1]	-0.1195	0.1208	-0.9889	0.6730
b[2]	-0.0601	0.1012	-0.5937	0.4448
b[3]	-0.4849	0.1049	-4.6227	1.0000
b[4]	0.4110	0.1203	3.4177	0.9988

Within-Sample Statistics

Sample size 72	Number of parameters 0
Mean 4.942	Standard deviation 0.06
R-square 0.9866	Adjusted R-square 0.9868
Durbin-Watson 1.831	Ljung-Box(18)=21.37 P=0.7389
Forecast error 0.006903	BIC 0.967
MAPE 0.003413	RMSE 1.03
MAD 0.4991	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2005-05	161.300
2005-06	161.200
2005-07	160.300
2005-08	161.800
2005-09	163.000
2005-10	162.800

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2005-11	162.597	165.046	167.531
2005-12	168.409	172.007	175.681
2006-01	167.830	172.231	176.748
2006-02	169.992	175.150	180.465
2006-03	175.474	181.438	187.604
QTR AVG	171.099	176.273	181.606
2006-04	174.374	180.876	187.621
2006-05	174.079	181.101	188.406
2006-06	173.497	180.989	188.804

Interest

First Quarter 2006

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

2004	Interest Rate	7.28%
1980	Interest Rate	7.85%
2006Q1	Interest Index	92.7
2005Q4	Interest Index	92.7
	Percent Change	0.0%

Other Expenses

First Quarter 2006

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 did not increase much during the middle of the year, but jumped in September and October at annual rates over ten percent.

Forecasted Other Expense (1982=100)	162.4
Forecasted Other Expense (1980=100)	182.1
Change from previous quarter forecast	3.3%
Change from actual first month of previous quarter	1.4%
Change from same quarter of prior year (actual)	3.5%

Other Expenses

First Quarter 2006

PPI INDUSTRIAL COMMODITIES LESS FUEL AND RELATED PRODUCTS AND POWER

Recommended model: Exponential Smoothing

Forecast Model for PPILF

Additive Winters: Linear trend, Additive seasonality

Component	Smoothing Weight	Final Value
Level	0.86423	159.86
Trend	0.23375	0.61793
Seasonal	0.99998	

Seasonal Indexes

January - March	0.0053721	0.017126	0.070923
April - June	0.053130	-0.009571	-0.039851
July - September	-0.044504	-0.10243	-0.0094451
October - December	0.33806	-0.032599	-0.24621

Within-Sample Statistics

Sample size 72	Number of parameters 3
Mean 146.7	Standard deviation 5.574
R-square 0.9958	Adjusted R-square 0.9957
Durbin-Watson 1.094	** Ljung-Box(18)=40.27 P=0.9981
Forecast error 0.3654	BIC 0.3911
MAPE 0.001768	RMSE 0.3577
MAD 0.2624	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2005-05	157.400
2005-06	157.000
2005-07	157.100
2005-08	157.300
2005-09	158.700
2005-10	160.200

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2005-11	159.681	160.447	161.214
2005-12	159.731	160.852	161.972
2006-01	160.334	161.721	163.108
2006-02	160.741	162.351	163.961
2006-03	161.217	163.023	164.828
QTR AVG	160.764	162.365	163.966

Railroad and Union Abbreviations

First Quarter 2006

Railroads

ATSF	The Atchison, Topeka & Santa Fe Railway (Merged with Burlington Northern to form BNSF.)
BLE	Bessemer & Lake Erie Railroad (Part of CN's Grand Trunk Corp.)
BNSF	BNSF Railway Company
CC	Chicago, Central & Pacific (Part of CN's Grand Trunk Corp. Sometimes noted as CC&P.)
CN	Canadian National Railway (Commonly known as CN, owns Grand Trunk Corporation.)
CNGT	AAR's abbreviation for Grand Trunk Corporation (Almost all of CN's U.S. operations.)
CP	Canadian Pacific Railway (Also noted as CPR. Owns the U.S. Class I railroad Soo Line.)
CSX	CSX Transportation
DMIR	Duluth, Missabe & Iron Range Company (Part of CN's Grand Trunk Corp.)
DWP	Duluth, Winnipeg & Pacific Railway (Part of CN's Grand Trunk Corp.)
GTW	Grand Trunk Western Railroad (Part of CN's Grand Trunk Corp.)
IC	Illinois Central Railroad (Part of CN's Grand Trunk Corp.)
KCS	Kansas City Southern Railway
NS	Norfolk Southern Combined Railroad Subsidiaries (a.k.a. Norfolk Southern Railway or NS Rail)
SOO	Soo Line Railroad (Canadian Pacific 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
BLET	Brotherhood of Locomotive Engineers and Trainmen Division of the International Brotherhood of Teamsters
BMWED	Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters
BRS	Brotherhood of Railroad Signalmen
IAM	International Association of Machinists and Aerospace Workers
IBBM	International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers
IBEW	International Brotherhood of Electrical Workers
NCFO	National Conference of Firemen and Oilers
SMW	Sheet Metal Workers' International Association
TCU	Transportation Communication International Union
TCU-Carmen	Brotherhood of Railway Carmen Division of the Transportation Communications International Union
UTU	United Transportation Union
UTU-Yard	United Transportation Union Yardmaster Department (also noted as UTU-YMD)

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

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

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2005

RECEIVED

Workpapers Sent to STB for 2006 Q1 RCAF

December 5, 2005

1. Index Calculation Spreadsheet (index_calc.xls, 2 pages)
2. Summary (of ST and PFTNW Hourly Rates)
3. Taxable wages calculation
4. National Contracts spreadsheet, 2 sections (2 and 5 pages)
5. National Increase Applicability and U.S. 2004 Benchmark spreadsheets
6. National Railway Labor Conference COLA adjustment memo
7. National Railway Labor Conference COL wage adjustment memo for BMW
8. 34 Pages of independent contract information - new contracts, COLA pages from existing contracts, national contract participation pages for B&LE and DMIR which were benchmarked separate since CN will eventually have new contracts.
9. Wall Street Journal - 3 month Treasury Bill Rate
10. 2006/Q1 RCAF Lump Sum Amortization (3 pages)
11. 14 Pages of contracts (CN rrs) with lump sums
12. 2006/Q1 RCAF Back Pay Amortization (4 pages)
13. 5 pages of new contract info for back pay
14. Health & Welfare 2006Q1 worksheet (2 pages) with 2 pages of rates information
15. 2-page NRLC memo with employee H&W cost sharing rates for Q1
16. 54 pages of contract info and correspondence relating to H&W cost sharing rates
17. Railroad Retirement spreadsheet (5 pages) & 2-page RRB press release
18. Unemployment Ins. worksheet, 1-page memo for rate, 2 pages from RRB
19. 2-page SAS run for Unemployment Ins.
20. 7 pages of oil news
21. Summary of M&S
22. Car Hire Spreadsheet (2 pages) plus source data (2 pages)
23. 5 pages of PPI-RE for Depreciation including graph, input/output, and BLS data
24. 5 pages of PPI-LF for Other (and Lease Rentals) incl. graph, input/output, BLS data
25. Forecast Error calculation and workpapers (19 pages)

RCAF All-Inclusive Index's Labor Index Based on 2004 Benchmarks

04 Wts.	3Q/05 Original	3Q/05 Rebenchd	% Chg fr. Orig	4Q/05	% Chg	1Q/06	% Chg	2Q/06	% Chg	3Q/06	% Chg
Straight Time	\$23.830	\$23.658	-0.7%	\$23.720	-0.5%	\$23.950	1.0%				
PFTNW	\$5.586	\$5.460	-2.3%	\$5.472	-2.0%	\$5.536	1.2%				
Total	\$29.416	\$29.118	-1.0%	\$29.192	-0.8%	\$29.486	1.0%	\$0.000	--	\$0.000	--
Adjustments											
Lump Sum	\$0.137	\$0.131		\$0.132		\$0.119					
Back Pay	\$0.115	\$0.110		\$0.258		\$0.191					
Other	\$0.124	\$0.118		\$0.118		\$0.121					
Total Wages	\$29.792	\$29.477	-1.1%	\$29.700	-0.3%	\$29.917	0.7%	\$0.000	--	\$0.000	--
Pre-Tax Reduction	(\$0.384)	(\$0.515)		(\$0.543)		(\$0.640)					
Taxable Wages	\$29.408	\$28.962		\$29.157		\$29.277		\$0.000		\$0.000	
H & W	\$5.115	\$4.894	-4.3%	\$4.874	-4.7%	\$5.035	3.3%				
RR Ret & Medicare	\$6.140	\$6.076	-1.0%	\$6.106	-0.6%	\$6.199	1.5%				
Unemp. Insurance	\$0.164	\$0.159	-3.0%	\$0.159	-3.0%	\$0.170	6.9%				
Other	\$0.046	\$0.046	0.0%	\$0.041	-10.9%	\$0.103	151.2%				
Total	\$11.465	\$11.175	-2.5%	\$11.180	-2.5%	\$11.507	2.9%	\$0.000	--	\$0.000	--
Adjustments											
Total Suppl.	\$11.465	\$11.175	-2.5%	\$11.180	-2.5%	\$11.507	2.9%	\$0.000	--	\$0.000	--
Total Labor	\$41.257	\$40.652	-1.5%	\$40.880	-0.9%	\$41.424	1.3%	\$0.000	--	\$0.000	--
Wage Rate Index	0.7220	255.0	252.3	-1.1%	254.2	-0.3%	256.0	0.7%	--	0.0	--
Suppl Index	0.2780	423.7	413.0	-2.5%	413.2	-2.5%	425.2	2.9%	--	0.0	--
Total Labor Index '03 Wts.	304.4										
Total Labor Index '04 Wts.	301.9	297.0	-1.6%	298.4	-1.2%	303.0	1.5%	0.0	--	0.0	--
Labor Index (Linked)	291.1			287.7	-1.2%	292.1	1.5%	0.0	#####	#DIV/0!	--

All Inclusive Index and RCAF

	04 Wts	3Q/05 03 Wts	3Q/05 04 Wts	% Chg	4Q/05	% Chg	1Q/06	% Chg	2Q/06	% Chg	3Q/06	% Chg
Labor	0.360	291.10	291.1	0.0%	287.7	-1.2%	292.1	1.5%	0.0 #####	--	#DIV/0!	--
Fuel	0.121	193.60	193.6	0.0%	276.2	42.7%	226.4	-18.0%	--	--	--	--
M&S	0.044	179.80	179.8	0.0%	179.9	0.1%	185.6	3.2%	--	--	--	--
Equip. Rents	0.089	182.80	182.8	0.0%	181.4	-0.8%	184.6	1.8%	0.0 #####	--	#DIV/0!	--
Depreciation	0.106	180.30	180.3	0.0%	185.1	2.7%	195.0	5.3%	--	--	--	--
Interest	0.030	90.20	90.2	0.0%	92.7	2.8%	92.7	0.0%	92.7 0.0%	92.7 0.0%	92.7	0.0%
Other	0.250	179.50	179.5	0.0%	176.2	-1.8%	182.1	3.3%	--	--	--	--
Weighted Avg. Linked	1.000	220.40 217.00	219.1	-0.6%	227.5 225.3	3.8% 3.8%	226.1 223.9	-0.6% -0.6%	2.8 -98.8% 2.8 -98.7%	--	#DIV/0! #DIV/0!	--
10/1/80 basis		211.30			219.4	3.8%	218.0	-0.6%	2.7 -98.8%	--	#DIV/0!	--
10/1/82		179.50			186.4	3.8%	185.2	-0.6%	2.3 -98.8%	--	#DIV/0!	--
4Q/87		164.10			170.4	3.8%	169.4	-0.6%	2.1 -98.8%	--	#DIV/0!	--
4Q/92		138.30			143.6	3.8%	142.7	-0.6%	1.8 -98.7%	--	#DIV/0!	--
4Q/97		125.30			130.1	3.8%	129.3	-0.6%	1.6 -98.8%	--	#DIV/0!	--
4Q/02 basis		113.00			117.3	3.8%	116.6	-0.6%	1.5 -98.7%	--	#DIV/0!	--
Car Hire	0.510	175.10	175.1	0.0%	175.6	0.3%	176.0	0.2%	--	--	--	--
Lease Rents	0.490	179.50	179.5	0.0%	176.2	-1.8%	182.1	3.3%	0.0	--	0.0	--
Wghted Avg Eq Rents		177.30	177.3	0.0%	175.9	-0.8%	179.0	1.8%	0.0	--	0.0	--
Linked Equipment Rents		182.80			181.4	-0.8%	184.6	1.8%	0.0 #####	--	#DIV/0!	--
Preliminary RCAF	1.130				1.173	3.81%	1.166	-0.6%	0.015 -98.7%	--	#DIV/0!	--
Forecast Error Adj. RCAF Unadjusted	0.006 1.136				0.012 1.185		0.011 1.177					
PAF	2.0567				2.0715	0.72%	2.0864	0.72%				
RCAF Adjusted	0.552				0.572	3.62%	0.564	-1.4%	#DIV/0!	--	#DIV/0!	--
PAF-5	2.1498				2.1616	0.55%	2.1772	0.72%				
RCAF-5	0.528				0.548	3.79%	0.541	-1.3%	#DIV/0!	--	#DIV/0!	--

Hourly Rate for 2006 Q1

Straight Time and Time Paid For But Not Worked

2006Q1 Straight Time Hourly Rate (from national spreadsheet) **\$23.884**
COLA increases

Adjustments to 2004 base:

Adjustments added 2005 Q1

NS BLET	4% GWI	0.025
SOO various ¹	COLA for 5 unions	0.000
Non-union independent	3% GWI	0.008

Adjustments added 2005 Q2

No increase

Adjustments added 2005 Q3

Independent ATDA	\$0.15 COLA BNSF & KCS, 3.5% GWI CSX, 2% GWI SOO	0.003
DMIR BMW & SOO various ²	\$0.11 COLA for BMW and \$0.15 for the rest	0.001
CSX & UP YMD, GTC & SOO mix ³	\$0.15 COLA	0.003
BLE NCFO & SMW, DMIR SMW	\$0.15 COLA (participated in national)	0.000

Adjustments added 2005 Q4

SOO various ⁴	new contracts with retro GWI for 5 unions	0.001
BLE & DMIR IAM	retro GWIs (participated in new nat'l eff 9/1/05)	0.000

Adjustments added 2006 Q1

DMIR BMW, SOO various ⁵	3% retro GWI for DMIR, \$0.31 COLA for SOO except \$0.19 for SOO BMW	0.001
Independent ATDA	\$0.31 COLA for BNSF and KCS	0.001
CSX & UP YMD, GTC (no IC) & SOO mix ³	\$0.31 COLA	0.004
Independent Non-Union	Mostly \$0.15 COLA	0.001
BNSF & GTW BLET, GTW UTU	\$0.31 COLA	0.018
GTW IAM and NCFO	New contracts	0.000

Adjusted \$THR Total	\$23.950
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Pay For Time Not Worked

PFTNW (from national spread sheet)		\$5.521
Ratio Adj \$THR to Nat \$THR	23.950 / 23.884 =	1.00276

Adjusted Pay For Time Not Worked	\$5.536
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¹ COLA for IAM, IBBM, IBEW, IBFO and SMW.

² SOO BLE, BMW, IAM, IBBM, IBEW, IBFO, SMW, AND UTU-YMD. SOO YMD has new contract.

³ B&LE: IBBM, IBEW, TCU, BRC, UTU; DMIR: BLE, IBBM, TCU, BRC, UTU, YMD; SOO: BRS, TCU, BRC, UTU.

Includes IC: BMW, BRS, IAM, IBBM, IBEW, IBFO, SMW, TCU, BRC for 2005Q3 but not 2006Q1

⁴ New contracts for IAM, IBBM, IBEW, IBFO and SMW.

⁵ SOO BMW, IAM, IBBM, IBEW, NCFO, SMW and UTU-YMD.

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.

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

Reduction Calculation for 1Q/2006

U.S. ST Hours = 327,712,768
Wage Statistics are for 2004.

Union Group	Employees	Mo. Rate	Annual \$
TCU (BNSF, CSX, GTW, KCS, NS, UP)	9,553	(\$123.28)	(\$14,132,326.08)
TCU-BRC (BNSF, CSX, KCS, NS, UP)	10,066	(\$123.28)	(\$14,891,237.76)
Indep.\$25 Group (various CN)	2,002	(\$25.00)	(\$600,600.00)
BRS (BNSF, CSX, KCS, NS, UP)	5,697	(\$100.00)	(\$6,836,400.00)
UTU (BNSF, CC, CSX, DWP, GTW, IC, KCS, NS, SOO, UP)	42,273	(\$131.96)	(\$66,940,140.96)
UTU-YMD (BNSF, CSX, GTW, KCS, NS)	1,677	(\$131.96)	(\$2,655,563.04)
BLE (BNSF, CSX, GTW, KCS, NS, UP)	25,909	(\$127.64)	(\$39,684,297.12)
Indep. ATDA (GTW, KCS, NS)	520	(\$127.64)	(\$796,473.60)
Indep. ATDA (BNSF)	699	(\$127.64)	(\$1,070,644.32)
IBEW (BNSF, CSX, GTW, KCS, NS, UP)	4,677	(\$131.96)	(\$7,406,123.04)
Indep. 10 Unions (SOO)	840	(\$110.42)	(\$1,113,033.60)
IBBM (BNSF, CSX, KCS, NS, UP)	1,007	(\$123.28)	(\$1,489,715.52)
Indep YMD (UP)	513	(\$123.28)	(\$758,911.68)
NCFO & SMW (BNSF, CSX, GTW, KCS, NS, UP)	3,174	(\$131.96)	(\$5,026,092.48)
Indep. ATDA (CSX)	524	(\$131.96)	(\$829,764.48)
IAM (BNSF, CSX, KCS, NS, UP)	6,359	(\$106.11)	(\$8,097,041.88)
TCU-CAR (CCP), NCFO (DMIR, BLE, GTW), BMWE (WC&DWP)	433	(\$100.00)	(\$519,600.00)
BMWE (DMIR)	93	(\$56.36)	(\$62,897.76)
Total Union	116,016		(\$172,910,863.32)
All Other @ \$3,064,175.69 total per month			(\$36,770,108.28)
Total			(\$209,680,971.60)

Reduction in Wage Rate Per ST Hour	-\$0.63983156
Deduct this amount from the Wage Rate	-\$0.640

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	0.26927	0.05424	0.19661	0.00549	0.03425	0.13361	0.06023	0.01222	0.03616	0.00609	0.02712	0.01308	0.01242	0.13921
2004 Avg.	19.454	21.550	21.399	19.575	22.847	19.570	20.648	16.345	19.708	18.881	21.249	30.317	25.902	38.769
12/31/04	19.964	21.882	21.552	19.625	23.203	19.638	20.968	16.394	19.759	19.150	21.579	30.477	26.410	38.769
1/1/05	19.964	21.882	21.552	19.625	23.203	19.638	20.968	16.394	19.873	19.150	21.579	30.477	26.410	39.932
4/1/05	19.964	21.882	21.552	19.625	23.203	19.638	20.968	16.394	19.873	19.150	21.579	30.477	26.410	39.932
7/1/05	20.107	22.018	21.631	21.565	23.203	19.740	21.106	17.894	20.016	19.290	21.721	30.477	26.474	39.932
10/1/05	20.107	22.018	21.631	21.565	23.203	19.740	21.106	17.894	21.693	19.290	21.721	30.477	26.474	39.932
1/1/06	20.402	22.297	21.793	21.868	23.203	19.915	21.390	18.190	21.693	19.578	22.013	30.477	26.608	40.082
4/1/06	20.402	22.297	21.793	21.868	23.203	19.915	21.390	18.190	21.693	19.578	22.013	30.477	26.608	40.082
7/1/06	20.402	22.297	21.793	21.868	23.203	19.915	21.390	18.190	21.693	19.578	22.013	30.477	26.608	40.082

Weighted Straight Time Hourly Rate

	UTU	TCU	BLE	SMWIA	BRS	BMWE	TCU-CAR	IBFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2004 Avg.	5.238	1.169	4.207	0.108	0.783	2.615	1.244	0.200	0.713	0.115	0.576	0.397	0.322	5.397	23.082
12/31/04	5.376	1.187	4.237	0.108	0.795	2.624	1.263	0.200	0.715	0.117	0.585	0.399	0.328	5.397	23.330
1/1/05	5.376	1.187	4.237	0.108	0.795	2.624	1.263	0.200	0.719	0.117	0.585	0.399	0.328	5.559	23.496
4/1/05	5.376	1.187	4.237	0.108	0.795	2.624	1.263	0.200	0.719	0.117	0.585	0.399	0.328	5.559	23.496
7/1/05	5.414	1.194	4.253	0.118	0.795	2.637	1.271	0.219	0.724	0.118	0.589	0.399	0.329	5.559	23.698
10/1/05	5.414	1.194	4.253	0.118	0.795	2.637	1.271	0.219	0.785	0.118	0.589	0.399	0.329	5.559	23.679
1/1/06	5.494	1.209	4.285	0.120	0.795	2.661	1.288	0.222	0.785	0.119	0.597	0.399	0.331	5.580	23.884
4/1/06	5.494	1.209	4.285	0.120	0.795	2.661	1.288	0.222	0.785	0.119	0.597	0.399	0.331	5.580	23.884
7/1/06	5.494	1.209	4.285	0.120	0.795	2.661	1.288	0.222	0.785	0.119	0.597	0.399	0.331	5.580	23.884

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	0.26927	0.05424	0.19661	0.00549	0.03425	0.13361	0.06023	0.01222	0.03616	0.00609	0.02712	0.01308	0.13921
2004 Avg.	7.783	5.341	7.169	3.957	4.734	3.531	3.606	2.890	4.034	2.865	4.459	5.622	1.331
12/31/04	7.988	5.423	7.220	3.967	4.807	3.543	3.662	2.899	4.044	2.906	4.528	5.652	1.331
1/1/05	7.988	5.423	7.220	3.967	4.807	3.543	3.662	2.899	4.067	2.906	4.528	5.652	1.371
4/1/05	7.988	5.423	7.220	3.967	4.807	3.543	3.662	2.899	4.067	2.906	4.528	5.652	1.371
7/1/05	8.045	5.457	7.247	4.359	4.807	3.561	3.686	3.164	4.097	2.927	4.558	5.652	1.371
10/1/05	8.045	5.457	7.247	4.359	4.807	3.561	3.686	3.164	4.440	2.927	4.558	5.652	1.371
1/1/06	8.163	5.526	7.301	4.421	4.807	3.593	3.735	3.217	4.440	2.971	4.619	5.652	1.376
4/1/06	8.163	5.526	7.301	4.421	4.807	3.593	3.735	3.217	4.440	2.971	4.619	5.652	1.376
7/1/06	8.163	5.526	7.301	4.421	4.807	3.593	3.735	3.217	4.440	2.971	4.619	5.652	1.376

Pay For Time Not Worked Hourly Rate

UTU	TCU	BLE	SMWIA	BRS	BMWE	TCU-CAR	IBFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2004 Avg.	2.096	0.290	1.410	0.022	0.162	0.472	0.217	0.035	0.146	0.017	0.121	0.074	0.083	0.185
12/31/04	2.151	0.294	1.420	0.022	0.165	0.473	0.221	0.035	0.146	0.018	0.123	0.074	0.084	0.185
1/1/05	2.151	0.294	1.420	0.022	0.165	0.473	0.221	0.035	0.147	0.018	0.123	0.074	0.084	0.191
4/1/05	2.151	0.294	1.420	0.022	0.165	0.473	0.221	0.035	0.147	0.018	0.123	0.074	0.084	0.191
7/1/05	2.166	0.295	1.425	0.024	0.165	0.476	0.222	0.039	0.148	0.018	0.124	0.074	0.084	0.191
10/1/05	2.166	0.296	1.425	0.024	0.165	0.476	0.222	0.039	0.161	0.018	0.124	0.074	0.084	0.191
1/1/06	2.198	0.300	1.435	0.024	0.165	0.480	0.225	0.039	0.161	0.018	0.125	0.074	0.085	0.192
4/1/06	2.198	0.300	1.435	0.024	0.165	0.480	0.225	0.039	0.161	0.018	0.125	0.074	0.085	0.192
7/1/06	2.198	0.300	1.435	0.024	0.165	0.480	0.225	0.039	0.161	0.018	0.125	0.074	0.085	0.192

U.S. National Contract

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UTU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				19.45414	7.78347
12/31/04 Industry Rate				19.96446	7.98765
1/1/05			95.071%	19.96446	7.98765
4/1/05			95.071%	19.96446	7.98765
7/1/05		0.15000	95.071%	20.10707	8.04471
10/1/05			95.071%	20.10707	8.04471
1/1/06		0.31000	95.071%	20.40179	8.16262
4/1/06			95.071%	20.40179	8.16262
7/1/06			95.071%	20.40179	8.16262

TCU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				21.55034	5.34108
12/31/04 Industry Rate				21.88211	5.42331
1/1/05			90.274%	21.88211	5.42331
4/1/05			90.274%	21.88211	5.42331
7/1/05		0.15000	90.274%	22.01752	5.45687
10/1/05			90.274%	22.01752	5.45687
1/1/06		0.31000	90.274%	22.29737	5.52623
4/1/06			90.274%	22.29737	5.52623
7/1/06			90.274%	22.29737	5.52623

BLE

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				21.39949	7.16932
12/31/04 Industry Rate				21.55170	7.22031
1/1/05			52.553%	21.55170	7.22031
4/1/05			52.553%	21.55170	7.22031
7/1/05		0.15000	52.553%	21.63053	7.24672
10/1/05			52.553%	21.63053	7.24672
1/1/06		0.31000	52.553%	21.79345	7.30130
4/1/06			52.553%	21.79345	7.30130
7/1/06			52.553%	21.79345	7.30130

U.S. National Contract

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SMWIA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				19.57516	3.95723
12/31/04 Industry Rate				19.62511	3.96733
1/1/05			97.798%	19.62511	3.96733
4/1/05			97.798%	19.62511	3.96733
7/1/05		0.15000	97.798%	21.56476	4.35944
10/1/05			97.798%	21.56476	4.35944
1/1/06		0.31000	97.798%	21.86793	4.42073
4/1/06			97.798%	21.86793	4.42073
7/1/06			97.798%	21.86793	4.42073

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

BRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				22.84738	4.73371
12/31/04 Industry Rate				23.20313	4.80741
1/1/05			94.553%	23.20313	4.80741
4/1/05			94.553%	23.20313	4.80741
7/1/05		No COLA per NRLC	94.553%	23.20313	4.80741
10/1/05			94.553%	23.20313	4.80741
1/1/06			94.553%	23.20313	4.80741
4/1/06			94.553%	23.20313	4.80741
7/1/06			94.553%	23.20313	4.80741

BMWE

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				19.57028	3.53077
12/31/04 Industry Rate				19.63838	3.54305
1/1/05			92.178%	19.63838	3.54305
4/1/05			92.178%	19.63838	3.54305
7/1/05		0.11000	92.178%	19.73977	3.56134
10/1/05			92.178%	19.73977	3.56134
1/1/06		0.19000	92.178%	19.91491	3.59294
4/1/06			92.178%	19.91491	3.59294
7/1/06			92.178%	19.91491	3.59294

U.S. National Contract

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TCU-Carmen

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				20.64827	3.60575
12/31/04 Industry Rate				20.96795	3.66158
1/1/05			91.776%	20.96795	3.66158
4/1/05			91.776%	20.96795	3.66158
7/1/05		0.15000	91.776%	21.10561	3.68562
10/1/05			91.776%	21.10561	3.68562
1/1/06		0.31000	91.776%	21.39012	3.73530
4/1/06			91.776%	21.39012	3.73530
7/1/06			91.776%	21.39012	3.73530

NCFO

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				16.34456	2.89044
12/31/04 Industry Rate				16.39353	2.89910
1/1/05			95.642%	16.39353	2.89910
4/1/05			95.642%	16.39353	2.89910
7/1/05		0.15000	95.642%	17.89394	3.16444
10/1/05			95.642%	17.89394	3.16444
1/1/06		0.31000	95.642%	18.19043	3.21687
4/1/06			95.642%	18.19043	3.21687
7/1/06			95.642%	18.19043	3.21687

IAM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				19.70808	4.03361
12/31/04 Industry Rate				19.75898	4.04403
1/1/05		0.12000	95.064%	19.87306	4.06737
4/1/05			95.064%	19.87306	4.06737
7/1/05		0.15000	95.064%	20.01566	4.09656
10/1/05			95.064%	21.69313	4.43988
1/1/06			95.064%	21.69313	4.43988
4/1/06			95.064%	21.69313	4.43988
7/1/06			95.064%	21.69313	4.43988

U.S. National Contract

IBBM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				18.88052	2.86488
12/31/04 Industry Rate				19.15049	2.90584
1/1/05			92.861%	19.15049	2.90584
4/1/05			92.861%	19.15049	2.90584
7/1/05		0.15000	92.861%	19.28978	2.92697
10/1/05			92.861%	19.28978	2.92697
1/1/06		0.31000	92.861%	19.57764	2.97065
4/1/06			92.861%	19.57764	2.97065
7/1/06			92.861%	19.57764	2.97065

IBEW

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				21.24949	4.45891
12/31/04 Industry Rate				21.57898	4.52804
1/1/05			94.435%	21.57898	4.52804
4/1/05			94.435%	21.57898	4.52804
7/1/05		0.15000	94.435%	21.72063	4.55777
10/1/05			94.435%	21.72063	4.55777
1/1/06		0.31000	94.435%	22.01338	4.61920
4/1/06			94.435%	22.01338	4.61920
7/1/06			94.435%	22.01338	4.61920

ATDA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				30.31657	5.62185
12/31/04 Industry Rate				30.47670	5.65154
1/1/05			0.000%	30.47670	5.65154
4/1/05			0.000%	30.47670	5.65154
7/1/05			0.000%	30.47670	5.65154
10/1/05			0.000%	30.47670	5.65154
1/1/06			0.000%	30.47670	5.65154
4/1/06			0.000%	30.47670	5.65154
7/1/06			0.000%	30.47670	5.65154

U.S. National Contract

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YDMSTRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				25.90158	6.64825
12/31/04 Industry Rate				26.40969	6.77867
1/1/05			43.151%	26.40969	6.77867
4/1/05			43.151%	26.40969	6.77867
7/1/05		0.15000	43.151%	26.47442	6.79528
10/1/05			43.151%	26.47442	6.79528
1/1/06		0.31000	43.151%	26.60819	6.82962
4/1/06			43.151%	26.60819	6.82962
7/1/06			43.151%	26.60819	6.82962

OTHER

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				38.76901	1.33075
12/31/04 Industry Rate				38.76901	1.33075
1/1/05	3.00%		100.000%	39.93208	1.37068
4/1/05			100.000%	39.93208	1.37068
7/1/05			100.000%	39.93208	1.37068
10/1/05			100.000%	39.93208	1.37068
1/1/06		0.15000	100.000%	40.08208	1.37582
4/1/06			100.000%	40.08208	1.37582
7/1/06			100.000%	40.08208	1.37582

Check Sums

	Increase	Applicable	ST HR	PFTNW HR
2004 AVG			316.21487	63.97002
12/31/04			319.37020	

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

1135.355%

ok matches

ok matches
ok matches

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

ok matches

National Increase Applicability for U.S. Total

Union	Year 2004 ST Hours Pd	Not Part of National Agreements*														U.S. National Increase ST Hours Pd	Percent National Contract
		CSX (E)	BLE (E)	DMIR (E)	GTW (E)	IC (E)	CCP (E)	DWP (E)	SSAM (E)	WC (E)	NS (E)	BNSF (W)	KCS (W)	SOO (W)	UP (W)		
UTU	88,241,837	--	35,798	72,126	603,114	1,517,758	144,481	74,204	13,344	645,620	--	--	--	1,242,975	--	83,892,417	95.071%
TCU	17,774,017	--	41,719	144,200	349,554	519,902	30,482	25,956	0	149,407	--	--	--	467,527	--	16,045,370	90.274%
BLE	64,430,147	--	11,529	51,516	467,230	983,510	108,498	66,589	14,187	571,614	9,319,171	17,948,385	--	1,026,790	--	33,860,128	52.553%
SMW	1,800,206	--	0	4,158	0	33,037	0	0	0	0	--	--	--	2,451	--	1,760,560	97.798%
BRS	11,225,594	--	7,431	1,275	108,347	211,134	29,761	12,280	1,949	129,759	--	--	--	109,563	--	10,614,095	94.553%
BMWE	43,786,404	--	51,482	115,370	443,911	990,764	170,074	79,928	63,861	586,740	--	--	--	922,806	--	40,361,468	92.178%
TCU-CAR	19,736,514	--	35,166	58,087	278,932	562,562	32,457	19,937	0	338,411	--	--	--	297,556	--	18,113,406	91.776%
IBFO	4,005,533	--	1,384	0	27,506	75,785	1,884	0	0	0	--	--	--	68,014	--	3,830,960	95.642%
IAM	11,851,341	--	6,266	35,706	31,544	277,213	13,298	5,339	0	40,191	--	--	--	175,431	--	11,266,353	95.064%
IBBM	1,996,541	--	1,427	5,560	0	68,140	523	904	0	0	--	--	--	65,989	--	1,853,998	92.861%
IBEW	8,886,854	--	8,893	47,138	37,676	212,585	14,342	3,464	8,019	45,218	--	--	--	117,213	--	8,392,306	94.435%
ATDA	4,286,290	775,022	0	15,548	28,979	76,679	0	9,064	0	60,609	790,028	1,189,031	65,292	80,864	1,195,174	0	0.000%
UTU-YMC	4,071,055	1,104,801	0	5,457	70,499	78,130	0	0	0	46,071	--	--	--	70,655	938,739	1,756,703	43.151%
OTHER	45,620,435	--	--	--	--	--	--	--	--	--	--	--	--	--	--	45,620,435	100.000%
TOTAL	327,712,768	1,879,823	201,095	556,141	2,447,292	5,607,099	546,800	297,665	101,360	2,613,640	10,109,199	19,137,416	65,292	4,647,834	2,133,913	277,368,199	1136.355%

Sum (for proofing)

* In some cases, a railroad union is part of the national agreement but is being benchmarked as independent in anticipation of future independent agreements or because of a variation in their interpretation of the agreement.

Statistics based on AAR's 2004 112-Class Wage Statistics and knowledge of contracts as of August 2005.

Percentages are full float.

ATDA (dispatchers) are independent for each railroad.

IC & UP dispatchers are non-union, and given same increases as non-union, but handled independently.

U.S. 2004 Benchmark

	From AAR 112-Class Wage Statistics & Survey				ST \$ Adjusted to Exclude	2004 Average Hourly Rates		12/31/2004 ST HR	ST Hrs. 2004 Weights
	ST Hrs.	ST \$	PFTNW \$	Union L. Sum		ST wo LS	PFTNW		
UTU	88,241,837	\$1,720,288,704	\$686,828,088	\$3,619,940	\$1,716,668,764	\$19,454	\$7,783	\$19,964	0.26927
TCU	17,774,017	385,349,003	94,932,528	2,312,970	383,036,033	21,550	5,341	21,882	0.05424
BLE	64,430,147	1,433,383,058	461,920,119	54,610,571	1,378,772,487	21,399	7,169	21,552	0.19661
SMWIA	1,800,206	35,239,315	7,123,838	0	35,239,315	19,575	3,957	19,625	0.00549
BRS	11,225,594	256,559,201	53,138,674	83,735	256,475,466	22,847	4,734	23,203	0.03425
BMWE	43,786,404	857,923,207	154,599,549	1,010,821	856,912,386	19,570	3,531	19,638	0.13361
TCU-CAR	19,736,514	407,562,798	71,165,022	37,953	407,524,845	20,648	3,606	20,968	0.06023
IBFO	4,005,533	65,513,469	11,577,753	44,801	65,468,668	16,345	2,890	16,394	0.01222
IAM	11,851,341	233,615,256	47,803,665	48,049	233,567,207	19,708	4,034	19,759	0.03616
IBBM	1,996,541	37,755,256	5,719,841	59,521	37,695,735	18,881	2,865	19,150	0.00609
IBEW	8,886,854	188,883,771	39,625,652	42,668	188,841,103	21,249	4,459	21,579	0.02712
ATDA	4,286,290	132,200,878	24,096,882	2,255,276	129,945,602	30,317	5,622	30,477	0.01308
UTU-YMD	4,071,055	106,363,043	27,065,384	916,297	105,446,746	25,902	6,648	26,410	0.01242
OTHER	45,620,435	1,768,659,023	60,709,554	0	1,768,659,023	38,769	1,331	38,769	0.13921
AAR 112 Total	327,712,768	7,629,295,982	1,746,306,549	65,042,602	7,564,253,380	23,082	5,329	23,330	1.00000
Sum (for proofing)						316,21487	63,97002	319,37020	

Year-End Figures are calculated, based on 2004 ws-112 and union contracts, in YearEnd2004RCAF&RCR.xls exhibited in document titled "Year-End 2004 ST Hourly Rates for U.S."
The ST Hours Weights and the Hourly Rates are full float.

NATIONAL RAILWAY LABOR CONFERENCE

ECONOMIC RESEARCH DEPARTMENT

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Director Economic Research
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November 14, 2005

January 1, 2006 Cost-of-Living Allowance
Under 2000-Round National Agreements
BLE, UTU, UTU-Yardmasters, TCU-Clerks,
TCU-Carmen, IBB, NCF&O, IBEW, SMWIA

CIRCULAR NO. 831-12 (BLE)
CIRCULAR NO. 832-13 (UTU/YARDMASTERS)
CIRCULAR NO. 834-11 (CLERKS)
CIRCULAR NO. 837-11 (CARMEN)
CIRCULAR NO. 838-11 (IBB)
CIRCULAR NO. 839-9 (NCF&O)
CIRCULAR NO. 840-11 (IBEW)
CIRCULAR NO. 842-10 (SMWIA)

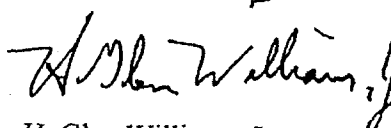
TO MEMBER ROADS:

The 2000-Round National Agreements with the above-referenced organizations provide for a cost-of-living allowance to be payable on January 1, 2006. The COL adjustment will be thirty-one cents, calculated on the basis of the change in the CPI-W for the measurement period March 2005 to September 2005.

This COL adjustment will be rolled into basic rates of pay.

Please note: For BMWWE-represented employees, the total COLA payable on January 1, 2006 is thirty cents (\$0.19 added to the previous \$0.11, NRLC Circular 835-11). The first COLA for IAM-represented employees is payable July 1, 2006. The BRS national agreement does not provide a COLA payable to BRS-represented employees.

Yours very truly,



H. Glen Williams, Jr.

NATIONAL RAILWAY LABOR CONFERENCE

ECONOMIC RESEARCH DEPARTMENT

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November 14, 2005

January 1, 2006 Cost-of-Living Allowance Under the May 31, 2001 BMW National Agreement

CIRCULAR NO. 835-11

TO MEMBER ROADS:

The National Agreement with the Brotherhood of Maintenance of Way Employees provides in Article II, Part B, Section 1 for a cost-of-living wage adjustment to be payable on January 1, 2006. **This wage adjustment will be nineteen (19) cents.**

The 19 cents will be added to the existing 11 cent COL allowance for a total COL allowance of 30 cents effective January 1, 2006.

Calculated on the basis of the change in the CPI-W for the measurement period March 2005 to September 2005, the gross COL adjustment is 31 cents. Article II, Part B, Section 2 provides that such COL amount is subject to reduction by the lesser of (x) 50% of the increase in the carriers' 2006 payment rate for health benefits over the 2005 rate (on an hourly basis) and (y) one-half of the COL amount. Fifty percent of the 2006 increase in BMW health benefits is 12.3 cents, which is less than one-half of the COL amount. Therefore the January 1, 2006 COL wage adjustment is 31 cents minus 12.3 cents, or 19 cents net (rounded).

H. Glen Williams, Jr.

Agreement between

**CANADIAN NATIONAL RAILWAY COMPANY
DULUTH, WINNIPEG & PACIFIC RAILWAY COMPANY
DULUTH, MISSABE AND IRON RANGE RAILWAY COMPANY
MINNESOTA AND MANITOBA RAILWAY COMPANY
WISCONSIN CENTRAL TRANSPORTATION CORPORATION**

and their employees represented by the

BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES

WHEREAS, the Surface Transportation Board, in decisions dated September 5, 2001, (STB Finance Docket No. 34000), and April 9, 2004, (Finance Docket No. 34424), approved the acquisition by Canadian National Railway Company ("CNR" or "CN") of the Wisconsin Central Transportation Corporation ("WCTC" or "WC") and Duluth, Missabe and Iron Range Railway Company ("DMIR") respectively, subject to the conditions for the protection of railroad employees described in New York Dock Railway-Control-Brooklyn Eastern District Terminal, 360 I.C.C. 60 (1979) and

WHEREAS, on July 30, 2004 the CN, Duluth, Winnipeg & Pacific Railway Company ("DWP"), Minnesota and Manitoba Railway Company ("M&M"), DMIR and the WC served notice under Article I, Section 4 of the Protective Conditions of its intent to change operations as a result of the above transactions, and

WHEREAS, the parties to this agreement agree that this Implementing Agreement, made by and between the CN, DWP, M&M, DMIR and the WC and the Brotherhood of Maintenance of Way Employees ("BMWE"), on behalf of employees represented by the BMWE, to establish procedures for the consolidation of the maintenance of way operations of the DWP, M&M, DMIR, and WC, provides the necessary protection of employees,

II: WAGES, RULES AND WORKING CONDITIONS

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

"RULE 04 - SENIORITY TERRITORY

* * * * *

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

ATTACHMENT A

		3% GWI	3% GWI	3% GWI
Pay Grades	Pay Rate July 1, 2004	Pay Rate July 1, 2005	Pay Rate July 1, 2006	Pay Rate July 1, 2007
1	\$ 24.00	\$ 24.72	\$ 25.46	\$ 26.22
2	\$ 22.00	\$ 22.66	\$ 23.34	\$ 24.04
3	\$ 21.00	\$ 21.63	\$ 22.28	\$ 22.95
4	\$ 20.00	\$ 20.60	\$ 21.22	\$ 21.86
5	\$ 19.00	\$ 19.57	\$ 20.16	\$ 20.76
6	\$ 18.00	\$ 18.54	\$ 19.10	\$ 19.67
7	\$ 17.50	\$ 18.03	\$ 18.57	\$ 19.13

Pay Grade	Positions
1	Lead Mechanics
2	Mobile Foreman Structures, Mobile Foreman Track, Track Inspector, Ore Dock Remote Operator, Welder
3	Boom Truck, Brandt Truck, Headquartered Foreman Structures, Headquartered Foreman Track, Jimbo Crane, Lead Tamper, Locomotive Crane, Ore Dock Mechanic/Loader, Rail Pickup Unit (RPU), Relief Operator, Structures Electrician, Structures Plumber, Super Gopher, Tractor Trailer, Truck Crane, Undercutter, Work Equipment Mechanic
4	Assistant Foreman Structures, Assistant Foreman Track, Backup Tamper, Ballast Regulator, Brush Cutter, Jet Snowblower, Loader, Lube Truck Driver, Snow Fighter, Soo Bridge Operator, Speed Swing, Spikers, Structures Carpenter, Tandem Axle Truck Driver, Thermite Welder, Tie Insert Production, Yard Cleaner
5	Backhoe, Dozer, Grader, Tie Insert 925-Loram, Welder Helper, Work Equipment Mechanic Helper
6	Adzer, Anchor Cribber, Anchor Knocker, Anchor Tight, Bolt Machine, Bus Driver, Cribber, Dual Anchor, Fuel Truck Driver, Grabber/Spike Puller, Heater, Plater, Recycle Operator, Scarifier, Scrap Picker, Self-Feeding Anchor Machine, Self-Propelled Adzer-Cribber, Tie Crane, Tie Plugger, Tractor
7	Bridge Tender, Bridgeman, Crane Helper, Trackman, Yard Cleaner Helper

BNSF - ATNA

ARTICLE II - COST-OF-LIVING PAYMENTS**Part A - Cost-of-Living Payments Under National Agreement Dated February 26, 1997**

On September 30, 2004, any cost-of-living allowances from previous agreements, in particular, Article II, Part C of the Agreement dated February 26, 1997, shall be eliminated.

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

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

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

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

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

KCS - ATOA

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

Measurement Periods

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

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

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

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2005	3% of September 2004 CPI
January 1, 2006	6% of September 2004 CPI less the increase from September 2004 to March 2005

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

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

(iii) If the increase in the CPI from the base month of September 2004 to the measurement month of March 2005 exceeds 3% of the September 2004 base index, the measurement period that shall be used for determining the cost-of-living adjustment to be effective the following January shall be the 12-month period from such base month of September; the increase in the index that shall be taken into account shall be limited to that portion of the increase that is in excess of 3% of such September base index; and the maximum increase in that portion of the index that may be taken into account shall be 6% of such September base index less the 3% mentioned in the preceding clause, to which shall be added any residual tenths of points which had been dropped under paragraph (c) below in calculation of the cost-of-living adjustment which shall have become effective July 1, 2005 during such measurement period.

EXHIBIT A
(IBB)

RAILROADS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES DATED NOVEMBER 1, 1999 OF DESIRE TO REVISE AND SUPPLEMENT EXISTING AGREEMENTS IN ACCORDANCE THEREWITH, SERVED BY AND ON BEHALF OF SUCH CARRIERS UPON THE INTERNATIONAL BROTHERHOOD OF BOILERMAKERS AND BLACKSMITHS, AND NOTICES DATED ON OR SUBSEQUENT TO NOVEMBER 1, 1999 AND SERVED ON SUCH CARRIERS BY THE INTERNATIONAL REPRESENTATIVES, OR OTHER RECOGNIZED REPRESENTATIVES, OF THE INTERNATIONAL BROTHERHOOD OF BOILERMAKERS AND BLACKSMITHS FOR CONCURRENT HANDLING THEREWITH.

Subject to indicated footnotes, this authorization is co-extensive with notices filed and with provisions of current schedule agreements applicable to employees represented by the International Brotherhood of Boilermakers and Blacksmiths.

Alameda Belt Line Railway
Alton & Southern Railway Company
The Belt Railway Company of Chicago 2
Bessemer and Lake Erie 1
The Burlington Northern and Santa Fe Railway Company
Consolidated Rail Corporation
CSX Transportation, Inc.
 The Baltimore and Ohio Railroad Company (former)
 The Chesapeake and Ohio Railway Company (former)
 Clinchfield Railroad (former)
 Louisville and Nashville Railroad Company (former)
 Pere Marquette Railway Company (former)
 Seaboard Coast Line Railroad Company (former)
 The Baltimore and Ohio Chicago Terminal Railroad Company

EXHIBIT A
(IBEW)

RAILROADS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES DATED NOVEMBER 1, 1999 OF DESIRE TO REVISE AND SUPPLEMENT EXISTING AGREEMENTS IN ACCORDANCE THEREWITH, SERVED BY AND ON BEHALF OF SUCH CARRIERS UPON THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AND NOTICES DATED ON OR SUBSEQUENT TO NOVEMBER 1, 1999 AND SERVED ON SUCH CARRIERS BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES, OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS FOR CONCURRENT HANDLING THEREWITH.

Subject to indicated footnotes, this authorization is co-extensive with notices filed and with provisions of current schedule agreements applicable to employees represented by the International Brotherhood of Electrical Workers.

The Belt Railway Company of Chicago - 2
Bessemer and Lake Erie Railroad - 1
The Burlington Northern and Santa Fe Railway Company
Consolidated Rail Corporation
CSX Transportation, Inc.
Elgin, Joliet and Eastern Railway Company - 3
Indiana Harbor Belt Railroad Company
The Kansas City Southern Railway Company
Lake Superior & Ishpeming Railroad Company - 4
Norfolk Southern Railway Company
 The Alabama Great Southern Railroad Company
 Atlantic & East Carolina Railway Company
 Central of Georgia Railroad Company
 The Cincinnati, New Orleans & Texas Pac. Ry. Co.
 Georgia Southern and Florida Railway Company
 Interstate Railroad Company
 Tennessee, Alabama and Georgia Railway Company
 Tennessee Railway Company

**EXHIBIT A
(CLERKS)**

RAILROADS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES DATED NOVEMBER 1, 1999 OF DESIRE TO REVISE AND SUPPLEMENT EXISTING AGREEMENTS IN ACCORDANCE THEREWITH, SERVED BY AND ON BEHALF OF SUCH CARRIERS UPON THE TRANSPORTATION-COMMUNICATIONS INTERNATIONAL UNION, AND NOTICES DATED ON OR SUBSEQUENT TO NOVEMBER 1, 1999 AND SERVED ON SUCH CARRIERS BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE TRANSPORTATION-COMMUNICATIONS INTERNATIONAL UNION FOR CONCURRENT HANDLING THEREWITH.

Subject to indicated footnotes, this authorization is co-extensive with notices filed and with provisions of current schedule agreements applicable to employees represented by the Transportation-Communications International Union.

Alameda Belt Line Railway
Alton & Southern Railway Company
American Refrigerator Transit Company
Arkansas & Memphis Railway Bridge & Terminal Company
The Belt Railway Company of Chicago 2
Bessemer & Lake Erie Railroad 1
Brownsville and Matamoros Bridge Company
The Burlington Northern and Santa Fe Railway Company
Allouez Taconite Facility
Brainerd Timber Treating Plant
Central California Traction Company
Chicago and North Western Transportation Company
Chicago Heights Terminal Transfer Railroad
Consolidated Rail Corporation
CSX Transportation, Inc.
CSXT North
The Chesapeake and Ohio Railway Company
Louisville and Nashville Railroad Company

**EXHIBIT A
(TCU-CARMEN)**

RAILROADS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES DATED NOVEMBER 1, 1999 OF DESIRE TO REVISE AND SUPPLEMENT EXISTING AGREEMENTS IN ACCORDANCE THEREWITH, SERVED BY AND ON BEHALF OF SUCH CARRIERS UPON THE BROTHERHOOD RAILWAY CARMEN - DIVISION OF TRANSPORTATION-COMMUNICATIONS INTER-NATIONAL UNION, AND NOTICES DATED ON OR SUBSEQUENT TO NOVEMBER 1, 1999 AND SERVED ON SUCH CARRIERS BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE BROTHERHOOD RAILWAY CARMEN-DIVISION OF TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION FOR CONCURRENT HANDLING THEREWITH.

Subject to indicated footnotes, this authorization is co-extensive with notices filed and with provisions of current schedule agreements applicable to employees represented by the Brotherhood Railway Carmen - Division of TCIU

Alton and Southern Railway Company

The Belt Railway Company of Chicago 3

The Burlington Northern and Santa Fe Railway Company

Bessemer and Lake Erie Railroad Company 6

Consolidated Rail Corporation 5

CSX Transportation, Inc.

The Baltimore and Ohio Railroad Company (former)

The Chesapeake and Ohio Railway Company (former)

Clinchfield Railroad (former)

Louisville and Nashville Railroad Company (former)

Monon Railroad (former)

Pere Marquette Railway Company (former)

Seaboard Coast Line Railroad Company (former)

The Baltimore and Ohio Chicago Terminal Railroad Company

Exhibit A

UTU

CARRIERS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES DATED NOVEMBER 1, 1999 OF DESIRE TO REVISE AND SUPPLEMENT EXISTING AGREEMENTS IN ACCORDANCE THEREWITH, SERVED BY AND ON BEHALF OF SUCH CARRIERS UPON THE UNITED TRANSPORTATION UNION, AND NOTICES DATED ON OR SUBSEQUENT TO NOVEMBER 1, 1999 AND SERVED ON SUCH CARRIERS BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE UNITED TRANSPORTATION UNION FOR CONCURRENT HANDLING THEREWITH.

Subject to indicated footnotes, this authorization is co-extensive with notices filed and with provisions of current schedule agreements applicable to employees represented by the United Transportation Union (E), (C), (T) and/or (S), as indicated by an "X" in the appropriate column(s) below:

RAILROADS	UTU			
	(E)	(C)	(T)	(S)
Alameda Belt Line Ry.		X		X
Alton & Southern Ry.	X			X
The Belt Railway Co. of Chicago			X-2	
Bessemer and Lake Erie R.R.	X-1		X-1	
The Burlington Northern and Santa Fe Ry. Co.	X	X	X	X
Central California Traction Co.	X	X	X	X
Columbia & Cowlitz Ry.	X	X	X	
Consolidated Rail Corporation		X	X	X

(f) The Organization may serve a notice to the Highest Designated Officer of the Carrier, no later than September 30, 2004 to terminate the matched 401(k) program. In the event a majority of the UTU-YM General Chairmen indicates a preference to terminate this program, it will end on December 31, 2004. The fifty (50%) percent match will stop on January 1, 2005 and no 401(k) performance bonus will be paid in 2005. UTU-YM rates will be increased by the two-and one-half (2-1/2%) percent on January 1, 2005 and Appendix J will be reinstated. Should any MICP bonus for 2004 be granted to CSXT management in 2005 for 2004 performance, a commensurate award will be made to UTU-YM members under Appendix J.

(g) If the majority of CSXT UTU-YM General Chairmen elect not to "snap back" to the national wage level pursuant to Paragraph (f) herein, the matched 401(k) program will become a permanent part of the Agreement unless changed by Agreement pursuant to Section 6 of the Railway Labor Act, as amended.

ARTICLE III - COST-OF-LIVING PAYMENTS

Part A - Cost-of-Living Payments Under Appendix D, Document "B" of Award of Arbitration Board No. 559 dated May 8, 1996

Article II, Part C, Document "B" of Appendix D of the Award of Arbitration Board No. 559 dated May 8, 1996, shall be eliminated effective on the date of this Agreement. The cost-of-living allowance pursuant to such provision that is in effect on that date, forty-eight (48) cents per hour (\$4.41 per day, based on the 200 hours application) has been rolled into basic rates of pay and is reflected in the CSXT unified rate tables effective June 30, 2002.

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

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

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

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

Exhibit A
BLE

CARRIERS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES DATED NOVEMBER 1, 1999 OF DESIRE TO REVISE AND SUPPLEMENT EXISTING AGREEMENTS IN ACCORDANCE THEREWITH, SERVED BY AND ON BEHALF OF SUCH CARRIERS UPON THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS, AND NOTICES DATED ON OR SUBSEQUENT TO NOVEMBER 1, 1999 AND SERVED ON SUCH CARRIERS BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS FOR CONCURRENT HANDLING THEREWITH.

Subject to indicated footnotes, this authorization is co-extensive with notices filed and with provisions of current schedule agreements applicable to employees represented by the Brotherhood of Locomotive Engineers:

The Belt Railway Company of Chicago 2
 The Burlington Northern and Santa Fe Railway Company
 Consolidated Rail Corporation
 CSX Transportation, Inc.*
 Baltimore & Ohio Chicago Terminal Railroad Company
 Gainesville Midland Railroad Company
 Richmond, Fredericksburg & Potomac Railway Company
 Duluth, Missabe & Iron Range Railway Company 1
 Elgin, Joliet and Eastern Railway Company 1
 The Kansas City Southern Railway Company
 Longview Switching Company
 Northeast Illinois Regional Commuter Railroad Corporation (METRA) 2
 Portland Terminal Railroad Company
 Union Pacific Railroad Company

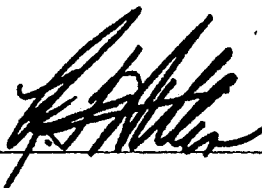
Duluth, Missabe & Iron Range Railway Company 1
Elgin, Joliet and Eastern Railway Company 3
Indiana Harbor Belt Railroad Company
The Kansas City Southern Railway Company
Norfolk Southern Railway Company
 The Alabama Great Southern Railroad Company
 Atlantic and East Carolina Railway Company
 Central of Georgia Railroad Company
 The Cincinnati, New Orleans & Texas Pacific Railway Company
 Georgia Southern and Florida Railway Company
 Interstate Railroad Company
 Tennessee, Alabama and Georgia Railway Company
 Tennessee Railway Company
Northeast Illinois Regional Commuter Railroad Corporation (METRA) 2
Oakland Terminal Railway
Terminal Railroad Association of St. Louis
Union Pacific Railroad Company

* * * * *

Notes:

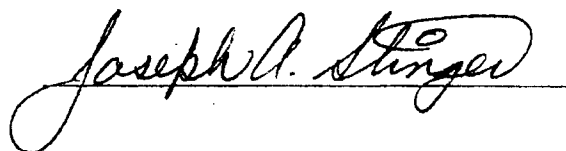
- 1 - Wages & Rules only
- 2 - Health & Welfare and Supplemental Sickness only
- 3 - Wages & Rules and Health & Welfare only

FOR THE CARRIERS:



Washington, D.C.
November 1, 2002

FOR THE INTERNATIONAL
BROTHERHOOD OF BOILER-
MAKERS AND BLACKSMITHS:



Seaboard Coast Line Railroad Company
Denver and Rio Grande Western Railroad
Duluth, Missabe & Iron Range Railway Company 1
Elgin, Joliet and Eastern Railway Company 3
Indiana Harbor Belt Railroad Company
Joint Railroad Agency - National Stock Yards
Kansas City Southern
Kansas City Terminal Railway Company
Lake Superior & Ishpeming Railroad Company 1
Los Angeles Junction Railway Company
New Orleans Public Belt Railroad 2
Norfolk & Portsmouth Belt Line Railroad Company
Norfolk Southern Corporation
 Norfolk Southern Railway Company
 The Alabama Great Southern Railroad Company
 Atlantic and East Carolina Railway Company
 Central of Georgia Railroad Company
 The Cincinnati, New Orleans & Texas Pacific Railway Company
 Georgia Southern and Florida Railway Company
 Tennessee, Alabama and Georgia Railway Company
Northeast Illinois Regional Commuter Railroad Corporation (METRA) 2
Northern Indiana Commuter Transportation District 2
Pacific Fruit Express
Peoria and Pekin Union Railway Company
Port Terminal Railroad Association
Portland Terminal Railroad Company
Southern Pacific St. Louis Southwestern Lines
Southern Pacific Railroad Chicago, St. Louis Lines
Southern Pacific Railroad - East
Southern Pacific Railroad - West
Spokane International Railroad
Terminal Railroad Association of St. Louis
Texarkana Union Station Trust Company
The Texas Mexican Railway Company
Union Pacific Fruit Express
Union Pacific Railroad Company
Western Fruit Express Company

Duluth, Missabe & Iron Range Railway Company 1
 Elgin, Joliet and Eastern Railway Company 4
 Indiana Harbor Belt Railroad Company
 The Kansas City Southern Railway Company
 Lake Superior & Ishpeming Railroad Company 6
 Los Angeles Junction Railway Company
 Manufacturers Railway Company
 New Orleans Public Belt Railroad
 Norfolk Southern Railway Company
 The Alabama Great Southern Railroad Company
 Atlantic and East Carolina Railway Company
 Central of Georgia Railroad Company
 The Cincinnati, New Orleans & Texas Pacific Railway Company
 Georgia Southern and Florida Railway Company
 Interstate Railroad Company
 Tennessee, Alabama and Georgia Railway Company
 Tennessee Railway Company
 Northeast Illinois Regional Commuter Railroad Corporation (METRA) 3
 Northern Indiana Commuter Transportation District 3
 Oakland Terminal Railway
 Peoria and Pekin Union Railway Company
 Port Terminal Railroad Association
 Terminal Railroad Association of St. Louis
 The Texas Mexican Railway Company
 Union Pacific Fruit Express
 Union Pacific Railroad Company
 Utah Railway Company
 Western Fruit Express Company

* * * * *

Notes:

- 1 - Wages & Rules only
- 2 - Health & Welfare only
- 3 - Health & Welfare and Supplemental Sickness only

RAILROADS

UTU
(E) (C) (T) (S)

CSX Transportation, Inc.:

Atlanta & West Point R.R.(former)		X	X	
The Baltimore & Ohio Chicago Term. R.R. Co.	X			X
The Baltimore and Ohio R.R. Co. (former)	X	X	X	

The Chesapeake and Ohio Ry. Co. (former)	X	X	X	X
CSXT Northern (former Conrail)	X	X	X	
Gainesville Midland Railroad Company		X	X	
Louisville & Nashville R.R. Co. (former)			X	X

Nashville, Chattanooga & St. Louis Ry. Co. (former)		X	X	
Seaboard Coast Line R.R. Co. (former)	X	X	X	
Western Railway of Alabama		X	X	

Duluth, Missabe & Iron Range Ry. Co.		X-1	X-1	
Elgin, Joliet and Eastern Ry. Co.	X-1	X-1	X-1	
Kansas City Southern	X	X	X	X

Lake Superior & Ishpeming R.R. Co.	X-1	X-1	X-1	X-1
Longview Switching Co.		X	X	
Los Angeles Junction Railroad Company	X			X

Manufacturers Railway Company	X		X	
New Orleans Public Belt Railroad	X-2			X-2
Norfolk and Ports. Belt Line R.R. Co.	X	X	X	

Exhibit A
(UTU - Ymstrs.)

CARRIERS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES DATED NOVEMBER 1, 1999 OF DESIRE TO REVISE AND SUPPLEMENT EXISTING AGREEMENTS IN ACCORDANCE THEREWITH, SERVED BY AND ON BEHALF OF SUCH CARRIERS UPON THE UNITED TRANSPORTATION UNION, AND NOTICES DATED ON OR SUBSEQUENT TO NOVEMBER 1, 1999 AND SERVED ON SUCH CARRIERS BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE YARDMASTERS DEPARTMENT - UNITED TRANSPORTATION UNION FOR CONCURRENT HANDLING THEREWITH.

Subject to indicated footnotes, this authorization is co-extensive with notices filed and with provisions of current schedule agreements applicable to employees represented by the Yardmasters Department - United Transportation Union.

Alton & Southern Railway
The Burlington Northern and Santa Fe Railway Co.
Consolidated Rail Corporation - 3
Duluth, Missabe & Iron Range Railway Co. - 1
Kansas City Southern
New Orleans Public Belt Railroad - 2
Norfolk & Portsmouth Belt Line Railroad Co.
Norfolk Southern Railway Company
 The Alabama Great Southern Railroad Co.
 Atlantic and East Carolina Railway Co.
 Central of Georgia Railroad Co.

AGREEMENT BETWEEN

**CANADIAN NATIONAL (CN)
BESSEMER AND LAKE ERIE RAILROAD COMPANY (B&LE)
CHICAGO, CENTRAL AND PACIFIC RAILROAD (CCP)
DULUTH, MISSABE AND IRON RANGE RAILWAY COMPANY (DMIR)
DULUTH, WINNIPEG AND PACIFIC RAILWAY COMPANY (DWP)
GRAND TRUNK WESTERN RAILROAD COMPANY (GTW)
ILLINOIS CENTRAL RAILROAD COMPANY (IC)
WISCONSIN CENTRAL TRANSPORTATION CORPORATION (WC)**

no G.W.I for Jan 1.

AND

**THE INTERNATIONAL ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS (IAMAW)**

IT IS AGREED:

ARTICLE I - RATES OF PAY

- A. Effective July 1, 2005, the rate of pay for all machinists subject to this Agreement shall be \$21.34 per hour.
- B. Effective July 1, 2006, all rates of pay in effect on June 30, 2006 are increased by three percent (3%).
- C. Effective July 1, 2007, all rates of pay in effect on June 30, 2007 are increased by three percent (3%).
- D. Effective July 1, 2008, all rates of pay in effect on June 30, 2008 are increased by four percent (4%).
- E. Effective July 1, 2009, all rates of pay in effect on June 30, 2009 are increased by three percent (3%).
- F. Rates of pay resulting from the application of paragraphs B through E, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

Crimmel, Clyde

From: John Weiland [John_Weiland@cpr.ca]
Sent: Monday, November 28, 2005 4:36 PM
To: Liu, Shou-Lien
Cc: Crimmel, Clyde
Subject: RE: COLAs for SOO

Hi Shou-Lien

BMWED on Soo matches the National COLA (\$0.19 per hour) and will continue to do so until reach a new agreement with them.

All of the other unions listed below except ATDA receive the \$0.31 per hour COLA effective 1/1/2006. ATDA will get their first COLA 7/1/2006.

All of the settled crafts on Soo except UTU-Conductors are in the high/low plan. (UTU is in National Plan.) The increase in Soo Plan cost sharing is \$9.67 per month. New employee cost sharing for these groups will be \$25.54 (low) / \$125.54 (high). The current enrollment split is 15.2% in low plan, 84.8% in high plan.

BLET is not yet settled. When they do, their cost sharing will be a bit higher.

If have any other question, just let me know.

JPW

From: Liu, Shou-Lien [mailto:SLiu@aar.org]
Sent: Wednesday, November 16, 2005 2:46 PM
To: John Weiland
Cc: Crimmel, Clyde
Subject: RE: COLAs for SOO

John,

NRLC issued a circular regarding BMW COLA \$0.19 effective January 1, 2006. In the past, SOO BMW normally didn't match national amount. How about this time? Also, the following 11 SOO unions are due for a new H&W employee cost-sharing contribution effective January 1, 2006. Could you give me the amount for each one? If any unions have high/low options, could you advise the distribution of employees, in percentage, between high/low within each union?

ATDA
BRS
IAM
IBBM
IBEW
NCFO
SMW
TCU
TCU-CAR
UTU
UTU-YMD

11/29/2005

9/8/05

AGREEMENT BETWEEN

**CANADIAN NATIONAL (CN)
BESSEMER AND LAKE ERIE RAILROAD COMPANY (B&LE)
CHICAGO, CENTRAL AND PACIFIC RAILROAD (CCP)
DULUTH, MISSABE AND IRON RANGE RAILWAY COMPANY (DMIR)
DULUTH, WINNIPEG AND PACIFIC RAILWAY COMPANY (DWP)
GRAND TRUNK WESTERN RAILROAD COMPANY (GTW)
ILLINOIS CENTRAL RAILROAD COMPANY (IC)
WISCONSIN CENTRAL TRANSPORTATION CORPORATION (WC)**

AND

**THE INTERNATIONAL ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS (IAMAW)**

IT IS AGREED:

ARTICLE I - RATES OF PAY

- A. Effective July 1, 2005, the rate of pay for all machinists subject to this Agreement shall be \$21.34 per hour.
- B. Effective July 1, 2006, all rates of pay in effect on June 30, 2006 are increased by three percent (3%).
- C. Effective July 1, 2007, all rates of pay in effect on June 30, 2007 are increased by three percent (3%).
- D. Effective July 1, 2008, all rates of pay in effect on June 30, 2008 are increased by four percent (4%).
- E. Effective July 1, 2009, all rates of pay in effect on June 30, 2009 are increased by three percent (3%).
- F. Rates of pay resulting from the application of paragraphs B through E, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

11/28/05

AGREEMENT BETWEEN
CANADIAN NATIONAL (CN)
BESSEMER AND LAKE ERIE RAILROAD COMPANY (B&LE)
AND
NATIONAL CONFERENCE OF FIREMEN AND OILERS
SERVICE EMPLOYEES INTERNATIONAL UNION (NCF&O)

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

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

- (a) A cost-of-living allowance will be payable in the manner set forth in and subject to the provisions of this Article, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S.

EXHIBIT A
(SMWIA)

RAILROADS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES DATED NOVEMBER 1, 1999 OF DESIRE TO REVISE AND SUPPLEMENT EXISTING AGREEMENTS IN ACCORDANCE THEREWITH, SERVED BY AND ON BEHALF OF SUCH CARRIERS UPON THE SHEET METAL WORKERS' INTERNATIONAL ASSOCIATION, AND NOTICES DATED ON OR SUBSEQUENT TO NOVEMBER 1, 1999 AND SERVED ON SUCH CARRIERS BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES, OF THE SHEET METAL WORKERS' INTERNATIONAL ASSOCIATION FOR CONCURRENT HANDLING THEREWITH.

Subject to indicated footnotes, this authorization is co-extensive with notices filed and with provisions of current schedule agreements applicable to employees represented by the Sheet Metal Workers' International Association.

Alameda Belt Line

Alton & Southern Railway Company

The Belt Railway Company of Chicago - 2

Bessemer and Lake Erie Railroad - 1

The Burlington Northern and Santa Fe Railway Company

Consolidated Rail Corporation

CSX Transportation, Inc.

The Baltimore and Ohio Railroad Company (former)

The Chesapeake and Ohio Railway Company (former)

Clinchfield Railroad (former)

Louisville and Nashville Railroad Company (former)

Pere Marquette Railway Company (former)

Seaboard Coast Line Railroad Company (former)

The Baltimore and Ohio Chicago Terminal Railroad Company

AGREEMENT BETWEEN
CANADIAN NATIONAL (CN)
CHICAGO, CENTRAL AND PACIFIC RAILROAD (CCP)

AND
BROTHERHOOD RAILWAY CARMEN DIVISION
TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION

IT IS AGREED:

ARTICLE I – TERMS AND CONDITIONS OF AGREEMENT

Unless otherwise specified in this agreement:

- A. Effective 11:59 p.m., October 31, 2005, the terms and conditions contained in the Agreement between the Chicago, Central and Pacific Railroad and the Brotherhood Railway Carmen Division Transportation Communications International Union are eliminated in their entirety.
- B. Effective 12:01 a.m. November 1, 2005, employees subject to the agreement between Chicago, Central and Pacific Railroad will become subject to the terms and conditions contained in the agreement between the Illinois Central Railroad Company and the Railway Carmen Division Transportation Communications International Union, with the following exception:

The provision related to “Employee Protection/Contracting Out/Employment Level” will not be applicable to employees covered by the new CCP/BRC Agreement.

- C. It is understood that the Company may continue to outside contract work to the extent presently permissible by the existing terms and conditions of the previous CCP/BRC Agreement.

ARTICLE II – RATES OF PAY

- A. Effective July 1, 2005, rates of pay for Carmen covered by this Agreement will be increased to \$21.91.
- B. Effective July 1, 2006, all rates of pay in effect on June 30, 2006, are increased by three per cent (3%).
- C. Effective July 1, 2007, all rates of pay in effect on June 30, 2007, are increased by three per cent (3%).
- D. Effective July 1, 2008, all rates of pay in effect on June 30, 2008, are increased by four per cent (4%).

Duluth, Missabe & Iron Range Railway Company - 1
Elgin, Joliet and Eastern Railway Company - 3
Indiana Harbor Belt Railroad Company
The Kansas City Southern Railway Company
Norfolk Southern Railway Company
 The Alabama Great Southern Railroad Company
 Atlantic & East Carolina Railway Company
 Central of Georgia Railroad Company
 The Cincinnati, New Orleans & Texas Pac. Ry. Co.
 Georgia Southern and Florida Railway Company
 Interstate Railroad Company
 Tennessee, Alabama and Georgia Railway Company
 Tennessee Railway Company
Northeast Illinois Regional Commuter RR Corp (METRA) - 2
Oakland Terminal Railway Company
Terminal Railroad Association of St. Louis
Union Pacific Railroad

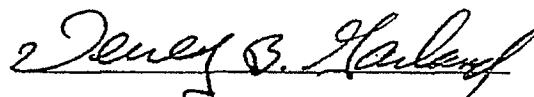
NOTES:

- 1 - Wages and Rules only
- 2 - Health and Welfare and Supplemental Sickness only
- 3 - Wages and Rules and Health & Welfare only

FOR THE CARRIERS:



FOR THE SMWIA:



April 4, 2005
Washington, D.C.

II: WAGES, RULES AND WORKING CONDITIONS

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

"RULE 04 - SENIORITY TERRITORY

* * * * *

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

ATTACHMENT A

		3% GWI	3% GWI	3% GWI
Pay Grades	Pay Rate July 1, 2004	Pay Rate July 1, 2005	Pay Rate July 1, 2006	Pay Rate July 1, 2007
1	\$ 24.00	\$ 24.72	\$ 25.46	\$ 26.22
2	\$ 22.00	\$ 22.66	\$ 23.34	\$ 24.04
3	\$ 21.00	\$ 21.63	\$ 22.28	\$ 22.95
4	\$ 20.00	\$ 20.60	\$ 21.22	\$ 21.86
5	\$ 19.00	\$ 19.57	\$ 20.16	\$ 20.76
6	\$ 18.00	\$ 18.54	\$ 19.10	\$ 19.67
7	\$ 17.50	\$ 18.03	\$ 18.57	\$ 19.13

Pay Grade	Positions
1	Lead Mechanics
2	Mobile Foreman Structures, Mobile Foreman Track, Track Inspector, Ore Dock Remote Operator, Welder
3	Boom Truck, Brandt Truck, Headquartered Foreman Structures, Headquartered Foreman Track, Jimbo Crane, Lead Tamper, Locomotive Crane, Ore Dock Mechanic/Loader, Rail Pickup Unit (RPU), Relief Operator, Structures Electrician, Structures Plumber, Super Gopher, Tractor Trailer, Truck Crane, Undercutter, Work Equipment Mechanic
4	Assistant Foreman Structures, Assistant Foreman Track, Backup Tamper, Ballast Regulator, Brush Cutter, Jet Snowblower, Loader, Lube Truck Driver, Snow Fighter, Soo Bridge Operator, Speed Swing, Spikers, Structures Carpenter, Tandem Axle Truck Driver, Thermite Welder, Tie Insertor Production, Yard Cleaner
5	Backhoe, Dozer, Grader, Tie Insertor 925-Loram, Welder Helper, Work Equipment Mechanic Helper
6	Adzer, Anchor Cribber, Anchor Knocker, Anchor Tight, Bolt Machine, Bus Driver, Cribber, Dual Anchor, Fuel Truck Driver, Grabber/Spike Puller, Heater, Plater, Recycle Operator, Scarifier, Scrap Picker, Self-Feeding Anchor Machine, Self-Propelled Adzer-Cribber, Tie Crane, Tie Plugger, Tractor
7	Bridge Tender, Bridgeman, Crane Helper, Trackman, Yard Cleaner Helper



Agreement between
CANADIAN NATIONAL/WISCONSIN CENTRAL RAILROAD
and its
Employees Represented by the
BROTHERHOOD OF
MAINTENANCE OF WAY
EMPLOYEES

July 1, 2004

(Includes Revisions from Implementing Agreement dated 12/8/04)

ATTACHMENT A

Pay Grades	3% GWI			
	Pay Rate July 1, 2004	Pay Rate July 1, 2005	Pay Rate July 1, 2006	Pay Rate July 1, 2007
1	\$ 24.00	\$ 24.72	\$ 25.46	\$ 26.22
2	\$ 22.00	\$ 22.66	\$ 23.34	\$ 24.04
3	\$ 21.00	\$ 21.63	\$ 22.28	\$ 22.95
4	\$ 20.00	\$ 20.60	\$ 21.22	\$ 21.86
5	\$ 19.00	\$ 19.57	\$ 20.16	\$ 20.76
6	\$ 18.00	\$ 18.54	\$ 19.10	\$ 19.67
7	\$ 17.50	\$ 18.03	\$ 18.57	\$ 19.13

Pay Grade	Positions
1	Lead Mechanics
2	Mobile Foreman Structures, Mobile Foreman Track, Track Inspector, Ore Dock Remote Operator, Welder
3	Boom Truck, Brandt Truck, Headquartered Foreman Structures, Headquartered Foreman Track, Jimbo Crane, Lead Tamper, Locomotive Crane, Ore Dock Mechanic/Loader, Rail Pickup Unit (RPU), Relief Operator, Structures Electrician, Structures Plumber, Super Gopher, Tractor Trailer, Truck Crane, Undercutter, Work Equipment Mechanic
4	Assistant Foreman Structures, Assistant Foreman Track, Backup Tamper, Ballast Regulator, Brush Cutter, Jet Snowblower, Loader, Lube Truck Driver, Snow Fighter, Soo Bridge Operator, Speed Swing, Spikers, Structures Carpenter, Tandem Axle Truck Driver, Thermite Welder, Tie Inserter Production, Yard Cleaner
5	Backhoe, Dozer, Grader, Tie Inserter 925-Loram, Welder Helper, Work Equipment Mechanic Helper
6	Adzer, Anchor Cribber, Anchor Knocker, Anchor Tight, Bolt Machine, Bus Driver, Cribber, Dual Anchor, Fuel Truck Driver, Grabber/Spike Puller, Heater, Plater, Recycle Operator, Scarifier, Scrap Picker, Self-Feeding Anchor Machine, Self-Propelled Adzer-Cribber, Tie Crane, Tie Plugger, Tractor
7	Bridge Tender, Bridgeman, Crane Helper, Trackman, Yard Cleaner Helper



ASSOCIATION OF
AMERICAN RAILROADS

MEMORANDUM

TO: Self
FROM: Clyde Crimmel
cc: Shou-Lien Liu
DATE: November 30, 2005
RE: January 1, 2006 COLA for GTW's UTU and BLET

Eve St.Amont from CN called today and confirmed that GTW will use a 31 cent COLA increase for its UTU and BLET effective January 1, 2006.

arbitrariness and special allowances that are expressed in time, miles or fixed amounts of money.

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

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

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2005	3% of September 2004 CPI
January 1, 2006	6% of September 2004 CPI, less the increase from September 2004 to March 2005

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

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

(iii) If the increase in the CPI from the base month of September 2004 to the measurement month of March 2005 exceeds 3% of the September 2004 base index, the measurement period that shall be used for determining the cost-of-living adjustment to be effective the following January shall be the 12-month period from such base month of September; the increase in the index that shall be taken into account shall be limited to that portion of the increase that is in excess of 3% of such September base index; and the maximum increase in that portion of the index that may be taken into account shall be 6% of such September base index less the 3% mentioned in the preceding clause, to which shall be added any residual tenths of points which had been dropped under

GTW-BLE

Side Letter 4 - Harris COLA



Labor Relations Department

Canadian National
17641 South Ashland Ave,
Homewood, IL 60430-1345

February 2, 2004

J. M. Karakian
General Chairman
Brotherhood of Locomotive Engineers
43422 West Oaks Drive, PMB #337
Novi, MI 48377-3300

J. M. Karakian,

The following confirms our discussion during the just concluded negotiations that resulted in the November 26, 2003 Hourly Rated Agreement regarding the inclusion of a Cost of Living Allowance. In this regard the parties agreed that the following criteria, commonly called a "Harris COLA," will be used in the event the parties are unable to reach an Agreement pursuant to the provisions outlined in Article 37 of this Agreement prior to January 1, 2006:

A cost-of-living allowance shall be payable in the manner set forth in and subject to the provisions of this article on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-M" (1967-100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost-of-living allowance shall be payable effective January 1, 2006 based on the CPI for March 2005 as compared with the CPI for September 2005.

I trust the foregoing reflects our discussions on this matter.

Yours truly,

M. W. Becker
Director Labor Relations

I concur: _____
J. M. Karakian
General Chairman

GTW-UTU

Side Letter 5 - Harris Cola



Canadian National
17641 South Ashland Ave,
Homewood, IL 60430-1345

February 25, 2004

Mr. D. E. Hiatt
General Chairperson

Dear Sir:

The following confirms our discussion during the just concluded negotiations that resulted in the February 25, 2004 Hourly Rated Agreement regarding the inclusion of a Cost of Living Allowance. In this regard the parties agreed that the following criteria, commonly called a "Harris COLA," will be used in the event the parties are unable to reach an Agreement pursuant to the provisions outlined in Article 37 of this Agreement prior to January 1, 2006:

A cost-of-living allowance shall be payable in the manner set forth in and subject to the provisions of this article on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-M" (1967-100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost-of-living allowance shall be payable effective January 1, 2006 based on the CPI for March 2006 as compared with the CPI for September 2005.

I trust the foregoing reflects our discussions on this matter.

Yours truly,

A handwritten signature in dark ink, appearing to read 'M. W. Becker', followed by a horizontal line.

M. W. Becker
Director Labor Relations

I concur:

A handwritten signature in dark ink, appearing to read 'D. E. Hiatt', followed by a horizontal line.

D. E. Hiatt
General Chairperson

AGREEMENT BETWEEN

**CANADIAN NATIONAL (CN)
BESSEMER AND LAKE ERIE RAILROAD COMPANY (B&LE)
CHICAGO, CENTRAL AND PACIFIC RAILROAD (CCP)
DULUTH, MISSABE AND IRON RANGE RAILWAY COMPANY (DMIR)
DULUTH, WINNIPEG AND PACIFIC RAILWAY COMPANY (DWP)
GRAND TRUNK WESTERN RAILROAD COMPANY (GTW)
ILLINOIS CENTRAL RAILROAD COMPANY (IC)
WISCONSIN CENTRAL TRANSPORTATION CORPORATION (WC)**

AND

**THE INTERNATIONAL ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS (IAMAW)**

IT IS AGREED:

ARTICLE I - RATES OF PAY

- A. Effective July 1, 2005, the rate of pay for all machinists subject to this Agreement shall be \$21.34 per hour.
- B. Effective July 1, 2006, all rates of pay in effect on June 30, 2006 are increased by three percent (3%).
- C. Effective July 1, 2007, all rates of pay in effect on June 30, 2007 are increased by three percent (3%).
- D. Effective July 1, 2008, all rates of pay in effect on June 30, 2008 are increased by four percent (4%).
- E. Effective July 1, 2009, all rates of pay in effect on June 30, 2009 are increased by three percent (3%).
- F. Rates of pay resulting from the application of paragraphs B through E, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

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

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

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

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

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

e

IC & CC&P UTU

Section 2 United Transportation Union - Union Officials

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

Section 3 General

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

ARTICLE 22 - BENEFITS

Section 1 Health & Welfare

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

e
June 23, 2003

DW&P - UTU

also includes employee
normally in BLBT

Section 3 General

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

ARTICLE 23 BENEFITS

Section 1 Health & Welfare

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

*"The Voice of Transportation Labor"***UNITED TRANSPORTATION UNION**

UTU members on DW&P ratify agreement

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

UTU includes
employees normally
in BLET

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

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

August 19, 2003

ARTICLE 22 - BENEFITS

Section 1 Health & Welfare

Employees coming under the scope of this Agreement, along with their dependents, and retirees, if any, will be subject to the provisions of the National Health and Welfare Plan, including contributions provided for therein.

Section 2 Short Term Disability

- A. The Short Term Disability Insurance will continue in effect.
- B. Such insurance, as described above, will be in the amounts of 60% of earnings to a maximum of \$546.00 weekly income benefits. The conditions for the short-term disability income insurance will be as described in "Attachment A" to this Agreement.

Section 3 Life Insurance

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

Section 4 Other

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

Section 5 Off Track Vehicle Accident Benefits

The parties agree to maintain the current off track vehicle accident benefits as provided in the Article XIII of the August 25, 1978 UTU National Agreement.

Section 6 Stock Purchase Plan

The Company will maintain for the benefit of Trainmen covered by this Agreement a stock purchase plan, which may be changed from time to time provided such changes are applicable to Company employees generally.

Section 7 Employee Family Assistance Program

The Company will maintain for the benefit of Trainmen covered by this Agreement an Employee Family Assistance Program, which may be changed from time to time provided such changes are applicable to Company employees generally.

Section 8 401K Plan

- A. Within ninety (90) days from the effective date of this Agreement, the company will amend the 401 (k) plan for Trainmen covered by this Agreement. Under the plan, for the first four percent (4%) of an employee's salary contributed, the company will contribute \$.25 for each \$1.00 contributed by the employee. Trainmen may contribute

500 - UTU
"national-like"

- (b) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$100.00.
- (c) Effective July 1, 2005, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the cost-of-living allowance effective July 1, 2005, pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003.
- (d) Effective January 1, 2006, the per month employee cost-sharing contribution amount in effect on December 31, 2005, shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2006 monthly payment rate over such payment rate for 2005, plus (ii) the amount (if any) by which the number described in part (x) of subsection (c) of this Section exceeds the product described in part (y) of such subsection (c), and (y) one-half of the cost-of-living allowance effective January 1, 2006, pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.
- (e) Effective July 1, 2006, the per month employee cost-sharing contribution amount in effect June 30, 2006, shall be increased by the lesser of (x) the amount (if any) by which the number described in part (x) of subsection (d) of this Section exceeds the product described in part (y) of such subsection (d), and (y) one-half of the cost-of-living allowance effective July 1, 2006, pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.
- (f) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006, shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2007 monthly payment rate over such payment rate for 2006, plus (ii) the amount (if any) by which the number described in part (y) of such subsection (e), and (y) one-half of the cost-of-living allowance effective January 1, 2007, pursuant to Article

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

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

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

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

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

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



Relations Department

500 Water Street, J-455
Jacksonville, FL 32202

Attachments

July 1, 2002

No. 1

Donald R. Carver
Assistant to President
United Transportation Union
Yardmaster Department
14600 Detroit Avenue
Cleveland, OH 44107

Dear Mr. Carver:

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

Very truly yours,

SA Friedman

Steven R. Friedman
Senior Director
Labor Relations

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

AHN: C. KRIMMER

Attachments

f

GTW - YMD

Side Letter No. 3

December 12, 2002

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

Dear Sir:

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

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

Yours truly,

Myron W. Becker
Director-Labor Relations

I concur:

Leonard J. Forchione
General Chairman

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

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

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

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

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

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

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

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

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

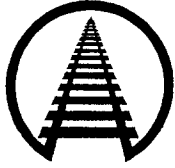
(b) Effective July 1, 2002, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$81.18.

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

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

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

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



Memo

To: self
From: Clyde Crimmell
CC:
Date: 8/11/2004
Re: GTW BLE Contract

I received a message on my phone today from Jamie Dixon (708.332.3568), an assistant to Myron Becker at CN's Labor Relations. Jamie said that Myron is now in charge of all operating crafts for CN's U.S. operations. He also said that GTW's BLE uses national H&W cost sharing effective April 2004.

NS BLRT

Section 3

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

ARTICLE IX - GENERAL PROVISIONSSection 1

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

Section 2

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

Section 3

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

H

GTW ATDA

respect to employee cost sharing provisions, the parties agree that the employee cost sharing will equal the dollar amount contributed under the ATDD of the BLE National Agreement.

ARTICLE III - PAY DAYS

Effective January 1, 2003 employees will be paid weekly or bi-weekly only to the direct deposit account that he or she designates.

When a change in pay dates is to be implemented, the Organization will be given written notice sixty (60) days in advance of implementation.

ARTICLE IV - WORK RULES

Section 1 - Change Train Dispatcher Calling Procedure

Effective January 1, 2003 the Calling Procedure set forth in Attachment A will be implemented.

Section 2 - Assigned Utility Dispatchers

Effective January 1, 2003 Paragraph 2 of the Agreement dated March 30, 1978 covering Assigned Utility Dispatchers is amended to read as follows:

2. (a) Incumbents of Assigned Utility Dispatcher positions who are available their entire work week will be guaranteed not less than five (5) times the straight time trick train dispatcher's daily rate for such work week. All compensation paid at the straight time rate for work performed or for work not performed for all days included in a work week will be credited toward the guarantee.

(b) The starting time for a personal leave day, sick leave day or single vacation day for an Assigned Utility Dispatcher will be

H

KCS - ATDA

Crimmel, Clyde

From: george.f.leif@kcsr.com
Sent: Wednesday, November 23, 2005 4:51 PM
To: Liu, Shou-Lien; cathie.b.bacca@kcsr.com; denise.l.brame@kcsr.com
Cc: Crimmel, Clyde
Subject: Re: FW: ATDA

Attachments: KCS_ATDA_2004.pdf



KCS_ATDA_2004.p
df (72 KB)

Shou-Lien:

Sorry for the delay. I was vacationing and digging out from being on vacation.

The KCS/ATDA agreement followed the COLA and H&W cost sharing language of the BLET national agreement. Accordingly, the COLA and H&W cost-sharing contribution for ATDA represented employees on KCS, effective 1/1/2006, will be 31 cents per hour and \$127.64 per month respectively.

SLiu@aar.org
11/16/2005 01:41 PM

To
George F Leif/KCS

Crimmel@aar.org
Subject
FW: ATDA

Fred,

Please note the e-mails exchange below. Is the COLA amount effective January 1, 2006 for your ATDA available? Also, what is the H&W employee cost-sharing contribution effective January 1, 2006 for ATDA? Thanks for your help.

Shou-Lien Liu
sliu@aar.org
202-639-2381

-----Original Message-----

From: kathleen.a.alexander@kcsr.com
[mailto:kathleen.a.alexander@kcsr.com]
Sent: Wednesday, November 02, 2005 11:22 AM
To: Liu, Shou-Lien; george.f.leif@kcsr.com
Subject: Fw: ATDA

Please see message below. Also, as information, Fred Leif has joined our staff and is now handling the ATDA contract. His e-mail address is George.F.Leif@KCSR.com.

Ohy

----- Forwarded by Kathleen A Alexander/KCS on 11/02/2005 10:18 AM -----

make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

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

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

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

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

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

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

(h) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2007 monthly payment rate over such payment rate for 2006, plus (ii) the amount (if any) by which the number described in part (x) of subsection (g) of this Section exceeds the product described in part (y) of such subsection (g), and (y) one-half of the cost-of-living allowance effective January 1, 2007 pursuant to Article I, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2005.

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

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

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

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

Part B – Employee Cost Sharing of Plan Cost Increases

Section 1 – Employee Cost-Sharing Contributions

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

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

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

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

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

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



**NORFOLK
SOUTHERN**

Norfolk Southern Corporation
223 East City Hall Avenue
Norfolk, Virginia 23510-1728

NS ATDA

Kenneth J. O'Brien
Assistant Vice President
Labor Relations
(757) 629-2453

March 10, 2004

H&W Side Letter H

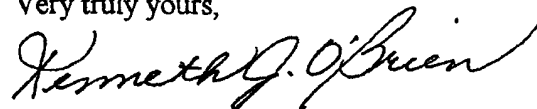
Mr. F. L. McCann, President
American Train Dispatchers Association
1370 Ontario Street, Suite 1040
Cleveland, Ohio 44113

Dear Mr. McCann:

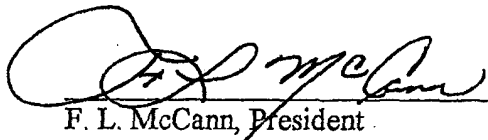
The parties recognize that COLA payments do not apply to ATDA members in the current agreement (except as otherwise may be applicable under Side Letter # 1 of the March 11, 2003 Agreement) and that beginning in 2005 the Thoroughbred Bonus Plan will apply.

For the purposes of determining employee cost-sharing contributions beginning July 1, 2005 as specified in Appendix A, Part B, Section 1, paragraphs (e), (f), (g), (h), (i) and (l), the cost-of-living calculations and formulas as specified in the national health and welfare settlement between NCCC and BLE dated December 16, 2003, will be used to calculate employee H&W contribution increases/decreases which may apply.

Very truly yours,



I CONCUR:



F. L. McCann, President

BNSF ATDA

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

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

(h) The Plan's Prescription Drug Card Program co-payments per prescription are revised as follows: (i) Generic Drug - \$5.00; (ii) Brand Name Drug - \$10.00. The Plan's Mail Order Prescription Drug Program co-payment is revised as follows: (i) Generic Drug - \$10.00; (ii) Brand Name Drug - \$15.00.

(i) The Plan design changes contained in this Section shall become effective as soon as practicable.

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

(a) Effective October 1, 2004, each employee covered by this Agreement shall contribute \$91.32 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

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

(c) Effective January 1, 2006, the per month employee cost-sharing contribution amount in effect on December 31, 2005 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2006 monthly payment rate over such payment rate for 2005, plus (ii) the amount (if any) by which the number described in part (x) of subsection (b) of this Section exceeds the product described in part (y) of such subsection (b), and (y) one-half of the cost-of-living

I

Crimmel, Clyde

BNSF ATOA

From: Morgan, Kelly T [Kelly.Morgan@BNSF.com]
Sent: Wednesday, November 30, 2005 10:19 AM
To: Liu, Shou-Lien
Subject: FW: Cost Share Circulars
Attachments: BHCB Jan1 2006.pdf; Employee Contrib Jan 1 2006.pdf

Shou-Lien, Wendell said that the ATDA follows the BLET in the contributions for H&W.

*Kelly T. Morgan
 Manager - Payroll Closing & Analysis
 817-352-4855
 fax 817-352-4875*

-----Original Message-----

From: Dederick, Susan L
Sent: Wednesday, November 30, 2005 9:14 AM
To: Kinder, Penny S; Schooler, Donna L; Morgan, Kelly T
Cc: Lawrence, Michael J (Finance)
Subject: FW: Cost Share Circulars

All,
 As information and updating of rates for January 2006 collections.

-----Original Message-----

From: Bell, Wendell A
Sent: Wednesday, November 30, 2005 8:51 AM
To: Morgan, Kelly T; Dederick, Susan L; Weber, Mark B; Reid, Dan L; Zwadyk, Doris D
Cc: Kozak, Daniel J; Siegele, Milton; Wick, Ollie D
Subject: FW: Cost Share Circulars

Note the changes effective 1/1/06--and note that they are not all crafts, but only as specified.

-----Original Message-----

From: Susan Parks [mailto:SParks@rrnrlc.org]
Sent: Wednesday, November 30, 2005 6:53 AM
To: Bell, Wendell A; Howard_Emerick@csx.com; cathie.b.bacca@kcsr.com; peter.poirier@nscorp.com; GSDOURIS@up.com
Cc: Joseph Epstein
Subject: Cost Share Circulars

Were sent out by LR - here they are in case you haven't seen them.

Susan E. Parks, CEBS
 Benefits Administrator
 National Railway Labor Conference
 1901 L Street, NW
 Washington, DC 20036-3514
 (202) 862-7225
 (202) 862-7253 (FAX)
sparks@rrnrlc.org



(d) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (c) shall be increased by the lesser of (x) thirty (30) percent of the increase, if any, in the carriers' 2004 monthly payment rate over such payment rate for 2003, and (y) \$8.62.

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

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

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

(h) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers'

GTW IBEW

care, the National Off-Track Vehicle Plan, Supplemental Sickness Plan, National Job Stabilization Plan and National Time-Off With Pay Agreements, such as vacation, holiday and personal leave.

They shall participate in the above stated National Plans and/or Agreements on a basis equivalent to agreements and understandings reached nationally between the IBEW and carriers represented by the NCCC in the bargaining which occurs as a result of the expiration of the moratorium contained in the September 16, 1996 IBEW National Agreement. With respect to employee cost sharing provisions, the parties agree that the employee cost sharing will equal the dollar amount contributed under the national agreement.

ARTICLE VI - SAVINGS CLAUSE

All rules, agreements, provisions, conditions or practices, however established, which may conflict with this agreement are superseded by the provisions of this agreement. The parties exchanged various proposals antecedent to adoption of various Articles that appear in this agreement. It is our mutual understanding that none of such antecedent proposals and drafts will be used by any party for any purpose and that the provisions of this agreement will be interpreted and applied as though such proposals and drafts had not been used or exchanged in the negotiation.

K

500-10

Crimmel, Clyde

From: John Weiland [John_Weiland@cpr.ca]
Sent: Monday, November 28, 2005 4:36 PM
To: Liu, Shou-Lien
Cc: Crimmel, Clyde
Subject: RE: COLAs for SOO

Hi Shou-Lien

BMWED on Soo matches the National COLA (\$0.19 per hour) and will continue to do so until reach a new agreement with them.

All of the other unions listed below except ATDA receive the \$0.31 per hour COLA effective 1/1/2006. ATDA will get their first COLA 7/1/2006.

All of the settled crafts on Soo except UTU-Conductors are in the high/low plan. (UTU is in National Plan.) The increase in Soo Plan cost sharing is \$9.67 per month. New employee cost sharing for these groups will be \$25.54 (low) / \$125.54 (high). The current enrollment split is 15.2% in low plan, 84.8% in high plan.

BLET is not yet settled. When they do, their cost sharing will be a bit higher.

If have any other question, just let me know.

JPW

From: Liu, Shou-Lien [mailto:SLiu@aar.org]
Sent: Wednesday, November 16, 2005 2:46 PM
To: John Weiland
Cc: Crimmel, Clyde
Subject: RE: COLAs for SOO

John,

NRLC issued a circular regarding BMWWE COLA \$0.19 effective January 1, 2006. In the past, SOO BMWWE normally didn't match national amount. How about this time? Also, the following 11 SOO unions are due for a new H&W employee cost-sharing contribution effective January 1, 2006. Could you give me the amount for each one? If any unions have high/low options, could you advise the distribution of employees, in percentage, between high/low within each union?

ATDA
BRS
IAM
IBBM
IBEW
NCFO
SMW
TCU
TCU-CAR
UTU
UTU-YMD

Thanks again for your help.

12/1/2005

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

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

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

(a) Effective January 1, 2005, each employee covered by this Agreement shall contribute \$91.32 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

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

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

Crimmel, Clyde

From: PJGROSSK@up.com
Sent: Monday, November 21, 2005 9:08 AM
To: Liu, Shou-Lien
Cc: Crimmel, Clyde; PJGROSSK@up.com
Subject: RE: UTU-YMD

Yes.

"Liu, Shou-Lien" <SLiu@aar.org>

11/16/2005 03:12 PM

To: <PJGROSSK@up.com>
cc: "Crimmel, Clyde" <CCrimmel@aar.org>
Subject: RE: UTU-YMD

Peggy,

NRLC issued a circular yesterday regarding January 1, 2006 H&W employee contributions for the national agreements. In the past, you indicated UP UTU-YMD employee contribution amount was the same as TCU. Does the national TCU monthly contribution of \$123.28 apply to UTU-YMD this time?

I'll check back with you the COLA amount for this union. Thank you.

Shou-Lien

From: PJGROSSK@up.com [mailto:PJGROSSK@up.com]
Sent: Wednesday, November 09, 2005 9:45 AM
To: Liu, Shou-Lien
Subject: Re: UTU-YMD

We have not been officially notified of the COLA, but I believe it will be 31 cents. Please check back in a few weeks.

"Liu, Shou-Lien" <SLiu@aar.org>

11/02/2005 10:55 AM

To: <pjgrossk@up.com>
cc:
Subject: UTU-YMD

Peggy,

The independent UTU-YMD contract (see attached page) that UP signed on 11/8/04 indicates a COLA increase effective January

12/1/2005

m

UP Yardmasters

would have been covered but for the Opt-Out Election the employee had previously made) for foreign-to-occupation health benefits under the Plan. See Side Letter No. 7.

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

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

(g) The Plan design changes contained in this Section shall become effective January 1, 2005, or as soon thereafter as practicable.

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

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

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

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

(d) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (c) shall be \$91.32.

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

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

under the CHCB.

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

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

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

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

(c) Effective July 1, 2003, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be changed to \$91.38.

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

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

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

lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the cost-of-living allowance effective July 1, 2005 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003.

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

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

(h) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2007 monthly payment rate over such payment rate for 2006, plus (ii) the amount (if any) by which the number described in part (x) of subsection (g) of this Section exceeds the product described in part (y) of such subsection (g), and (y) one-half of the cost-of-living allowance effective January 1, 2007 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2005.

(i) The pattern specified in subsections (g), and (h) above shall be

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

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

(h) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2007 monthly payment rate over such payment rate for 2006, plus (ii) the amount (if any) by which the number described in part (x) of subsection (g) of this Section exceeds the product described in part (y) of such subsection (g), and (y) one-half of the cost-of-living allowance effective January 1, 2007, multiplied by one-twelfth of the ASTE Hours for calendar year 2005. (See Health & Welfare Side Letter G.)

(i) The pattern specified in subsections (g), and (h) above shall be followed with respect to computation of adjustments to the amount of the employee cost sharing contribution in subsequent periods during which this Part is in effect. (See Health & Welfare Side Letter G.)

(j) For purposes of subsections (d) through (i) above and subsection (l) below, the carriers' payment rate for any year shall mean twelve times the sum of what the carriers' payments to the Plan would have been, in the absence of any employee contributions to the Plan, for foreign-to-occupation health benefits under the Plan per month (in such year) per employee. The carriers' monthly payment rate for any year shall mean the carriers' payment rate for that year divided by 12. An "employee" for these purposes shall include any employee who has elected to opt-out of foreign-to-occupation health benefits under the Plan and under any Hospital Association plan in which he participates (except for employees who opt-out pursuant to item no. 2 of Health & Welfare Side Letter C).

Carrier payments to the Plan for these purposes shall be deemed to include amounts paid pursuant to Section 3(h) of Part A of this Section III to employees who elected to opt-out of foreign-to-occupation health benefits under the Plan and under any Hospital Association plan in which they participate, but shall not be deemed to include the amounts per such employee per month (in such year) taken from the Special Account, or from any other special account, fund or trust maintained in connection with the Plan, to pay or provide for current Plan benefits, or any amounts paid by remaining carriers to make up the unpaid contributions of terminating carriers pursuant to Article III, Part A, Section 1 of April 30, 1991 National Agreement between the organization signatory hereto and the carriers represented by the National Carriers' Conference Committee.



ASSOCIATION OF
AMERICAN RAILROADS

MEMORANDUM

TO: Self
FROM: Clyde Crimmel
cc: Shou-Lien Liu
DATE: November 30, 2005
RE: January 1, 2006 COLA for YMD and H&W for ATDA

Terry Byers from CSX (904.359.4801) called today and confirmed that the CSX Yardmaster COLA will be 31 cents and the dispatcher H&W cost sharing will be \$131.96.

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

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

(h) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2007 monthly payment rate over such payment rate for 2006, plus (ii) the amount (if any) by which the number described in part (x) of subsection (g) of this Section exceeds the product described in part (y) of such subsection (g), and (y) one-half of the cost-of-living allowance effective January 1, 2007, multiplied by one-twelfth of the ASTE Hours for calendar year 2005. (See Health & Welfare Side Letter G.)

(i) The pattern specified in subsections (g), and (h) above shall be followed with respect to computation of adjustments to the amount of the employee cost sharing contribution in subsequent periods during which this Part is in effect. (See Health & Welfare Side Letter G.)

(j) For purposes of subsections (d) through (i) above and subsection (l) below, the carriers' payment rate for any year shall mean twelve times the sum of what the carriers' payments to the Plan would have been, in the absence of any employee contributions to the Plan, for foreign-to-occupation health benefits under the Plan per month (in such year) per employee. The carriers' monthly payment rate for any year shall mean the carriers' payment rate for that year divided by 12. An "employee" for these purposes shall include any employee who has elected to opt-out of foreign-to-occupation health benefits under the Plan and under any Hospital Association plan in which he participates (except for employees who opt-out pursuant to item no. 2 of Health & Welfare Side Letter C).

Carrier payments to the Plan for these purposes shall be deemed to include amounts paid pursuant to Section 3(h) of Part A of this Section III to employees who elected to opt-out of foreign-to-occupation health benefits under the Plan and under any Hospital Association plan in which they participate, but shall not be deemed to include the amounts per such employee per month (in such year) taken from the Special Account, or from any other special account, fund or trust maintained in connection with the Plan, to pay or provide for current Plan benefits, or any amounts paid by remaining carriers to make up the unpaid contributions of terminating carriers pursuant to Article III, Part A, Section 1 of April 30, 1991 National Agreement between the organization signatory hereto and the carriers represented by the National Carriers' Conference Committee.

month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents beginning with the month of July of 2005.

(b) Effective July 1, 2005, the per month employee cost-sharing contribution amount shall be the sum of \$100.00 plus the lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the increase in the average straight-time hourly rate of a machinist employed by the Class One carriers party to this Agreement produced by application of the general wage increase provided for in Article I, Section 4 of this Agreement, multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003. It is understood that application of the foregoing formula will produce a monthly cost-sharing contribution amount of \$106.11.

(c) Effective July 1, 2006, the per month employee cost-sharing contribution amount in effect on June 30, 2006 shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2006 monthly payment rate over such payment rate for 2005, and (y) one-half of the cost-of-living allowance effective July 1, 2006 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.

(d) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2007 monthly payment rate over such payment rate for 2006, plus (ii) the amount (if any) by which the number described in part (x) of subsection (c) of this Section exceeds the product described in part (y) of such subsection (c), and (y) one-half of the cost-of-living allowance effective January 1, 2007 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2005.

(e) Effective July 1, 2007, the per month employee cost-sharing contribution amount in effect on June 30, 2007 shall be increased by the

ARTICLE IV - HEALTH & WELFARE

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

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

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

ARTICLE V - EMPLOYEE SHARE INVESTMENT PLAN

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

ARTICLE VI - PAYROLL DIRECT DEPOSIT

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

ARTICLE VII - BEREAVEMENT

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

Employees in active service shall be entitled to bereavement leave of three (3) work days, to be taken at the discretion of the employee, upon furnishing proof of death of the

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

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

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

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

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

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

ARTICLE III - HEALTH & WELFARE

- A. Effective upon ratification, all employees subject to this Agreement will remain in their current health and welfare plans until December 31, 2005. Any employee cost sharing provision will be discontinued effective the first month after ratification.
- B. Effective January 1, 2006, all health and welfare plans applicable to employees on the DM&IR are cancelled in their entirety and all employees subject to this Agreement and their dependents will be covered by the National Health and Welfare Plans, including all subsequent amendments, in effect between the National Carriers' Conference Committee and the National Conference of Firemen and Oilers. The total cost to the employee, including coverage for dependents, will be \$100.00 per month.

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

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

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

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

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ARTICLE III - HEALTH & WELFARE

- A. Effective upon ratification, all employees subject to this Agreement will remain in their current health and welfare plans until December 31, 2005. Any employee cost sharing provision will be discontinued effective the first month after ratification.
- B. Effective January 1, 2006, all health and welfare plans applicable to employees on the B&LE are cancelled in their entirety and all employees subject to this Agreement and their dependents will be covered by the National Health and Welfare Plans, including all subsequent amendments, in effect between the National Carriers' Conference Committee and the National Conference of Firemen and Oilers. The total cost to the employee, including coverage for dependents, will be \$100.00 per month.

Q

GTW - NCFD

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

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

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

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

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

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

ARTICLE III - HEALTH & WELFARE

Effective January 1, 2006, the total cost to the employee will be \$100.00 per month for all employees subject to this Agreement and their dependents covered by the National Health and Welfare Plans, including all subsequent amendments, in effect between the National Carriers' Conference Committee and the National Conference of Firemen and Oilers.



December 8, 2004

Side Letter No. 2

Mr. Leon R. Fenhaus
Vice-President Northwest Region
Brotherhood of Maintenance of Way Employees
1115 West Boulevard
Rapid City, SD 57701

Dear Mr. Fenhaus:

This will confirm our understanding, reached during negotiations leading to the Implementing Agreement of this date, regarding participation in the WC health care benefit plans by former DMIR, DWP, and M&M employees.

We agreed that, on the effective date of the agreement, former DWP and M&M employees will immediately be covered by WC health care benefit plans, including the appropriate employee contributions, and, as soon as practicable thereafter, will be eligible for the opt-out provisions in Rule 38 of the BMW E/WC Agreement.

We further agreed that, to the extent provided by the protective conditions, former DMIR employees will remain in existing DMIR health care benefit plans unless any such employee specifically opts to come under the provisions of the WC health care benefit plans. In the application of this letter, it is understood that the provider may be changed so long as the network and facilities available to the employees are not materially changed. Current DMIR health care contributions will be converted to a monthly pre-tax employee cost sharing contribution of \$56.36.

Yours truly,

J.S. Gibbins
Director - Labor Relations

2. The National Dental Plan effective March 1, 1976, as subsequently amended and revised (not reproduced).
 3. The National Vision Plan effective September 26, 1996, as subsequently amended and revised (not reproduced).
 4. The National Agreement Early Retirement Plan ("GA-46000") negotiated pursuant to the National Agreement of October 30, 1978, as subsequently amended and revised (not reproduced).
 5. The Supplemental Sickness Benefit Agreement of May 15, 1973 as subsequently amended and revised (not reproduced).
 6. The Off-Track Vehicle Insurance Agreement of February 10, 1971, as subsequently amended and revised (not reproduced).
- B. The employee contribution for the cost of the benefits provided in paragraph A.1. above shall be \$100.00 per month.
- C. During a prescribed election period preceding January 1, 2005, and preceding each January 1 thereafter, employees may certify to the carrier's designee, in writing, that they have health care coverage (which includes medical, prescription drug, and mental health/substance abuse benefits) under another group health plan or health insurance policy that they identify by name, and where applicable, by group number, and for that reason they elect to forego coverage for foreign-to-occupation health benefits for themselves and their dependents under the plan identified in paragraph A.1. above. Such election is hereafter referred to as an "Opt-Out Election" and, where exercised, will eliminate an employer's obligation to make a contribution to the plan for foreign-to-occupation health benefits for the employee and his dependents and the employee's contribution obligation under paragraph B above.

Employees who make an Opt-Out Election will be paid by \$100 for each month that the carrier is required to make a contribution to the plan on their behalf for life insurance and accidental death and dismemberment benefits as a result of compensated service rendered, or vacation pay received, by the employee during the prior month; provided, however, that the employee's Opt-Out Election is in effect for the entire month.

If an event described below occurs subsequent to an employee's Opt-Out Election, the employee may, upon providing the carrier's designee with proof satisfactory to it of the occurrence of such event, revoke the Opt-Out-Election. An employee may also revoke the Opt-Out Election by providing the carrier's designee with proof satisfactory to it that, after the employee made the Opt-Out Election, a person became a dependent of the employee through a marriage, birth, or adoption or placement for adoption. Employees who revoke an Opt-Out Election will, along with their dependents, be once again covered (effective the first day of the first month following such revocation that the employee and/or dependents would have been covered but for the Opt-Out Election the employee had previously made) for foreign-to-occupation health benefits under the plans.

R

DMIR

BMWE



December 8, 2004

Side Letter No. 2

Mr. Leon R. Fenhaus
Vice-President Northwest Region
Brotherhood of Maintenance of Way Employees
1115 West Boulevard
Rapid City, SD 57701

Dear Mr. Fenhaus:

This will confirm our understanding, reached during negotiations leading to the Implementing Agreement of this date, regarding participation in the WC health care benefit plans by former DMIR, DWP, and M&M employees.

We agreed that, on the effective date of the agreement, former DWP and M&M employees will immediately be covered by WC health care benefit plans, including the appropriate employee contributions, and, as soon as practicable thereafter, will be eligible for the opt-out provisions in Rule 38 of the BMWE/WC Agreement.

We further agreed that, to the extent provided by the protective conditions, former DMIR employees will remain in existing DMIR health care benefit plans unless any such employee specifically opts to come under the provisions of the WC health care benefit plans. In the application of this letter, it is understood that the provider may be changed so long as the network and facilities available to the employees are not materially changed. Current DMIR health care contributions will be converted to a monthly pre-tax employee cost sharing contribution of \$56.36.

Yours truly,

J.S. Gibbins
Director – Labor Relations

Railroad Retirement and Medicare

Employees Receiving Pay 165,351 (2004 Benchmark, 2003 RRB Distribution)
 Tier I Maximum 94,200 (Year = 2006)
 Tier II Maximum 69,900 (Year = 2006)
 Medicare Maximum no limit (Year = 2006)
 Tier I Tax Rate 6.20% (Year = 2006)
 Tier II Tax Rate 12.60% (Year = 2006)
 Medicare Tax Rate 1.45% (Year = 2006)

USA RCAF	Rate	Factor	RR Ret Tax	Hourly Rate
2003	\$27.952			
2004	\$28.151			
1Q/2006	\$29.277	1.00712	\$477,205,869	\$6.050
2Q/2006		1.04740	\$488,983,191	\$6.199
3Q/2006		0.00000	\$0	\$0.000
4Q/2006		0.00000	\$0	\$0.000
		0.00000	\$0	\$0.000

RR Ret Tax from RR_Retirement_04annual.xls, Hourly rate from SUPPL2004.xls
Rate = Taxable Rate

Railroad Retirement & Medicare, U.S.

1Q/2006

1Q/2006

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2004	Avg Annual Earnings (2003 RRB Stats)	Estimated Avg. Annual Earnings	Avg Qlty Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Emgs	Tier II Tot Tax Emg	Medicare Tot Tax Emg
\$0 - 21699	0.725	1,199	\$11,267	\$11,801	\$2,950	\$2,950	\$2,950	\$2,950	\$3,536,770	\$3,536,770	\$3,536,770
21700 - 23699	0.193	319	\$22,973	24,062	6,015	6,015	6,015	6,015	1,919,710	1,919,710	1,919,710
23700 - 25699	0.097	160	\$25,118	26,309	6,577	6,577	6,577	6,577	1,054,915	1,054,915	1,054,915
25700 - 27699	0.338	559	\$26,857	28,130	7,033	7,033	7,033	7,033	3,930,382	3,930,382	3,930,382
27700 - 29699	0.483	799	\$28,666	30,025	7,506	7,506	7,506	7,506	5,994,801	5,994,801	5,994,801
29700 - 31699	0.676	1,118	\$30,665	32,119	8,030	8,030	8,030	8,030	8,975,325	8,975,325	8,975,325
31700 - 33699	1.063	1,758	\$32,732	34,284	8,571	8,571	8,571	8,571	15,064,903	15,064,903	15,064,903
33700 - 35699	1.304	2,156	\$34,918	36,573	9,143	9,143	9,143	9,143	19,714,577	19,714,577	19,714,577
35700 - 37699	3.595	3,595	\$36,837	38,583	9,646	9,646	9,646	9,646	34,674,029	34,674,029	34,674,029
37700 - 39699	3.865	6,391	\$38,736	40,572	10,143	10,143	10,143	10,143	64,822,353	64,822,353	64,822,353
39700 - 41699	5.604	9,266	\$40,794	42,728	10,682	10,682	10,682	10,682	98,981,707	98,981,707	98,981,707
41700 - 43699	7.150	11,823	\$42,719	44,744	11,186	11,186	11,186	11,186	132,247,551	132,247,551	132,247,551
43700 - 45699	5.459	9,027	\$44,689	46,807	11,702	11,702	11,702	11,702	105,626,831	105,626,831	105,626,831
45700 - 47699	5.362	8,866	\$46,622	48,832	12,208	12,208	12,208	12,208	108,237,619	108,237,619	108,237,619
47700 - 49699	4.251	7,029	\$48,650	50,956	12,739	12,739	12,739	12,739	89,543,583	89,543,583	89,543,583
49700 - 51699	4.106	6,789	\$50,778	53,185	13,296	13,296	13,296	13,296	90,272,414	90,272,414	90,272,414
51700 - 53699	4.058	6,710	\$52,651	55,147	13,787	13,787	13,787	13,787	92,507,978	92,507,978	92,507,978
53700 - 55699	4.686	7,748	\$54,699	57,292	14,323	14,323	14,323	14,323	110,979,353	110,979,353	110,979,353
55700 - 57699	3.478	5,751	\$56,729	59,418	14,855	14,855	14,855	14,855	85,427,014	85,427,014	85,427,014
57700 - 59699	3.865	6,391	\$58,759	61,544	15,386	15,386	15,386	15,386	98,329,632	98,329,632	98,329,632
59700 - 61699	3.382	5,592	\$60,699	63,576	15,894	15,894	15,894	15,894	88,882,377	88,882,377	88,882,377
61700 - 63699	2.947	4,873	\$62,736	65,710	16,427	16,427	16,427	16,427	80,049,289	80,049,289	80,049,289
63700 - 65699	2.995	4,952	\$64,606	67,668	16,917	16,917	16,917	16,917	83,778,041	83,778,041	83,778,041
65700 - 67699	2.609	4,314	\$66,582	69,738	17,435	17,435	17,435	17,435	75,212,744	75,212,744	75,212,744
67700 - 69699	2.754	4,554	\$68,490	71,737	17,934	17,934	17,934	17,934	81,667,944	81,667,944	81,667,944
69700 - 71699	2.464	4,074	\$70,768	74,123	18,531	18,531	18,531	18,531	75,498,469	75,498,469	75,498,469
71700 - 73699	2.222	3,674	\$72,704	76,150	19,038	19,038	19,038	19,038	69,945,999	69,945,999	69,945,999
73700 - 75699	2.222	3,674	\$74,614	78,151	19,538	19,538	19,538	19,538	71,783,544	71,783,544	71,783,544
75700 - 77699	2.077	3,434	\$76,591	80,222	20,055	20,055	20,055	20,055	68,877,085	68,877,085	68,877,085
77700 - 79699	2.174	3,595	\$78,682	82,412	20,603	20,603	20,603	20,603	74,062,002	74,062,002	74,062,002
79700 - 81699	1.739	2,875	\$80,593	84,413	21,103	21,103	21,103	21,103	60,681,656	60,681,656	60,681,656
81700 - 83699	1.159	1,916	\$82,845	86,772	21,693	21,693	21,693	21,693	41,572,894	41,572,894	41,572,894
83700 - 85699	1.159	1,916	\$84,767	88,785	22,196	22,196	22,196	22,196	33,489,406	33,489,406	33,489,406
85700 - 87699	1.691	2,796	\$86,555	90,658	22,664	22,664	22,664	22,664	48,861,593	48,861,593	48,861,593
87700 - 89699	0.870	1,439	\$88,645	92,847	23,212	23,212	23,212	23,212	33,391,353	33,391,353	33,391,353
89700 - 91699	0.821	1,358	\$90,431	94,718	23,679	23,679	23,679	23,679	25,138,726	25,138,726	25,138,726
91700 - 93699	0.580	959	\$92,469	96,852	24,213	24,213	24,213	24,213	16,759,151	16,759,151	16,759,151
93700 - 95699	0.676	1,118	\$94,955	99,456	24,864	24,864	24,864	24,864	19,533,079	19,533,079	19,533,079
95700 - over	6.522	10,784	\$121,610	127,375	31,844	31,844	31,844	31,844	253,967,727	253,967,727	253,967,727
TOTAL	100.000000	165,351	\$60,274						2,518,000,501	2,341,477,788	2,609,721,313
								Total Taxable Tax Rate	0.062	0.126	0.0145
								Qlty Pmt	\$156,116,031	\$295,026,201	\$37,840,959
								Tier I & II & Medicare			\$488,983,191

Railroad Retirement & Medicare, U.S.										2Q/2006									
										2Q/2006									
Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2004	Avg Annual Earnings (2003 RRB Stats)	Estimated Avg. Annual Earnings	Avg Qlty Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Eng	Tier II Tot Tax Eng	Medicare Taxable	Tier I Tot Tax Eng	Tier II Tot Tax Eng	Medicare Taxable	Tier I Tot Tax Eng	Tier II Tot Tax Eng	Medicare Taxable	Tier I Tot Tax Eng	Tier II Tot Tax Eng
\$0 - 21699	0.725	1,199	\$11,267	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21700 - 23699	0.193	319	\$22,973	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23700 - 25699	0.097	160	\$25,118	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25700 - 27699	0.338	559	\$26,857	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27700 - 29699	0.483	799	\$28,666	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29700 - 31699	0.676	1,118	\$30,665	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31700 - 33699	1.063	1,758	\$32,732	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33700 - 35699	1.304	2,156	\$34,918	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35700 - 37699	2.174	3,595	\$36,837	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37700 - 39699	3.865	6,391	\$38,736	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39700 - 41699	5.604	9,266	\$40,794	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
41700 - 43699	7.150	11,823	\$42,719	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
43700 - 45699	5.459	9,027	\$44,689	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
45700 - 47699	5.362	8,866	\$46,622	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
47700 - 49699	4.251	7,029	\$48,650	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
49700 - 51699	4.106	6,789	\$50,778	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
51700 - 53699	4.058	6,710	\$52,651	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
53700 - 55699	4.686	7,748	\$54,699	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
55700 - 57699	3.478	5,751	\$56,729	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
57700 - 59699	3.865	6,391	\$58,759	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
59700 - 61699	3.382	5,592	\$60,699	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
61700 - 63699	2.947	4,873	\$62,736	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
63700 - 65699	2.995	4,952	\$64,606	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
65700 - 67699	2.609	4,314	\$66,582	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
67700 - 69699	2.754	4,554	\$68,490	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
69700 - 71699	2.464	4,074	\$70,768	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
71700 - 73699	2.222	3,674	\$72,704	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
73700 - 75699	2.222	3,674	\$74,614	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
75700 - 77699	2.077	3,434	\$76,591	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
77700 - 79699	2.174	3,595	\$78,682	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
79700 - 81699	1.739	2,875	\$80,593	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
81700 - 83699	1.159	1,916	\$82,845	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
83700 - 85699	1.159	1,916	\$84,767	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
85700 - 87699	1.691	2,796	\$86,555	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
87700 - 89699	0.870	1,439	\$88,645	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
89700 - 91699	0.821	1,358	\$90,431	0	0	129	6204	0	175,689	8,422,694	0	175,689	8,422,694	0	175,689	8,422,694	0	175,689	8,422,694
91700 - 93699	0.580	959	\$92,466	0	0	663	6738	0	635,908	6,462,050	0	635,908	6,462,050	0	635,908	6,462,050	0	635,908	6,462,050
93700 - 95699	0.676	1,118	\$94,955	0	0	1,314	7,389	0	1,468,788	8,259,257	0	1,468,788	8,259,257	0	1,468,788	8,259,257	0	1,468,788	8,259,257
95700 - over	6.522	10,784	\$121,610	0	0	8,294	14,369	0	89,440,427	154,954,395	0	89,440,427	154,954,395	0	89,440,427	154,954,395	0	89,440,427	154,954,395
TOTAL	100.000	165,351							91,720,811	268,243,525		91,720,811	268,243,525		91,720,811	268,243,525		91,720,811	268,243,525
										Total Taxable Tax Rate									
										0.062									
										0.126									
										Qlty Pmt									
										\$5,686,690									
										Tier I & II & Medicare									
										\$33,798,684									
										\$39,485,374									

3Q/2006

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2004 (2003 RRB Stats)	Avg Annual Earnings	Estimated Avg. Annual Earnings	Avg Qlty Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Erngs	Tier II Tot Tax Erng	Medicare Tot Tax Erng
\$0 - 21699	0.725	1,199	\$11,267	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21700 - 23699	0.193	319	\$22,973	0	0	0	0	0	0	0	0
23700 - 25699	0.097	160	\$25,118	0	0	0	0	0	0	0	0
25700 - 27699	0.338	559	\$26,857	0	0	0	0	0	0	0	0
27700 - 29699	0.483	799	\$28,666	0	0	0	0	0	0	0	0
29700 - 31699	0.676	1,118	\$30,665	0	0	0	0	0	0	0	0
31700 - 33699	1.063	1,758	\$32,732	0	0	0	0	0	0	0	0
33700 - 35699	1.304	2,156	\$34,918	0	0	0	0	0	0	0	0
35700 - 37699	2.174	3,595	\$36,837	0	0	0	0	0	0	0	0
37700 - 39699	3.865	6,391	\$38,736	0	0	0	0	0	0	0	0
39700 - 41699	5.604	9,266	\$40,794	0	0	0	0	0	0	0	0
41700 - 43699	7.150	11,823	\$42,719	0	0	0	0	0	0	0	0
43700 - 45699	5.459	9,027	\$44,689	0	0	0	0	0	0	0	0
45700 - 47699	5.362	8,866	\$46,622	0	0	0	0	0	0	0	0
47700 - 49699	4.251	7,029	\$48,650	0	0	0	0	0	0	0	0
49700 - 51699	4.106	6,789	\$50,778	0	0	0	0	0	0	0	0
51700 - 53699	4.058	6,710	\$52,651	0	0	0	0	0	0	0	0
53700 - 55699	4.686	7,748	\$54,699	0	0	0	0	0	0	0	0
55700 - 57699	3.478	5,751	\$56,729	0	0	0	0	0	0	0	0
57700 - 59699	3.865	6,391	\$58,759	0	0	0	0	0	0	0	0
59700 - 61699	3.382	5,592	\$60,699	0	0	0	0	0	0	0	0
61700 - 63699	2.947	4,873	\$62,736	0	0	0	0	0	0	0	0
63700 - 65699	2.995	4,952	\$64,606	0	0	0	0	0	0	0	0
65700 - 67699	2.609	4,314	\$66,582	0	0	0	0	0	0	0	0
67700 - 69699	2.754	4,554	\$68,490	0	0	0	0	0	0	0	0
69700 - 71699	2.464	4,074	\$70,768	0	0	0	0	0	0	0	0
71700 - 73699	2.222	3,674	\$72,704	0	0	0	0	0	0	0	0
73700 - 75699	2.222	3,674	\$74,614	0	0	0	0	0	0	0	0
75700 - 77699	2.077	3,434	\$76,591	0	0	0	0	0	0	0	0
77700 - 79699	2.174	3,595	\$78,682	0	0	0	0	0	0	0	0
79700 - 81699	1.739	2,875	\$80,593	0	0	0	0	0	0	0	0
81700 - 83699	1.159	1,916	\$82,845	0	0	0	0	0	0	0	0
83700 - 85699	1.159	1,916	\$84,767	0	0	0	0	0	0	0	0
85700 - 87699	1.691	2,796	\$86,555	0	0	0	0	0	0	0	0
87700 - 89699	0.870	1,439	\$88,645	0	0	0	0	0	0	0	0
89700 - 91699	0.821	1,358	\$90,431	0	0	0	0	0	0	0	0
91700 - 93699	0.580	959	\$92,469	0	0	0	0	0	0	0	0
93700 - 95699	0.676	1,118	\$94,955	0	0	0	0	0	0	0	0
95700 - over	6.522	10,784	\$121,610	0	0	0	0	0	0	0	0
TOTAL	100.000	165,351						Total Taxable Tax Rate	0.062	0.126	0.0145

Qty Pmt \$0
Tier I & II & Medicare \$0

Railroad Retirement & Medicare, U.S.

4Q/2006

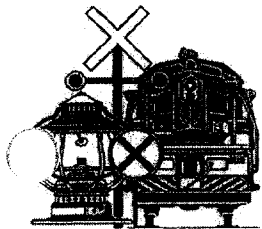
4Q/2006

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2004	Avg Annual Earnings (2003 RRB Stats)	Estimated Avg. Annual Earnings	Avg Qlty Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Enrgs	Tier II Tot Tax Enrg	Medicare Tot Tax Enrg
\$0 - 4999	0.725	1,199	\$11,267	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5000 - 9999	0.193	319	\$22,973	0	0	0	0	0	0	0	0
10000 - 12499	0.097	160	\$25,118	0	0	0	0	0	0	0	0
12500 - 14999	0.338	559	\$26,857	0	0	0	0	0	0	0	0
15000 - 17499	0.483	799	\$28,666	0	0	0	0	0	0	0	0
17500 - 19999	0.676	1,118	\$30,665	0	0	0	0	0	0	0	0
20000 - 22499	1.063	1,758	\$32,732	0	0	0	0	0	0	0	0
22500 - 24999	1.304	2,156	\$34,918	0	0	0	0	0	0	0	0
25000 - 27499	2.174	3,595	\$36,837	0	0	0	0	0	0	0	0
27500 - 29999	3.865	6,391	\$38,736	0	0	0	0	0	0	0	0
30000 - 32499	5.604	9,266	\$40,794	0	0	0	0	0	0	0	0
32500 - 34999	7.150	11,823	\$42,719	0	0	0	0	0	0	0	0
35000 - 37499	5.459	9,027	\$44,689	0	0	0	0	0	0	0	0
37500 - 39999	5.362	8,866	\$46,622	0	0	0	0	0	0	0	0
40000 - 42499	4.251	7,029	\$48,650	0	0	0	0	0	0	0	0
42500 - 44999	4.106	6,789	\$50,778	0	0	0	0	0	0	0	0
45000 - 47499	4.058	6,710	\$52,651	0	0	0	0	0	0	0	0
47500 - 49999	4.686	7,748	\$54,699	0	0	0	0	0	0	0	0
50000 - 52499	3.478	5,751	\$56,729	0	0	0	0	0	0	0	0
52500 - 54999	3.865	6,391	\$58,759	0	0	0	0	0	0	0	0
55000 - 57499	3.382	5,592	\$60,699	0	0	0	0	0	0	0	0
57500 - 59999	2.947	4,873	\$62,736	0	0	0	0	0	0	0	0
60000 - 62499	2.995	4,952	\$64,606	0	0	0	0	0	0	0	0
62500 - 64999	2.609	4,314	\$66,582	0	0	0	0	0	0	0	0
65000 - 67499	2.754	4,554	\$68,490	0	0	0	0	0	0	0	0
67500 - 69999	2.464	4,074	\$70,768	0	0	0	0	0	0	0	0
70000 - 72499	2.222	3,674	\$72,704	0	0	0	0	0	0	0	0
72500 - 74999	2.222	3,674	\$74,614	0	0	0	0	0	0	0	0
75000 - 77499	2.077	3,434	\$76,591	0	0	0	0	0	0	0	0
77500 - 79999	2.174	3,595	\$78,682	0	0	0	0	0	0	0	0
80000 - 84999	1.739	2,875	\$80,593	0	0	0	0	0	0	0	0
85000 - 89999	1.159	1,916	\$82,845	0	0	0	0	0	0	0	0
90000 - 94999	1.159	1,916	\$84,767	0	0	0	0	0	0	0	0
95000 - 99999	1.691	2,796	\$86,555	0	0	0	0	0	0	0	0
100000 - 104999	0.870	1,439	\$88,645	0	0	0	0	0	0	0	0
105000 - 109999	0.821	1,358	\$90,431	0	0	0	0	0	0	0	0
110000 - 114999	0.580	959	\$92,469	0	0	0	0	0	0	0	0
115000 - 119999	0.676	1,118	\$94,955	0	0	0	0	0	0	0	0
120000 - 124999	6.522	10,784	\$121,610	0	0	0	0	0	0	0	0
TOTAL	100.000	165,351						Total Taxable Tax Rate	0.062	0.126	0.0145

Qlty Pmt

Tier I & II & Medicare

\$0 \$0 \$0



RRB News

U.S. Railroad Retirement Board

Public Affairs 844 North Rush Street Chicago, Illinois 60611-2092

312-751-4777
312-751-7154 (fax)
www.rrb.gov

No. 05-10

For Immediate Release
November 2005

Year 2006 Railroad Retirement and Unemployment Insurance Taxes

The amounts of compensation subject to railroad retirement tier I and tier II payroll taxes will increase in 2006. However, the tier I tax rate on employees and employers remains unchanged. Under the Railroad Retirement and Survivors' Improvement Act of 2001, tier II tax rates are now determined annually by an average account benefits ratio. Based on this ratio, the tier II tax rates on employees and employers will also remain unchanged in 2006. Railroad unemployment insurance tax rates paid by employers will continue to include a 1.5 percent surcharge in 2006.

Tier I and Medicare Tax.--The railroad retirement tier I payroll tax rate on covered rail employees and employers for the year 2006 remains at 7.65 percent. The railroad retirement tier I tax rate is the same as the social security tax, and for withholding and reporting purposes is divided into 6.20 percent for retirement and 1.45 percent for Medicare hospital insurance. The maximum amount of an employee's earnings subject to the 6.20 percent rate will increase to \$94,200 in 2006 from \$90,000 in 2005, but there is no maximum on earnings subject to the 1.45 percent Medicare rate. The increase in the amount of earnings subject to railroad retirement and social security taxes is based on indexing to increases in average national wages.

Tier II Tax.--The railroad retirement tier II tax rate on employees will remain at 4.4 percent in 2006, and the rate on employers will remain at 12.6 percent. The maximum amount of earnings subject to railroad retirement tier II taxes, however, will increase to \$69,900 in 2006 from \$66,900 in 2005. Tier II tax rates under the 2001 Railroad Retirement and Survivors' Improvement Act are based on an average account benefits ratio reflecting railroad retirement fund levels. Depending on this ratio, the tier II tax rate for employers can range between 8.2 percent and 22.1 percent, while the tier II rate for employees can be between 0 percent and 4.9 percent.

(More)

Unemployment Insurance Tax.--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 \$1,195 in 2006, up from \$1,150 in 2005. 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 1.5 percent applied in 2004 and 2005. Since the accrual balance of the Railroad Unemployment Insurance Account was \$113.1 million on June 30, 2005, which was less than the indexed threshold of \$114.9 million, a surcharge of 1.5 percent will again be added to the basic tax rates in 2006, but will not increase the maximum 12 percent rate.

The unemployment insurance tax rates on railroad employers in 2006 therefore will range from 2.15 percent (the minimum basic rate of 0.65 percent plus the 1.5 percent surcharge) to a maximum of 12 percent on monthly compensation up to \$1,195.

The 1.5 percent surcharge will not apply to new employers in 2006, and new employers will initially pay a tax rate of 4.03 percent, which represents the average rate paid by all employers in the period 2002-2004.

For 76 percent of covered employers, the unemployment insurance rate assessed will be 2.15 percent in 2006.

###

RCAF Unemployment Insurance Tax

	<u>Unemployment Ins.</u>			RRB	Factor	Avg. Ann.	Un. Ins.
	<u>Tax</u>	<u>Earnings</u>	<u>Hourly</u>	<u>Sample</u>	<u>To Update</u>	<u>Taxable</u>	<u>Hourly</u>
	<u>Rate</u>	<u>Base</u>	<u>Earnings</u>	<u>Year</u>	<u>RRB Sample</u>	<u>Earnings</u>	<u>Rate</u>
			\$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	2.28%	\$13,800	\$29.332		1.076088	\$12,913.18	\$0.164
2Q/05	2.28%	\$13,800	\$29.115		1.068127	\$12,909.59	\$0.164
3Q/05	2.28%	\$13,800	\$29.408		1.078876	\$12,914.43	\$0.164
			\$27.952	(2003)			
2004 Avg.	2.88%	\$13,560	\$28.151		1.007119	\$12,797.12	\$0.197
3Q/05 reb.	2.29%	\$13,800	\$28.962		1.036133	\$13,027.92	\$0.159
4Q/05	2.29%	\$13,800	\$29.157		1.043110	\$13,030.55	\$0.159
1Q/06	2.36%	\$14,340	\$29.277		1.047403	\$13,526.36	\$0.170
2Q/06							
3Q/06							

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.

2005 rate changes from 2.28% to 2.29% because rebenchmarking to 2004 wage statistics and annual report data adds BL&E and DMIR to the railroad group.

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

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

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

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

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

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

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IC & CC&P UTU

Section 2 United Transportation Union - Union Officials

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

Section 3 General

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

ARTICLE 22 - BENEFITS

Section 1 Health & Welfare

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

e
June 23, 2003

DW&P - UTU

also includes employee
normally in BLBT

Section 3 General

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

ARTICLE 23 BENEFITS

Section 1 Health & Welfare

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

*"The Voice of Transportation Labor"***UNITED TRANSPORTATION UNION****UTU members on DW&P ratify agreement**

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

UTU includes
employees normally
in BLET

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

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

August 19, 2003

ARTICLE 22 - BENEFITS

Section 1 Health & Welfare

Employees coming under the scope of this Agreement, along with their dependents, and retirees, if any, will be subject to the provisions of the National Health and Welfare Plan, including contributions provided for therein.

Section 2 Short Term Disability

- A. The Short Term Disability Insurance will continue in effect.
- B. Such insurance, as described above, will be in the amounts of 60% of earnings to a maximum of \$546.00 weekly income benefits. The conditions for the short-term disability income insurance will be as described in "Attachment A" to this Agreement.

Section 3 Life Insurance

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

Section 4 Other

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

Section 5 Off Track Vehicle Accident Benefits

The parties agree to maintain the current off track vehicle accident benefits as provided in the Article XIII of the August 25, 1978 UTU National Agreement.

Section 6 Stock Purchase Plan

The Company will maintain for the benefit of Trainmen covered by this Agreement a stock purchase plan, which may be changed from time to time provided such changes are applicable to Company employees generally.

Section 7 Employee Family Assistance Program

The Company will maintain for the benefit of Trainmen covered by this Agreement an Employee Family Assistance Program, which may be changed from time to time provided such changes are applicable to Company employees generally.

Section 8 401K Plan

- A. Within ninety (90) days from the effective date of this Agreement, the company will amend the 401 (k) plan for Trainmen covered by this Agreement. Under the plan, for the first four percent (4%) of an employee's salary contributed, the company will contribute \$.25 for each \$1.00 contributed by the employee. Trainmen may contribute

500 - UTU
"national-like"

- (b) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$100.00.
- (c) Effective July 1, 2005, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the cost-of-living allowance effective July 1, 2005, pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003.
- (d) Effective January 1, 2006, the per month employee cost-sharing contribution amount in effect on December 31, 2005, shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2006 monthly payment rate over such payment rate for 2005, plus (ii) the amount (if any) by which the number described in part (x) of subsection (c) of this Section exceeds the product described in part (y) of such subsection (c), and (y) one-half of the cost-of-living allowance effective January 1, 2006, pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.
- (e) Effective July 1, 2006, the per month employee cost-sharing contribution amount in effect June 30, 2006, shall be increased by the lesser of (x) the amount (if any) by which the number described in part (x) of subsection (d) of this Section exceeds the product described in part (y) of such subsection (d), and (y) one-half of the cost-of-living allowance effective July 1, 2006, pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.
- (f) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006, shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2007 monthly payment rate over such payment rate for 2006, plus (ii) the amount (if any) by which the number described in part (y) of such subsection (e), and (y) one-half of the cost-of-living allowance effective January 1, 2007, pursuant to Article

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

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

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

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

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

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



Relations Department

500 Water Street, J-455
Jacksonville, FL 32202

Attachments

July 1, 2002

No. 1

Donald R. Carver
Assistant to President
United Transportation Union
Yardmaster Department
14600 Detroit Avenue
Cleveland, OH 44107

Dear Mr. Carver:

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

Very truly yours,

SA Friedman

Steven R. Friedman
Senior Director
Labor Relations

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

AHN: C. KRIMMER

Attachments

f

GTW - YMD

Side Letter No. 3

December 12, 2002

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

Dear Sir:

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

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

Yours truly,

Myron W. Becker
Director-Labor Relations

I concur:

Leonard J. Forchione
General Chairman

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

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

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

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

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

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

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

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

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

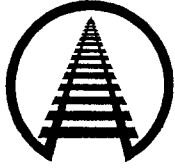
(b) Effective July 1, 2002, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$81.18.

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

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

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

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



Memo

To: self
From: Clyde Crimmel
CC:
Date: 8/11/2004
Re: GTW BLE Contract

I received a message on my phone today from Jamie Dixon (708.332.3568), an assistant to Myron Becker at CN's Labor Relations. Jamie said that Myron is now in charge of all operating crafts for CN's U.S. operations. He also said that GTW's BLE uses national H&W cost sharing effective April 2004.

NS BLRT

Section 3

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

ARTICLE IX - GENERAL PROVISIONSSection 1

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

Section 2

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

Section 3

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

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GTW ATDA

respect to employee cost sharing provisions, the parties agree that the employee cost sharing will equal the dollar amount contributed under the ATDD of the BLE National Agreement.

ARTICLE III - PAY DAYS

Effective January 1, 2003 employees will be paid weekly or bi-weekly only to the direct deposit account that he or she designates.

When a change in pay dates is to be implemented, the Organization will be given written notice sixty (60) days in advance of implementation.

ARTICLE IV - WORK RULES

Section 1 - Change Train Dispatcher Calling Procedure

Effective January 1, 2003 the Calling Procedure set forth in Attachment A will be implemented.

Section 2 - Assigned Utility Dispatchers

Effective January 1, 2003 Paragraph 2 of the Agreement dated March 30, 1978 covering Assigned Utility Dispatchers is amended to read as follows:

2. (a) Incumbents of Assigned Utility Dispatcher positions who are available their entire work week will be guaranteed not less than five (5) times the straight time trick train dispatcher's daily rate for such work week. All compensation paid at the straight time rate for work performed or for work not performed for all days included in a work week will be credited toward the guarantee.

(b) The starting time for a personal leave day, sick leave day or single vacation day for an Assigned Utility Dispatcher will be

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KCS - ATDA

Crimmel, Clyde

From: george.f.leif@kcsr.com
Sent: Wednesday, November 23, 2005 4:51 PM
To: Liu, Shou-Lien; cathie.b.bacca@kcsr.com; denise.l.brame@kcsr.com
Cc: Crimmel, Clyde
Subject: Re: FW: ATDA

Attachments: KCS_ATDA_2004.pdf



KCS_ATDA_2004.p
df (72 KB)

Shou-Lien:

Sorry for the delay. I was vacationing and digging out from being on vacation.

The KCS/ATDA agreement followed the COLA and H&W cost sharing language of the BLET national agreement. Accordingly, the COLA and H&W cost-sharing contribution for ATDA represented employees on KCS, effective 1/1/2006, will be 31 cents per hour and \$127.64 per month respectively.

SLiu@aar.org
11/16/2005 01:41 PM

To
George F Leif/KCS

Crimmel@aar.org
Subject
FW: ATDA

Fred,

Please note the e-mails exchange below. Is the COLA amount effective January 1, 2006 for your ATDA available? Also, what is the H&W employee cost-sharing contribution effective January 1, 2006 for ATDA? Thanks for your help.

Shou-Lien Liu
sliu@aar.org
202-639-2381

-----Original Message-----

From: kathleen.a.alexander@kcsr.com
[mailto:kathleen.a.alexander@kcsr.com]
Sent: Wednesday, November 02, 2005 11:22 AM
To: Liu, Shou-Lien; george.f.leif@kcsr.com
Subject: Fw: ATDA

Please see message below. Also, as information, Fred Leif has joined our staff and is now handling the ATDA contract. His e-mail address is George.F.Leif@ KCSR.com.

Ohy

----- Forwarded by Kathleen A Alexander/KCS on 11/02/2005 10:18 AM -----

make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

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

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

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

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

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

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

(h) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2007 monthly payment rate over such payment rate for 2006, plus (ii) the amount (if any) by which the number described in part (x) of subsection (g) of this Section exceeds the product described in part (y) of such subsection (g), and (y) one-half of the cost-of-living allowance effective January 1, 2007 pursuant to Article I, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2005.

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

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

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

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

Part B – Employee Cost Sharing of Plan Cost Increases

Section 1 – Employee Cost-Sharing Contributions

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

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

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

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

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

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



NORFOLK
SOUTHERN

Norfolk Southern Corporation
223 East City Hall Avenue
Norfolk, Virginia 23510-1728

NS ATDA

Kenneth J. O'Brien
Assistant Vice President
Labor Relations
(757) 629-2453

March 10, 2004

H&W Side Letter H

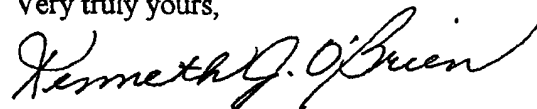
Mr. F. L. McCann, President
American Train Dispatchers Association
1370 Ontario Street, Suite 1040
Cleveland, Ohio 44113

Dear Mr. McCann:

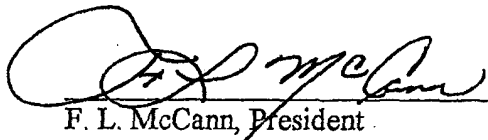
The parties recognize that COLA payments do not apply to ATDA members in the current agreement (except as otherwise may be applicable under Side Letter # 1 of the March 11, 2003 Agreement) and that beginning in 2005 the Thoroughbred Bonus Plan will apply.

For the purposes of determining employee cost-sharing contributions beginning July 1, 2005 as specified in Appendix A, Part B, Section 1, paragraphs (e), (f), (g), (h), (i) and (l), the cost-of-living calculations and formulas as specified in the national health and welfare settlement between NCCC and BLE dated December 16, 2003, will be used to calculate employee H&W contribution increases/decreases which may apply.

Very truly yours,



I CONCUR:



F. L. McCann, President

BNSF ATDA

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

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

(h) The Plan's Prescription Drug Card Program co-payments per prescription are revised as follows: (i) Generic Drug - \$5.00; (ii) Brand Name Drug - \$10.00. The Plan's Mail Order Prescription Drug Program co-payment is revised as follows: (i) Generic Drug - \$10.00; (ii) Brand Name Drug - \$15.00.

(i) The Plan design changes contained in this Section shall become effective as soon as practicable.

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

(a) Effective October 1, 2004, each employee covered by this Agreement shall contribute \$91.32 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

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

(c) Effective January 1, 2006, the per month employee cost-sharing contribution amount in effect on December 31, 2005 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2006 monthly payment rate over such payment rate for 2005, plus (ii) the amount (if any) by which the number described in part (x) of subsection (b) of this Section exceeds the product described in part (y) of such subsection (b), and (y) one-half of the cost-of-living

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Crimmel, Clyde

BNSF ATOA

From: Morgan, Kelly T [Kelly.Morgan@BNSF.com]
Sent: Wednesday, November 30, 2005 10:19 AM
To: Liu, Shou-Lien
Subject: FW: Cost Share Circulars
Attachments: BHCB Jan1 2006.pdf; Employee Contrib Jan 1 2006.pdf

Shou-Lien, Wendell said that the ATDA follows the BLET in the contributions for H&W.

*Kelly T. Morgan
 Manager - Payroll Closing & Analysis
 817-352-4855
 fax 817-352-4875*

-----Original Message-----

From: Dederick, Susan L
Sent: Wednesday, November 30, 2005 9:14 AM
To: Kinder, Penny S; Schooler, Donna L; Morgan, Kelly T
Cc: Lawrence, Michael J (Finance)
Subject: FW: Cost Share Circulars

All,
 As information and updating of rates for January 2006 collections.

-----Original Message-----

From: Bell, Wendell A
Sent: Wednesday, November 30, 2005 8:51 AM
To: Morgan, Kelly T; Dederick, Susan L; Weber, Mark B; Reid, Dan L; Zwadyk, Doris D
Cc: Kozak, Daniel J; Siegele, Milton; Wick, Ollie D
Subject: FW: Cost Share Circulars

Note the changes effective 1/1/06--and note that they are not all crafts, but only as specified.

-----Original Message-----

From: Susan Parks [mailto:SParks@rrnrlc.org]
Sent: Wednesday, November 30, 2005 6:53 AM
To: Bell, Wendell A; Howard_Emerick@csx.com; cathie.b.bacca@kcsr.com; peter.poirier@nscorp.com; GSDOURIS@up.com
Cc: Joseph Epstein
Subject: Cost Share Circulars

Were sent out by LR - here they are in case you haven't seen them.

Susan E. Parks, CEBS
 Benefits Administrator
 National Railway Labor Conference
 1901 L Street, NW
 Washington, DC 20036-3514
 (202) 862-7225
 (202) 862-7253 (FAX)
sparks@rrnrlc.org



(d) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (c) shall be increased by the lesser of (x) thirty (30) percent of the increase, if any, in the carriers' 2004 monthly payment rate over such payment rate for 2003, and (y) \$8.62.

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

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

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

(h) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers'

GTW IBEW

care, the National Off-Track Vehicle Plan, Supplemental Sickness Plan, National Job Stabilization Plan and National Time-Off With Pay Agreements, such as vacation, holiday and personal leave.

They shall participate in the above stated National Plans and/or Agreements on a basis equivalent to agreements and understandings reached nationally between the IBEW and carriers represented by the NCCC in the bargaining which occurs as a result of the expiration of the moratorium contained in the September 16, 1996 IBEW National Agreement. With respect to employee cost sharing provisions, the parties agree that the employee cost sharing will equal the dollar amount contributed under the national agreement.

ARTICLE VI - SAVINGS CLAUSE

All rules, agreements, provisions, conditions or practices, however established, which may conflict with this agreement are superseded by the provisions of this agreement. The parties exchanged various proposals antecedent to adoption of various Articles that appear in this agreement. It is our mutual understanding that none of such antecedent proposals and drafts will be used by any party for any purpose and that the provisions of this agreement will be interpreted and applied as though such proposals and drafts had not been used or exchanged in the negotiation.

K

500-10

Crimmel, Clyde

From: John Weiland [John_Weiland@cpr.ca]
Sent: Monday, November 28, 2005 4:36 PM
To: Liu, Shou-Lien
Cc: Crimmel, Clyde
Subject: RE: COLAs for SOO

Hi Shou-Lien

BMWED on Soo matches the National COLA (\$0.19 per hour) and will continue to do so until reach a new agreement with them.

All of the other unions listed below except ATDA receive the \$0.31 per hour COLA effective 1/1/2006. ATDA will get their first COLA 7/1/2006.

All of the settled crafts on Soo except UTU-Conductors are in the high/low plan. (UTU is in National Plan.) The increase in Soo Plan cost sharing is \$9.67 per month. New employee cost sharing for these groups will be \$25.54 (low) / \$125.54 (high). The current enrollment split is 15.2% in low plan, 84.8% in high plan.

BLET is not yet settled. When they do, their cost sharing will be a bit higher.

If have any other question, just let me know.

JPW

From: Liu, Shou-Lien [mailto:SLiu@aar.org]
Sent: Wednesday, November 16, 2005 2:46 PM
To: John Weiland
Cc: Crimmel, Clyde
Subject: RE: COLAs for SOO

John,

NRLC issued a circular regarding BMWWE COLA \$0.19 effective January 1, 2006. In the past, SOO BMWWE normally didn't match national amount. How about this time? Also, the following 11 SOO unions are due for a new H&W employee cost-sharing contribution effective January 1, 2006. Could you give me the amount for each one? If any unions have high/low options, could you advise the distribution of employees, in percentage, between high/low within each union?

ATDA
BRS
IAM
IBBM
IBEW
NCFO
SMW
TCU
TCU-CAR
UTU
UTU-YMD

Thanks again for your help.

12/1/2005

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

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

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

(a) Effective January 1, 2005, each employee covered by this Agreement shall contribute \$91.32 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

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

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

Crimmel, Clyde

From: PJGROSSK@up.com
Sent: Monday, November 21, 2005 9:08 AM
To: Liu, Shou-Lien
Cc: Crimmel, Clyde; PJGROSSK@up.com
Subject: RE: UTU-YMD

Yes.

"Liu, Shou-Lien" <SLiu@aar.org>

11/16/2005 03:12 PM

To: <PJGROSSK@up.com>
cc: "Crimmel, Clyde" <CCrimmel@aar.org>
Subject: RE: UTU-YMD

Peggy,

NRLC issued a circular yesterday regarding January 1, 2006 H&W employee contributions for the national agreements. In the past, you indicated UP UTU-YMD employee contribution amount was the same as TCU. Does the national TCU monthly contribution of \$123.28 apply to UTU-YMD this time?

I'll check back with you the COLA amount for this union. Thank you.

Shou-Lien

From: PJGROSSK@up.com [mailto:PJGROSSK@up.com]
Sent: Wednesday, November 09, 2005 9:45 AM
To: Liu, Shou-Lien
Subject: Re: UTU-YMD

We have not been officially notified of the COLA, but I believe it will be 31 cents. Please check back in a few weeks.

"Liu, Shou-Lien" <SLiu@aar.org>

11/02/2005 10:55 AM

To: <pjgrossk@up.com>
cc:
Subject: UTU-YMD

Peggy,

The independent UTU-YMD contract (see attached page) that UP signed on 11/8/04 indicates a COLA increase effective January

12/1/2005

m

UP Yardmasters

would have been covered but for the Opt-Out Election the employee had previously made) for foreign-to-occupation health benefits under the Plan. See Side Letter No. 7.

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

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

(g) The Plan design changes contained in this Section shall become effective January 1, 2005, or as soon thereafter as practicable.

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

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

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

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

(d) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (c) shall be \$91.32.

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

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

under the CHCB.

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

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

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

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

(c) Effective July 1, 2003, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be changed to \$91.38.

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

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

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

lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the cost-of-living allowance effective July 1, 2005 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003.

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

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

(h) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2007 monthly payment rate over such payment rate for 2006, plus (ii) the amount (if any) by which the number described in part (x) of subsection (g) of this Section exceeds the product described in part (y) of such subsection (g), and (y) one-half of the cost-of-living allowance effective January 1, 2007 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2005.

(i) The pattern specified in subsections (g), and (h) above shall be

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

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

(h) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2007 monthly payment rate over such payment rate for 2006, plus (ii) the amount (if any) by which the number described in part (x) of subsection (g) of this Section exceeds the product described in part (y) of such subsection (g), and (y) one-half of the cost-of-living allowance effective January 1, 2007, multiplied by one-twelfth of the ASTE Hours for calendar year 2005. (See Health & Welfare Side Letter G.)

(i) The pattern specified in subsections (g), and (h) above shall be followed with respect to computation of adjustments to the amount of the employee cost sharing contribution in subsequent periods during which this Part is in effect. (See Health & Welfare Side Letter G.)

(j) For purposes of subsections (d) through (i) above and subsection (l) below, the carriers' payment rate for any year shall mean twelve times the sum of what the carriers' payments to the Plan would have been, in the absence of any employee contributions to the Plan, for foreign-to-occupation health benefits under the Plan per month (in such year) per employee. The carriers' monthly payment rate for any year shall mean the carriers' payment rate for that year divided by 12. An "employee" for these purposes shall include any employee who has elected to opt-out of foreign-to-occupation health benefits under the Plan and under any Hospital Association plan in which he participates (except for employees who opt-out pursuant to item no. 2 of Health & Welfare Side Letter C).

Carrier payments to the Plan for these purposes shall be deemed to include amounts paid pursuant to Section 3(h) of Part A of this Section III to employees who elected to opt-out of foreign-to-occupation health benefits under the Plan and under any Hospital Association plan in which they participate, but shall not be deemed to include the amounts per such employee per month (in such year) taken from the Special Account, or from any other special account, fund or trust maintained in connection with the Plan, to pay or provide for current Plan benefits, or any amounts paid by remaining carriers to make up the unpaid contributions of terminating carriers pursuant to Article III, Part A, Section 1 of April 30, 1991 National Agreement between the organization signatory hereto and the carriers represented by the National Carriers' Conference Committee.



ASSOCIATION OF
AMERICAN RAILROADS

MEMORANDUM

TO: Self
FROM: Clyde Crimmel
cc: Shou-Lien Liu
DATE: November 30, 2005
RE: January 1, 2006 COLA for YMD and H&W for ATDA

Terry Byers from CSX (904.359.4801) called today and confirmed that the CSX Yardmaster COLA will be 31 cents and the dispatcher H&W cost sharing will be \$131.96.

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

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

(h) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2007 monthly payment rate over such payment rate for 2006, plus (ii) the amount (if any) by which the number described in part (x) of subsection (g) of this Section exceeds the product described in part (y) of such subsection (g), and (y) one-half of the cost-of-living allowance effective January 1, 2007, multiplied by one-twelfth of the ASTE Hours for calendar year 2005. (See Health & Welfare Side Letter G.)

(i) The pattern specified in subsections (g), and (h) above shall be followed with respect to computation of adjustments to the amount of the employee cost sharing contribution in subsequent periods during which this Part is in effect. (See Health & Welfare Side Letter G.)

(j) For purposes of subsections (d) through (i) above and subsection (l) below, the carriers' payment rate for any year shall mean twelve times the sum of what the carriers' payments to the Plan would have been, in the absence of any employee contributions to the Plan, for foreign-to-occupation health benefits under the Plan per month (in such year) per employee. The carriers' monthly payment rate for any year shall mean the carriers' payment rate for that year divided by 12. An "employee" for these purposes shall include any employee who has elected to opt-out of foreign-to-occupation health benefits under the Plan and under any Hospital Association plan in which he participates (except for employees who opt-out pursuant to item no. 2 of Health & Welfare Side Letter C).

Carrier payments to the Plan for these purposes shall be deemed to include amounts paid pursuant to Section 3(h) of Part A of this Section III to employees who elected to opt-out of foreign-to-occupation health benefits under the Plan and under any Hospital Association plan in which they participate, but shall not be deemed to include the amounts per such employee per month (in such year) taken from the Special Account, or from any other special account, fund or trust maintained in connection with the Plan, to pay or provide for current Plan benefits, or any amounts paid by remaining carriers to make up the unpaid contributions of terminating carriers pursuant to Article III, Part A, Section 1 of April 30, 1991 National Agreement between the organization signatory hereto and the carriers represented by the National Carriers' Conference Committee.

month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents beginning with the month of July of 2005.

(b) Effective July 1, 2005, the per month employee cost-sharing contribution amount shall be the sum of \$100.00 plus the lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the increase in the average straight-time hourly rate of a machinist employed by the Class One carriers party to this Agreement produced by application of the general wage increase provided for in Article I, Section 4 of this Agreement, multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003. It is understood that application of the foregoing formula will produce a monthly cost-sharing contribution amount of \$106.11.

(c) Effective July 1, 2006, the per month employee cost-sharing contribution amount in effect on June 30, 2006 shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2006 monthly payment rate over such payment rate for 2005, and (y) one-half of the cost-of-living allowance effective July 1, 2006 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.

(d) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2007 monthly payment rate over such payment rate for 2006, plus (ii) the amount (if any) by which the number described in part (x) of subsection (c) of this Section exceeds the product described in part (y) of such subsection (c), and (y) one-half of the cost-of-living allowance effective January 1, 2007 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2005.

(e) Effective July 1, 2007, the per month employee cost-sharing contribution amount in effect on June 30, 2007 shall be increased by the

ARTICLE IV - HEALTH & WELFARE

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

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

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

ARTICLE V - EMPLOYEE SHARE INVESTMENT PLAN

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

ARTICLE VI - PAYROLL DIRECT DEPOSIT

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

ARTICLE VII - BEREAVEMENT

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

Employees in active service shall be entitled to bereavement leave of three (3) work days, to be taken at the discretion of the employee, upon furnishing proof of death of the

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

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

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

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

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

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

ARTICLE III - HEALTH & WELFARE

- A. Effective upon ratification, all employees subject to this Agreement will remain in their current health and welfare plans until December 31, 2005. Any employee cost sharing provision will be discontinued effective the first month after ratification.
- B. Effective January 1, 2006, all health and welfare plans applicable to employees on the DM&IR are cancelled in their entirety and all employees subject to this Agreement and their dependents will be covered by the National Health and Welfare Plans, including all subsequent amendments, in effect between the National Carriers' Conference Committee and the National Conference of Firemen and Oilers. The total cost to the employee, including coverage for dependents, will be \$100.00 per month.

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

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- (c) In making calculations under this Article, fraction of a cent shall be rounded to the nearest whole cent; fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

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ARTICLE III - HEALTH & WELFARE

- A. Effective upon ratification, all employees subject to this Agreement will remain in their current health and welfare plans until December 31, 2005. Any employee cost sharing provision will be discontinued effective the first month after ratification.
- B. Effective January 1, 2006, all health and welfare plans applicable to employees on the B&LE are cancelled in their entirety and all employees subject to this Agreement and their dependents will be covered by the National Health and Welfare Plans, including all subsequent amendments, in effect between the National Carriers' Conference Committee and the National Conference of Firemen and Oilers. The total cost to the employee, including coverage for dependents, will be \$100.00 per month.

Q

GTW - NCFD

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

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

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ARTICLE III - HEALTH & WELFARE

Effective January 1, 2006, the total cost to the employee will be \$100.00 per month for all employees subject to this Agreement and their dependents covered by the National Health and Welfare Plans, including all subsequent amendments, in effect between the National Carriers' Conference Committee and the National Conference of Firemen and Oilers.



December 8, 2004

Side Letter No. 2

Mr. Leon R. Fenhaus
Vice-President Northwest Region
Brotherhood of Maintenance of Way Employees
1115 West Boulevard
Rapid City, SD 57701

Dear Mr. Fenhaus:

This will confirm our understanding, reached during negotiations leading to the Implementing Agreement of this date, regarding participation in the WC health care benefit plans by former DMIR, DWP, and M&M employees.

We agreed that, on the effective date of the agreement, former DWP and M&M employees will immediately be covered by WC health care benefit plans, including the appropriate employee contributions, and, as soon as practicable thereafter, will be eligible for the opt-out provisions in Rule 38 of the BMW E/WC Agreement.

We further agreed that, to the extent provided by the protective conditions, former DMIR employees will remain in existing DMIR health care benefit plans unless any such employee specifically opts to come under the provisions of the WC health care benefit plans. In the application of this letter, it is understood that the provider may be changed so long as the network and facilities available to the employees are not materially changed. Current DMIR health care contributions will be converted to a monthly pre-tax employee cost sharing contribution of \$56.36.

Yours truly,

J.S. Gibbins
Director - Labor Relations

2. The National Dental Plan effective March 1, 1976, as subsequently amended and revised (not reproduced).
 3. The National Vision Plan effective September 26, 1996, as subsequently amended and revised (not reproduced).
 4. The National Agreement Early Retirement Plan ("GA-46000") negotiated pursuant to the National Agreement of October 30, 1978, as subsequently amended and revised (not reproduced).
 5. The Supplemental Sickness Benefit Agreement of May 15, 1973 as subsequently amended and revised (not reproduced).
 6. The Off-Track Vehicle Insurance Agreement of February 10, 1971, as subsequently amended and revised (not reproduced).
- B. The employee contribution for the cost of the benefits provided in paragraph A.1. above shall be \$100.00 per month.
- C. During a prescribed election period preceding January 1, 2005, and preceding each January 1 thereafter, employees may certify to the carrier's designee, in writing, that they have health care coverage (which includes medical, prescription drug, and mental health/substance abuse benefits) under another group health plan or health insurance policy that they identify by name, and where applicable, by group number, and for that reason they elect to forego coverage for foreign-to-occupation health benefits for themselves and their dependents under the plan identified in paragraph A.1. above. Such election is hereafter referred to as an "Opt-Out Election" and, where exercised, will eliminate an employer's obligation to make a contribution to the plan for foreign-to-occupation health benefits for the employee and his dependents and the employee's contribution obligation under paragraph B above.

Employees who make an Opt-Out Election will be paid by \$100 for each month that the carrier is required to make a contribution to the plan on their behalf for life insurance and accidental death and dismemberment benefits as a result of compensated service rendered, or vacation pay received, by the employee during the prior month; provided, however, that the employee's Opt-Out Election is in effect for the entire month.

If an event described below occurs subsequent to an employee's Opt-Out Election, the employee may, upon providing the carrier's designee with proof satisfactory to it of the occurrence of such event, revoke the Opt-Out-Election. An employee may also revoke the Opt-Out Election by providing the carrier's designee with proof satisfactory to it that, after the employee made the Opt-Out Election, a person became a dependent of the employee through a marriage, birth, or adoption or placement for adoption. Employees who revoke an Opt-Out Election will, along with their dependents, be once again covered (effective the first day of the first month following such revocation that the employee and/or dependents would have been covered but for the Opt-Out Election the employee had previously made) for foreign-to-occupation health benefits under the plans.

R

DMIR

BMWE



December 8, 2004

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Mr. Leon R. Fenhaus
Vice-President Northwest Region
Brotherhood of Maintenance of Way Employees
1115 West Boulevard
Rapid City, SD 57701

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We further agreed that, to the extent provided by the protective conditions, former DMIR employees will remain in existing DMIR health care benefit plans unless any such employee specifically opts to come under the provisions of the WC health care benefit plans. In the application of this letter, it is understood that the provider may be changed so long as the network and facilities available to the employees are not materially changed. Current DMIR health care contributions will be converted to a monthly pre-tax employee cost sharing contribution of \$56.36.

Yours truly,

J.S. Gibbins
Director – Labor Relations

Railroad Retirement and Medicare

Employees Receiving Pay 165,351 (2004 Benchmark, 2003 RRB Distribution)
 Tier I Maximum 94,200 (Year = 2006)
 Tier II Maximum 69,900 (Year = 2006)
 Medicare Maximum no limit (Year = 2006)
 Tier I Tax Rate 6.20% (Year = 2006)
 Tier II Tax Rate 12.60% (Year = 2006)
 Medicare Tax Rate 1.45% (Year = 2006)

USA RCAF	Rate	Factor	RR Ret Tax	Hourly Rate
2003	\$27.952			
2004	\$28.151			
1Q/2006	\$29.277	1.00712	\$477,205,869	\$6.050
2Q/2006		1.04740	\$488,983,191	\$6.199
3Q/2006		0.00000	\$0	\$0.000
4Q/2006		0.00000	\$0	\$0.000
		0.00000	\$0	\$0.000

RR Ret Tax from RR_Retirement_04annual.xls, Hourly rate from SUPPL2004.xls
 Rate = Taxable Rate

Railroad Retirement & Medicare, U.S.

1Q/2006

1Q/2006

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2004	Avg Annual Earnings (2003 RRB Stats)	Estimated Avg. Annual Earnings	Avg Qlty Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Emgs	Tier II Tot Tax Emgs	Medicare Tot Tax Emgs
\$0 - 21699	0.725	1,199	\$11,267	\$11,801	\$2,950	\$2,950	\$2,950	\$2,950	\$3,536,770	\$3,536,770	\$3,536,770
21700 - 23699	0.193	319	\$22,973	24,062	6,015	6,015	6,015	6,015	1,919,710	1,919,710	1,919,710
23700 - 25699	0.097	160	\$25,118	26,309	6,577	6,577	6,577	6,577	1,054,915	1,054,915	1,054,915
25700 - 27699	0.338	559	\$26,857	28,130	7,033	7,033	7,033	7,033	3,930,382	3,930,382	3,930,382
27700 - 29699	0.483	799	\$28,666	30,025	7,506	7,506	7,506	7,506	5,994,801	5,994,801	5,994,801
29700 - 31699	0.676	1,118	\$30,665	32,119	8,030	8,030	8,030	8,030	8,975,325	8,975,325	8,975,325
31700 - 33699	1.063	1,758	\$32,732	34,284	8,571	8,571	8,571	8,571	15,064,903	15,064,903	15,064,903
33700 - 35699	1.304	2,156	\$34,918	36,573	9,143	9,143	9,143	9,143	19,714,577	19,714,577	19,714,577
35700 - 37699	3.595	3,595	\$36,837	38,583	9,646	9,646	9,646	9,646	34,674,029	34,674,029	34,674,029
37700 - 39699	3.865	6,391	\$38,736	40,572	10,143	10,143	10,143	10,143	64,822,353	64,822,353	64,822,353
39700 - 41699	5.604	9,266	\$40,794	42,728	10,682	10,682	10,682	10,682	98,981,707	98,981,707	98,981,707
41700 - 43699	7.150	11,823	\$42,719	44,744	11,186	11,186	11,186	11,186	132,247,551	132,247,551	132,247,551
43700 - 45699	5.459	9,027	\$44,689	46,807	11,702	11,702	11,702	11,702	105,626,831	105,626,831	105,626,831
45700 - 47699	5.362	8,866	\$46,622	48,832	12,208	12,208	12,208	12,208	108,237,619	108,237,619	108,237,619
47700 - 49699	4.251	7,029	\$48,650	50,956	12,739	12,739	12,739	12,739	89,543,583	89,543,583	89,543,583
49700 - 51699	4.106	6,789	\$50,778	53,185	13,296	13,296	13,296	13,296	90,272,414	90,272,414	90,272,414
51700 - 53699	4.058	6,710	\$52,651	55,147	13,787	13,787	13,787	13,787	92,507,978	92,507,978	92,507,978
53700 - 55699	4.686	7,748	\$54,699	57,292	14,323	14,323	14,323	14,323	110,979,353	110,979,353	110,979,353
55700 - 57699	3.478	5,751	\$56,729	59,418	14,855	14,855	14,855	14,855	85,427,014	85,427,014	85,427,014
57700 - 59699	3.865	6,391	\$58,759	61,544	15,386	15,386	15,386	15,386	98,329,632	98,329,632	98,329,632
59700 - 61699	3.382	5,592	\$60,699	63,576	15,894	15,894	15,894	15,894	88,882,377	88,882,377	88,882,377
61700 - 63699	2.947	4,873	\$62,736	65,710	16,427	16,427	16,427	16,427	80,049,289	80,049,289	80,049,289
63700 - 65699	2.995	4,952	\$64,606	67,668	16,917	16,917	16,917	16,917	83,778,041	83,778,041	83,778,041
65700 - 67699	2.609	4,314	\$66,582	69,738	17,435	17,435	17,435	17,435	75,212,744	75,212,744	75,212,744
67700 - 69699	2.754	4,554	\$68,490	71,737	17,934	17,934	17,934	17,934	81,667,944	81,667,944	81,667,944
69700 - 71699	2.464	4,074	\$70,768	74,123	18,531	18,531	18,531	18,531	75,498,469	75,498,469	75,498,469
71700 - 73699	2.222	3,674	\$72,704	76,150	19,038	19,038	19,038	19,038	69,945,999	69,945,999	69,945,999
73700 - 75699	2.222	3,674	\$74,614	78,151	19,538	19,538	19,538	19,538	71,783,544	71,783,544	71,783,544
75700 - 77699	2.077	3,434	\$76,591	80,222	20,055	20,055	20,055	20,055	68,877,085	68,877,085	68,877,085
77700 - 79699	2.174	3,595	\$78,682	82,412	20,603	20,603	20,603	20,603	74,062,002	74,062,002	74,062,002
79700 - 81699	1.739	2,875	\$80,593	84,413	21,103	21,103	21,103	21,103	60,681,656	60,681,656	60,681,656
81700 - 83699	1.159	1,916	\$82,845	86,772	21,693	21,693	21,693	21,693	41,572,894	41,572,894	41,572,894
83700 - 85699	1.159	1,916	\$84,767	88,785	22,196	22,196	22,196	22,196	33,489,406	33,489,406	33,489,406
85700 - 87699	1.691	2,796	\$86,555	90,658	22,664	22,664	22,664	22,664	48,861,593	48,861,593	48,861,593
87700 - 89699	0.870	1,439	\$88,645	92,847	23,212	23,212	23,212	23,212	33,391,353	33,391,353	33,391,353
89700 - 91699	0.821	1,358	\$90,431	94,718	23,679	23,679	23,679	23,679	25,138,726	25,138,726	25,138,726
91700 - 93699	0.580	959	\$92,469	96,852	24,213	24,213	24,213	24,213	16,759,151	16,759,151	16,759,151
93700 - 95699	0.676	1,118	\$94,955	99,456	24,864	24,864	24,864	24,864	19,533,079	19,533,079	19,533,079
95700 - over	6.522	10,784	\$121,610	127,375	31,844	31,844	31,844	31,844	253,967,727	253,967,727	253,967,727
TOTAL	100.000000	165,351	\$60,274						2,518,000,501	2,341,477,788	2,609,721,313
								Total Taxable Tax Rate	0.062	0.126	0.0145
								Qlty Pmt	\$156,116,031	\$295,026,201	\$37,840,959
								Tier I & II & Medicare			\$488,983,191

2Q/2006

Qty Pmt	\$5,686,690	\$33,798,684	\$0
Tier I & II & Medicare			
			\$39,485,374

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2004	Avg Annual Earnings (2003 RRB Stats)	Estimated Avg. Annual Earnings	Avg Qlty Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Erngs	Tier II Tot Tax Erng	Medicare Tot Tax Erng
\$0 - 21699	0.725	1,199	\$11,267	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21700 - 23699	0.193	319	\$22,973	0	0	0	0	0	0	0	0
23700 - 25699	0.097	160	\$25,118	0	0	0	0	0	0	0	0
25700 - 27699	0.338	559	\$26,857	0	0	0	0	0	0	0	0
27700 - 29699	0.483	799	\$28,666	0	0	0	0	0	0	0	0
29700 - 31699	0.676	1,118	\$30,665	0	0	0	0	0	0	0	0
31700 - 33699	1.063	1,758	\$32,732	0	0	0	0	0	0	0	0
33700 - 35699	1.304	2,156	\$34,918	0	0	0	0	0	0	0	0
35700 - 37699	2.174	3,595	\$36,837	0	0	0	0	0	0	0	0
37700 - 39699	3.865	6,391	\$38,736	0	0	0	0	0	0	0	0
39700 - 41699	5.604	9,266	\$40,794	0	0	0	0	0	0	0	0
41700 - 43699	7.150	11,823	\$42,719	0	0	0	0	0	0	0	0
43700 - 45699	5.459	9,027	\$44,689	0	0	0	0	0	0	0	0
45700 - 47699	5.362	8,866	\$46,622	0	0	0	0	0	0	0	0
47700 - 49699	4.251	7,029	\$48,650	0	0	0	0	0	0	0	0
49700 - 51699	4.106	6,789	\$50,778	0	0	0	0	0	0	0	0
51700 - 53699	4.058	6,710	\$52,651	0	0	0	0	0	0	0	0
53700 - 55699	4.686	7,748	\$54,699	0	0	0	0	0	0	0	0
55700 - 57699	3.478	5,751	\$56,729	0	0	0	0	0	0	0	0
57700 - 59699	3.865	6,391	\$58,759	0	0	0	0	0	0	0	0
59700 - 61699	3.382	5,592	\$60,699	0	0	0	0	0	0	0	0
61700 - 63699	2.947	4,873	\$62,736	0	0	0	0	0	0	0	0
63700 - 65699	2.995	4,952	\$64,606	0	0	0	0	0	0	0	0
65700 - 67699	2.609	4,314	\$66,582	0	0	0	0	0	0	0	0
67700 - 69699	2.754	4,554	\$68,490	0	0	0	0	0	0	0	0
69700 - 71699	2.464	4,074	\$70,768	0	0	0	0	0	0	0	0
71700 - 73699	2.222	3,674	\$72,704	0	0	0	0	0	0	0	0
73700 - 75699	2.222	3,674	\$74,614	0	0	0	0	0	0	0	0
75700 - 77699	2.077	3,434	\$76,591	0	0	0	0	0	0	0	0
77700 - 79699	2.174	3,595	\$78,682	0	0	0	0	0	0	0	0
79700 - 81699	1.739	2,875	\$80,593	0	0	0	0	0	0	0	0
81700 - 83699	1.159	1,916	\$82,845	0	0	0	0	0	0	0	0
83700 - 85699	1.159	1,916	\$84,767	0	0	0	0	0	0	0	0
85700 - 87699	1.691	2,796	\$86,555	0	0	0	0	0	0	0	0
87700 - 89699	0.870	1,439	\$88,645	0	0	0	0	0	0	0	0
89700 - 91699	0.821	1,358	\$90,431	0	0	0	0	0	0	0	0
91700 - 93699	0.580	959	\$92,469	0	0	0	0	0	0	0	0
93700 - 95699	0.676	1,118	\$94,955	0	0	0	0	0	0	0	0
95700 - over	6.522	10,784	\$121,610	0	0	0	0	0	0	0	0
TOTAL	100.000	165,351						Total Taxable Tax Rate	0.062	0.126	0.0145

Qty Pmt

Tier I & II & Medicare

\$0 \$0 \$0

Railroad Retirement & Medicare, U.S.

4Q/2006

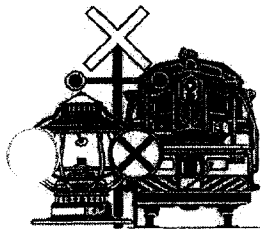
4Q/2006

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2004	Avg Annual Earnings (2003 RRB Stats)	Estimated		Avg Qlty Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tot Tax Enrgs	Tier I Tot Tax Enrg	Tier II Tot Tax Enrg	Medicare Tot Tax Enrg
				Avg Annual Earnings	Avg Annual Earnings								
\$0 - 4999	0.725	1,199	\$11,267	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5000 - 9999	0.193	319	\$22,973	0	0	0	0	0	0	0	0	0	0
10000 - 12499	0.097	160	\$25,118	0	0	0	0	0	0	0	0	0	0
12500 - 14999	0.338	559	\$26,857	0	0	0	0	0	0	0	0	0	0
15000 - 17499	0.483	799	\$28,666	0	0	0	0	0	0	0	0	0	0
17500 - 19999	0.676	1,118	\$30,665	0	0	0	0	0	0	0	0	0	0
20000 - 22499	1.063	1,758	\$32,732	0	0	0	0	0	0	0	0	0	0
22500 - 24999	1.304	2,156	\$34,918	0	0	0	0	0	0	0	0	0	0
25000 - 27499	2.174	3,595	\$36,837	0	0	0	0	0	0	0	0	0	0
27500 - 29999	3.865	6,391	\$38,736	0	0	0	0	0	0	0	0	0	0
30000 - 32499	5.604	9,266	\$40,794	0	0	0	0	0	0	0	0	0	0
32500 - 34999	7.150	11,823	\$42,719	0	0	0	0	0	0	0	0	0	0
35000 - 37499	5.459	9,027	\$44,689	0	0	0	0	0	0	0	0	0	0
37500 - 39999	5.362	8,866	\$46,622	0	0	0	0	0	0	0	0	0	0
40000 - 42499	4.251	7,029	\$48,650	0	0	0	0	0	0	0	0	0	0
42500 - 44999	4.106	6,789	\$50,778	0	0	0	0	0	0	0	0	0	0
45000 - 47499	4.058	6,710	\$52,651	0	0	0	0	0	0	0	0	0	0
47500 - 49999	4.686	7,748	\$54,699	0	0	0	0	0	0	0	0	0	0
50000 - 52499	3.478	5,751	\$56,729	0	0	0	0	0	0	0	0	0	0
52500 - 54999	3.865	6,391	\$58,759	0	0	0	0	0	0	0	0	0	0
55000 - 57499	3.382	5,592	\$60,699	0	0	0	0	0	0	0	0	0	0
57500 - 59999	2.947	4,873	\$62,736	0	0	0	0	0	0	0	0	0	0
60000 - 62499	2.995	4,952	\$64,606	0	0	0	0	0	0	0	0	0	0
62500 - 64999	2.609	4,314	\$66,582	0	0	0	0	0	0	0	0	0	0
65000 - 67499	2.754	4,554	\$68,490	0	0	0	0	0	0	0	0	0	0
67500 - 69999	2.464	4,074	\$70,768	0	0	0	0	0	0	0	0	0	0
70000 - 72499	2.222	3,674	\$72,704	0	0	0	0	0	0	0	0	0	0
72500 - 74999	2.222	3,674	\$74,614	0	0	0	0	0	0	0	0	0	0
75000 - 77499	2.077	3,434	\$76,591	0	0	0	0	0	0	0	0	0	0
77500 - 79999	2.174	3,595	\$78,682	0	0	0	0	0	0	0	0	0	0
80000 - 84999	1.739	2,875	\$80,593	0	0	0	0	0	0	0	0	0	0
85000 - 89999	1.159	1,916	\$82,845	0	0	0	0	0	0	0	0	0	0
90000 - 94999	1.159	1,916	\$84,767	0	0	0	0	0	0	0	0	0	0
95000 - 99999	1.691	2,796	\$86,555	0	0	0	0	0	0	0	0	0	0
100000 - 104999	0.870	1,439	\$88,645	0	0	0	0	0	0	0	0	0	0
105000 - 109999	0.821	1,358	\$90,431	0	0	0	0	0	0	0	0	0	0
110000 - 114999	0.580	959	\$92,469	0	0	0	0	0	0	0	0	0	0
115000 - 119999	0.676	1,118	\$94,955	0	0	0	0	0	0	0	0	0	0
120000 - 124999	6.522	10,784	\$121,610	0	0	0	0	0	0	0	0	0	0
TOTAL	100.000	165,351							Total Taxable Tax Rate	0.062	0	0.126	0.0145

Qlty Pmt

Tier I & II & Medicare

\$0 \$0 \$0



RRB News

U.S. Railroad Retirement Board

Public Affairs 844 North Rush Street Chicago, Illinois 60611-2092

312-751-4777
312-751-7154 (fax)
www.rrb.gov

No. 05-10

For Immediate Release
November 2005

Year 2006 Railroad Retirement and Unemployment Insurance Taxes

The amounts of compensation subject to railroad retirement tier I and tier II payroll taxes will increase in 2006. However, the tier I tax rate on employees and employers remains unchanged. Under the Railroad Retirement and Survivors' Improvement Act of 2001, tier II tax rates are now determined annually by an average account benefits ratio. Based on this ratio, the tier II tax rates on employees and employers will also remain unchanged in 2006. Railroad unemployment insurance tax rates paid by employers will continue to include a 1.5 percent surcharge in 2006.

Tier I and Medicare Tax.—The railroad retirement tier I payroll tax rate on covered rail employees and employers for the year 2006 remains at 7.65 percent. The railroad retirement tier I tax rate is the same as the social security tax, and for withholding and reporting purposes is divided into 6.20 percent for retirement and 1.45 percent for Medicare hospital insurance. The maximum amount of an employee's earnings subject to the 6.20 percent rate will increase to \$94,200 in 2006 from \$90,000 in 2005, but there is no maximum on earnings subject to the 1.45 percent Medicare rate. The increase in the amount of earnings subject to railroad retirement and social security taxes is based on indexing to increases in average national wages.

Tier II Tax.—The railroad retirement tier II tax rate on employees will remain at 4.4 percent in 2006, and the rate on employers will remain at 12.6 percent. The maximum amount of earnings subject to railroad retirement tier II taxes, however, will increase to \$69,900 in 2006 from \$66,900 in 2005. Tier II tax rates under the 2001 Railroad Retirement and Survivors' Improvement Act are based on an average account benefits ratio reflecting railroad retirement fund levels. Depending on this ratio, the tier II tax rate for employers can range between 8.2 percent and 22.1 percent, while the tier II rate for employees can be between 0 percent and 4.9 percent.

(More)

Unemployment Insurance Tax.--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 \$1,195 in 2006, up from \$1,150 in 2005. 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 1.5 percent applied in 2004 and 2005. Since the accrual balance of the Railroad Unemployment Insurance Account was \$113.1 million on June 30, 2005, which was less than the indexed threshold of \$114.9 million, a surcharge of 1.5 percent will again be added to the basic tax rates in 2006, but will not increase the maximum 12 percent rate.

The unemployment insurance tax rates on railroad employers in 2006 therefore will range from 2.15 percent (the minimum basic rate of 0.65 percent plus the 1.5 percent surcharge) to a maximum of 12 percent on monthly compensation up to \$1,195.

The 1.5 percent surcharge will not apply to new employers in 2006, and new employers will initially pay a tax rate of 4.03 percent, which represents the average rate paid by all employers in the period 2002-2004.

For 76 percent of covered employers, the unemployment insurance rate assessed will be 2.15 percent in 2006.

###

RCAF Unemployment Insurance Tax

	<u>Unemployment Ins.</u>			RRB	Factor	Avg. Ann.	Un. Ins.
	<u>Tax</u>	<u>Earnings</u>	<u>Hourly</u>	<u>Sample</u>	<u>To Update</u>	<u>Taxable</u>	<u>Hourly</u>
	<u>Rate</u>	<u>Base</u>	<u>Earnings</u>	<u>Year</u>	<u>RRB Sample</u>	<u>Earnings</u>	<u>Rate</u>
			\$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	2.28%	\$13,800	\$29.332		1.076088	\$12,913.18	\$0.164
2Q/05	2.28%	\$13,800	\$29.115		1.068127	\$12,909.59	\$0.164
3Q/05	2.28%	\$13,800	\$29.408		1.078876	\$12,914.43	\$0.164
			\$27.952	(2003)			
2004 Avg.	2.88%	\$13,560	\$28.151		1.007119	\$12,797.12	\$0.197
3Q/05 reb.	2.29%	\$13,800	\$28.962		1.036133	\$13,027.92	\$0.159
4Q/05	2.29%	\$13,800	\$29.157		1.043110	\$13,030.55	\$0.159
1Q/06	2.36%	\$14,340	\$29.277		1.047403	\$13,526.36	\$0.170
2Q/06							
3Q/06							

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.

2005 rate changes from 2.28% to 2.29% because rebenchmarking to 2004 wage statistics and annual report data adds BL&E and DMIR to the railroad group.



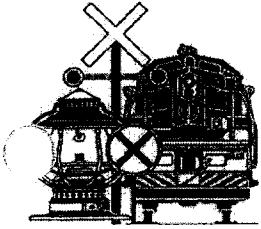
ASSOCIATION OF AMERICAN RAILROADS

MEMORANDUM

TO: Self
FROM: Clyde Crimmel
cc: Shou-Lien Liu
DATE: November 9, 2005
RE: Unemployment Insurance Tax Rate for 2006

Unemployment Insurance rates for 2006 can range from a minimum of 0.65 percent to a maximum of 12 percent on monthly earnings up to \$1,195. A 1.5 percentage point surcharge will be in effect for 2006, meaning the minimum tax rate is effectively 2.15 percent. Marla Huddleston, Chief, Division of Benefit and Employment Analysis at the Railroad Retirement Board, said in her November 9 e-mail that the weighted average 2006 Unemployment Insurance rate for Class I railroads is **2.36 percent**.

Currently, we are using 2004 wage statistics that Class I railroads do not include the Texas Mexican Railway which KCS took control on January 1, 2005. When we rebenchmark in the fall of 2006, KCS may include Texas Mexican in its 2005 wage statistics. If this railroad is included, the 2006 weighted average Unemployment Insurance rate for Class I railroads will be still 2.36 percent.



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Tier I and Medicare Tax.--The railroad retirement tier I payroll tax rate on covered rail employees and employers for the year 2006 remains at 7.65 percent. The railroad retirement tier I tax rate is the same as the social security tax, and for withholding and reporting purposes is divided into 6.20 percent for retirement and 1.45 percent for Medicare hospital insurance. The maximum amount of an employee's earnings subject to the 6.20 percent rate will increase to \$94,200 in 2006 from \$90,000 in 2005, but there is no maximum on earnings subject to the 1.45 percent Medicare rate. The increase in the amount of earnings subject to railroad retirement and social security taxes is based on indexing to increases in average national wages.

Tier II Tax.--The railroad retirement tier II tax rate on employees will remain at 4.4 percent in 2006, and the rate on employers will remain at 12.6 percent. The maximum amount of earnings subject to railroad retirement tier II taxes, however, will increase to \$69,900 in 2006 from \$66,900 in 2005. Tier II tax rates under the 2001 Railroad Retirement and Survivors' Improvement Act are based on an average account benefits ratio reflecting railroad retirement fund levels. Depending on this ratio, the tier II tax rate for employers can range between 8.2 percent and 22.1 percent, while the tier II rate for employees can be between 0 percent and 4.9 percent.

(More)

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The 1.5 percent surcharge will not apply to new employers in 2006, and new employers will initially pay a tax rate of 4.03 percent, which represents the average rate paid by all employers in the period 2002-2004.

For 76 percent of covered employers, the unemployment insurance rate assessed will be 2.15 percent in 2006.

###

TOTAL GROSS EARNINGS AND AVERAGE GROSS EARNINGS-2003 RRB File

The MEANS Procedure

Variable	N	Sum	Mean
ANUAL_US	2628	33630824.15	12797.12
QTRLY_US	2628	35547272.76	13526.36

The SAS System
Factors and Caps 2004 and 2006Q1

14:20 Thursday, December 1, 2005 2

The MEANS Procedure

Variable	N	Sum	Mean
FactorA	2628	2646.71	1.0071190
FactorQ	2628	2752.58	1.0474030
Capa	2628	35635680.00	13560.00
Capq	2628	37685520.00	14340.00



This Week In Petroleum

EIA Home > Petroleum > This Week In Petroleum

Released on November 30, 2005
(Next Release on December 7, 2005)

Prognostications

At this time of year, there are usually a lot of forecasts as to who will make the NFL playoffs and which college football teams will play for the national championship. While almost everyone has determined that the University of Texas and the University of Southern California will ultimately play for the national championship, others are having a hard time determining if there will be an NFL playoff game played in Chicago this season. But the end of November also brings out prognostications about oil markets during the winter, and this year is no exception. Will crude oil prices continue to fall? Will the average price of regular gasoline in the country (currently at about \$2.15 per gallon) fall below \$2.00? While only the passage of time can reveal which football and oil market prognostications will prove to be correct, a review of fundamentals can help to sharpen our views of the most likely outcomes.

Consider, for example, the forces driving crude oil prices, which have recently been trending lower. It is true that U.S. commercial crude oil inventories are currently plentiful, but this situation could change, especially if weather turns more seasonal (colder) and refineries continue to ramp up production to make enough distillate fuel for current needs and build gasoline inventories sufficiently for next year's peak driving season. As refineries continue to increase their throughput, crude oil inventories could fall, as they did in today's data release for last week, unless imports average well above 10 million barrels per day. The Minerals Management Service reported that as of November 29, more than 564,000 barrels per day of offshore crude oil production remains shut-in. Some analysts project that it may be months before the bulk of this shut-in production can come back on line, with some of the production reportedly not coming back online until mid-2006. EIA data for last week shows that U.S. crude oil production averaged less than 4.8 million barrels per day, and it is likely to remain well below 5 million barrels per day for many weeks, if not months, to come. With refinery throughput already over 15.1 million barrels per day, and possibly heading towards 15.5 million barrels per day or higher over the next several weeks (the December 2004 average was 15.75 million barrels per day), simple subtraction indicates that crude oil imports will need to average well above 10 million barrels per day to keep crude oil inventories from falling. Fortunately for now, there is ample crude oil inventory available, but should crude oil imports continue to average just 9.7 million barrels per day, as they did last week, substantial drops in inventories should be expected. Therefore, either crude oil inventories will likely begin a sustained drop or U.S. refineries will need to continue to buy imported crude oil at relatively strong rates. Either way, this could put some upward pressure on WTI prices in the coming weeks.

As any motorist knows, gasoline prices have dropped dramatically over the last several weeks as gasoline supplies have increased just as demand typically sees a seasonal decline (see the November 9 and 16 editions of *This Week In Petroleum* for more details). However, recent wholesale price trends suggest that while retail gasoline prices may fall a little bit more over the next week or two, price movements beyond that timeframe will be influenced by the trend in crude oil prices. If crude oil prices do begin to start rising, or even stop falling, gasoline prices may not drop enough from the U.S. average for regular gasoline of \$2.15 per gallon as of November 28 to reach as low as \$2.00 per gallon (even though some parts of the country are already seeing prices lower than \$2.00 per gallon).

But just as few people outside of the Chicago area expected the Chicago Bears to win 8 of their first 11

games, or anyone expected the Philadelphia Eagles to have a worse record at this point in the season than 8 of its conference opponents, prognostications can often be wrong. Whether EIA's view of the likely direction of markets proves to be right will only be seen over time.

Residential Heating Fuel Prices Continue Their Gradual Decrease

Residential heating oil prices decreased for the period ending November 28, 2005. The average residential heating oil price was reduced by 1.4 cents from last week to reach 241.7 cents per gallon, an increase of 38.7 cents from this time last year. Wholesale heating oil prices increased 0.2 cent to reach 173.3 cents per gallon, an increase of 25.7 cents compared to the same period last year.

The average residential propane price decreased 0.2 cent, to 193.8 cents per gallon. This was an increase of 23.4 cents over the 170.4 cents per gallon average for this same time last year. Wholesale propane prices increased 0.8 cent per gallon, from 106.2 cents to 107.0 cents per gallon. This was an increase of 8.5 cents from the November 29, 2004 price of 98.5 cents per gallon.

U.S. Retail Gasoline Price Decreases for Eighth Straight Week

The U.S. average retail price for regular gasoline dropped by 4.7 cents to 215.4 cents per gallon, falling for the eighth week in a row. This price was the lowest since June 13, 2005 but still 20.9 cents higher than this time last year. Retail prices have fallen by more than 77 cents per gallon in the past eight weeks. Although prices fell nationwide, the Rocky Mountains saw the largest decrease of 7.0 cents to 218.2 cents per gallon. The Midwest had the lowest regional price after falling 3.3 cents to 205.4 cents per gallon. West Coast prices fell 4.4 cents to 238.9 cents per gallon, the highest regional price in the country, while California prices fell 4.1 cents to 241.2 cents per gallon. East Coast prices fell by 5.4 cents to 215.2 cents per gallon.

Retail diesel fuel prices fell 3.4 cents to reach 247.9 cents per gallon, the lowest price since August 8, 2005. The U.S. average retail diesel price has fallen almost 68 cents per gallon during the last five weeks. Prices were down throughout the country, with the Rocky Mountains seeing the largest regional decrease of 6.3 cents to 259.1 cents per gallon. Midwest prices were down 3.5 cents to 244.2 cents per gallon, the lowest regional price in the nation. West Coast prices, the highest in the country, averaged 261.7 cents per gallon after falling 3.5 cents.

Propane Inventories Continue to Grow

Despite the relatively bitter temperatures over the Thanksgiving holiday in many parts of the country, U.S. inventories of propane continued higher last week with a 2.3-million-barrel build that placed inventories at an estimated 70.8 million barrels as of November 25, 2005. Near-record weekly imports totaling almost 0.5 million barrels per day, coupled with continued gains in propane production, apparently more than offset the frigid weather over many portions of the Midwest and East Coast last week. Following strong imports into the East Coast and Gulf Coast regions, inventories followed suit with respective gains of 0.4 million barrels and 1.6 million barrels. Midwest inventories also reported a 0.4-million-barrel gain last week, even though imports were lower compared to the prior week. The combined Rocky Mountain/West Coast regions continued their downward trend last week with a weekly inventory loss measuring 0.1 million barrels that put inventories at 2.6 million barrels. Propylene non-fuel use inventories plunged lower by 0.4 million barrels to 3.3 million barrels, accounting for a 4.7 percent share 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.

Retail Prices (Cents Per Gallon)



This Week In Petroleum

EIA Home > Petroleum > This Week In Petroleum

Complete History XLS
PADD DefinitionsSummary
PricesCrude Oil
StocksGasoline
ProductionDistillate
ImportsPropane
Demand

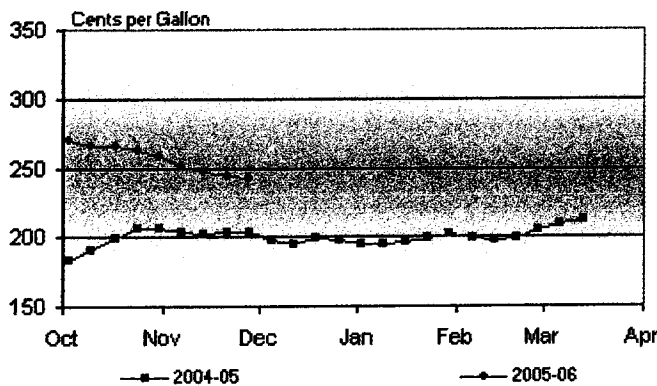
Residential Heating Oil Prices (Cents per Gallon)

Residential Heating Oil Prices								more data
	Most Recent							Year Ago
	10/17/05	10/24/05	10/31/05	11/07/05	11/14/05	11/21/05	11/28/05	11/29/04
Average	265.0	262.3	257.7	250.8	246.6	243.1	241.7	203.0
East Coast (PADD I)	263.4	259.5	256.6	250.8	246.9	244.1	242.9	204.9
New England (PADD IA)	256.1	252.2	248.9	243.5	239.7	237.0	236.1	199.7
Central Atlantic (PADD IB)	266.7	263.3	261.4	255.7	252.1	249.7	248.3	210.1
Lower Atlantic (PADD IC)	280.6	273.7	264.2	255.0	248.0	240.4	238.9	191.9
Midwest (PADD II)	282.0	291.1	270.0	250.8	242.6	232.8	229.3	182.9

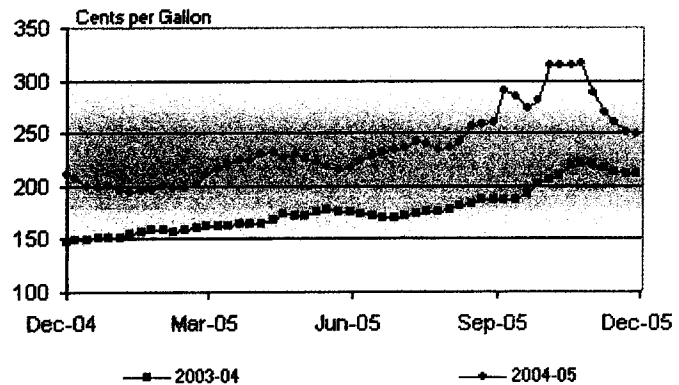
On-Highway Diesel Fuel Prices (Cents per Gallon)

On-Highway Diesel Fuel Prices								more data
	Most Recent							Year Ago
	10/17/05	10/24/05	10/31/05	11/07/05	11/14/05	11/21/05	11/28/05	11/29/04
U.S.	314.8	315.7	287.6	269.8	260.2	251.3	247.9	211.6
East Coast (PADD I)	311.6	305.1	278.4	265.7	256.5	249.1	246.7	214.1
New England (PADD IA)	291.3	287.3	283.4	274.4	269.9	265.2	261.9	225.8
Central Atlantic (PADD IB)	296.6	294.0	284.8	275.5	268.9	261.5	260.4	225.2
Lower Atlantic (PADD IC)	319.9	311.5	275.3	260.8	250.0	242.3	239.4	208.2
Midwest (PADD II)	314.4	323.5	290.7	267.1	257.5	247.7	244.2	208.6
Gulf Coast (PADD III)	317.7	314.6	284.6	267.9	258.5	249.1	245.6	205.3
Rocky Mountain (PADD IV)	317.8	323.2	307.9	290.7	276.6	265.4	259.1	217.1
West Coast (PADD V)	317.8	314.2	295.1	282.1	273.8	265.2	261.7	223.3
California	321.0	315.2	293.6	279.7	271.7	259.9	255.9	228.7

Residential Heating Oil Prices



On-Highway Diesel Fuel Prices



No. 2 Distillate Spot Prices (Cents per Gallon)

Spot Heating Oil Prices								more data
	Most Recent							Year Ago
City	10/14/05	10/21/05	10/28/05	11/04/05	11/11/05	11/18/05	11/23/05	11/24/04
New York	189.5	183.3	181.0	174.1	168.3	167.2	166.8	143.4
Houston	211.5	189.9	185.8	173.2	167.6	161.6	155.8	132.4

Spot Diesel Fuel Prices								more data
	Most Recent							Year Ago
City	10/14/05	10/21/05	10/28/05	11/04/05	11/11/05	11/18/05	11/23/05	11/24/04
New York	206.5	198.8	191.0	180.1	173.5	171.0	169.8	146.3
Chicago	242.0	274.3	205.0	191.4	181.9	170.2	168.5	139.5
Houston	234.5	197.0	190.6	177.5	170.4	164.3	157.8	137.9
Los Angeles (CARB)	222.5	199.0	197.0	182.5	176.5	171.0	166.5	147.0

Markets closed on November 24 and 25.

November 2005

Short-Term Energy Outlook

November 8, 2005 Release

Overview

Hurricanes Katrina and Rita damaged, set adrift, or sunk 192 oil and natural gas drilling rigs and producing platforms, the most significant blow to the U.S. petroleum and natural gas industries in recent memory. At the beginning of November almost 53 percent of normal daily Federal Gulf of Mexico oil production and 47 percent of Federal Gulf of Mexico natural gas production remains shut in. Moreover, in Louisiana 1.0 billion cubic feet (bcf) per day of onshore natural gas production remains offline and 0.8 million barrels per day (bbl/d) of crude oil refining capacity remains shut down. Some wells were temporarily shut in as a precaution to Hurricane Wilma. While no damage was reported from that storm, hurricane recovery remains a key factor in this *Outlook*. Indeed, recent information on damaged and destroyed platforms and shut-in production suggests that the recovery path will be slower than predicted in the October *Outlook*.

This short-term forecast projects that total energy demand is likely to respond to higher prices and hurricane-related destruction by showing relatively flat growth between 2004 and 2005, compared with 1.5-percent growth between 2003 and 2004. However, energy demand is expected to recover in 2006 at a rate of about 2 percent. Prices for crude oil, petroleum products, and natural gas are projected to remain high during the remainder of 2005 and through 2006 because of tight international supplies and hurricane-induced supply losses. The price of West Texas Intermediate (WTI) crude oil is expected to average \$57 per barrel in 2005 and \$64-\$65 per barrel in 2006 ([Figure 1. West Texas Intermediate Crude Oil Price](#)). Retail regular gasoline prices are expected to average \$2.29 per gallon in 2005 and \$2.43 in 2006 ([Figure 2. Gasoline and Crude Oil Prices](#)). Henry Hub natural gas prices are expected to average \$9.15 per thousand cubic feet (mcf) in 2005 and \$9.00 per mcf in 2006 ([Figure 3. U.S. Natural Gas Spot Prices](#)).

Hurricane Recovery Path is Revised from October Outlook

Recovery of production facilities and other infrastructure in the Gulf region is expected to continue, but it now appears unlikely that anything close to complete recovery will occur before the end of the second quarter of 2006. This extends the recovery period by about 3 months beyond what was assumed in the previous *Outlook*. The changes to our production path are driven by more detailed information on damage to production wells, pipelines, and natural gas processing plants from the hurricanes. The Minerals Management Service (MMS) reports that more than 150 offshore platforms have been heavily damaged or destroyed and are not expected to be fully operational for several months.

In this *Outlook*, shut-in Federal Gulf of Mexico production is projected to gradually decline through March 2006, when shut-in Gulf crude oil falls to 353 thousand bbl/d (22.6 percent of its pre-hurricane production level), and shut-in natural gas falls to 2.1 bcf per day (20.6 percent of its pre-hurricane level). Refinery capacity improves more rapidly; by the end of February, refinery capacity is fully restored to pre-Katrina levels. (Figure 4. Shut-In Federal Offshore Gulf Crude Oil Production, Figure 5. Shut-In Federal Offshore Gulf Natural Gas Production, Figure 6. Shut-In Gulf Crude Oil Refinery Capacity). Also, on-shore oil and natural gas production in Louisiana was less than 50 percent of capacity at the end of October, but are expected to be fully restored by the end of March. Although our recovery projections are based on more detailed information than previously available, damage assessments are still underway, and estimates of impacts to oil and natural gas production remain uncertain.

Winter Heating Expenditures

Our current projections for winter residential heating oil and natural gas expenditures reflect slight revisions downward from our last *Outlook*. In the case of the petroleum market, this change reflects the return to more normal wholesale and retail price margins as refineries have come back on line supported by an increase in imports. For the natural gas market, the adjustment reflects our reassessment of the markup between wellhead and end-use markets in our new regional natural gas model. However, residential space-heating expenditures are still projected to significantly increase for all fuel types compared to year-ago levels.

On average, households heating primarily with natural gas likely will spend \$306 (41 percent) more for fuel this winter than last winter. Households heating primarily with heating oil can expect to pay, on average, \$325 (27 percent) more this winter than last. Households heating primarily with propane can expect to pay, on average, \$230 (21 percent) more this winter than last. Households heating primarily with electricity can expect to pay, on average, \$33 (5 percent) more. Should colder weather prevail, expenditures could be significantly higher. These averages provide a broad guide to changes from last winter, but fuel expenditures for individual households are highly dependent on local weather conditions, the size and efficiency of individual homes and their heating equipment, and thermostat settings (Table WF01. Selected U.S. Average Consumer Prices and Expenditures for Heating Fuels for the Winter).

Global Petroleum Markets Remain Tight through 2006

Many of the same factors that drove world oil markets in 2005, such as low Organization of Petroleum Exporting Countries (OPEC) spare oil production capacity and rapid world oil demand growth, will continue to affect markets in 2006. Other factors are less certain, such as the frequency and intensity of hurricanes, other extreme weather, and geopolitical instability.

OPEC spare production capacity reached historic low levels in 2005, at around 1.0-1.5 million bbl/d. For 2006, EIA forecasts a slight increase in OPEC spare oil production capacity, to 2.0-2.5 million bbl/d (Figure 7. World Oil Spare Production Capacity), which should allow for some easing of tight oil market conditions in 2006. Crude oil output from OPEC is expected to remain flat in 2006, at about 30 million bbl/d. Non-OPEC supply

Figure 4. Shut-In Federal Offshore Gulf Crude Oil Production

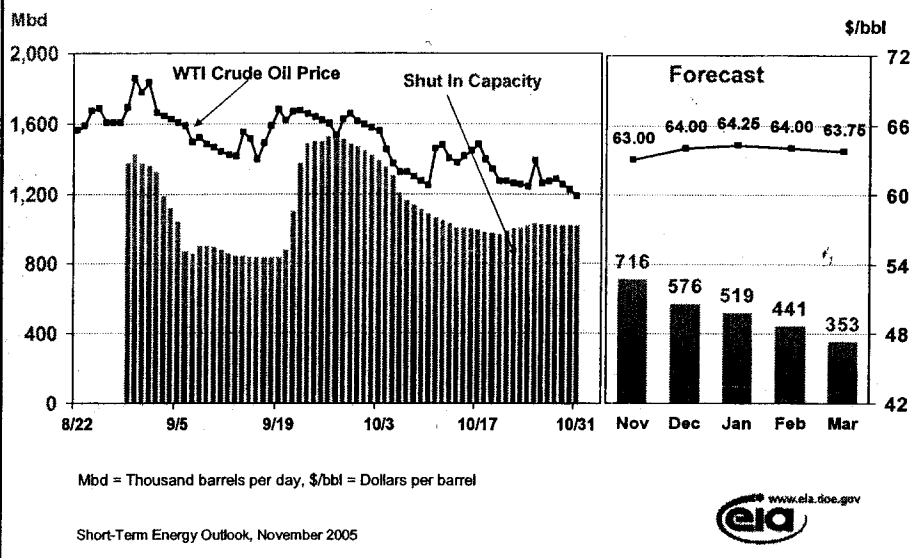


Figure 5. Shut-In Federal Offshore Gulf Natural Gas Production

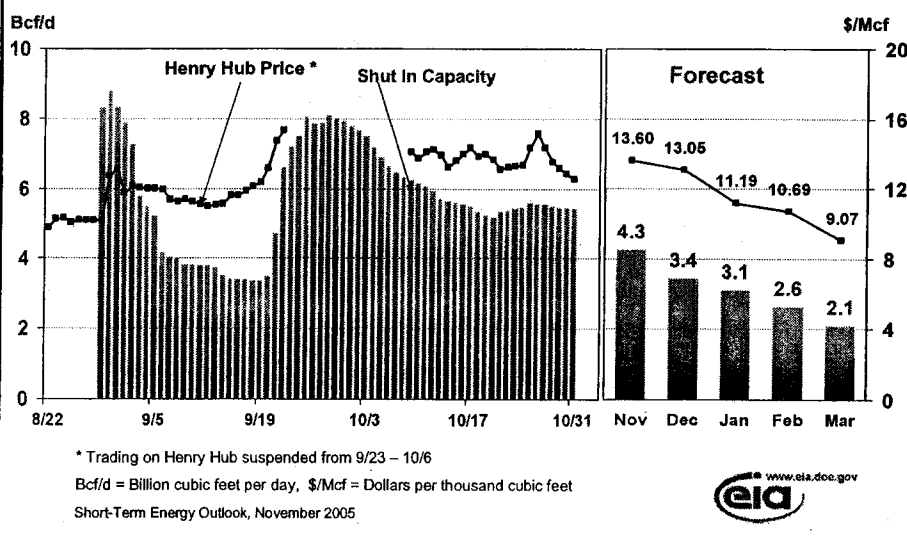


Figure 6. Shut-In Gulf Crude Oil Refinery Capacity

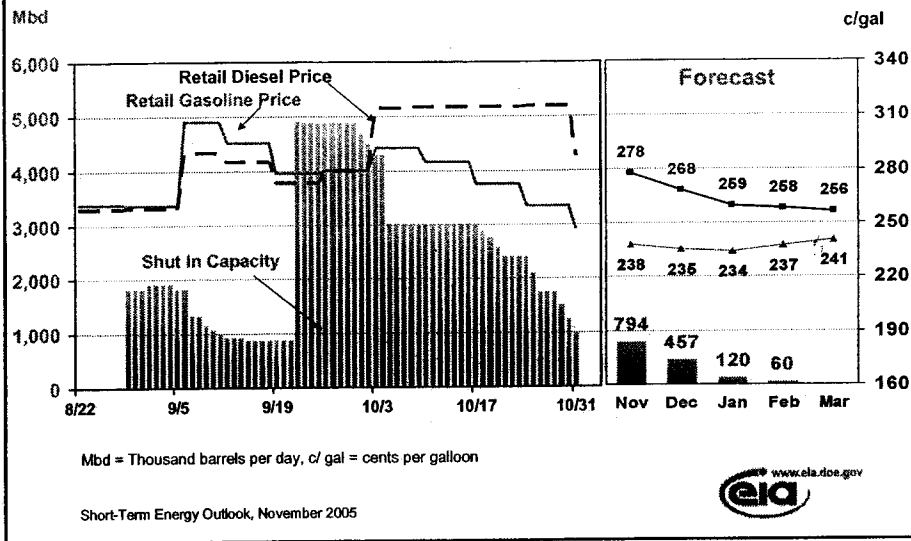
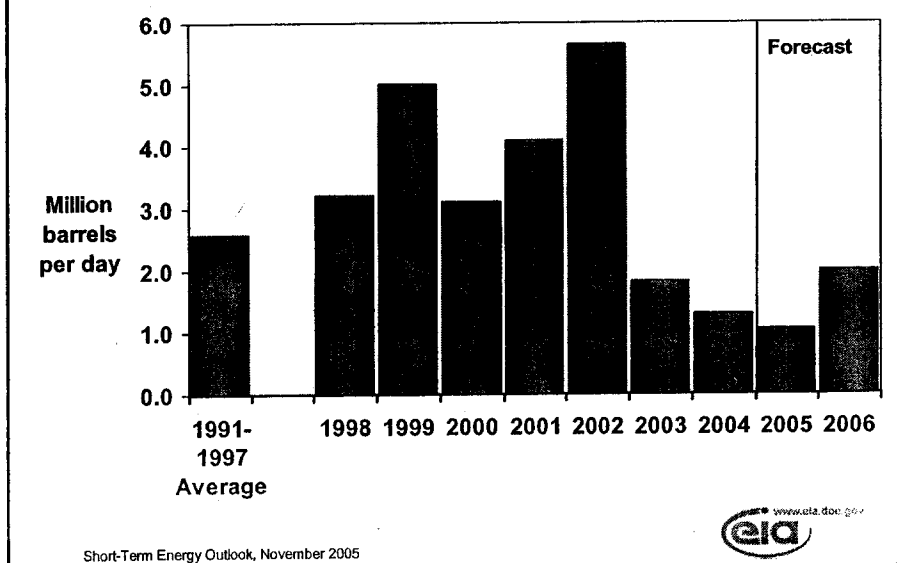


Figure 7. World Oil Spare Production Capacity



AAR MATERIALS AND SUPPLIES INDEX
Region By Composition
Fourth Quarter 2005
November 30, 2005

United States by Composition Category - Summary

Composition Category -----	Weight -----	Previous Quarter Index -----	Current Quarter Index -----	Relative Of Change -----
Forest Products	.1321	208.60	213.81	1.0250
Metal Products	.6552	144.86	147.80	1.0203
Miscellaneous Products	.2128	201.34	213.54	1.0606
U.S. By Composition	--	165.32	170.52	1.0315
U.S. By Composition (Linked)	--	169.55	174.89	1.0315
United States (1977=100) Linking Factor: 1.423	--	241.27	248.87	1.0315
United States (1980=100) Linking Factor: 1.061	--	179.89	185.56	1.0315

Car Hire for RCAF

RCAF (Forecast)

	1980	June 3Q/05	Sept. 4Q/05	Dec. 1Q/06	Mar. 2Q/06	June 3Q/06
RATE						
RR-OWNED TIME	31.00	66.00	66.00	66.00	0.00	0.00
RR-OWNED MILEAGE	4.69	7.30	7.30	7.30	0.00	0.00
PRIVATELY-OWNED CARS	25.47	43.28	43.48	43.64	#DIV/0!	#DIV/0!
AUTORACKS	47.00	49.41	51.12	52.01	#DIV/0!	#DIV/0!
INDEX						
RR-OWNED TIME	100.0	212.9	212.9	212.9	0.0	0.0
RR-OWNED MILEAGE	100.0	155.7	155.7	155.7	0.0	0.0
PRIVATELY-OWNED CARS	100.0	169.9	170.7	171.3	#DIV/0!	#DIV/0!
AUTORACKS	100.0	105.1	108.8	110.7	#DIV/0!	#DIV/0!
CAR HIRE INDEX (old wts) 2003	100.0	178.1	--	--	--	--
CAR HIRE INDEX (new wts) 2004	100.0	178.6	179.1	179.5	#DIV/0!	#DIV/0!
CAR HIRE INDEX (LINKED)	100.0	175.1	175.6	176.0	NA	NA

Note: The Car Hire Index for third quarter using *old weights* and *linked* should match that quarter's filing. The third quarter *new weights* version is used in the fourth quarter linked index calculation to ensure that the transition from old weights to new weights does not impact the linked index.

Equipment Rents Data From UMLER

	2005					2006								
	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG
Railroad Owned														
No. of Cars														
Superstructures														
Rate	8,223	8,223	8,233	8,223	8,210	8,187								
Superstructures #3 - Auto Rack														
All other #1 - Time	22.0	22.0	22.0	22.0	22.0	22.0								
All other #2 - Mileage	66.0	66.0	66.0	66.0	66.0	66.0								
Privately Owned	7.3	7.3	7.3	7.3	7.3	7.3								
No. of Cars														
Superstructures														
Covered Hoppers	49,210	49,214	49,180	49,182	49,165	49,188								
Tank Cars	304,934	307,041	308,423	307,615	308,118	309,256								
Others	270,874	271,707	271,754	272,246	272,942	274,267								
Rate	249,672	249,865	252,725	253,069	254,993	255,832								
Superstructures #1 - Time	74.0	74.0	74.0	74.0	74.0	74.0								
Superstructures #2 - Mileage	0.0	0.0	0.0	0.0	0.0	0.0								
Superstructures #3 - Auto Rack	55.0	55.0	56.0	56.0	56.0	57.0								
Covered Hoppers #2 - Mileage	44.3	44.3	44.4	44.4	44.5	44.6								
Tank Cars #2 - Mileage	66.3	66.4	67.0	67.1	67.3	67.4								
Others #1 - Time	71.0	71.0	70.0	70.0	70.0	70.0								
Others #2 - Mileage	6.6	6.6	6.6	6.6	6.5	6.5								
AVERAGE RATES														
Private Superstructures	17.39	17.39	17.39	17.39	17.39	17.39								
Private Others	22.36	22.36	22.14	22.14	22.04	22.04								
Private Total	43.34	43.39	43.48	43.51	43.55	43.64	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Autoracks	50.28	50.28	51.12	51.13	51.13	52.01	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

WEIGHTS

	2003	2004
For RCAF & RCR		
RR-owned Time	0.224	0.235
RR-owned Mileage	0.104	0.099
Privately-owned Cars	0.672	0.666
Autotacks	0.000	0.000
----- Check sum	1.000	1.000
Weights for Equipment Rents (not used in Car Hire calculation)		
2003	2004	
Car Hire - U.S.	0.501	0.510
Lease Rentals - U.S.	0.499	0.490
----- Check sum	1.000	1.000

1 PROGRAM: DPRB799

CURRENT DATE: DECEMBER 01, 2005

PRIVATE EQUIPMENT 1/

PAGE NO: 92

CAR GROUP		CAR COUNT	TIME	CAR RENTAL RATES		AUTO RACK
				MILEAGE		
-VEHICULAR FLATS		49,188	74 ¢/HR	.000 \$/MILE		57 ¢/HR
ONO. OF ZERO RATED VEH. FLATS 2/		21				
-COVERED HOPPERS		309,256	0 ¢/HR	.446 \$/MILE		
ONO. OF ZERO RATED COVERED HOPPERS 2/		9,492				
-TANKS		274,267	5 ¢/HR	.674 \$/MILE		
ONO. OF ZERO RATED TANKS 2/		8,015				
-ALL OTHER CARS		255,832	70 ¢/HR	.065 \$/MILE		
ONO. OF ZERO RATED "OTHER" CARS 2/		39,669				
TOTAL:		945,740				

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:

CAR TYPE D - LOCOMOTIVES

CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND EOT DEVICE

CAR TYPE U - CONTAINERS

CAR TYPE Z - TRAILERS

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

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

1/PROGRAM: DPRB799

CURRENT DATE: DECEMBER 01, 2005

RAILROAD EQUIPMENT 1/

PAGE NO: 44

AVERAGE RATE FOR 12/05			
CAR GROUP	CAR COUNT	TIME	CAR RENTAL RATES
-----	-----	-----	-----
-VEHICULAR FLATS			
ONO. OF ZERO RATED VEH. FLATS 2/	8,187	106 ¢/HR	MILEAGE
-ALL OTHER CARS	119		-----
ONO. OF ZERO RATED "OTHER" CARS 2/	718,091	66 ¢/HR	.082 \$/MILE
	30,065		.073 \$/MILE
0	-----		
	TOTAL:		
	756,462		

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:

CAR TYPE D - LOCOMOTIVES

CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND EOT DEVICE

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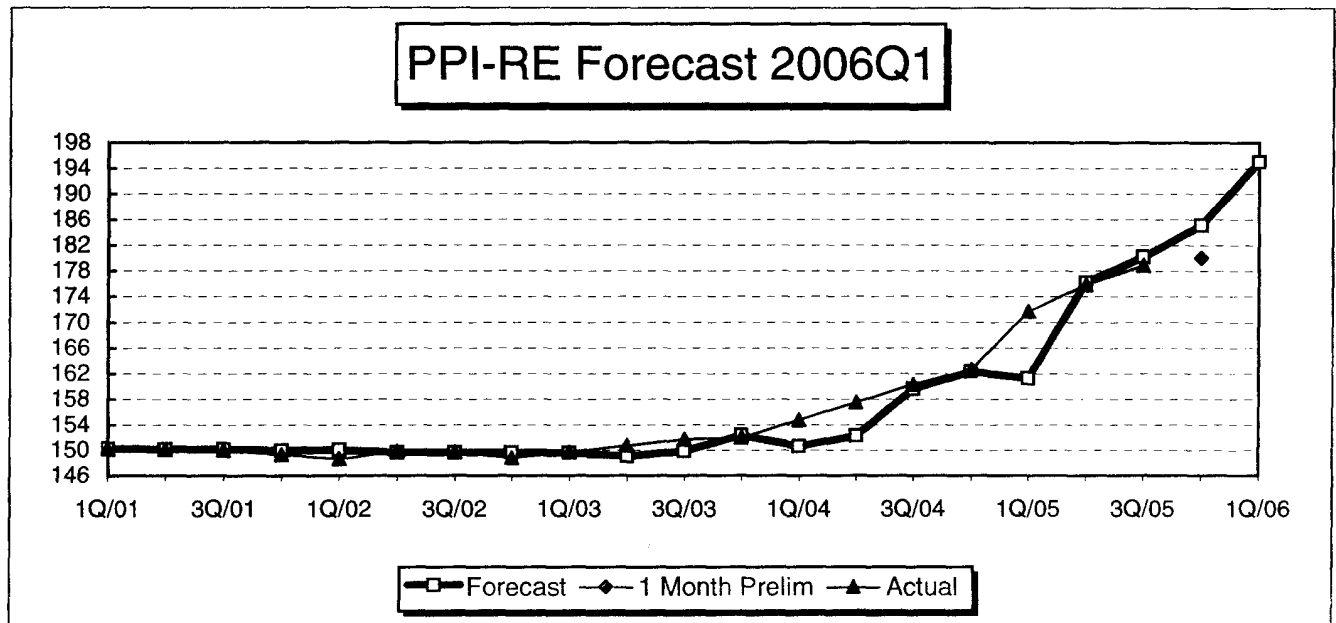
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PPI-RE Forecast (for Depreciation Component)

	Forecast	Actual	1 Month Prelim
1Q/01	150.3	150.2	
2Q/01	150.2	150.1	
3Q/01	150.2	150.0	
4Q/01	150.0	149.3	
1Q/02	150.1	148.6	
2Q/02	149.7	149.9	
3Q/02	149.7	149.7	
4Q/02	149.7	148.8	
1Q/03	149.6	149.7	
2Q/03	149.1	150.8	
3Q/03	149.9	151.7	
4Q/03	152.4	152.0	
1Q/04	150.7	154.8	
2Q/04	152.3	157.5	
3Q/04	159.6	160.3	
4Q/04	162.4	162.7	
1Q/05	161.3	171.7	
2Q/05	176.3	175.9	
3Q/05	180.3	178.9	
4Q/05	185.1		180.1
1Q/06	195.0		

1980 Base

	PPI-RE Forecast		Yr Ago Actual	Percent Change		
	(82=100)	(80=100)		Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2006Q1						
Low	171.1	189.3	10.3%			
Modpoint	176.3	195.0	13.6%	8.3%	9.0%	5.3%
High	181.6	200.9	17.0%			





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Data extracted on: November 15, 2005 (11:48 AM)

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
2004	137.9	140.1	142.2	142.8	143.5	143.7	143.2	143.5	144.2	145.0	147.0	153.2	143.9
2005	153.4	156.0	161.6	161.1	161.3	161.2	160.3 (P)	161.8 (P)	163.0 (P)	162.8 (P)			

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

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re_ppi.txt

Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2006Q1\5Deprec\FPre_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPIRE

Length 72 Minimum 134.500 Maximum 163.000
Mean 140.350 Standard deviation 8.832

Classical decomposition (multiplicative)

Trend-cycle: 96.13% Seasonal: 0.54% Irregular: 3.33%

Log transform recommended for Box-Jenkins.

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

Box-Jenkins outperforms exponential smoothing by 3.351 to 5.307 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12. For Box-Jenkins, I used a log transform.

Series is trended and seasonal.

Recommended model: Box-Jenkins

Forecast Model for PPIRE

ARIMA(0,1,0)*(0,1,0) with log transform

Within-Sample Statistics

Sample size 72	Number of parameters 0
Mean 4.942	Standard deviation 0.06
R-square 0.9866	Adjusted R-square 0.9868
Durbin-Watson 1.831	Ljung-Box(18)=21.37 P=0.7389
Forecast error 0.006903	BIC 0.967
MAPE 0.003413	RMSE 1.03
MAD 0.4991	

Forecast Report

Tue Nov 15 13:00:36 2005

Box-Jenkins model for PPIRE

Analysis of Historic Fit Set

Date	Historic
1999-11	135.300
1999-12	135.500
2000-01	135.300
2000-02	135.300
2000-03	135.600
2000-04	135.800
2000-05	135.700
2000-06	135.800
2000-07	135.800
2000-08	135.700
2000-09	135.900
2000-10	135.800
2000-11	135.800
2000-12	135.800
2001-01	135.900
2001-02	135.900
2001-03	135.400
2001-04	135.500
2001-05	135.600
2001-06	135.700

re_ppi.txt

2001-07	135.100
2001-08	135.100
2001-09	135.000
2001-10	134.600
2001-11	134.500
2001-12	134.500
2002-01	134.900
2002-02	134.600
2002-03	135.100
2002-04	135.000
2002-05	135.200
2002-06	135.400
2002-07	134.900
2002-08	135.000
2002-09	134.600
2002-10	134.500
2002-11	134.500
2002-12	134.500
2003-01	134.500
2003-02	135.400
2003-03	135.500
2003-04	136.000
2003-05	136.300
2003-06	136.300
2003-07	136.700
2003-08	136.500
2003-09	136.900
2003-10	137.200
2003-11	137.700
2003-12	137.300
2004-01	137.900
2004-02	140.100
2004-03	142.200
2004-04	142.800
2004-05	143.500
2004-06	143.700
2004-07	143.200
2004-08	143.500
2004-09	144.200
2004-10	145.000
2004-11	147.000
2004-12	153.200
2005-01	153.400
2005-02	156.000
2005-03	161.600
2005-04	161.100
2005-05	161.300
2005-06	161.200
2005-07	160.300
2005-08	161.800
2005-09	163.000
2005-10	162.800

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2005-11	162.597	165.046	167.531
2005-12	168.409	172.007	175.681
2006-01	167.830	172.231	176.748
2006-02	169.992	175.150	180.465
2006-03	175.474	181.438	187.604

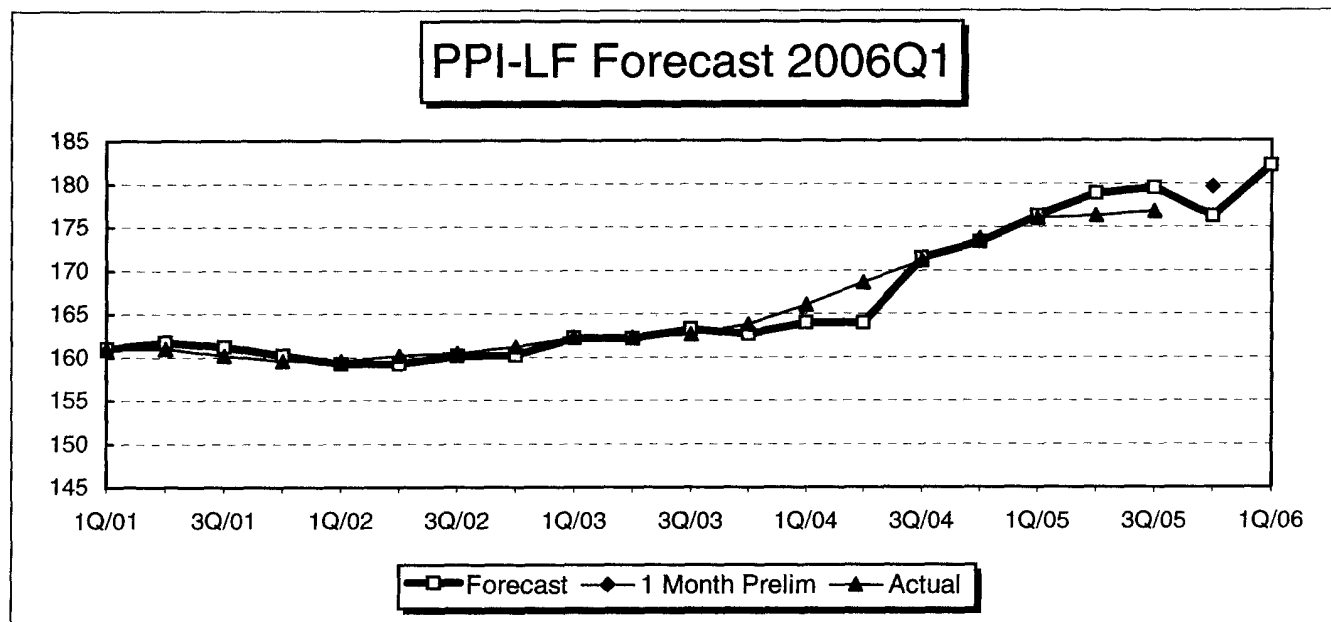
			re_ppi.txt
2006-04	174.374	180.876	187.621
2006-05	174.079	181.101	188.406
2006-06	173.497	180.989	188.804
2006-07	172.087	179.978	188.232
2006-08	173.276	181.662	190.454
2006-09	174.159	183.010	192.310
2006-10	173.562	182.785	192.498

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

	Forecast	Actual	1 Month Prelim
1Q/01	161.0	160.9	
2Q/01	161.7	161.0	
3Q/01	161.2	160.2	
4Q/01	160.2	159.5	
1Q/02	159.2	159.5	
2Q/02	159.2	160.2	
3Q/02	160.1	160.5	
4Q/02	160.2	161.2	
1Q/03	162.2	162.3	
2Q/03	162.1	162.3	
3Q/03	163.2	162.6	
4Q/03	162.6	163.8	
1Q/04	163.9	166.0	
2Q/04	163.9	168.6	
3Q/04	171.4	171.1	
4Q/04	173.3	173.7	
1Q/05	176.3	176.0	
2Q/05	178.9	176.3	
3Q/05	179.5	176.8	
4Q/05	176.2		179.6
1Q/06	182.1		

1980 Base

	PPI-LF Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2006Q1						
Low	160.8	180.3	2.4%			
Modpoint	162.4	182.1	3.5%	1.4%	3.0%	3.3%
High	164.0	183.9	4.5%			



lf_ppi.txt

Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2006Q1\70ther\FPI\lf_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPILF

Length 72 Minimum 140.800 Maximum 160.200
Mean 146.668 Standard deviation 5.574

Classical decomposition (multiplicative)

Trend-cycle: 98.63% Seasonal: 0.34% Irregular: 1.03%

Log transform recommended for Box-Jenkins.

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

Exponential smoothing outperforms Box-Jenkins by 1.908 to 2.006 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12. For Box-Jenkins, I used a log transform.

Series is trended and seasonal.

Recommended model: Exponential Smoothing

Forecast Model for PPILF

Additive Winters: Linear trend, Additive seasonality

Component	Smoothing weight	Final Value
Level	0.86423	159.86
Trend	0.23375	0.61793
Seasonal	0.99998	

Seasonal Indexes

January - March	0.0053721	0.017126	0.070923
April - June	0.053130	-0.0095711	-0.039851
July - September	-0.044504	-0.10243	-0.0094451
October - December	0.33806	-0.032599	-0.24621

Within-Sample Statistics

Sample size 72	Number of parameters 3
Mean 146.7	Standard deviation 5.574
R-square 0.9958	Adjusted R-square 0.9957
Durbin-Watson 1.094	** Ljung-Box(18)=40.27 P=0.9981
Forecast error 0.3654	BIC 0.3911
MAPE 0.001768	RMSE 0.3577
MAD 0.2624	

Forecast Report

Tue Nov 15 13:05:35 2005

Exponential Smoothing model for PPILF

Analysis of Historic Fit Set

Date	Historic
1999-11	140.800
1999-12	141.000
2000-01	141.400
2000-02	141.800
2000-03	142.100
2000-04	142.500

lf_ppi.txt

2000-05	142.500
2000-06	142.600
2000-07	142.700
2000-08	142.500
2000-09	142.700
2000-10	143.100
2000-11	142.900
2000-12	142.900
2001-01	143.500
2001-02	143.500
2001-03	143.600
2001-04	143.700
2001-05	143.700
2001-06	143.600
2001-07	143.200
2001-08	142.800
2001-09	142.800
2001-10	142.600
2001-11	142.300
2001-12	142.200
2002-01	142.200
2002-02	142.200
2002-03	142.400
2002-04	142.800
2002-05	142.700
2002-06	143.000
2002-07	143.000
2002-08	143.000
2002-09	143.200
2002-10	143.900
2002-11	143.800
2002-12	143.400
2003-01	144.000
2003-02	144.700
2003-03	145.300
2003-04	144.800
2003-05	144.900
2003-06	144.800
2003-07	144.600
2003-08	144.800
2003-09	145.000
2003-10	145.900
2003-11	146.100
2003-12	146.300
2004-01	147.200
2004-02	148.200
2004-03	149.100
2004-04	150.000
2004-05	150.500
2004-06	150.900
2004-07	151.500
2004-08	152.600
2004-09	153.300
2004-10	154.600
2004-11	155.000
2004-12	155.400
2005-01	156.400
2005-02	156.900
2005-03	157.400
2005-04	157.600
2005-05	157.400
2005-06	157.000
2005-07	157.100

lf_ppi.txt

2005-08 157.300
2005-09 158.700
2005-10 160.200

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2005-11	159.681	160.447	161.214
2005-12	159.731	160.852	161.972
2006-01	160.334	161.721	163.108
2006-02	160.741	162.351	163.961
2006-03	161.217	163.023	164.828
2006-04	161.641	163.623	165.604
2006-05	162.034	164.178	166.321
2006-06	162.471	164.766	167.060
2006-07	162.943	165.379	167.814
2006-08	163.370	165.939	168.508
2006-09	163.954	166.650	169.345
2006-10	164.798	167.615	170.432



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Data extracted on: November 15, 2005 (12:43 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
2004	147.2	148.2	149.1	150.0	150.5	150.9	151.5	152.6	153.3	154.6	155.0	155.4	151.5
2005	156.4	156.9	157.4	157.6	157.4	157.0	157.1 (P)	157.3 (P)	158.7 (P)	160.2 (P)			

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

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11/15/05

Forecast Error Calculation

	Third Quarter 2005		Diff
	2003	2005Q3	
Labor	Weight	Forecast	Actual
Fuel	37.5%	291.1	290.9
M&S	10.6%	193.6	212.3
Equip Rents	4.4%	179.8	179.8
Depreciation	9.4%	182.8	181.8
Interest	10.7%	180.3	178.9
Other	3.2%	90.2	90.2
Weighted Avg	24.2%	179.5	176.8
1980 = 100		220.4	221.4
1980 = 100 (linked)		217.0	219.2
4Q02 = 100		113.0	114.1
4Q97 = 100		125.3	126.6
4Q92 = 100		138.3	139.7

Forecast Error → 1.1

<u>Prior Quarter</u>	
1980 = 100	218.3
1980 = 100 (linked)	214.9
4Q02 = 100	111.9
4Q97 = 100	124.1
4Q92 = 100	137.0

calculated
calculated
calculated
calculated
calculated

Equipment Rents

Car Hire	175.1	175.1
Lease Rentals	179.5	176.8
Weighted Average	177.3	175.9
Linked	182.8	181.8

from UMLER equipment rents
calculated (equals PPI-LF from above)
calculated
calculated

<u>Prior Quarter</u>	
Weighted Average	176.9
Linked	182.4

175.7 ***
181.6

Sum of Weights ok
Sum of ER Wt. ok

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

* 2005Q3 Actual has employee H&W cost sharing rates for July from 1st month of quarter

* actual=forecast
from Equipment Rents below

PPI-RE 160.30 161.80 163.00 0.9040

* actual=forecast

PPI-LF 157.10 157.30 158.70 0.8920

calculated
calculated
calculated
calculated
calculated

calculated

calculated
calculated
calculated

All-Inclusive Index (Actual)

	03 Wts	3Q/04 02 Wts	3Q/04 03 Wts	% Chg.	4Q/04 03 Wts	% Chg.	1Q/05 03 Wts	% Chg.	2Q/05 03 Wts	% Chg.	3Q/05 03 Wts	% Chg.
Labor		281.9	281.9	0.0%	286.8	1.7%	290.3	1.2%	289.5	-0.3%	290.9	0.5%
Fuel	37.5%	144.7	144.7	0.0%	189.7	31.1%	161.8	-14.7%	204.2	26.2%	212.3	4.0%
M&S	10.6%	160.3	160.3	0.0%	169.7	5.9%	165.2	-2.7%	176.4	6.8%	179.8	1.9%
Equipment Rents	4.4%	177.2	177.2	0.0%	178.9	1.0%	179.9	0.6%	181.6	0.9%	181.8	0.1%
Depreciation	9.4%	160.3	160.3	0.0%	162.7	1.5%	171.7	5.5%	175.9	2.4%	178.9	1.7%
Interest	10.7%	98.0	98.0	0.0%	90.2	-8.0%	90.2	0.0%	90.2	0.0%	90.2	0.0%
Other	3.2%	171.1	171.1	0.0%	173.7	1.5%	176.0	1.3%	176.3	0.2%	176.8	0.3%
	24.2%											
	<u>1.0000</u>											
Weighted Avg.		207.1	206.5	-0.3%	214.3	3.8%	214.0	-0.1%	219.4	2.5%	221.4	0.9%
Linked		204.5	204.5	0.0%	212.2	3.8%	211.9	-0.1%	217.2	2.5%	219.2	0.9%
10/1/80		199.1	199.1	0.0%	206.6	3.8%	206.3	-0.1%	211.5	2.5%	213.4	0.9%
10/1/82		169.1	169.1	0.0%	175.5	3.8%	175.3	-0.1%	179.7	2.5%	181.3	0.9%
4Q/87		154.7	154.7	0.0%	160.5	3.7%	160.3	-0.1%	164.3	2.5%	165.8	0.9%
4Q/92		130.3	130.3	0.0%	135.2	3.8%	135.1	-0.1%	138.4	2.4%	139.7	0.9%
4Q/97		118.1	118.1	0.0%	122.5	3.7%	122.3	-0.2%	125.4	2.5%	126.6	1.0%
4Q/02		106.5	106.5	0.0%	110.5	3.8%	110.3	-0.2%	113.1	2.5%	114.1	0.9%

Equipment Rents

Car Hire	50.1%	171.8	171.8	0.0%	172.6	0.5%	172.3	-0.2%	175.1	1.6%	175.1	0.0%
Lease Rentals	49.9%	171.1	171.1	0.0%	173.7	1.5%	176.0	1.3%	176.3	0.2%	176.8	0.3%
	1.0000											
ER Weighted Avg		171.5	171.5	0.0%	173.1	0.9%	174.1	0.6%	175.7	0.9%	175.9	0.1%
ER Linked		177.2	177.2	0.0%	178.9	1.0%	179.9	0.6%	181.6	0.9%	181.8	0.1%

' Reflects the final actual third quarter values.

LABOR	02 Wts	03 Wts
FUEL	107.122	105.713
M&S	13.023	15.338
EQUIP RENTS	7.374	7.053
DEPR	18.252	16.657
INTEREST	17.473	17.152
OTHER	3.626	3.136
Weighted Avg.	40.209	41.406
	207.078	206.455

ER Weighted Avg.	171.4542	171.4507
------------------	----------	----------

Note: 2005Q3 Labor differs from the filing because the filing did not have the new Q3 H&W employee cost sharing rates available, while the Actual uses the new rates.

RCAF All-Inclusive Index's Labor Index Based on 2003 Benchmarks, 2005Q3 With H&W Info Not Available At Filing

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	\$23.063	\$23.276	0.9%	\$23.322	1.1%	\$23.685	1.6%	\$23.694	0.0%	\$23.830	0.6%
PFTNW	\$5.669	\$5.458	-3.7%	\$5.479	-3.4%	\$5.546	1.2%	\$5.548	0.0%	\$5.586	0.7%
Total	\$28.732	\$28.734	0.0%	\$28.801	0.2%	\$29.231	1.5%	\$29.242	0.0%	\$29.416	0.6%
Adjustments											
Lump Sum	\$0.217							\$0.140		\$0.137	
Back Pay	\$0.139							\$0.091		\$0.115	
Other	\$0.014							\$0.014		\$0.124	
Total Wages	\$29.102							\$29.487	-0.7%	\$29.792	1.0%
Pre-Tax Reduction	(\$0.342)							(\$0.372)		(\$0.411)	
Taxable Wages	\$28.760							\$29.115		\$29.381	
H & W	\$4.590							\$5.116	-0.1%	\$5.095	-0.4%
RR Ret & Medicare	\$6.143							\$6.097	-0.5%	\$6.136	0.6%
Unemp. Insurance	\$0.207							\$0.164	0.0%	\$0.164	0.0%
Other	\$0.011							\$0.103	368.2%	\$0.046	-55.3%
Total	\$10.951	\$11.361	3.7%	\$11.387	4.0%	\$11.435	0.4%	\$11.480	0.4%	\$11.441	-0.3%
Adjustments											
Total Suppl.	\$10.951	\$11.361	3.7%	\$11.387	4.0%	\$11.435	0.4%	\$11.480	0.4%	\$11.441	-0.3%
Total Labor	\$40.053	\$40.470	1.0%	\$40.564	1.3%	\$41.134	1.4%	\$40.967	-0.4%	\$41.233	0.6%
Wage Rate Index	0.7070	249.1	0.0%	249.7	0.2%	254.2	1.8%	252.3	-0.7%	255.0	1.1%
Suppl Index	0.2930	404.7	3.7%	420.8	4.0%	422.6	0.4%	424.2	0.4%	422.8	-0.3%
Total Labor Index '02 Wts.	295.3										
Total Labor Index '03 Wts.	294.7	299.1	1.5%	299.8	1.7%	303.5	1.2%	302.7	-0.3%	304.2	0.5%
Labor Index (Linked)	281.9			286.8	1.7%	290.3	1.2%	289.5	-0.3%	290.9	0.5%

2005Q3 For Forecast Error Calculation

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.

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

Reduction Calculation for 3Q/2005

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	(\$97.43)	(\$12,621,082)
TCU-BRC (BNSF, CSX, KCS, NS, UP)	9,973	(\$97.43)	(\$11,660,033)
Indep.\$25 Group (various CN)	2,076	(\$25.00)	(\$622,800)
BRS (BNSF, CSX, KCS, NS, SOO, UP)	5,903	(\$100.00)	(\$7,083,600)
UTU (BNSF, CC, CSX, DWP, GTW, IC, KCS, NS, SOO, UP)	39,231	(\$106.11)	(\$49,953,617)
UTU-YMD (BNSF, CSX, GTW, KCS, NS)	1,756	(\$106.11)	(\$2,235,950)
BLE (BNSF, CSX, GTW, KCS, NS, UP)	24,571	(\$101.79)	(\$30,012,985)
Indep. ATDA (CSX, NS, SOO)	1,015	(\$101.79)	(\$1,239,802)
Indep. ATDA (BNSF)	695	(\$101.79)	(\$848,929)
IBEW (BNSF, CSX, GTW, KCS, NS, UP)	4,701	(\$106.11)	(\$5,985,877)
Indep. SOO: TCU, TCU-CAR, UTU-YMD	366	(\$101.23)	(\$444,602)
IBBM (BNSF, CSX, KCS, NS, UP)	920	(\$97.43)	(\$1,075,627)
Indep. YMD (UP)	497	(\$97.43)	(\$581,073)
NCFO & SMW (BNSF, CSX, KCS, NS, UP)	3,143	(\$106.11)	(\$4,002,045)
Total	105,642		(\$128,368,022)

Reduction in Wage Rate Per ST Hour	-\$0.41143024
Deduct this amount from the Wage Rate	-\$0.411

Note: Numerous DW&P unions' cost sharing expired at the end of 2003.

Total employees and monthly rates must match H&W sheet.

Employee monthly contributions effective 7/1/05 became available after 2005Q3 RCAF was filed on 6/6/05.

Health and Welfare

Employee Cost-Sharing Contributions Effective July 1, 2005

	Employees Receiving		Contribution		Total	Total
	Pay 2003		2003	2005	2003	2005
1. All Employees						
a. Group health	162,491		\$875.93	\$948.19	142,330,741.63	154,072,341.29
b. Group dental	162,491		52.20	47.20	8,482,030.20	7,669,575.20
c. Early retirement major medical	162,491		65.73	90.57	10,680,533.43	14,716,809.87
d. Group vision	162,491		8.61	10.84	1,399,047.51	1,761,402.44
2. Suppl. Sickness						
a. Signalmen	6,182		31.75	32.00	196,278.50	197,824.00
b. Shopcrafts	24,405		47.50	61.00	1,159,237.50	1,488,705.00
c. MOW	25,190		39.25	36.00	988,707.50	906,840.00
d. Yardmasters	2,387		31.33	44.48	74,784.71	106,173.76
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. Monthly Total Premiums					\$165,311,360.98	\$181,473,471.56
5. Monthly Employee Contributions To H&W						
a. TCU (BNSF, CSX, GTW, KCS, NS, UP)	10,795			(\$97.43)		(\$1,051,756.85)
b. TCU-BRC (BNSF, CSX, KCS, NS, UP)	9,973			(\$97.43)		(971,669.39)
c. Indep. \$25 Group (various CN)	2,076			(\$25.00)		(51,900.00)
d. BRS (BNSF, CSX, KCS, NS, SOO, UP)	5,903			(\$100.00)		(590,300.00)
e. UTU (BNSF, CC, CSX, DWP, GTW, IC, KCS, NS, SOO, UP)	39,231			(\$106.11)		(4,162,801.41)
f. UTU-YMD (BNSF, CSX, GTW, KCS, NS)	1,756			(\$106.11)		(186,329.16)
g. BLE (BNSF, CSX, GTW, KCS, NS, UP)	24,571			(\$101.79)		(2,501,082.09)
h. Indep. ATDA (CSX, NS, SOO)	1,015			(\$101.79)		(103,316.85)
i. Indep. ATDA (BNSF)	695			(\$101.79)		(70,744.05)
j. IBEW (BNSF, CSX, GTW, KCS, NS, UP)	4,701			(\$106.11)		(498,823.11)
k. Indep. SOO: TCU, TCU-CAR, UTU-YMD	366			(\$101.23)		(37,050.18)
l. IBBM (BNSF, CSX, KCS, NS, UP)	920			(\$97.43)		(89,635.60)
m. Indep. YMD (UP)	497			(\$97.43)		(48,422.71)
n. NCFO & SMW (BNSF, CSX, KCS, NS, UP)	3,143			(\$106.11)		(333,503.73)
Total	105,642					(\$10,697,335.13)
6. Net Employer Payments					\$165,311,360.98	\$171,109,640.16
7. Ratio Projected Year to Base Year, Based on Net Monthly Payments						1.03507
8. H&W hourly rate for base year (excludes employee cost sharing payments)					\$4.922	
9. H&W hourly rate for projected quarter						\$5.095

Sources:

Employee counts are from the 2003 112-Class Wage Statistics.

Health & Welfare monthly premiums per employee are from the National Railway Labor Conference (NRLC).

Employee monthly contribution rates are specified in the union contracts or from the NRLC.

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.

Railroad Retirement and Medicare

Employees Receiving Pay 162,491 (2003 Benchmark, 2002 RRB Distribution)
 Tier I Maximum 90,000 (Year = 2005)
 Tier II Maximum 66,900 (Year = 2005)
 Medicare Maximum no limit (Year = 2005)
 Tier I Tax Rate 6.20% (Year = 2005)
 Tier II Tax Rate 12.60% (Year = 2005)
 Medicare Tax Rate 1.45% (Year = 2005)

USA RCAF	Rate	Factor	RR Ret Tax	Hourly Rate
2002	\$27.258			
2003	\$27.952	1.02546	\$484,357,799	\$6.309
1Q/2005	\$29.332	1.07609	\$470,517,796	\$6.129
2Q/2005	\$29.115	1.06813	\$468,060,828	\$6.097
3Q/2005	\$29.381	1.07789	\$471,072,596	\$6.136
4Q/2005		0.00000	\$0	\$0.000

RR Ret Tax from RR_Retirement_03annual.xls, Hourly rate from SUPPL2003.xls
 Rate = Taxable Rate

or

1Q/2005

Qtlly Pmt	\$150,842,424	\$283,028,215	\$36,647,157
Tier I & II & Medicare			\$470,517,796

11/15/05

2005Q3 For Form 1041 Error Calculation

Railroad Retirement & Medicare, U.S. 2Q/2005

2Q/2005

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2003	Avg Annual Earnings (2002 RRB Stats)	Estimated Avg. Annual Earnings	Avg Qtrly Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Eings	Tier II Tot Tax Eings	Medicare Tot Tax Eings
\$0 - 21699	0.704	1,144	\$12,306	\$13,144	\$3,286	\$3,286	\$3,286	\$3,286	\$3,759,081	\$3,759,081	\$3,759,081
21700 - 23699	0.235	382	\$22,397	23,923	5,981	5,981	5,981	5,981	2,283,757	2,283,757	2,283,757
23700 - 25699	0.235	382	\$25,078	26,786	6,697	6,697	6,697	6,697	2,557,130	2,557,130	2,557,130
25700 - 27699	0.469	762	\$26,808	28,634	7,159	7,159	7,159	7,159	5,455,435	5,455,435	5,455,435
27700 - 29699	0.751	1,220	\$28,673	30,626	7,657	7,657	7,657	7,657	9,343,406	9,343,406	9,343,406
29700 - 31699	0.751	1,220	\$30,576	32,659	8,165	8,165	8,165	8,165	9,963,519	9,963,519	9,963,519
31700 - 33699	1.220	1,982	\$32,802	35,037	8,759	8,759	8,759	8,759	17,364,100	17,364,100	17,364,100
33700 - 35699	1.689	2,744	\$34,798	37,169	9,292	9,292	9,292	9,292	25,502,107	25,502,107	25,502,107
35700 - 37699	2.956	4,803	\$36,756	39,260	9,815	9,815	9,815	9,815	47,143,823	47,143,823	47,143,823
37700 - 39699	4.880	7,930	\$38,819	41,464	10,366	10,366	10,366	10,366	82,197,062	82,197,062	82,197,062
39700 - 41699	6.664	10,828	\$40,736	43,511	10,878	10,878	10,878	10,878	117,789,207	117,789,207	117,789,207
41700 - 43699	7.086	11,514	\$42,689	45,597	11,399	11,399	11,399	11,399	131,253,005	131,253,005	131,253,005
43700 - 45699	5.772	9,379	\$44,698	47,743	11,936	11,936	11,936	11,936	111,945,474	111,945,474	111,945,474
45700 - 47699	6.241	10,141	\$46,673	49,853	12,463	12,463	12,463	12,463	126,389,800	126,389,800	126,389,800
47700 - 49699	4.176	6,786	\$48,595	51,906	12,976	12,976	12,976	12,976	88,053,009	88,053,009	88,053,009
49700 - 51699	4.130	6,711	\$50,759	54,217	13,554	13,554	13,554	13,554	90,961,002	90,961,002	90,961,002
51700 - 53699	4.505	7,320	\$52,639	56,225	14,056	14,056	14,056	14,056	102,895,067	102,895,067	102,895,067
53700 - 55699	3.801	6,176	\$54,714	58,441	14,610	14,610	14,610	14,610	90,237,793	90,237,793	90,237,793
55700 - 57699	3.191	5,185	\$56,590	60,445	15,111	15,111	15,111	15,111	78,353,541	78,353,541	78,353,541
57700 - 59699	3.519	5,718	\$58,614	62,607	15,652	15,652	15,652	15,652	89,497,881	89,497,881	89,497,881
59700 - 61699	3.191	5,185	\$60,669	64,802	16,201	16,201	16,201	16,201	84,001,254	84,001,254	84,001,254
61700 - 63699	3.003	4,880	\$62,670	66,940	16,735	16,735	16,735	16,735	81,659,582	81,659,582	81,659,582
63700 - 65699	2.675	4,347	\$64,738	69,148	17,287	17,287	17,287	17,287	75,140,692	75,140,692	75,140,692
65700 - 67699	2.769	4,499	\$66,744	71,291	17,823	17,823	17,823	17,823	72,697,458	72,697,458	72,697,458
67700 - 69699	2.440	3,965	\$68,697	73,377	18,344	18,344	18,344	18,344	66,310,952	66,310,952	66,310,952
69700 - 71699	2.628	4,270	\$70,835	75,661	18,915	18,915	18,915	18,915	71,420,157	71,420,157	71,420,157
71700 - 73699	2.393	3,888	\$72,579	77,524	19,381	19,381	19,381	19,381	65,033,651	65,033,651	65,033,651
73700 - 75699	1.736	2,821	\$74,732	79,823	19,956	19,956	19,956	19,956	56,292,230	56,292,230	56,292,230
75700 - 77699	1.971	3,203	\$76,681	81,905	20,476	20,476	20,476	20,476	53,565,118	53,565,118	53,565,118
77700 - 79699	1.642	2,668	\$78,769	84,135	21,034	21,034	21,034	21,034	44,200,257	44,200,257	44,200,257
79700 - 81699	1.267	2,059	\$80,400	85,877	21,469	21,469	21,469	21,469	36,987,379	36,987,379	36,987,379
81700 - 83699	1.361	2,212	\$82,804	88,445	22,111	22,111	22,111	22,111	33,155,476	33,155,476	33,155,476
83700 - 85699	1.220	1,982	\$84,859	90,640	22,500	22,500	22,500	22,500	22,964,244	22,964,244	22,964,244
85700 - 87699	0.845	1,373	\$86,575	92,473	23,118	23,118	23,118	23,118	20,409,641	20,409,641	20,409,641
87700 - 89699	0.751	1,220	\$88,567	94,601	23,650	23,650	23,650	23,650	18,865,205	18,865,205	18,865,205
89700 - 91699	0.892	1,449	\$90,761	96,944	24,236	24,236	24,236	24,236	14,023,136	14,023,136	14,023,136
91700 - 93699	0.751	1,220	\$92,717	99,034	24,758	24,758	24,758	24,758	135,176,507	135,176,507	135,176,507
93700 - 95699	0.516	838	\$94,528	100,968	25,242	25,242	25,242	25,242	2,508,692,357	2,508,692,357	2,508,692,357
95700 - over	4.974	8,082	\$121,752	130,047	32,512	32,512	32,512	32,512	0.0145	0.126	0.0145
TOTAL	100.000	162,491									
Total Taxable									2,417,634,239	2,236,440,205	2,508,692,357
Tax Rate									0.062	0.126	0.0145
Qty Pmt									\$149,893,323	\$281,791,466	\$36,376,039
Tier I & II & Medicare											\$468,060,828

Qty Pmt	\$151,056,738	\$283,307,481	\$36,708,377
Tier I & II & Medicare			\$471,072,596

\$471,072.596

2005Q3 For Forward Error Calculation

Railroad Retirement & Medicare, U.S.									
4Q/2005									
Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2003	Avg Annual Earnings (2002 RRB Stats)	Estimated Avg. Annual Earnings	Avg Qlty Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Emgs
									Tier II Tot Tax Emgs
\$0 - 4999	0.704	1,144	\$12,306	\$0	\$0	\$0	\$0	\$0	\$0
5000 - 9999	0.235	382	\$22,397	0	0	0	0	0	0
10000 - 12499	0.235	382	\$25,078	0	0	0	0	0	0
12500 - 14999	0.469	762	\$26,808	0	0	0	0	0	0
15000 - 17499	0.751	1,220	\$28,673	0	0	0	0	0	0
17500 - 19999	0.751	1,220	\$30,576	0	0	0	0	0	0
20000 - 22499	1.220	1,982	\$32,802	0	0	0	0	0	0
22500 - 24999	1.689	2,744	\$34,798	0	0	0	0	0	0
25000 - 27499	2.956	4,803	\$36,756	0	0	0	0	0	0
27500 - 29999	4.880	7,930	\$38,819	0	0	0	0	0	0
30000 - 32499	6.664	10,828	\$40,736	0	0	0	0	0	0
32500 - 34999	7.086	11,514	\$42,689	0	0	0	0	0	0
35000 - 37499	5.772	9,379	\$44,698	0	0	0	0	0	0
37500 - 39999	6.241	10,141	\$46,673	0	0	0	0	0	0
40000 - 42499	4.176	6,786	\$48,595	0	0	0	0	0	0
42500 - 44999	4.130	6,711	\$50,759	0	0	0	0	0	0
45000 - 47499	4.505	7,320	\$52,639	0	0	0	0	0	0
47500 - 49999	3.801	6,176	\$54,714	0	0	0	0	0	0
50000 - 52499	3.191	5,185	\$56,590	0	0	0	0	0	0
52500 - 54999	3.519	5,718	\$58,614	0	0	0	0	0	0
55000 - 57499	3.191	5,185	\$60,669	0	0	0	0	0	0
57500 - 59999	3.003	4,880	\$62,670	0	0	0	0	0	0
60000 - 62499	2.675	4,347	\$64,738	0	0	0	0	0	0
62500 - 64999	2.769	4,499	\$66,744	0	0	0	0	0	0
65000 - 67499	2.440	3,965	\$68,697	0	0	0	0	0	0
67500 - 69999	2.628	4,270	\$70,835	0	0	0	0	0	0
70000 - 72499	2.393	3,888	\$72,579	0	0	0	0	0	0
72500 - 74999	1.736	2,821	\$74,732	0	0	0	0	0	0
75000 - 77499	1.971	3,203	\$76,681	0	0	0	0	0	0
77500 - 79999	1.642	2,668	\$78,769	0	0	0	0	0	0
80000 - 84999	1.267	2,059	\$80,400	0	0	0	0	0	0
85000 - 89999	1.361	2,212	\$82,804	0	0	0	0	0	0
90000 - 94999	1.220	1,982	\$84,859	0	0	0	0	0	0
95000 - 99999	0.845	1,373	\$86,575	0	0	0	0	0	0
100000 - 104999	0.751	1,220	\$88,567	0	0	0	0	0	0
105000 - 109999	0.892	1,449	\$90,761	0	0	0	0	0	0
110000 - 114999	0.751	1,220	\$92,717	0	0	0	0	0	0
115000 - 119999	0.516	838	\$94,528	0	0	0	0	0	0
120000 - 124999	4.974	8,082	\$121,752	0	0	0	0	0	0
TOTAL	100.000	162,491							
Total Taxable									215,460,425
Tax Rate									0.062
Qlty Pmt									\$68,809,592
Tier I & II & Medicare									\$82,168,138

2005Q3 For Forecast Error Calculation
RCAF Unemployment Insurance Tax

	Unemployment Ins. Tax Rate	Earnings 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
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	2.28%	\$13,800	\$29.332		1.076088	\$12,913.18	\$0.164
2Q/05	2.28%	\$13,800	\$29.115		1.068127	\$12,909.59	\$0.164
3Q/05	2.28%	\$13,800	\$29.381		1.077885	\$12,913.98	\$0.164

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.

RCAF Fuel (Actual All-Inclusive Index)

July 2005

Average Price for Monthly Report

	July 2005 Price (1)	1/1/81 Price (2)	1/91 New Method Linking Factors (3)	July 2005 Index 1/1/81=100 (4)	(4) = (1) / (2) x (3)
U.S.	173.76	89.34	99.415	193.36	
East	172.79	91.56	99.435	187.65	
West	174.12	87.83	99.416	197.09	

Fuel Index on 1977 Base and 1980 Base

	July 2005 Index 1/1/81=100 (1)	Linking Factors 1977=100 (2)	1980=100 (3)	July 2005 Index 1977=100 (4)	1980=100 (5)	(4) = (1) x (2) (5) = (1) x (3)
U.S.	193.36	2.606	1.096	503.88	211.92	
East	187.65	2.569	1.134	482.08	212.80	
West	197.09	2.639	1.067	520.12	210.29	

Final Actual All-Inclusive Index

	1980=100 July 2005 Current Index	Adjustment Factor	July 2005 Linked Index
U.S.	211.92	1.00192	212.32 ←
East	212.80	1.00621	214.12
West	210.29	1.00024	210.34

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

11/11/2005

Association of American Railroads

file: MF200507calcs.xls

Car Hire for RCAF

RCAF (Actual)

		1980	Aug 3Q/04	Nov. 4Q/04	Feb 1Q/05	May 2Q/05	Aug 3Q/05
RATE							
RR-OWNED TIME		31.00	64.00	65.00	65.00	66.00	66.00
RR-OWNED MILEAGE		4.69	7.30	7.30	7.30	7.30	7.30
PRIVATELY-OWNED CARS		25.47	42.62	42.63	42.52	43.35	43.39
AUTORACKS		47.00	52.35	53.22	49.54	49.40	50.28
INDEX							
RR-OWNED TIME		100.0	206.5	209.7	209.7	212.9	212.9
RR-OWNED MILEAGE		100.0	155.7	155.7	155.7	155.7	155.7
PRIVATELY-OWNED CARS		100.0	167.3	167.4	167.0	170.2	170.3
AUTORACKS		100.0	111.4	113.2	105.4	105.1	107.0
CAR HIRE INDEX (old wts)	2002	100.0	174.6	--	--	--	--
CAR HIRE INDEX (new wts)	2003	100.0	174.9	175.7	175.4	178.3	178.3
CAR HIRE INDEX (LINKED)		100.0	171.8	172.6	172.3	175.1	175.1

Car Hire for RCAF

RCAF (Actual)

		1980	Aug 3Q/05	Nov. 4Q/05	Feb 1Q/06	May 2Q/06	Aug 3Q/06
RATE							
RR-OWNED TIME		31.00	66.00	0.00	0.00	0.00	0.00
RR-OWNED MILEAGE		4.69	7.30	0.00	0.00	0.00	0.00
PRIVATELY-OWNED CARS		25.47	43.39	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
AUTORACKS		47.00	50.28	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
INDEX							
RR-OWNED TIME		100.0	212.9	0.0	0.0	0.0	0.0
RR-OWNED MILEAGE		100.0	155.7	0.0	0.0	0.0	0.0
PRIVATELY-OWNED CARS		100.0	170.3	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
AUTORACKS		100.0	107.0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
CAR HIRE INDEX (old wts)	2003	100.0	178.3	--	--	--	--
CAR HIRE INDEX (new wts)	2004	100.0	178.9	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
CAR HIRE INDEX (LINKED)		100.0	175.1	NA	NA	NA	NA

Equipment Rents Data From UMLER

	2005						2006						
	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY

Railroad Owned

No. of Cars
Superstructures
Rate
Superstructures #3 - Auto Rack
All other #1 - Time
All other #2 - Mileage

Privately Owned

No. of Cars
Superstructures
Covered Hoppers
Tank Cars
Others
Rate
Superstructures #1 - Time
Superstructures #2 - Mileage
Superstructures #3 - Auto Rack
Covered Hoppers #2 - Mileage
Tank Cars #2 - Mileage
Others #1 - Time
Others #2 - Mileage

AVERAGE RATES

Private Superstructures
Private Others
Private Total
Autoracks

WEIGHTS

For RCAF & RCR
RR-owned Time
RR-owned Mileage
Privately-owned Cars
Autoracks
----- Check sum

Weights for Equipment Rents (not used in Car Hire calculation)

	2003	2004
Car Hire - U.S.	0.501	0.510
Lease Rentals - U.S.	0.499	0.490
----- Check sum	1.000	1.000

RCAF - Depreciation

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Forecast Year 2006

As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast	→	06Q1	06Q2	06Q3	06Q4
For Actual	→	05Q3	05Q4	06Q1	06Q2
January	2005	153.4	153.4	153.4	153.4
February	2005	156.0	156.0	156.0	156.0
March	2005	161.6	161.6	161.6	161.6
April	2005	161.1	161.1	161.1	161.1
May	2005	161.3	161.3	161.3	161.3
June	2005	161.2	161.2	161.2	161.2
July	2005	160.3			
August	2004	161.8			
September	2004	163.0			
October	2004	162.8			
November	2004				
December	2004				
January	2006				
February	2006				
March	2006				
April	2006				
May	2006				
June	2006				
July	2006				
Actual Qtr.		161.7	NA	NA	NA

1980=100

Actual Qtr.

First Mo. next qtr.

178.9	NA	NA	NA
180.1	NA	NA	NA

0.904 =1980



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Data extracted on: November 15, 2005 (11:48 AM)

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
2004	137.9	140.1	142.2	142.8	143.5	143.7	143.2	143.5	144.2	145.0	147.0	153.2	143.9
2005	153.4	156.0	161.6	161.1	161.3	161.2	160.3 (P)	161.8 (P)	163.0 (P)	162.8 (P)			

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

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Other comments: feedback@bls.gov

RCAF - Other

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Forecast Year 2006 As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast →		06Q1	06Q2	06Q3	06Q4
For Actual →		05Q3	05Q4	06Q1	06Q2
January	2005	156.4	156.4	156.4	156.4
February	2005	156.9	156.9	156.9	156.9
March	2005	157.4	157.4	157.4	157.4
April	2005	157.6	157.6	157.6	157.6
May	2005	157.4	157.4	157.4	157.4
June	2005	157.0	157.0	157.0	157.0
July	2005	157.1			
August	2005	157.3			
September	2005	158.7			
October	2005	160.2			
November	2005				
December	2005				
January	2006				
February	2006				
March	2006				
April	2006				
May	2006				
June	2006				
July	2006				
Actual Qtr.		157.7	NA	NA	NA

1980=100

Actual Qtr.

First Mo. next qtr.

176.8	NA	NA	NA
179.6	NA	NA	NA

0.892 =1980



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Data extracted on: November 15, 2005 (12:43 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
2004	147.2	148.2	149.1	150.0	150.5	150.9	151.5	152.6	153.3	154.6	155.0	155.4	151.5
2005	156.4	156.9	157.4	157.6	157.4	157.0	157.1 (P)	157.3 (P)	158.7 (P)	160.2 (P)			

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

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