

**ASSOCIATION
OF AMERICAN
RAILROADS**

Craig F. Rockey
Vice President - Policy & Economics



216713

June 5, 2006

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

	<u>2006Q2</u>	<u>2006Q3</u>	<u>% Change</u>
All-Inclusive Index	116.5	119.7	2.7
Preliminary RCAF	1.165	1.197	2.7
Forecast Error Adjustment	0.013	-0.005	
RCAF (Unadjusted)	1.178	1.192	1.2
Productivity Adjustment Factor	2.0962	2.1061	
RCAF (Adjusted)	0.562	0.566	0.7
PAF-5	2.1929	2.2087	
RCAF-5	0.537	0.540	0.6

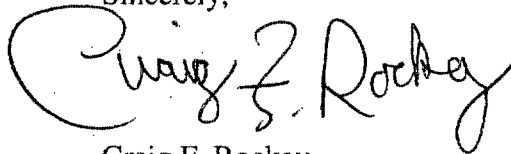
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June 5, 2006

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. The first name "Craig" is written with a large, sweeping "C" that loops around the first part of the last name. The middle initial "F." is written in a smaller, more compact script. The last name "Rockey" is written with a prominent "R" and a long, sweeping tail that extends to the right.

Craig F. Rockey

Attachments

**Third Quarter 2006
All-Inclusive Index**

Ex Parte No. 290 (Sub-No. 5) (2006-3)

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

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

June 5, 2006

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Introduction

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

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

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

All-Inclusive Index

Third Quarter 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.

	2004 Weights	Forecast		Percent Change
		Previous 2006Q2	Current 2006Q3	
1. Labor	36.0%	292.5	292.1	-0.1 %
2. Fuel	12.1%	227.9	265.2	16.4
3. M&S	4.4%	187.5	197.2	5.2
4. Equipment Rents	8.9%	186.8	187.3	0.3
5. Depreciation	10.6%	180.9	191.9	6.1
6. Interest	3.0%	92.7	92.7	0.0
7. Other	25.0%	185.3	186.3	0.5
8. Weighted Average				
a. 1980 = 100		226.0	232.3	
b. 1980 = 100 (linked)		223.8	230.0 ¹	
c. 4Q02 = 100		116.5	119.7 ²	2.7

¹ To calculate the 1980 = 100 Linked Index:

$$\begin{aligned} \text{Index}_{80} &= (\text{Current Index} / \text{Previous Index}) * \text{the Previous Quarter Linked Index} \\ &= 232.3 \text{ divided by } 226.0 \text{ times } 223.8 \\ &= 230.0 \end{aligned}$$

² To calculate the 4Q02 = 100 index:

$$\begin{aligned} \text{Index}_{4Q02} &= (\text{Current Linked Index} / 4Q02 \text{ Linking Factor}) * 100 \\ &= 230.0 \text{ divided by } 192.1 \text{ times } 100 \\ &= 119.7 \end{aligned}$$

$$4Q97 \text{ based index} = 132.8$$

$$4Q92 \text{ based index} = 146.6$$

$$4Q87 \text{ based index} = 174.0$$

Forecast vs. Actual All-Inclusive Index First Quarter 2006

As shown below, the first quarter actual index of 116.1 is 0.5 index points below the forecast value of 116.6. Therefore, the forecast error adjustment for the third quarter 2006 is -0.5 index points.

	2004	First Quarter 2006		Amt
	Weights	Forecast	Actual	Difference
1. Labor	36.0%	292.1	292.1	
2. Fuel	12.1%	226.4	219.8	
3. M&S	4.4%	185.6	185.6	
4. Equipment Rents ¹	8.9%	184.6	185.1	
5. Depreciation	10.6%	195.0	183.1	
6. Interest	3.0%	92.7	92.7	
7. Other	25.0%	182.1	182.7	
8. Weighted Average				
a. 1980 = 100		226.1	224.3	
b. 1980 = 100 (linked)		223.9	223.1 ²	
c. 4Q02 = 100 ³		116.6	116.1	-0.5

Forecast error **→ -0.5 index points**

	2004	First Quarter 2006	
	Weights	Forecast	Actual
Car-Hire	51.0%	176.0	175.7
Lease Rentals	49.0%	182.1	182.7
Weighted Average		179.0	179.1
Weighted Average (linked)		184.6	185.1

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

$$223.1 = 224.3 / 229.0 \times 227.8$$

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

Productivity

On January 26, 2006, the Surface Transportation Board (STB) served a decision in Ex Parte 290 (Sub-No. 4) which added the year 2004 to the Productivity Adjustment Factor (PAF) and deleted the year 1999. This creates an average annual productivity for 2000 through 2004 of 1.9 percent – a decrease from the 1999 through 2003 average of 2.9 percent. The 1.9 percent matches the figure used three years prior. 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

2000 - 2004

Year	Output Index (1)	Input Index (2)	Productivity ¹ Changes (3)
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
2004	1.033	1.057	0.977
Average			1.019
Previous Average (1999-2003)			1.029

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 2000-2004 use fourth root of avg. productivity change 1.0047
For 1999-2003 use fourth root of previous avg. change 1.0072

Quarter	Year	PAF	PAF-5
Q1	2006	2.0864	2.1772
Q2	2006	2.0962	2.1929
Q3	2006	2.1061	2.2087
Q4	2006	2.1160	2.2246
Q1	2007	2.1259	2.2351

1999-2003

2000-2004

Rail Cost Adjustment Factor

Third 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 2006Q2	Current 2006Q3	Percent Change
All-Inclusive Index ¹	116.5	119.7	2.7
Preliminary RCAF ²	1.165	1.197	2.7
Forecast Error Adjustment ³	<u>0.013</u>	<u>-0.005</u>	
RCAF (Unadjusted) ⁴	1.178	1.192	1.2
Productivity Adjustment Factor ⁵	2.0962	2.1061	
RCAF (Adjusted) ⁶	0.562	0.566	0.7
PAF-5 ⁷	2.1929	2.2087	
RCAF-5 ⁸	0.537	0.540	0.6

¹ See All-Inclusive Index on page 3.

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

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

⁴ Preliminary RCAF plus the forecast error adjustment.

⁵ See Productivity on page 5.

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

⁷ See Productivity on page 5.

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

Appendixes

Labor

Third Quarter 2006

The third quarter 2006 Labor Index is forecast to decline 0.1 percent. Wages increased by 0.2 percent, but Supplements declined 0.7 percent. Table A-1 on page 3 of this appendix lists the hourly rates for wages and supplements used to calculate the Labor Index. Appendix H lists abbreviations for railroads and unions used in the text below. By coincidence, the third quarter Labor Index matches its first quarter version.

Wage Index

The Wage Index portion of the Labor Index is forecast to increase 0.2 percent. One of the major causes of this increase was a 1 cent cost of living allowance (COLA) increase to most unions. In addition, a profit sharing payment made by one of the railroads was higher than the previous year.

Wage Increases: COLA increases of just one cent were added to the Index for all of the unions represented by national agreements except the Brotherhood of Railway Signalmen. In addition, many independent unions also received the same COLA increase. Nearly two dozen independent railroad unions received a three percent general wage increase instead of a COLA increase. All but one of these unions were part of Canadian National's (CN) group of U.S. railroads. Over half of these CN increases involved the International Association of Machinists and Aerospace Workers, the National Conference of Firemen and Oilers, or the Brotherhood of Maintenance of Way Employees.

Lump Sums: Two lump sums relating to new labor agreements for the Soo Line and CN's Sault Saint Marie Bridge Company (an ore-hauling railroad) were added to the Lump Sum rate. These additions accounted for about half of the \$0.002 increase, while higher interest rates accounted for the remainder. The Soo Line, which was the larger of the two lump sums, has a new arbitration agreement with its Brotherhood of Locomotive Engineers and Trainmen (BLET) that includes a Longevity Bonus and a lump sum payment.

Back Pay: The back pay rate decreased 0.2 cents because of the complete amortization and removal of three amounts from a year ago. Some of the decrease was offset by a new back pay amount relating to the new Soo Line arbitration agreement with the BLET.

Other: Other wages contains the amortization of a profit sharing payment that the BNSF Railway makes each year to its dispatchers, yardmasters, and engineers. The second quarter 2006 contained the amortization of the profit sharing payment made in early 2005 for performance in 2004, and that amount has now been completely amortized and removed from the Index. The third quarter 2006 contains the amortization of the profit sharing payment made in early 2006 for performance in 2005. This new profit sharing amount is higher than last year's payment, causing an increase of 4.4 cents in the rate for this component of the index.

Labor

Third Quarter 2006

Supplements Index

The Supplements Index is forecast to decrease 0.7 percent from the second quarter filing. Most of this change is caused by a decrease in the Other component.

Health & Welfare: The Health & Welfare hourly rate decreased \$0.01 because of small changes effective July 1. Employee Health & Welfare cost sharing increased for national agreement employees in the International Association of Machinists and Aerospace Workers union. In addition, two independent unions began Health & Welfare cost sharing.

Railroad Retirement: The Railroad Retirement and Medicare hourly rate had a very slight increase, \$0.007, that corresponded with slightly higher taxable earnings.

Unemployment Insurance: The Unemployment Insurance rate was unchanged for this quarter.

Other: The "Other" category is a reflection of all other fringe benefits, and currently contains employer contributions to employee 401(k) accounts, plus employer contributions to employee stock plans that are recorded as fringe benefits. The decrease of 7.4 cents was caused by lower employer contributions – a second quarter employer contribution to an employee stock ownership plan for one large union is not part of the third quarter total.

Labor Index Calculation

As shown in table A-1 on the next page, the 0.2 percent increase in the Wage Index and the 0.7 percent decrease in the Supplements Index had a combined effect of a 0.1 percent decrease in the Labor Index. The linked third quarter 2006 index is 292.1.

Labor

Third Quarter 2006

Table A-1 Labor Index

	2006Q2	2006Q3	Change	
			Percent	Amount
<u>Base Wage</u> – Straight Time & Pay For Time Not Worked	\$29.496	\$29.518	0.1%	\$0.022
Adjustments:				
Lump Sum	0.097	0.099	2.1%	0.002
Back Pay	0.182	0.163	-10.4%	-0.019
Other	0.121	0.165	36.4%	0.044
Total Wages	<u>29.896</u>	<u>29.945</u>	0.2%	0.049
Health & Welfare Benefits	5.034	5.024	-0.2%	-0.010
RR Retirement & Medicare	6.196	6.203	0.1%	0.007
Unemployment Insurance	0.170	0.170	0.0%	0.000
Other	0.155	0.081	-47.7%	-0.074
Total Supplements	<u>\$11.555</u>	<u>\$11.478</u>	-0.7%	-0.077
 Total Labor	 \$41.451	 \$41.423		
 Wage Index¹	 255.8	 256.3	 0.2%	
Supplements Index²	427.0	424.2	-0.7%	
 Total labor Index, 2004 Weights ³	 303.4	 303.0		
Labor Index (linked)⁴	292.5	292.1	-0.1%	

¹ 1980 wage rate \$11.685

² 1980 supplements rate \$2.706

³ 2004 weights: wages, supplements 72.2% 27.8%

⁴ 2006Q3 linked Index = 2006Q2 _{linked} x (2006Q3 / 2006Q2)
 = 292.5 x 303.0 / 303.4

Fuel

Third 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.

April 2006 railroad locomotive diesel fuel prices are at their third highest monthly average ever, surpassed only by the post-hurricane spike period of September and October 2005. Not only have prices increased for four consecutive months, but also the rate of increase has accelerated for three consecutive months. Prices for April jumped 9 percent from the March average.

Monthly average prices for crude oil* rose in March, April, and May. The spot price for West Texas Intermediate crude oil averaged \$70.84 for May – an all-time high for monthly averages, and was above \$71 on June 2. (Heating oil** prices were also trending upward during that period.) Tensions between the U.S. and Iran, plus another attack on Nigerian oil infrastructure, have been a factor for oil prices. In addition to supply concerns, demand from both China and the U.S. is expected to continue to be strong. One industry analyst has predicted the price for crude oil will reach \$78 by mid-summer, caused by strong global demand and concern in the U.S. during hurricane season.

The railroads believe that July (third quarter) locomotive diesel fuel prices will be 4.9 percent higher than the April (second quarter) level actually experienced. Because the second quarter fuel forecast was much too low, the forecast of a 4.9 percent increase from the actual average price is the equivalent of a 16.4 percent increase from the second quarter forecast.

Forecast Fuel Index	265.2
Change from previous quarter forecast	16.4%
Change from previous quarter actual	4.9%

* 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

Third Quarter 2006

The Materials & Supplies Index increased 5.2 percent from the second quarter of 2006. Higher prices for wheel sets, ballast, and locomotive lube oil caused much of the increase. In addition to regional purchasing, strong demand for crushed stone from non-railroad users contributed to the higher ballast prices.

2006Q3 Materials & Supplies Index = 197.2

2006Q2 Materials & Supplies Index = 187.5

Difference	9.7 basis points
	or
	5.2 %

Equipment Rents

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

Equipment Rent Index Calculation

The table below calculates the Equipment Rents Index. The Car Hire portion of the Index was unaffected by minuscule changes in rates for privately-owned cars. A 0.5 percent increase in Lease Rentals combined with the unchanged Car Hire Index to cause the overall Equipment Rent Index to rise just 0.3 percent.

	2004			Percent
	Weight	2006Q2	2006Q3	Change
Car Hire	51.0%	177.0	177.0	0.0 %
Lease Rentals	49.0%	185.3	186.3	0.5
Weighted Average		181.1	181.6	0.3
Weighted Average (Linked)		186.8	187.3	0.3

Depreciation

Third 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 had not been showing a pattern until recently, making forecasts difficult. However, the most recent five months have all increased from the prior month, and the March figure increased at an annual rate of 20 percent. Although the current forecast is up 6.1 percent from the previous quarter forecast, the index is below the forecast from two quarters ago.

Forecast of Depreciation Index (1982=100)	173.5
Forecast of Depreciation Index (1980=100)	191.9
Change from previous quarter forecast	6.1%
Change from actual first month of previous quarter	2.6%
Change from same quarter of prior year (actual)	7.3%

Depreciation

Third Quarter 2006

PPI RAIL EQUIPMENT

Recommended model: Exponential Smoothing

Forecast Model for PPIRE

Holt exponential smoothing: Linear trend, No seasonality

Confidence limits proportional to level

Component	Smoothing Weight	Final Value
Level	1.00000	169.10
Trend	0.12987	1.1070

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 142.8	Standard deviation 11
R-square 0.9901	Adjusted R-square 0.9899
Durbin-Watson 1.696	Ljung-Box(18)=28.84 P=0.9496
Forecast error 1.103	BIC 1.154
MAPE 0.004028	RMSE 1.088
MAD 0.6063	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2005-11	161.900
2005-12	162.200
2006-01	163.300
2006-02	165.400
2006-03	167.900
2006-04	169.100

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2006-05	167.728	170.207	172.686
2006-06	167.573	171.314	175.054
2006-07	167.748	172.421	177.094
2006-08	168.080	173.528	178.976
2006-09	168.509	174.635	180.761
QTR AVG	168.446	173.528	178.944
2006-10	169.006	175.742	182.478
2006-11	169.553	176.849	184.144
2006-12	170.141	177.956	185.770

Interest

Third 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%
2006Q3	Interest Index	92.7
2006Q2	Interest Index	92.7
	Percent Change	0.0%

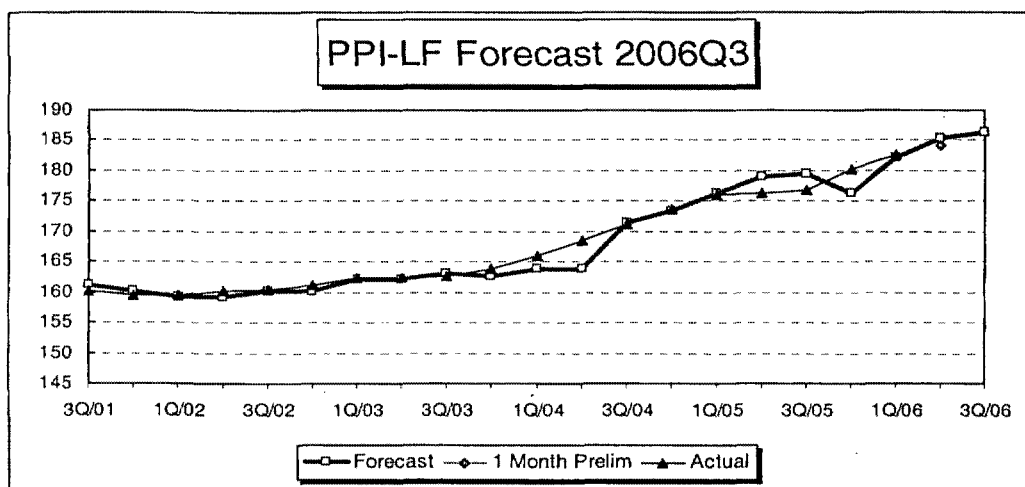
Other Expenses

Third 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 month available. April and July would be the most recent months available for third and fourth quarter forecasts respectively. The output from the forecast model is shown on page 2 of this appendix for 1982=100. The figure forecast by the model reflects monthly PPI-LF figures that have been increasing at higher rates. The monthly figure for April increased at an annual rate of six percent.

Forecast of Other Expense Index (1982=100)	166.2
Forecast of Other Expense Index (1980=100)	186.3
Change from previous quarter forecast	0.5%
Change from actual first month of previous quarter	1.1%
Change from same quarter of prior year (actual)	5.4%



Other Expenses

Third Quarter 2006

PPI INDUSTRIAL COMMODITIES LESS FUEL AND RELATED PRODUCTS AND POWER

Recommended model: Box-Jenkins

Forecast Model for PPILF

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

Term	Coefficient	Std. Error	t-Statistic	Significance
a[1]	0.5192	0.1117	4.6477	1.0000
A[12]	-0.6358	0.1119	-5.6822	1.0000

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 4.999	Standard deviation 0.04557
R-square 0.9977	Adjusted R-square 0.9976
Durbin-Watson 2.157	Ljung-Box(18)=28.57 P=0.9461
Forecast error 0.002212	BIC 0.3431
MAPE 0.001558	RMSE 0.3278
MAD 0.2339	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2005-11	161.000
2005-12	161.300
2006-01	162.400
2006-02	163.200
2006-03	163.500
2006-04	164.300

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2006-05	163.847	164.622	165.402
2006-06	163.365	164.774	166.195
2006-07	163.340	165.319	167.322
2006-08	163.675	166.165	168.693
2006-09	164.164	167.114	170.118
QTR AVG	163.726	166.199	168.711
2006-10	165.326	168.708	172.159
2006-11	165.420	169.177	173.021
2006-12	165.467	169.570	173.775

Railroad and Union Abbreviations

Third 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

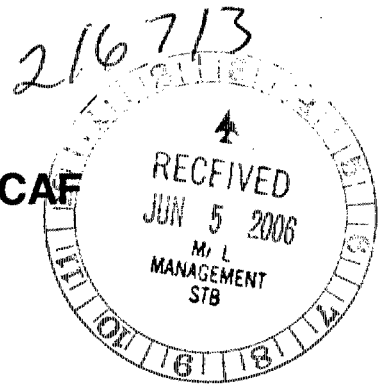
ATDA	American Train Dispatchers Association
BLET	Brotherhood of Locomotive Engineers and Trainmen Division of the International Brotherhood of Teamsters
BMWED	Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters
BRS	Brotherhood of Railroad Signalmen
IAM	International 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)

Workpapers Sent to STB for 2006 Q3 RCAF

June 5, 2006



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 Contracts COLA information from NRLC (2 pages)
7. 39 Pages from independent contracts and benchmarked independent contracts
8. Wall Street Journal - 3 month Treasury Bill Rate
9. 2006/Q3 RCAF Lump Sum Amortization (3 pages)
10. Three pages of contract information relating to bonuses and lump sums
11. 2006/Q3 RCAF Back Pay Amortization (4 pages)
12. 13 pages of new contract info for back pay
13. Health & Welfare 2006Q3 worksheet (3 pages)
14. NRLC memo concerning IAM H&W cost sharing rate plus e-mail for other unions
15. 53 Pages of H&W Cost Sharing information from national and independent contracts
16. Railroad Retirement spreadsheet (5 pages)
17. Unemployment Ins. worksheet, 1-page memo for rate, 1 page from RRB
18. 2-page SAS run for Unemployment Ins.
19. Three pages of news articles on oil prices.
20. Summary of M&S
21. Car Hire Spreadsheet (2 pages) plus source data (2 pages)
22. 5 pages of PPI-RE for Depreciation including graph, input/output, and BLS data
23. 5 pages of PPI-LF for Other (and Lease Rentals) incl. graph, input/output, BLS data
24. Forecast Error calculation and workpapers (9 pages)

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

04 Wts.	3Q/05 Original	3Q/05 Rebenchd	% Chg	4Q/05	% Chg fr. Orig	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%	\$23.958	0.0%	\$23.975	0.1%
PFTNW	\$5.586	\$5.460	-2.3%	\$5.472	-2.0%	\$5.536	1.2%	\$5.538	0.0%	\$5.543	0.1%
Total	\$29.416	\$29.118	-1.0%	\$29.192	-0.8%	\$29.486	1.0%	\$29.496	0.0%	\$29.518	0.1%
Adjustments											
Lump Sum	\$0.137	\$0.131		\$0.132		\$0.119		\$0.097		\$0.099	
Back Pay	\$0.115	\$0.110		\$0.258		\$0.191		\$0.182		\$0.163	
Other	\$0.124	\$0.118		\$0.118		\$0.121		\$0.121		\$0.165	
Total Wages	\$29.792	\$29.477	-1.1%	\$29.700	-0.3%	\$29.917	0.7%	\$29.896	-0.1%	\$29.945	0.2%
Pre-Tax Reduction	(\$0.384)	(\$0.515)		(\$0.543)		(\$0.640)		(\$0.641)		(\$0.643)	
Taxable Wages	\$29.408	\$28.962		\$29.157		\$29.277		\$29.255		\$29.302	
H & W	\$5.115	\$4.894	-4.3%	\$4.874	-4.7%	\$5.035	3.3%	\$5.034	0.0%	\$5.024	-0.2%
RR Ret & Medicare	\$6.140	\$6.076	-1.0%	\$6.106	-0.6%	\$6.199	1.5%	\$6.196	0.0%	\$6.203	0.1%
Unemp. Insurance	\$0.164	\$0.159	-3.0%	\$0.159	-3.0%	\$0.170	6.9%	\$0.170	0.0%	\$0.170	0.0%
Other	\$0.046	\$0.046	0.0%	\$0.041	-10.9%	\$0.103	151.2%	\$0.155	50.5%	\$0.081	-47.7%
Total	\$11.465	\$11.175	-2.5%	\$11.180	-2.5%	\$11.507	2.9%	\$11.555	0.4%	\$11.478	-0.7%
Adjustments											
Total Suppl.	\$11.465	\$11.175	-2.5%	\$11.180	-2.5%	\$11.507	2.9%	\$11.555	0.4%	\$11.478	-0.7%
Total Labor	\$41.257	\$40.652	-1.5%	\$40.880	-0.9%	\$41.424	1.3%	\$41.451	0.1%	\$41.423	-0.1%
Wage Rate Index	0.7220	255.0	-1.1%	254.2	-0.3%	256.0	0.7%	255.8	-0.1%	256.3	0.2%
Suppl Index	0.2780	423.7	-2.5%	413.2	-2.5%	425.2	2.9%	427.0	0.4%	424.2	-0.7%
Total Labor Index '03 Wts.		304.4									
Total Labor Index '04 Wts.		301.9	-1.6%	298.4	-1.2%	303.0	1.5%	303.4	0.1%	303.0	-0.1%
Labor Index (Linked)		291.1		287.7	-1.2%	292.1	1.5%	292.5	0.1%	292.1	-0.1%

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%	292.5	0.1%	292.1	-0.1%
Fuel	0.121	193.60	193.6	0.0%	276.2	42.7%	226.4	-18.0%	227.9	0.7%	265.2	16.4%
M&S	0.044	179.80	179.8	0.0%	179.9	0.1%	185.6	3.2%	187.5	1.0%	197.2	5.2%
Equip. Rents	0.089	182.80	182.8	0.0%	181.4	-0.8%	184.6	1.8%	186.8	1.2%	187.3	0.3%
Depreciation	0.106	180.30	180.3	0.0%	185.1	2.7%	195.0	5.3%	180.9	-7.2%	191.9	6.1%
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%
Other	0.250	179.50	179.5	0.0%	176.2	-1.8%	182.1	3.3%	185.3	1.8%	186.3	0.5%
Weighted Avg.	1.000	220.40	219.1	-0.6%	227.5	3.8%	226.1	-0.6%	226.0	0.0%	232.3	2.8%
Linked		217.00			225.3	3.8%	223.9	-0.6%	223.8	0.0%	230.0	2.8%
10/1/80 basis		211.30			219.4	3.8%	218.0	-0.6%	217.9	0.0%	224.0	2.8%
10/1/82		179.50			186.4	3.8%	185.2	-0.6%	185.1	-0.1%	190.2	2.8%
4Q/87		164.10			170.4	3.8%	169.4	-0.6%	169.3	-0.1%	174.0	2.8%
4Q/92		138.30			143.6	3.8%	142.7	-0.6%	142.6	-0.1%	146.6	2.8%
4Q/97		125.30			130.1	3.8%	129.3	-0.6%	129.2	-0.1%	132.8	2.8%
4Q/02 basis		113.00			117.3	3.8%	116.6	-0.6%	116.5	-0.1%	119.7	2.7%
Car Hire	0.510	175.10	175.1	0.0%	175.6	0.3%	176.0	0.2%	177.0	0.6%	177.0	0.0%
Lease Rents	0.490	179.50	179.5	0.0%	176.2	-1.8%	182.1	3.3%	185.3	1.8%	186.3	0.5%
Wghted Avg Eq Rents		177.30	177.3	0.0%	175.9	-0.8%	179.0	1.8%	181.1	1.2%	181.6	0.3%
Linked Equipment Rents		182.80			181.4	-0.8%	184.6	1.8%	186.8	1.2%	187.3	0.3%
Preliminary RCAF	1.130				1.173	3.81%	1.166	-0.6%	1.165	-0.1%	1.197	2.7%
Forecast Error Adj.	0.006				0.012		0.011		0.013		(0.005)	
RCAF Unadjusted	1.136				1.185	4.31%	1.177	-0.7%	1.178	0.1%	1.192	1.2%
PAF	2.0567				2.0715	0.72%	2.0864	0.72%	2.0962	0.47%	2.1061	0.5%
RCAF Adjusted	0.552				0.572	3.62%	0.564	-1.4%	0.562	-0.4%	0.566	0.7%
PAF-5	2.1498				2.1616	0.55%	2.1772	0.72%	2.1929	0.72%	2.2087	0.72%
RCAF-5	0.528				0.548	3.79%	0.541	-1.3%	0.537	-0.7%	0.540	0.6%

Hourly Rate for 2006 Q3

Straight Time and Time Paid For But Not Worked

2006Q3 Straight Time Hourly Rate (from national spreadsheet) **\$23.890**
COLA increase of 1 cent for all unions except BRS, nothing for non-union

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 ² 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 ⁴ NCFO & SMW, DMIR ⁵ 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 ⁵ IAM	retro GWIs (participated in new nat'l eff 9/1/05)	0.000

Adjustments added 2006 Q1

DMIR ⁶ 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 ⁷ BLET, GTW ⁸ UTU	\$0.31 COLA	0.018
GTW ⁹ IAM and NCFO	New contracts	0.000

Adjustments added 2006 Q2

GTW ¹⁰ BRS	new contract with 3% retro GWI	0.000
SSAM ¹¹ BMW&BRS and WC ¹² TCU-CAR&BRS	new contracts with 3% retro GWI except BRS	0.000
BNSF ¹³ BLET and DWP ¹⁴ IBEW	BNSF BLET \$0.15 COLA and DWP IBEW new contract with 3% retro GWI	0.008

Adjustments added 2006 Q3

Independent ATDA	\$0.01 COLA for BNSF, KCS and SOO; 3% for CSX	0.002
DMIR ¹⁵ BMW, SOO various ⁶	3% for DMIR; \$0.01 COLA for SOO except new contract w/retro GWI for BLET	0.005
GTW ¹⁶ BRS, IAM and NCFO	3% GWI	0.000
CSX & UP YMD, GTC & SOO mix ³	\$0.01 COLA except 3% GWI for IC IAM and NCFO	0.001
CN-US various ⁷	\$0.01 COLA for BLE & DMIR SMW; 3% GWI for rest	0.002
BNSF ¹⁷ BLET, GTW ¹⁸ BLET & UTU, DWP ¹⁹ IAM & IBEW	\$0.01 COLA for BNSF & GTW; 3% GWI for DWP	0.001

Adjusted STHR Total **\$23.975**

Pay For Time Not Worked

PFTNW (from national spread sheet)		\$5.523
Ratio Adj STHR to Nat STHR	23.975 / 23.890 =	1.00356

Adjusted Pay For Time Not Worked **\$5.543**

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: BLET, IBBM, TCU, BRC, UTU, YMD; SOO: BRS, TCU, BRC, UTU. Includes IC: BMW, BRS, IAM, IBBM, IBEW, NCFO, SMW, TCU, BRC for 2005Q3 and 2006Q3 but not 2006Q1

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

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

⁶ SOO BLET, BMW, IAM, IBBM, IBEW, NCFO, SMW and UTU-YMD.

⁷ BLE IAM, NCFO, SMW; CCP IAM, NCFO, TCU, TCU-CAR; DMIR IAM, NCFO, SMW, BMW; SSAM BMW; WC BMW, IAM, TCU-CAR.

RCAF Taxable Wages

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

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

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/2006

U.S. ST Hours =

327,712,768

Wage Statistics are for 2004.

Union Group	Employees	Mo. Rate	Annual \$
TCU (BNSF, CCP, CSX, GTW, KCS, NS, UP)	9,570	(\$123.28)	(\$14,157,475.20)
TCU-CAR (BNSF, CSX, KCS, NS, UP)	10,066	(\$123.28)	(\$14,891,237.76)
Indep. \$25 Group (various CN)	1,960	(\$25.00)	(\$588,000.00)
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. 11 unions (SOO) see detail	1,298	(\$113.10)	(\$1,761,645.60)
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, 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	(\$107.13)	(\$8,174,876.04)
Indep. TCU-CAR (CCP), NCFO (DMIR, BLE, GTW), BMWE (WC, DWP, SSAM)	462	(\$100.00)	(\$554,400.00)
Indep. BMWE (DMIR)	93	(\$56.36)	(\$62,897.76)
Indep. BRS (GTW, SSAM, WC), TCU-CAR (WC), IBEW (DWP)	264	(\$100.00)	(\$316,800.00)
Indep. IC NCFO	42	\$0.00	\$0.00
Total Union	116,784		(\$174,001,458.60)
All Other @ \$3,064,175.69 total per month			(\$36,770,108.28)
Total			(\$210,771,566.88)

Reduction in Wage Rate Per ST Hour	-\$0.64315946
Deduct this amount from the Wage Rate	-\$0.643

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	20.411	22.306	21.799	21.878	23.203	19.924	21.399	18.200	21.703	19.587	22.023	30.477	26.613	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	23.618
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	5.496	1.210	4.286	0.120	0.795	2.662	1.289	0.222	0.785	0.119	0.597	0.399	0.331	5.580	23.890

Note: The 2004 Average and 12/31/04 Straight Time Hourly Rates are the industry rates and include all Class I railroad employees. The rates for 1/1/05 through 7/1/06 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 2004 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	0.01242	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	6.648	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	6.779	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	6.779	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	6.779	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	6.795	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	6.795	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	6.830	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	6.830	1.376
7/1/06	8.166	5.528	7.303	4.423	4.807	3.595	3.737	3.219	4.442	2.972	4.621	5.652	6.831	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	5.329
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	5.410
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	5.417
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	5.417
7/1/05	2.166	0.296	1.425	0.024	0.165	0.476	0.222	0.039	0.148	0.018	0.124	0.074	0.084	0.191	5.451
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	5.463
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	5.521
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	5.521
7/1/06	2.199	0.300	1.436	0.024	0.165	0.480	0.225	0.039	0.161	0.018	0.125	0.074	0.085	0.192	5.523

U.S. National Contract

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		0.01000	95.071%	20.41129	8.16643

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		0.01000	90.274%	22.30640	5.52847

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		0.01000	52.553%	21.79870	7.30306

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		0.01000	97.798%	21.87771	4.42271

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		0.01000	92.178%	19.92413	3.59461

U.S. National Contract

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		0.01000	91.776%	21.39929	3.73690

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		0.01000	95.642%	18.19999	3.21856

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	No COLA until July		95.064%	21.69313	4.43988
4/1/06			95.064%	21.69313	4.43988
7/1/06		0.01000	95.064%	21.70263	4.44183

U.S. National Contract

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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		0.01000	92.861%	19.58693	2.97206

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		0.01000	94.435%	22.02282	4.62118

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

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		0.01000	43.151%	26.61250	6.83072

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.

National Increase Applicability for U.S. Total

Year 2004	Union	ST Hours Pd	Not Part of National Agreements*														U.S.	
			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)	National Increase	Percent National Contract
	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	519,802	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	109,498	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	1135.355%
	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 Lump Sums	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 YearEnd2004RCAFA&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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April 20, 2006

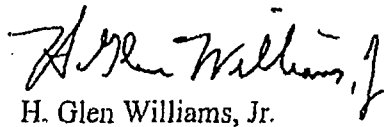
July 1, 2006 Cost-of-Living Allowance
Under 2000-Round National Agreements
BLE, UTU, UTU-Yardmasters, TCU-Clerks,
TCU-Carmen, IBB, NCF&O, IBEW, IAM, SMWIA

CIRCULAR NO. 831-13 (BLE)
CIRCULAR NO. 832-14 (UTU/YARDMASTERS)
CIRCULAR NO. 834-12 (CLERKS)
CIRCULAR NO. 837-12 (CARMEN)
CIRCULAR NO. 838-12 (IBB)
CIRCULAR NO. 839-10 (NCF&O)
CIRCULAR NO. 840-12 (IBEW)
CIRCULAR NO. 841-9 (IAM)
CIRCULAR NO. 842-11 (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 July 1, 2006. The COL adjustment will be one cent, calculated on the basis of the change in the CPI-W for the measurement period September 2005 to March 2006.

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


H. Glen Williams, Jr.

NATIONAL RAILWAY LABOR CONFERENCE

ECONOMIC RESEARCH DEPARTMENT

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April 28, 2006

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

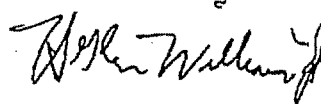
CIRCULAR NO. 835-12-1

TO MEMBER ROADS:

This is a clarification of our previous circular 835-12 referring to the July 1, 2006 COLA adjustment.

While the one cent COLA increase is correct, we should not have referenced the Health and Welfare offset. That adjustment is only invoked if the COLA increase effective January 1 was not sufficient to cover the employee's share of the Health and Welfare year over year increase in the payment rate per Article II, Part B, Section 2 (c).

To reiterate, the COLA increase effective July 1, 2006 is one cent.



H. Glen Williams, Jr.

C. First General Wage Increase.

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

D. Second General Wage Increase.

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

E. Third General Wage Increase.

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

F. Fourth General Wage Increase.

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

G. Fifth General Wage Increase.

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

H. Application of Wage Increases.

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

SECTION II

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

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

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

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 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

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:

ARBITRATION BOARD NO. 585 (NMB Case No. A-133200)

ARBITRATED MEMORANDUM OF AGREEMENT
BETWEEN THE
SOO LINE RAILROAD COMPANY
AND THE
BROTHERHOOD OF LOCOMOTIVE ENGINEERS & TRAINMEN
(BLE&T)

ARTICLE I – WAGES

Section 1 – Longevity Bonus

Not later than three months after the date of this Agreement, each employee who qualifies under subsection (b) shall be paid a Longevity Bonus of \$1,200. Such Bonus shall be paid in a separate check and shall be subject to withholdings for applicable Federal, State, and Local taxes.

To qualify for the Longevity Bonus, an employee must:

- (1) have an employment relationship with the Soo as a locomotive engineer on the first day of the month of the effective date of this Agreement;
- (2) have established seniority in train or engine service with the Soo on or before October 31, 1985; and,
- (3)
 - (i) have received compensation for active service performed during the two month period preceding the effective date of this Agreement; or
 - (ii) have been on authorized leave for such entire period for personal illness, on-duty injury, or pursuant to the Family and Medical Leave Act, and return to active service not later than 3.5 months subsequent to the effective date of Agreement

- (iii) have been out of service for such entire period due to carrier disciplinary action that is subsequently rescinded or overturned with pay for all time lost.
- (c) There shall be no duplication of the Longevity Bonus by virtue of employment under another agreement nor will such payment be used to offset, construct or increase guarantees in protective agreements or arrangements.

Section 2 - Lump Sum Payment

Each employee who qualifies under Section 1 (b) (1) and (3) (i), (ii) and (iii) shall be paid a Lump Sum of \$774.00. Such Lump Sum shall be paid at the same time that the retroactive portion of the general wage increases provided for in Sections 3, 4 and 5 of this Article are paid.

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

Section 3 - First General Wage Increase

Effective July 1, 2002, all locomotive engineer rates of pay for employees represented by the BLE&T in effect on June 30, 2002, shall be increased by four (4) percent.

Section 4 - Second General Wage Increase

Effective July 1, 2003, all locomotive engineer rates of pay in effect on June 30, 2003, for employees represented by the BLE&T shall be increased by two-and-one-half (2-1/2) percent.

Section 5 - Third General Wage Increase

Effective July 1, 2004, all locomotive engineer rates of pay in effect on June 30, 2004, for employees represented by the BLE&T shall be increased by two-and-one-half (2-1/2) percent.

- (b) Effective the first day of the second complete month after this Agreement becomes effective, in lieu of an additional general wage increase of one-half (1/2) percent, SOO shall remit a \$40.00 payment per month with respect to eligible employees to be used to defray the cost of the BLE&T's insured short-term disability plan, as provided in Article III, Part A, Section 3 of this Agreement.

Section 6 - Standard Rates

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

Section 7 - Application of Wage Increases

The adjustments provided for in this Article will not apply to duplicate time payments, including arbitraries and special allowances that are expressed in time, miles or fixed amounts of money.

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

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

ARTICLE II - COST-OF-LIVING PAYMENTS

Part A - Cost-of-Living Payments Under November 30, 1998 Agreement

Article II, Part B, Section 4 of the November 30, 1998 Soo/BLE Agreement, shall be eliminated effective on the date of this Agreement. On June 30, 2002, the forty-eight (48) cent cost-of-living allowance pursuant to such provision in effect on that date shall be rolled in to basic rates of pay. Any cost-of-living allowance payments made to employees for periods on and after July 1, 2002, shall be recovered from any retroactive wage increase payments made under Article I.

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

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

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

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>
-------------------------------------	--

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

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

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

Section 3 – Short Term Disability

During each month beginning with the second complete month after this agreement becomes effective, Soo shall remit to the BLE&T's insured short term disability plan ("STD Plan") the sum of \$40.00 (as provided in Article I, Section 5 (b)) on a pre-tax basis with respect to each employee covered by this Agreement for whom Soo is required to provide medical benefit coverage under the Plan.

Part B – Employee Cost Sharing of Plan Cost Increases

Section 1 – Employee Cost-Sharing Contributions

- (a) Effective July 1, 2001, each employee covered by this Agreement shall contribute \$33.39 per month to the Plan for each month that Soo is required to provide medical benefits coverage for himself and/or his eligible dependents under the Plan, except as provided in Side Letter No. 8.
- (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.

Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (c) shall be changed to \$95.68.

Effective July 1, 2005, the per month employee cost-sharing contribution amount set forth in subsection (d) shall be changed to \$101.79.

- (f) Effective April 1, 2006, the per month employee cost-sharing contribution amount will be based on the new option chosen by the employee from those listed in Appendix 2 of this Agreement. The employee cost sharing contribution amount will be \$100/\$0 adjusted pursuant to (i) and (ii) below and Side Letter No. 10.

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

- ii. Effective January 1, 2006, the per month employee cost-sharing contribution amount in effect on December 31, 2005, shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in Soo's 2006 monthly payment rate over such payment rate for 2005, plus (ii) the amount, if any, by which the number described in part (x) of subsection (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 January 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 July 1, 2006 the per month employee cost-sharing contribution amount set forth in subsection (f) shall be increased by the lesser of (x) on-half the increase, if any, in Soo's 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the

AGREEMENT

between the

**CANADIAN NATIONAL (CN)
GRAND TRUNK WESTERN RAILROAD INCORPORATED
(GTW)**

AND

its employees represented by the

BROTHERHOOD OF RAILROAD SIGNALMEN (BRS)

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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.

AGREEMENT BETWEEN
CANADIAN NATIONAL (CN)
GRAND TRUNK WESTERN RAILROAD COMPANY (GTW)
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. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the BLS CPI. The first such cost-of-living allowance shall be payable effective July 1, 2010 based, subject to paragraph (d), on the BLS CPI for September 2009 as compared with the BLS CPI

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.

AGREEMENT BETWEEN

**CANADIAN NATIONAL (CN)
CHICAGO, CENTRAL AND PACIFIC RAILROAD (CCP)
ILLINOIS CENTRAL RAILROAD COMPANY (IC)**

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

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

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

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

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

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:

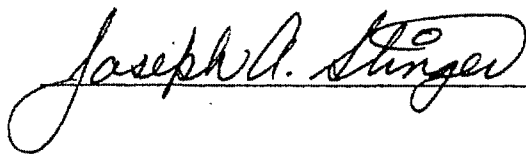


Exhibit A
BLE

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	

**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

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

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 4

TCU

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

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

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.

CSX - UTU-YMD

(iv) Any increase in the CPI from the base month of September 2004 to the measurement month of September 2005 in excess of 6% of the September 2004 base index shall not be taken into account in the determination of subsequent cost-of-living adjustments.

(v) The procedure specified in subparagraphs (iii) and (iv) shall be applicable to all subsequent periods during which this Article is in effect.

(e) Formula. The number of points change in the CPI during a measurement period, as limited by paragraph (d), shall be converted into cents on the basis of one cent equals 0.3 full points. (By "0.3 full points" it is intended that any remainder of 0.1 point or 0.2 point of change after the conversion shall not be counted.)

The cost-of-living allowance in effect on December 31, 2005 shall be adjusted (increased or decreased) effective January 1, 2006 by the whole number of cents produced by dividing by 0.3 the number of points (including tenths of points) change, as limited by paragraph (d), in the CPI during the applicable measurement period. Any residual tenths of a point resulting from such division shall be dropped. The result of such division shall be added to the amount of the cost-of-living allowance in effect on December 31, 2005 if the CPI shall have been higher at the end than at the beginning of the measurement period, and subtracted there from only if the index shall have been lower at the end than at the beginning of the measurement period and then, only, to the extent that the allowance remains at zero or above. The same procedure shall be followed in applying subsequent adjustments.

(f) Continuance of the cost-of-living allowance and the adjustments thereto provided herein is dependent upon the availability of the official monthly BLS Consumer Price Index (CPI-W) calculated on the same basis as such Index, except that, if the Bureau of Labor Statistics, U.S. Department of Labor should, during the effective period of this 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 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 during such measurement period.

Section 2 - Payment of Cost-of-Living Allowances

(a) The cost-of-living allowance that becomes effective July 1, 2005 shall be payable to each employee commencing on that date.

(b) The increase in the cost-of-living allowance effective January 1, 2006 pursuant to Section 1 of this Part shall be payable to each employee commencing on that date.

(c) The increase in the cost-of-living allowance effective July 1, 2006 pursuant to Section 1 of this Part shall be payable to each employee commencing on that date.

(d) The procedure specified in paragraphs (b) and (c) shall be followed with respect to computation of the cost-of-living allowances payable in subsequent years during which this Article is in effect.

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

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

* * * * *

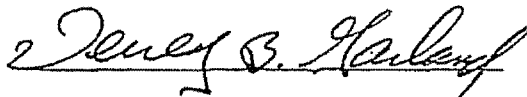
NOTES:

- 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.

AGREEMENT BETWEEN
CANADIAN NATIONAL (CN)
WISCONSIN CENTRAL TRANSPORTATION CORPORATION (WC)
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., December 31, 2005, the terms and conditions contained in the Agreement between the Wisconsin Central Transportation Corporation and the Brotherhood Railway Carmen Division Transportation Communications International Union are eliminated in their entirety.
- B. Effective 12:01 a.m. January 1, 2006, employees subject to the agreement between the Wisconsin Central Transportation Corporation 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 WC/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 WC/BRC Agreement.

ARTICLE II – RATES OF PAY

- A. Effective July 1, 2005, all rates of pay in effect on June 30, 2005 are increased by three per cent (3%).
- B. Effective July 1, 2006, all rates of pay in effect on June 30, 2006 are increased by three per cent (3%).
- C. Effective July 1, 2007, all rates of pay in effect on June 30, 2007 are increased by three per cent (3%).

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

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

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

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

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

AGREEMENT BETWEEN
CANADIAN NATIONAL (CN)
DULUTH, MISSABE AND IRON RANGE RAILWAY COMPANY (DMIR)
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.

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%).

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.

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.

DMIR and DWP
BMW

✓ WC contract

IT IS AGREED:

I. SELECTION OF FORCES AND ASSIGNMENT OF EMPLOYEES

- A. Effective 11:59 PM, December 31, 2004, all maintenance of way seniority rosters on the DMIR, Duluth, Winnipeg & Pacific Railway Company ("DWP") and Minnesota & Manitoba Railway Company ("M&M") are frozen. The frozen rosters will be Attachment 1 to this Agreement.
- B. Effective 12:01 AM, January 1, 2005, all employees of the DMIR, DWP and M&M holding seniority rights on the rosters frozen in Paragraph A above, shall be placed on the seniority roster established pursuant to Rule 14 of the BMW/CN(former Wisconsin Central) agreement, dated July 1, 2004 ("BMW/WC agreement" and "WC roster") with a date entered service of "January 1, 2005." The list of employees created under this paragraph will be Attachment 2 to this Agreement.
 - 1. The employees' relative ranking on the list will be determined by their respective earliest seniority date on any applicable DMIR, DWP or M&M maintenance of way seniority roster.
 - 2. When two or more employees placed on the list under this Paragraph have the same seniority date, their rank on the roster shall be determined by date of birth, oldest employee being senior.
- C. Effective 12:01 AM, January 1, 2005, the frozen rosters identified in Paragraph A, above, will be dovetailed among comparable classifications. Relative rankings between employees on the frozen rosters in Paragraph A, above, will be maintained as part of this process. The dovetailed rosters are Attachment 3.
- D. Employees placed on rosters and lists created under Paragraphs A through C above may protest their relative rankings, in writing, to the Company, copy of protest to the General Chairman, no later than 90 days after the effective date of the transaction.

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 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

Bureau shall be requested to furnish a conversion factor designed to adjust the newly revised index to the basis of the CPI-W during such measurement period.

Section 2 - Payment of Cost-of-Living Allowances

(a) The cost-of-living allowance that becomes effective July 1, 2005 shall be payable to each employee commencing on that date.

(b) The increase in the cost-of-living allowance effective January 1, 2006 pursuant to Section 1 of this Part shall be payable to each employee commencing on that date.

(c) The increase in the cost-of-living allowance effective July 1, 2006 pursuant to Section 1 of this Part shall be payable to each employee commencing on that date. ✓

(d) The procedure specified in paragraphs (b) and (c) shall be followed with respect to computation of the cost-of-living allowances payable in subsequent years during which this Article is in effect.

(e) In making calculations under this Section, 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.

Section 3 - Application of Cost-of-Living Allowances

The cost-of-living allowance provided for by Section 1 of this Part B will not become part of basic rates of pay. Such allowance will be applied as follows:

(a) For other than dining car stewards, each one cent per hour of cost-of-living allowance will be treated as an increase of 8 cents in the basic daily rates of pay produced by application of Article I of this Agreement. The cost-of-living allowance will otherwise be applied in keeping with the provisions of Section 6 of Article I.

**AGREEMENT BETWEEN
CANADIAN NATIONAL (CN)
DULUTH WINNIPEG AND PACIFIC RAILWAY COMPANY (DWP)
AND SYSTEM COUNCIL NO. 16 OF THE
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS**

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

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

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

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.

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NOTICE OF CIVIL FORFEITURE UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK USA-335-100 (Rev. 11/94)

On April 18, 2006, the United States of America commenced a civil action demanding forfeiture thereof under the provisions of 18 U.S.C. §§ 981(a)(1)(A) and (C). All funds on deposit at Citibank (Hong Kong) Ltd., Account No. 81348533, Held in the Name of Shi Zeng Chao.

Notice is hereby given that all persons claiming the same, or knowing or having anything to say why the same should not be forfeited pursuant to the prayer of said complaint, must file their claim in accordance with the Supplemental Rules for Certain Admiralty and Maritime Claims with the Clerk of the Court, in Room 120, United States Court House, 500 Pearl Street, New York, New York, by July 6, 2006, which is 30 days after the last publication of this action and within such additional time as may be allowed by the Court, and must serve their answer within 20 days after the filing of their claims or default and forfeiture will be ordered. Any person with an interest in the property may also wish to file a petition for remission or mitigation of the forfeiture, as provided for in Title 28, Code of Federal Regulations, and failure to file such a petition may affect any rights that a person claiming an interest in the property may have with respect to the property.

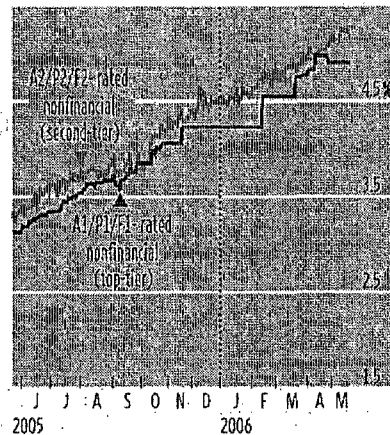
Dated: New York, New York

Money Rates

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

Commercial Paper

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



Source: Federal Reserve

Prime Rate: 8.00% (effective 05/10/06). The base rate on corporate loans posted by at least 75% of the nation's 30 largest banks.

Discount Rate (Primary): 6.00% (effective 05/10/06). Federal Funds: 5.375% high, 4.969% low, 5.000% near closing bid, 5.000% offered. Effective rate: 5.01%. Source: Tullett Prebon Information, Ltd. Federal-funds target rate: 5.000% (effective 05/10/06).

Call Money: 6.75% (effective 05/10/06).

Commercial Paper: Placed directly by General Electric Capital Corp.: 4.99% 30 to 44 days; 5.02% 45 to 59 days; 5.04% 60 to 89 days; 5.07% 90 to 119 days; 5.09% 120 to 149 days; 5.10% 150 to 179 days; 5.11% 180 to 209 days; 5.10% 210 to 252 days; 5.09% 253 to 270 days.

Euro Commercial Paper: Placed directly by General Electric

Monday, May 22, 2006

Capital Corp.: 2.66% 30 days; 2.79% two months; 2.85% three months; 2.91% four months; 2.97% five months; 3.02% six months.

Dealer Commercial Paper: High-grade unsecured notes sold through dealers by major corporations: 5.03% 30 days; 5.07% 60 days; 5.09% 90 days.

Certificates of Deposit: 5.05% one month; 5.15% three months; 5.26% six months.

Bankers Acceptances: 5.04% 30 days; 5.11% 60 days; 5.17% 90 days; 5.20% 120 days; 5.23% 150 days; 5.26% 180 days. Source: Tullett Prebon Information, Ltd.

Eurodollars: 5.06% - 5.03% one month; 5.14% - 5.10% two months; 5.19% - 5.15% three months; 5.24% - 5.20% four months; 5.27% - 5.23% five months; 5.29% - 5.26% six months. Source: Tullett Prebon Information, Ltd.

London Interbank Offered Rates (Libor): 5.08063% one month; 5.2075% three months; 5.30875% six months; 5.4000% one year. Effective rate for contracts entered into two days from date appearing at top of this column. Euro Libor: 2.71875% one month; 2.90000% three months; 3.06638% six months; 3.28175% one year. Effective rate for contracts entered into two days from date appearing at top of this column.

Euro Interbank Offered Rates (Euribor): 2.715% one month; 2.901% three months; 3.066% six months; 3.284% one year. Source: Reuters.

Foreign Prime Rates: Canada 5.75%; European Central Bank 2.50%; Japan 1.375%; Switzerland 3.03%; Britain 4.50%.

Treasury Bills: Results of the Monday, May 22, 2006, auction of short-term U.S. government bills, sold at a discount from face value in units of \$1,000 to \$1 million: 4.705% 13 weeks; 4.810% 26 weeks. Tuesday, May 16, 2006 auction: 4.660% 4 weeks.

Overnight Repurchase Rate: 4.87%. Source: Garban Inter-capital.

Freddie Mac: Posted yields on 30-year mortgage commitments. Delivery within 30 days 6.46%, 60 days 6.48%, standard conventional fixed-rate mortgages: 3.375%, 2% rate capped one-year adjustable rate mortgages.

Fannie Mae: Posted yields on 30-year mortgage commitments (priced at par) for delivery within 30 days 6.498%, 60 days 6.527%, standard conventional fixed-rate mortgages. Constant Maturity Debt Index: 5.114% three months; 5.251% six months; 5.295% one year.

Merrill Lynch Ready Assets Trust: 4.19%.

Consumer Price Index: April, 2015, up 3.5% from a year ago. Bureau of Labor Statistics.

Key Currency Cross Rates

Late New York Trading Monday, May 22, 2006

	Dollar	Euro	Pound	SFranc	Peso	Yen	CdnDlr
Canada	1.1158	1.4360	2.1054	0.9267	.09914	.01001	...
Japan	111.45	143.42	210.29	92.555	9.902	...	99.877
Mexico	11.2549	14.4840	21.237	9.3472	...	.10099	10.0867
Switzerland	1.2041	1.5495	2.2720	...	.10698	.01080	1.0791
U.K.	.53000	.6820	...	.4401	.04709	.00476	.47496
Euro	.77710	...	1.4662	.64535	.06904	.00697	.69640
U.S.	...	1.2869	1.8869	.83050	.08885	.00897	.89620

Source: Reuters

Exchange Rates

May 22, 2006

The foreign exchange mid-range rates below apply to trading among banks in amounts of \$1 million and more, as quoted at 4 p.m. Eastern time by Reuters and other sources. Retail transactions provide fewer units of foreign currency per dollar.

	U.S. \$ EQUIVALENT		CURRENCY PER U.S. \$	
Country	Mon	Fri	Mon	Fri
Argentina (Peso)-y	3256	3272	3.0713	3.0562
Australia (Dollar)	.7532	.7574	1.3277	1.3203
Bahrain (Dinar)	2.6528	2.6527	.3770	.3770
Brazil (Real)	.4378	.4531	2.2841	2.2070
Canada (Dollar)	.8962	.8923	1.1158	1.1207
1-month forward	.8969	.8929	1.1150	1.1199
3-months forward	.8985	.8945	1.1130	1.1179
6-months forward	.9010	.8971	1.1099	1.1147
Chile (Peso)	.001885	.001908	530.50	524.11
China (Renminbi)	.1246	.1247	8.0260	8.0260
Colombia (Peso)	.0003998	.0004063	2501.25	2461.24
Czech Rep. (Koruna)	.04540	.04519	22.025	22.129
Denmark (Krone)	.1726	.1713	5.7937	5.8377
Ecuador (US Dollar)	1.0000	1.0000	1.0000	1.0000
Egypt (Pound)-y	.1732	.1732	5.7723	5.7733
Hong Kong (Dollar)	1.290	1.290	7.7540	7.7548
Hungary (Forint)	.004867	.004838	205.47	206.70
India (Rupee)	.02200	.02204	45.455	45.372
Indonesia (Rupiah)	.0001072	.0001087	9328	9200
Israel (Shekel)	.2223	.2241	4.4964	4.4623
Japan (Yen)	.008973	.008949	111.45	111.74
1-month forward	.009015	.008987	110.93	111.27
3-months forward	.009089	.009063	110.02	110.34

	U.S. \$ EQUIVALENT		CURRENCY PER U.S. \$	
Country	Mon	Fri	Mon	Fri
Mexico (Peso)	.0889	.0893	11.2549	11.2020
Floating rate	.6222	.6204	1.6072	1.6119
New Zealand (Dollar)	.6427	.6438	1.5676	1.5680
Norway (Krone)	.1647	.1638	6.0716	6.1050
Pakistan (Rupee)	.01665	.01667	60.060	59.988
Peru (new Sol)	.3062	.3070	3.2658	3.2573
Philippines (Peso)	.01900	.01901	52.632	52.604
Poland (Zloty)	.3240	.3231	3.0864	3.0950
Russia (Ruble)-a	.03695	.03656	27.064	27.056
Saudi Arabia (Riyal)	.2667	.2667	3.7495	3.7495
Singapore (Dollar)	.6314	.6315	1.5838	1.5835
Slovak Rep. (Koruna)	.03397	.03396	29.438	29.446
South Africa (Rand)	.1528	.1542	6.5445	6.4851
South Korea (Won)	.0010500	.0010567	952.38	946.34
Sweden (Krona)	.1379	.1366	7.2516	7.3206
Switzerland (Franc)	.8305	.8222	1.2041	1.2162
1-month forward	.8334	.8249	1.1999	1.2123
3-months forward	.8385	.8302	1.1926	1.2045
6-months forward	.8484	.8380	1.1815	1.1933
Taiwan (Dollar)	.03111	.03131	32.144	31.939
Thailand (Baht)	.02610	.02622	38.314	38.139
Turkey (New Lira)-d	.6496	.6732	1.5395	1.4855
U.K. (Pound)	1.8869	1.8779	.5300	.5325
1-month forward	1.8878	1.8787	.5297	.5323
3-months forward	1.8897	1.8806	.5292	.5317
6-months forward	1.8926	1.8854	.5284	.5310
United Arab (Dirham)	.2724	.2723	3.6711	3.6724
Uruguay (Peso)	.04180	.04180	23.923	23.923
Venezuela (Bolívar)	.000466	.000466	2145.92	2145.92
SDR	1.4887	1.4893	.6717	.6715
Euro	1.2849	1.2774	.7771	.7828

2006/Q3 RCAF Lump Sum Amortization

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hour	U.S. ST Hours	
SOO - UTU-YMD	2005Q1	2005Q3	\$24,500	0.00007	0.00030	327,712,768	2004
SOO - IAM	2005Q1	2005Q4	\$287,100	0.00088	0.00350	327,712,768	2004
CN-US - various ¹	2005Q4	2006Q1	\$1,499,989	0.00458	0.01831	327,712,768	2004
CN-US - mix ²	2006Q1	2006Q2	\$475,928	0.00145	0.00581	327,712,768	2004
NS - BLET & ATDA	2006Q1	2006Q2	\$28,503,675	0.08698	0.34791	327,712,768	2004
SOO - BLET	2006Q1	2006Q3	\$480,900	0.00147	0.00587	327,712,768	2004
SSAM - BMW	2005Q4	2006Q3	\$130,284	0.00040	0.00159	327,712,768	2004
Total				0.09575			

Should be slightly less
than amortized amount.

Interest Rate

2004/Q1	0.930
2004/Q2	0.930
2004/Q3	1.050
2004/Q4	1.515
2005/Q1	2.155
2005/Q2	2.540
2005/Q3	2.895
2005/Q4	3.460
2006/Q1	3.940
2006/Q2	4.440
2006/Q3	4.705
2006/Q4	

Lump Sum Adjustment for 2006 Q3	→ 0.098542 or 0.099
---------------------------------	---------------------------

¹ IAM - BLE, CCP, DMIR, DWP, GTW, IC and WC

NCFO - DMIR

NCFO - BLE

NCFO - GTW

TCU-CAR - CCP

BMW - WC

² IBEW - DWP

NCFO - IC & CCP

BRS - GTW

TCU-CAR - WC

IRS - WC & SSAM (2004 earnings)

SCHEDULE: SOO IAM

Added 2005Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00350			
2005/Q4	4	3.460	0.8650	\$0.00264	\$0.00090	\$0.00003	\$0.00086
2006/Q1	3	3.940	0.9850	\$0.00177	\$0.00090	\$0.00003	\$0.00087
2006/Q2	2	4.440	1.1100	\$0.00089	\$0.00090	\$0.00002	\$0.00088
2006/Q3	1	4.705	1.1763	(\$0.00000)	\$0.00090	\$0.00001	\$0.00089

SCHEDULE: CN-US IAM, NCFO, TCU-CAR, BMW

Added 2006Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.01831			
2006/Q1	4	3.940	0.9850	\$0.01380	\$0.00469	\$0.00018	\$0.00451
2006/Q2	3	4.440	1.1100	\$0.00925	\$0.00470	\$0.00015	\$0.00455
2006/Q3	2	4.705	1.1763	\$0.00465	\$0.00471	\$0.00011	\$0.00460
2006/Q4	1		0.0000	\$0.00000	\$0.00465	\$0.00000	\$0.00465

SCHEDULE: CN-US Mix

Added 2006Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00581			
2006/Q2	4	4.440	1.1100	\$0.00438	\$0.00149	\$0.00006	\$0.00143
2006/Q3	3	4.705	1.1763	\$0.00294	\$0.00149	\$0.00005	\$0.00144
2006/Q4	2		0.0000	\$0.00147	\$0.00147	\$0.00000	\$0.00147
2007/Q1	1		0.0000	\$0.00000	\$0.00147	\$0.00000	\$0.00147

SCHEDULE: NS BLET & ATDA

Added 2006Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.34791			
2006/Q2	4	4.440	1.1100	\$0.26237	\$0.08940	\$0.00386	\$0.08554
2006/Q3	3	4.705	1.1763	\$0.17593	\$0.08952	\$0.00309	\$0.08644
2006/Q4	2		0.0000	\$0.08797	\$0.08797	\$0.00000	\$0.08797
2007/Q1	1		0.0000	\$0.00000	\$0.08797	\$0.00000	\$0.08797

SCHEDULE: SOO BLET

Added 2006Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00587			
2006/Q3	4	4.705	1.1763	\$0.00443	\$0.00151	\$0.00007	\$0.00144
2006/Q4	3		0.0000	\$0.00295	\$0.00148	\$0.00000	\$0.00148
2007/Q1	2		0.0000	\$0.00148	\$0.00148	\$0.00000	\$0.00148
2007/Q2	1		0.0000	\$0.00000	\$0.00148	\$0.00000	\$0.00148

SCHEDULE: SSAM BMW

Added 2006Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00159			
2006/Q3	4	4.705	1.1763	\$0.00120	\$0.00041	\$0.00002	\$0.00039
2006/Q4	3		0.0000	\$0.00080	\$0.00040	\$0.00000	\$0.00040
2007/Q1	2		0.0000	\$0.00040	\$0.00040	\$0.00000	\$0.00040
2007/Q2	1		0.0000	\$0.00000	\$0.00040	\$0.00000	\$0.00040

Side Letter # 10

July 20, 2004

Mr. Fred Peters
General Chairman
Wisconsin Central Division
Brotherhood of Maintenance of Way Employees
205 Elm Road South
Stevens Point, WI 54481

Dear Mr. Peters:

This will confirm our understanding reached during the negotiations leading to the agreement of this date.

The parties recognized that in arriving at a totally new wage structure that it would be difficult to compute retroactive pay for the period during which negotiations were being held.

To resolve this problem, the parties agreed that employees working on positions subject to this agreement on the effective date of the agreement will be paid 3% of any 2003 earnings made while working on positions subject to this agreement and 6% of any 2004 earnings made while working on positions subject to this agreement.

Employees who are subject to this agreement and not active on the effective date of the agreement will receive the payment described in the above paragraph upon their return to a position subject to this agreement.

Such payment will be made to those in active service on or before September 1, 2004 and to any others who may qualify within sixty (60) days of their return to work.

Yours truly,

s/J.S. Gibbins
Director – Labor Relations

I concur:

s/_____
Fred Peters – General Chairman

ARBITRATION BOARD NO. 585 (NMB Case No. A-133200)

ARBITRATED MEMORANDUM OF AGREEMENT
BETWEEN THE
SOO LINE RAILROAD COMPANY
AND THE
BROTHERHOOD OF LOCOMOTIVE ENGINEERS & TRAINMEN
(BLE&T)

ARTICLE I – WAGES

Section 1 – Longevity Bonus

Not later than three months after the date of this Agreement, each employee who qualifies under subsection (b) shall be paid a Longevity Bonus of \$1,200. Such Bonus shall be paid in a separate check and shall be subject to withholdings for applicable Federal, State, and Local taxes.

To qualify for the Longevity Bonus, an employee must:

- (1) have an employment relationship with the Soo as a locomotive engineer on the first day of the month of the effective date of this Agreement;
- (2) have established seniority in train or engine service with the Soo on or before October 31, 1985; and,
- (3)
 - (i) have received compensation for active service performed during the two month period preceding the effective date of this Agreement; or
 - (ii) have been on authorized leave for such entire period for personal illness, on-duty injury, or pursuant to the Family and Medical Leave Act, and return to active service not later than 3.5 months subsequent to the effective date of Agreement

- (iii) have been out of service for such entire period due to carrier disciplinary action that is subsequently rescinded or overturned with pay for all time lost.
- (c) There shall be no duplication of the Longevity Bonus by virtue of employment under another agreement nor will such payment be used to offset, construct or increase guarantees in protective agreements or arrangements.

Section 2 - Lump Sum Payment

Each employee who qualifies under Section 1 (b) (1) and (3) (i), (ii) and (iii) shall be paid a Lump Sum of \$774.00. Such Lump Sum shall be paid at the same time that the retroactive portion of the general wage increases provided for in Sections 3, 4 and 5 of this Article are paid.

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

Section 3 - First General Wage Increase

Effective July 1, 2002, all locomotive engineer rates of pay for employees represented by the BLE&T in effect on June 30, 2002, shall be increased by four (4) percent.

Section 4 - Second General Wage Increase

Effective July 1, 2003, all locomotive engineer rates of pay in effect on June 30, 2003, for employees represented by the BLE&T shall be increased by two-and-one-half (2-1/2) percent.

Section 5 - Third General Wage Increase

Effective July 1, 2004, all locomotive engineer rates of pay in effect on June 30, 2004, for employees represented by the BLE&T shall be increased by two-and-one-half (2-1/2) percent.

2006/Q3 RCAF Back Pay Amortization

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hr.	U.S. ST Hours		
SOO - UTU-YMD	2005/Q1	2005/Q3	\$249,184	0.00076037	0.00304	327,712,768	2004	fell out
National - NCFO	2005/Q2	2005/Q3	\$5,487,752	0.01674562	0.06698	327,712,768	2004	fell out
National - SMW	2005/Q2	2005/Q3	\$4,712,786	0.01438084	0.05752	327,712,768	2004	fell out
SOO - 5 unions ¹	2005/Q2	2005/Q4	\$605,329	0.00184713	0.00739	327,712,768	2004	
GTW & KCS - ATDA	2004/Q3	2005/Q4	(\$201,643)	-0.00061530	-0.00246	327,712,768	2004	
National - IAM ²	2005/Q3	2005/Q4	\$46,985,188	0.14337308	0.57349	327,712,768	2004	
CN-US - BMW&NCFO ³	2005/Q1	2006/Q1	(\$671,264)	-0.00204833	-0.00819	327,712,768	2004	
GTW - BRS	2005/Q4	2006/Q2	\$9,985	0.00003047	0.00012	327,712,768	2004	
WC&SSAM&IC&DWP - various ⁴	Various	2006/Q2	(\$229,314)	-0.00069974	-0.00280	327,712,768	2004	
BNSF - BLET	2005/Q3	2006/Q2	\$1,346,129	0.00410765	0.01643	327,712,768	2004	
CCP - TCU	2006/Q3	2006/Q3	(\$46,471)	-0.00014180	-0.00057	327,712,768	2004	
SOO - BLET	2006/Q3	2006/Q3	\$4,124,260	0.01258498	0.05034	327,712,768	2004	
Total				0.15844				

Should be slightly less
than amortized amount.

Interest Rate

2004/Q1	0.930
2004/Q2	0.930
2004/Q3	1.050
2004/Q4	1.515
2005/Q1	2.155
2005/Q2	2.540
2005/Q3	2.895
2005/Q4	3.460
2006/Q1	3.940
2006/Q2	4.440
2006/Q3	4.705
2006/Q4	

Back Pay Adjustment for 2006 Q3 → 0.16271
or
0.163

¹ SOO IAM, IBBM, IBEW, NCFO and SMW

² BNSF, CSX, KCS, NS, UP, BLE and DMIR

³ BMW - WC, DWP and DMIR; NCFO - BLE and GTW

⁴ BMW - SSAM; BRS - WC and SSAM; TCU-CAR - WC; NCFO - IC; IBEW - DWP

SCHEDULE: SOO IAM, IBBM, IBEW, NCFO and SMW

Added 2005Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00739			
2005/Q4	4	3.460	0.8650	\$0.00557	\$0.00189	\$0.00006	\$0.00182
2006/Q1	3	3.940	0.9850	\$0.00373	\$0.00189	\$0.00005	\$0.00184
2006/Q2	2	4.440	1.1100	\$0.00187	\$0.00190	\$0.00004	\$0.00185
2006/Q3	1	4.705	1.1763	(\$0.00000)	\$0.00190	\$0.00002	\$0.00187

SCHEDULE: GTW and KCS ATDA

Added 2005Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0.00246)			
2005/Q4	4	3.460	0.8650	(\$0.00185)	(\$0.00063)	(\$0.00002)	(\$0.00061)
2006/Q1	3	3.940	0.9850	(\$0.00124)	(\$0.00063)	(\$0.00002)	(\$0.00061)
2006/Q2	2	4.440	1.1100	(\$0.00062)	(\$0.00063)	(\$0.00001)	(\$0.00062)
2006/Q3	1	4.705	1.1763	\$0.00000	(\$0.00063)	(\$0.00001)	(\$0.00062)

SCHEDULE: National IAM

Added 2005Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.57349			
2005/Q4	4	3.460	0.8650	\$0.43197	\$0.14649	\$0.00496	\$0.14153
2006/Q1	3	3.940	0.9850	\$0.28939	\$0.14683	\$0.00425	\$0.14258
2006/Q2	2	4.440	1.1100	\$0.14549	\$0.14711	\$0.00321	\$0.14389
2006/Q3	1	4.705	1.1763	(\$0.00000)	\$0.14720	\$0.00171	\$0.14549

SCHEDULE: CN-US BMW & NCFO

Added 2006Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0.00819)			
2006/Q1	4	3.940	0.9850	(\$0.00618)	(\$0.00210)	(\$0.00008)	(\$0.00202)
2006/Q2	3	4.440	1.1100	(\$0.00414)	(\$0.00210)	(\$0.00007)	(\$0.00204)
2006/Q3	2	4.705	1.1763	(\$0.00208)	(\$0.00211)	(\$0.00005)	(\$0.00206)
2006/Q4	1		0.0000	\$0.00000	(\$0.00208)	\$0.00000	(\$0.00208)

SCHEDULE: GTW BRS

Added 2006Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00012			
2006/Q2	4	4.440	1.1100	\$0.00009	\$0.00003	\$0.00000	\$0.00003
2006/Q3	3	4.705	1.1763	\$0.00006	\$0.00003	\$0.00000	\$0.00003
2006/Q4	2		0.0000	\$0.00003	\$0.00003	\$0.00000	\$0.00003
2007/Q1	1		0.0000	\$0.00000	\$0.00003	\$0.00000	\$0.00003

SCHEDULE: SSAM BMW and BRS, WC BRS and TCU-CAR, IC NCFO, DWP IBEW

Added 2006Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0.00280)			
2006/Q2	4	4.440	1.1100	(\$0.00211)	(\$0.00072)	(\$0.00003)	(\$0.00069)
2006/Q3	3	4.705	1.1763	(\$0.00142)	(\$0.00072)	(\$0.00002)	(\$0.00070)
2006/Q4	2		0.0000	(\$0.00071)	(\$0.00071)	\$0.00000	(\$0.00071)
2007/Q1	1		0.0000	\$0.00000	(\$0.00071)	\$0.00000	(\$0.00071)

SCHEDULE: BNSF BLET

Added 2006Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.01643			
2006/Q2	4	4.440	1.1100	\$0.01239	\$0.00422	\$0.00018	\$0.00404
2006/Q3	3	4.705	1.1763	\$0.00831	\$0.00423	\$0.00015	\$0.00408
2006/Q4	2		0.0000	\$0.00415	\$0.00415	\$0.00000	\$0.00415
2007/Q1	1		0.0000	\$0.00000	\$0.00415	\$0.00000	\$0.00415

SCHEDULE: CCP TCU

Added 2006Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0.00057)			
2006/Q3	4	4.705	1.1763	(\$0.00043)	(\$0.00015)	(\$0.00001)	(\$0.00014)
2006/Q4	3		0.0000	(\$0.00029)	(\$0.00014)	\$0.00000	(\$0.00014)
2007/Q1	2		0.0000	(\$0.00014)	(\$0.00014)	\$0.00000	(\$0.00014)
2007/Q2	1		0.0000	\$0.00000	(\$0.00014)	\$0.00000	(\$0.00014)

SCHEDULE: SOO BLET

Added 2006Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.05034			
2006/Q3	4	4.705	1.1763	\$0.03797	\$0.01296	\$0.00059	\$0.01237
2006/Q4	3		0.0000	\$0.02532	\$0.01266	\$0.00000	\$0.01266
2007/Q1	2		0.0000	\$0.01266	\$0.01266	\$0.00000	\$0.01266
2007/Q2	1		0.0000	\$0.00000	\$0.01266	\$0.00000	\$0.01266

ARBITRATION BOARD NO. 585 (NMB Case No. A-133200)

ARBITRATED MEMORANDUM OF AGREEMENT
BETWEEN THE
SOO LINE RAILROAD COMPANY
AND THE
BROTHERHOOD OF LOCOMOTIVE ENGINEERS & TRAINMEN
(BLE&T)

ARTICLE I – WAGES

Section 1 – Longevity Bonus

Not later than three months after the date of this Agreement, each employee who qualifies under subsection (b) shall be paid a Longevity Bonus of \$1,200. Such Bonus shall be paid in a separate check and shall be subject to withholdings for applicable Federal, State, and Local taxes.

To qualify for the Longevity Bonus, an employee must:

- (1) have an employment relationship with the Soo as a locomotive engineer on the first day of the month of the effective date of this Agreement;
- (2) have established seniority in train or engine service with the Soo on or before October 31, 1985; and,
- (3)
 - (i) have received compensation for active service performed during the two month period preceding the effective date of this Agreement; or
 - (ii) have been on authorized leave for such entire period for personal illness, on-duty injury, or pursuant to the Family and Medical Leave Act, and return to active service not later than 3.5 months subsequent to the effective date of Agreement

- (iii) have been out of service for such entire period due to carrier disciplinary action that is subsequently rescinded or overturned with pay for all time lost.
- (c) There shall be no duplication of the Longevity Bonus by virtue of employment under another agreement nor will such payment be used to offset, construct or increase guarantees in protective agreements or arrangements.

Section 2 - Lump Sum Payment

Each employee who qualifies under Section 1 (b) (1) and (3) (i), (ii) and (iii) shall be paid a Lump Sum of \$774.00. Such Lump Sum shall be paid at the same time that the retroactive portion of the general wage increases provided for in Sections 3, 4 and 5 of this Article are paid.

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

Section 3 - First General Wage Increase

Effective July 1, 2002, all locomotive engineer rates of pay for employees represented by the BLE&T in effect on June 30, 2002, shall be increased by four (4) percent.

Section 4 - Second General Wage Increase

Effective July 1, 2003, all locomotive engineer rates of pay in effect on June 30, 2003, for employees represented by the BLE&T shall be increased by two-and-one-half (2-1/2) percent.

Section 5 - Third General Wage Increase

Effective July 1, 2004, all locomotive engineer rates of pay in effect on June 30, 2004, for employees represented by the BLE&T shall be increased by two-and-one-half (2-1/2) percent.

- (b) Effective the first day of the second complete month after this Agreement becomes effective, in lieu of an additional general wage increase of one-half (1/2) percent, SOO shall remit a \$40.00 payment per month with respect to eligible employees to be used to defray the cost of the BLE&T's insured short-term disability plan, as provided in Article III, Part A, Section 3 of this Agreement.

Section 6 - Standard Rates

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

Section 7 - Application of Wage Increases

The adjustments provided for in this Article will not apply to duplicate time payments, including arbitraries and special allowances that are expressed in time, miles or fixed amounts of money.

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

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

ARTICLE II - COST-OF-LIVING PAYMENTS

Part A - Cost-of-Living Payments Under November 30, 1998 Agreement

Article II, Part B, Section 4 of the November 30, 1998 Soo/BLE Agreement, shall be eliminated effective on the date of this Agreement. On June 30, 2002, the forty-eight (48) cent cost-of-living allowance pursuant to such provision in effect on that date shall be rolled in to basic rates of pay. Any cost-of-living allowance payments made to employees for periods on and after July 1, 2002, shall be recovered from any retroactive wage increase payments made under Article I.

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

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

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

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>
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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.

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

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.

- (iv) Any increase in the CPI from the base month of September 2004 to the measurement month of September 2005 in excess of 6% of the September 2004 base index shall not be taken into account in the determination of subsequent cost-of-living adjustments.

The procedure specified in subparagraphs (iii) and (iv) shall be applicable to all subsequent periods during which this Article is in effect.

Formula. The number of points change in the CPI during a measurement period, as limited by paragraph (b), shall be converted into cents on the basis of one cent equals 0.3 full points. (By "0.3 full points" it is intended that any remainder of 0.1 point or 0.2 point of change after the conversion shall not be counted.)

The cost-of-living allowance effective January 1, 2006 shall be the whole number of cents produced by dividing by 0.3 the number of points (including tenths of points) change, as limited by paragraph (b), in the CPI during the applicable measurement period. Any residual tenths of a point resulting from such division shall be dropped. The result of such division shall be rolled in to basic rates of pay in effect on December 31, 2005 if the CPI shall have been higher at the end than at the beginning of the measurement period, and subtracted there from only if the index shall have been lower at the end than at the beginning of the measurement period, but in no event shall basic rates of pay be reduced below the levels in effect on June 30, 2005. If the result of such division requires a subtraction from basic rates of pay in effect on December 31, 2005, the employee cost-sharing contribution amount in effect on that date pursuant to Article III, Part B, Section 1(e) of this Agreement shall be adjusted effective January 1, 2006 as appropriate to reflect such subtraction. The same procedure shall be followed in applying subsequent adjustments.

Continuance of the cost-of-living allowance and the adjustments thereto provided herein is dependent upon the availability of the official monthly BLS Consumer Price Index (CPI-W) calculated on the same basis as such Index, except that, if the Bureau of Labor Statistics, U.S. Department of Labor should, during the effective period of this 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 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 during such measurement period.

Section 2 - Payment of Cost-of-Living Allowances

The cost-of-living allowance payable to each employee effective July 1, 2005 pursuant to Section 1 of this Part shall be rolled in to basic rates of pay on that date.

The cost-of-living allowance payable to each employee effective January 1, 2006 pursuant to Section 1 of this Part shall be rolled in to basic rates of pay on that date.

The cost-of-living allowance payable to each employee effective July 1, 2006 pursuant to Section 1 of this Part shall be rolled in to basic rates of pay on that date.

The procedure specified in paragraphs (b) and (c) shall be followed with respect to computation of the cost-of-living allowances payable in subsequent years during which this Article is in effect.

Section 3 - Application of Cost-of-Living Allowances

Each one cent per hour of cost-of-living allowance that is payable pursuant to this Part shall be treated as an increase of 8 cents in the basic daily rates of pay produced by application of Article I. The cost-of-living allowance will otherwise be applied in keeping with the provisions of Section 7 of Article I

Section 4 - Continuation of Part B

The arrangements set forth in Part B of this Article shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act.

ARTICLE III – HEALTH AND WELFARE

Part A – Plan Changes

Section 1 – Continuation of Health and Welfare Plan

The Soo Line Health and Welfare Benefits Plan for Union Represented Employees ("the Plan"), modified as provided in this Agreement with respect to employees represented by the Brotherhood of Locomotive Engineers and Trainmen (BLE&T) and their eligible dependents, will be continued subject to the provisions of the Railway Labor Act.

Section 2 – Plan Changes

Effective April 1, 2006, the current Plan options and benefits will be superseded by the high and low, Comprehensive and PPO options as delineated in the summary attached as Appendix 2 to this Agreement.

The Plan life insurance benefit for active employees shall be increased to \$ 20,000, and the Plan's maximum accidental death and dismemberment benefit for active employees shall be increased to \$16,000.

All of the benefits as changed herein will be subject to the Plan's generally applicable limitations, conditions, and exclusions. Existing Plan provisions not specifically amended by this Article or Appendix 2 shall continue in effect without change.

- (c) With respect to Plan participants (and their dependents) whose principal place of residence is a zip code area serviced by one of the Plan's PPO networks, such participants and their dependents shall no longer have a choice between the Comprehensive Plan and the PPO Plan but will be enrolled only in the PPO plan.

An open enrollment period will be established from February 1 through February 28, 2006, during which each eligible employee will enroll in one of the New Plan Options delineated on Appendix 2. Thereafter, commencing with January 2007, an eligible employee

may change this election annually during Soo's open enrollment period (with changes to be effective the following January 1st).

- (e) During the open enrollment periods prescribed in (d) above, employees may certify to the Plan or its 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 medical benefits for themselves and their dependents under the Plan in which they participate. Such election is hereafter referred to as an "Opt-Out-Election" and, where exercised, will eliminate Soo's obligation to provide medical benefits coverage for the employee and his dependents.
(See Side Letter No. 5.)

Each employee who makes an Opt-Out-Election will be paid by Soo \$100 for each month that Soo is required to make a contribution to the Plan on his 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 in the final paragraph of this subsection (e) occurs subsequent to an employee's Opt-Out-Election, the employee may, upon providing the Plan or its designee with proof satisfactory to it of the occurrence of such event, revoke his or her Opt-Out-Election. An employee may also revoke his or her Opt-Out-Election by providing the Plan or its designee with proof satisfactory to it that, after the employee made the Opt-Out-Election, a person became a dependent of the employee through a marriage, birth, or adoption or placement for adoption. An employee who revokes an Opt-Out-Election will, along with his or her dependents, be once again covered (effective the first day of the first month following such revocation that the employee and/or his dependents would have been covered but for the Opt-Out-Election the employee had previously made) for medical benefits under the Plan.
(See Side Letters No. 5 and 6 (Opt-Out).)

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

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

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

Section 3 – Short Term Disability

During each month beginning with the second complete month after this agreement becomes effective, Soo shall remit to the BLE&T's insured short term disability plan ("STD Plan") the sum of \$40.00 (as provided in Article I, Section 5 (b)) on a pre-tax basis with respect to each employee covered by this Agreement for whom Soo is required to provide medical benefit coverage under the Plan.

Part B – Employee Cost Sharing of Plan Cost Increases

Section 1 – Employee Cost-Sharing Contributions

- (a) Effective July 1, 2001, each employee covered by this Agreement shall contribute \$33.39 per month to the Plan for each month that Soo is required to provide medical benefits coverage for himself and/or his eligible dependents under the Plan, except as provided in Side Letter No. 8.
- (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.

Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (c) shall be changed to \$95.68.

Effective July 1, 2005, the per month employee cost-sharing contribution amount set forth in subsection (d) shall be changed to \$101.79.

- (f) Effective April 1, 2006, the per month employee cost-sharing contribution amount will be based on the new option chosen by the employee from those listed in Appendix 2 of this Agreement. The employee cost sharing contribution amount will be \$100/\$0 adjusted pursuant to (i) and (ii) below and Side Letter No. 10.

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

- ii. Effective January 1, 2006, the per month employee cost-sharing contribution amount in effect on December 31, 2005, shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in Soo's 2006 monthly payment rate over such payment rate for 2005, plus (ii) the amount, if any, by which the number described in part (x) of subsection (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 January 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 July 1, 2006 the per month employee cost-sharing contribution amount set forth in subsection (f) shall be increased by the lesser of (x) on-half the increase, if any, in Soo's 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the

cost-of-living allowance effective July 1, 2006 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.

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

The pattern specified in subsections (g) and (h) above shall be followed with respect to computation and application of adjustments to the amount of the employee cost sharing contribution in subsequent periods during which this Part is in effect.

- (i) For purposes of subsections (f) through (i) above and subsection (l) below, Soo's payment rate for any year shall mean twelve times the sum of what Soo's payment rate would have been, in the absence of any employee contributions in such year. Soo's monthly payment rate for any year shall mean Soo's payment rate for that year divided by 12. An "employee" for these purposes shall include any employee who has elected to opt-out of medical benefits under the Plan in which he participates (except for employees who opt-out pursuant to paragraph 3 of Side Letter No. 5).

Soo's payments to the Plan for these purposes shall be deemed to include amounts paid pursuant to section 2 (e) of Part A of this Article III to employees who elected to opt-out of medical benefits under the Plan in which they participate.

- (k) For the purpose of this Section, the ASTE Hours to be used shall be based on all such hours for Soo employees represented by the Brotherhood of Locomotive Engineers and Trainmen. (See Side Letter No. 10.)

- (l) If the per month employee cost-sharing contribution amount ("cost-sharing amount") is increased for the period July 2005 through December 2005 or any subsequent periods and if a lower payment rate is established for the calendar year that immediately follows, then the cost-sharing amounts shall be adjusted as appropriate to reflect such decreased benefit costs. Such adjustment shall be made effective January 1 of the calendar year for which such payment rate decrease is applicable and in no event shall take into account any portion of a payment rate below the payment rate established for calendar year 2004. The cost-sharing amount shall also be subject to adjustment as provided in Article II, Part B, Section 1(c) of this Agreement.

Section 2 – Pre-Tax Contributions

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

Section 3 – Retroactive Contributions

Retroactive employee cost-sharing contributions payable for the period on and after July 1, 2001, plus a one-time \$400.00 per employee retroactive contribution for a lag in benefits design implementation, shall be offset against any payments applicable to the employee under Article I of this Agreement.

Section 4 – Prospective Contributions

For months subsequent to the retroactive period covered by Section 3, Soo shall deduct the amount of such monthly employee cost-sharing contributions from the employee's wages.

Part C – Section 125 Benefits

Section 1 – Flexible Spending Accounts

Cafeteria plan arrangements shall be effectuated as soon as practicable in connection with the "Plan" that satisfy the requirements of Section 125 of the Internal Revenue Code and all other pertinent provisions of applicable law and that permit an employee to choose on a pre-tax basis (to the extent

Health and Welfare

	Employees Receiving		Monthly Contribution		Total	Total
	Pay 2004		2004 Avg.	2006	2004 Avg.	2006
1. All Employees						
a. Group health	165,351	\$935.45	\$1,001.02	\$154,677,592.95	\$165,519,658.02	
b. Group dental	165,351	52.20	47.20	8,631,322.20	7,804,567.20	
c. Early retirement major medical	165,351	70.93	87.86	11,728,346.43	14,527,738.86	
d. Group vision	165,351	9.37	10.66	1,549,338.87	1,762,641.66	
2. Suppl. Sickness						
a. Signalmen	6,024	33.00	32.00	198,792.00	192,768.00	
b. Shopcrafts	24,692	61.00	61.00	1,506,212.00	1,506,212.00	
c. MOW	24,703	38.00	36.00	938,714.00	889,308.00	
d. Yardmasters	2,313	40.74	47.06	94,231.62	108,849.78	
3. Short-Term Disability						
a. Engineers (CSX, KCS, UP) (began 7/1/04)	14,618	20.00	40.00	292,360.00	584,720.00	
*b. Engineers (SOO)	458	0.00	40.00	0.00	18,320.00	
4. Monthly Total Premiums				\$179,616,910.07	\$192,914,783.52	
5. Monthly Employee Contributions To H&W						
*a. TCU (BNSF, CCP, CSX, GTW, KCS, NS, UP)	9,570	(\$85.57)	(\$123.28)	(\$818,904.90)	(\$1,179,789.60)	
b. TCU-CAR (BNSF, CSX, KCS, NS, UP)	10,066	(\$85.57)	(\$123.28)	(\$861,347.62)	(1,240,936.48)	
c. Indep.\$25 Group (various CN)	1,960	(\$25.00)	(\$25.00)	(\$49,000.00)	(49,000.00)	
d. BRS (BNSF, CSX, KCS, NS, UP)	5,697	(\$89.87)	(\$100.00)	(\$511,989.39)	(569,700.00)	
e. UTU (BNSF, CC, CSX, DWP, GTW, IC, KCS, NS, SOO, UP)	42,273	(\$108.73)	(\$131.96)	(\$4,596,343.29)	(5,578,345.08)	
f. UTU-YMD (BNSF, CSX, GTW, KCS, NS)	1,677	(\$109.81)	(\$131.96)	(\$184,151.37)	(221,296.92)	
g. BLET (BNSF, CSX, GTW, KCS, NS, UP)	25,909	(\$85.90)	(\$127.64)	(\$2,225,583.10)	(3,307,024.76)	
h. Indep. ATDA (GTW, KCS, NS)	520	(\$80.32)	(\$127.64)	(\$41,766.40)	(66,372.80)	
i. Indep. ATDA (BNSF)	699	(\$23.92)	(\$127.64)	(\$16,720.08)	(89,220.36)	
j. IBEW (BNSF, CSX, GTW, KCS, NS, UP)	4,677	(\$16.67)	(\$131.96)	(\$77,965.59)	(617,176.92)	
*k. Indep. 11 unions (SOO) see SooLine for detail	1,298	(\$10.40)	(\$113.10)	(\$13,499.20)	(146,803.80)	
l. IBBM (BNSF, CSX, KCS, NS, UP)	1,007	\$0.00	(\$123.28)	\$0.00	(124,142.96)	
m. Indep. YMD (UP)	513	(\$15.22)	(\$123.28)	(\$7,807.86)	(63,242.64)	
n. NCFO & SMW (BNSF, CSX, KCS, NS, UP)	3,174	\$0.00	(\$131.96)	\$0.00	(418,841.04)	
o. Indep. ATDA (CSX)	524	(\$65.65)	(\$131.96)	(\$34,400.60)	(69,147.04)	
p. IAM (BNSF, CSX, KCS, NS, UP)	6,359	\$0.00	(\$107.13)	\$0.00	(681,239.67)	
q. Indep. BRC (CCP), NCFO (DMIR,BLE,GTW), BMW (WC,DWP,SSAM)	462	\$0.00	(\$100.00)	\$0.00	(46,200.00)	
r. Indep. BMW (DMIR)	93	\$0.00	(\$56.36)	\$0.00	(5,241.48)	
s. Indep. BRS (GTW, SSAM, WC), TCU-CAR (WC), IBEW (DWP)	264	\$0.00	(\$100.00)	\$0.00	(26,400.00)	
t. Indep. IC NCFO	42	(\$25.00)	\$0.00	(\$1,050.00)	0.00	
Total Major Union	116,784			(\$9,440,529.40)	(\$14,500,121.55)	
All Other Employee Contributions				(\$3,062,720.60)	(\$3,062,720.60)	
6. Net Employer Payments				\$167,113,660.07	\$175,351,941.37	
7. Ratio Projected Year to Base Year, Based on Net Monthly Payments					1.04930	
8. H&W hourly rate for base year				\$4.788		
9. H&W hourly rate for projected quarter						\$5.024

* - new/changed since 2006Q2

Health and Welfare

Employer H&W Contribution

		2004 Pd.
Supplemental Sickness Plan:		Employees
a. Signalmen	BRS	6,024
b. Shopcrafts	Total	24,692
	IBEW	4,936
	IBBM	1,101
	TCU-Car	10,924
	IAM	6,704
	SMW	1,027
c. MOW	BMWE	24,703
d. Yardmasters	UTU-YMD	2,313

Short-Term Disability Contribution:

a. Engineers	Total BLET	14,618
	CSX	5,582
	KCS	474
	UP	8,562
b. Engineers	SOO	458

Sources/Notes:

Employee counts are from the 112-Class Wage Statistics. Monthly H&W premiums are from the NRLC. Projected quarter H&W Cost Sharing amounts are from the NRLC, union contracts, or pertinent railroads. Base year average monthly Cost Sharing amounts are from an AAR survey. H&W hourly rate for base year benchmark is based on annual report and wage data. H&W rate for projected year is the benchmark figure updated by the ratio of projected year net payments to the base year.

Health and Welfare

Employee H&W Cost Sharing

Group	Railroads	Contract Source
a. TCU	BNSF, CCP, CSX, KCS, NS, UP GTW	Article III Part B Section 1 (g) Article VIII
b. TCU-Carmen	BNSF, CSX, KCS, NS, UP	Article III Part B Section 1 (g)
c. Independent \$25 BMW	IC	Article III
BRS, IBBM, IBEW, TCU, BRC, SMW	IC	Article III (a)
BLE	IC and CC&P	Article 22 Section 1 and Attachment A
SMW (no employee in 2004 WS)	GTW	Article IV (a)
TCU-Car	GTW	Article V (a)
d. BRS	BNSF, CSX, KCS, NS, UP	Article III Part B Section 1 (d)
e. UTU	BNSF, CSX, KCS, NS, UP CC&P and IC DW&P (including engineers normally BLET)	Article IV Part B Section 1 (e) Article 22 Section 1 Article 23 Section 1
	GTW	Article 22 Section 1
	SOO	Article III Part B Section 1 (e)
f. UTU-YMD	BNSF, KCS, NS	Article IV Part B Section 1 (e)
	CSX	Side Letter #1
	GTW	Side Letter #3
g. BLET	CSX, KCS, UP	Article IV Part B Section 1 (g)
	BNSF	Article III Part B Section 1 (g)
	GTW	Per CN Labor Relations
	NS	Article IX Sections 2 & 3
h. Independent ATDA	GTW	Article II (A)
	KCS	Article II Part B Section 1 (g)
	NS	App. A Part B Sec 1 (g) and H&W Side Letter H
i. Independent ATDA	BNSF	Article III Part B Section 1 (d)
j. IBEW	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (g)
	GTW	Article V
k. Independent 11 Unions ¹	SOO	Various sources from individual agreement
l. IBBM	BNSF, CSX, KCS, NS, UP	Supplemental, SECTION 3 Part B Section 1 (d)
m. Indep. YMD	UP	Article III Part B Section 1 (g)
n. NCFO & SMW	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (g)
o. Independent ATDA	CSX	SECTION III Part B Section 1 (g)
p. IAM	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (c)
q. TCU-CAR	CCP	Article IV B
NCFO	DMIR, BLE	Article III B
NCFO	GTW	Article III
BMW	WC, SSAM & DWP	Rule 38 B, Side Letter 2 for DWP
r. BMW	DMIR	Side Letter 2
s. Indep. BRS	GTW, WC & SSAM	Article III B for both contracts
Indep. TCU-CAR	WC	Article IV B
Indep. IBEW	DWP	Article III B
t. Indep. IC	NCFO	Article III A&B (new 11/30/05, leave group c)

¹ SOO ATDA, BLET, BRS, IAM, IBBM, IBEW, NCFO, SMW, TCU, TUC-CAR, UTU-YMD

NATIONAL RAILWAY LABOR CONFERENCE

ECONOMIC RESEARCH DEPARTMENT

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H. GLEN WILLIAMS Jr.
Director Economic Research
(202) 862-7232
gwilliams@rrnrlc.org

April 20, 2006

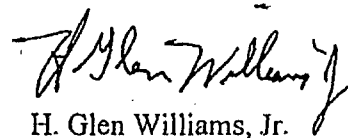
July 1, 2006 Health and Welfare Contributions
Under 2000 Round National Agreements
IAM

CIRCULAR NO. 504-101-7 (H&W)
CIRCULAR NO. 841-8-2 (IAM)

TO MEMBER ROADS:

The 2000 Round National Agreement with the above-referenced organization provides for employee cost-sharing contributions to be adjusted on July 1, 2006. The increase in monthly contributions will be \$1.02. The applicable National Agreement section and the entire amount of the monthly contribution effective July 1, 2006 are as follows:

Organization	2000 Round National Agreement Reference	Monthly Contribution
IAM	Article IV, Part B, Sect. 1 (c) of the July 28, 2005 Mediated Agreement	\$107.13



H. Glen Williams, Jr.

Crimmel, Clyde

From: Glen Williams [GWilliams@rrnrlc.org]
Sent: Thursday, May 04, 2006 9:23 AM
To: Liu, Shou-Lien
Subject: Re: COLA and H&W Cost Sharing
Attachments: July 1 2006 IAM Emp. Contribution.pdf; COLA July 1 2006 Under 1996 Agmts..pdf; COLA July 1 2006 UTU.pdf; COLA July 1 2006 BLE.pdf; COLA July 1 2006 BMWWE.pdf; COLA July 1 2006 BMWWE Clarification.pdf; COLA July 1 2006 Most Unions.pdf

Shou-Lien,

Yes. Please see the attachments. Note: The only change in employee health and welfare cost-sharing this time applies to the IAM; that circular is attached, along with a clarification.

Please advise if you have any questions or have difficulty retrieving the attachments.

Have a great day!

Glen

>>> "Liu, Shou-Lien" <SLiu@aar.org> 05/04/06 8:59 AM >>>
Glen,

Are the circulars for COLA and H&W employee cost-sharing contributions effective 7/1/06 available now?

St Lien

From: Glen Williams [mailto:GWilliams@rrnrlc.org]
Sent: Wednesday, April 26, 2006 9:40 AM
To: Liu, Shou-Lien
Subject: Re: Wage Increase

Shou-Lien,

We have calculated these, but at least one of our circulars needs a correction. As soon as I have this done (hopefully today), I will e-mail the circulars to you.

Have a great day!

Glen

>>> "Liu, Shou-Lien" <SLiu@aar.org> 04/26/06 9:37 AM >>>
Glen,

Do you have the COLA amount and H&W employee cost-sharing contributions effective 7/1/06 for national agreements? Thank you.

Shou-Lien Liu
(202) 639-2381
sli@aar.org

5/24/2006

a.

TCU National

-14-

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

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

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

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

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

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

ARTICLE VIII - HEALTH AND WELFARE

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

ARTICLE IX - EFFECTIVE DATE OF AGREEMENT

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

ARTICLE X - MORATORIUM

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

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

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

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

(h) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by the 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 II, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2005.

JC BMW E

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

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

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

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

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

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

ARTICLE III - HEALTH & WELFARE

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

C

IC BRS

Section 3 - Continuation of Article II

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

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

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

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

Section 3 - Continuation of Article II

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

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

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

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

Section 3 - Continuation of Article II

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

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

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

C

IC TCU

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

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

ARTICLE IV-SCOPE OF THE AGREEMENT

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

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

IC TCU-Corner

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

Section 3 - Continuation of Article II

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

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

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

IC-SMW

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

Section 3 - Continuation of Article II

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

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

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

Attachment A" Canadian National Health Care Plan

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

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coverage for dependents, will be \$25.00 per month, which will be credited to a Flexible Spending Account, which will be established on behalf of each employee.

- (b) Other than that covered by paragraph (a) of this article, the parties to this agreement recognize that they shall participate in the National Supplemental Sickness plan, the National Off-Track Vehicle Plan, any National Time-off With Pay Agreements and National Job Stabilization Plans. They shall participate in the above stated National Plans and/or Agreements on a basis equivalent to agreements reached nationally between SMWIA and carriers represented by NCCC in the bargaining which will occur as a result of the expiration of the moratorium contained in the September 12, 1996 National Agreement. In the event either party to this agreement believes the equivalency is changed to a significant extent, the issue shall be subject to re-negotiation.
- (c) If the parties are unable to resolve the issue in accordance with paragraph (b), either party may submit the dispute to final and binding arbitration. Each party will submit its proposal to the arbitrator with supporting argument, and the arbitrator will select one of the two proposals.

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

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

ARTICLE V- HEALTH AND WELFARE

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

Part B - Employee Cost Sharing of Plan Cost Increases**Section 1 - Employee Cost-Sharing Contributions**

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

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

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

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

Section 2 - Pre-Tax Contributions

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

Section 3 - Retroactive Contributions

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

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

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 III, 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 (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, 2007 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2005.

(g) The pattern specified in subsections (e), and (f) 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.

(h) For purposes of subsections (c) through (f) above and subsection (j) 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 Side Letter No. 7).

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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.

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June 23, 2003

DW&P - UTU
also includes employee
normally in BLET

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 BL&T

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

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GTW - UTU

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

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

Very truly yours,

SA Friedman

Steven R. Friedman
Senior Director
Labor Relations

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

ATTN: C. KRIMMER

Attachments

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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

described in part (x) of subsection (e) of this Section exceeds the product described in part (y) of such subsection (e), and (y) one-half of the cost-of-living allowance effective January 1, 2006 pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.

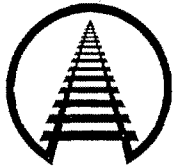
(g) Effective July 1, 2006, the per month employee cost-sharing contribution amount in effect on June 30, 2006 shall be increased by the lesser of (x) the amount (if any) by which the number described in part (x) of subsection (f) of this Section exceeds the product described in part (y) of such subsection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

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

(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 Side Letter No. 7).

Carrier payments to the Plan for these purposes shall be deemed to include amounts paid pursuant to Section 3(g) of Part A of this Article III to employees who



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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} 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

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.

(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 H&W Side Letter H)

(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 H&W Side Letter H)

(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 H&W Side Letter H)

(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 H&W 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 Appendix 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.

(k) For the purposes of this Section, the ASTE Hours to be used shall be based on all such hours for individuals who are represented by the American Train Dispatchers Association and who are employed in train dispatcher crafts and classes by Class One carriers that are participating in national bargaining in the round of negotiations that commenced January 1, 2000.

(l) If the per month employee cost-sharing contribution amount ("cost-sharing amount") is increased for the period July 2005 through December 2005 or any subsequent periods and if a lower payment rate is established for the calendar year that immediately follows, then the cost-



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:

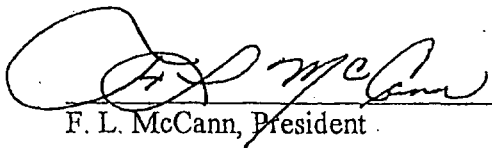
The parties recognize that COLA payments do not apply to ATDA members in the current agreement (except as otherwise may be applicable under Side Letter # 1 of the March 11, 2003 Agreement) and that beginning in 2005 the Thoroughbred Bonus Plan will apply.

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

Article III Part B continued
Section 1

BNSF ATDA

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.

(d) 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 (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 July 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 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 (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 January 1, 2007 pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2005.

(f) The pattern specified in subsections (d), and (e) 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.

(g) For purposes of subsections (a) through (f) above and subsection (i) 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 Side Letter No. 4).

Carrier payments to the Plan for these purposes shall be deemed to include amounts paid pursuant to Section 4(g) of Part A of this Article 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

(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'

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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.

Supplemental Section 3
Part B Section 1
continued

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(d) 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 (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 July 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 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 (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 January 1, 2007 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2005.

(f) The pattern specified in subsections (d), and (e) 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.

(g) For purposes of subsections (b) through (e) above and subsection (i) 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 Side Letter No. 8).

subsection (e), and (y) one-half of the cost-of-living allowance effective January 1, 2006 pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.

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

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

(j) For purposes of subsections (d) through (i) above and subsection (l) below, the Carrier's payment rate for any year shall mean twelve times the sum of what the Carrier's 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 Carrier's monthly payment rate for any year shall mean the Carrier's 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 (except for employees who opt-out pursuant to item no. 2 of Side Letter No. 6).

Carrier payments to the Plan for these purposes shall be deemed to include amounts paid pursuant to Section 3(g) of Part A of this Article III to employees who elected to opt-out of foreign-to-occupation health benefits under the Plan 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 Companies to make up the unpaid contributions of terminating Companies.

(k) For the purpose of this Section, the ASTE Hours to be used shall be based on all such hours for individuals who are represented by the Transportation-Communications International Union, and who are employed in clerical crafts and classes

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 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.

(j) 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 is any employee who either (i) is fully covered for employee benefits under the Plan

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.

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

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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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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.

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2005 contract

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 VIII.

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.

ARTICLE IV - 401(k)

Effective January 1, 2006, all employees covered by this Agreement will be eligible to participate in the Illinois Central Union 401(k) plan. Under the plan, for the first four percent (4%) of an employee's salary contributed, the Company will contribute \$.25 for each \$1.00 contributed by the employee. The employee may contribute an amount above 4% with no Company participation.

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.

Q

DWP - BMW E



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

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

- (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.

ARTICLE III – HEALTH & WELFARE

- A. All employees subject to this Agreement will remain in the National Health and Welfare Plans, including National Early Retirement, dental, hearing and vision care, including all subsequent amendments, excluding cost sharing, in effect between the National Carriers' Conference Committee and the Brotherhood of Railroad Signalmen.
- B. The amount of employee cost sharing for National Health and Welfare Plans shall be One Hundred Dollars (\$100.00) per month retroactive to July 1, 2005. This amount shall remain fixed and not subject to change except in accordance with Article X of this Agreement.
- C. The employees shall participate in the National Off-Track Vehicle Plan, Supplemental Sickness Plan, National Job Stabilization Plan, National Time-Off With Pay Agreements such as vacation, holiday and personal leave, including all amendments, reached nationally between BRS and carriers represented by the NCCC in bargaining through the September 24, 2003 BRS National Agreement.

ARTICLE IV - PER DIEM & SKILL DIFFERENTIAL

- A. On the effective date of this Agreement, the per diem allowance for meals provided under Rules 13, 14, 15, 17, and 56 shall be increased to \$28.00.
- B. On the effective date of this Agreement, the skill differential provided under Side Letter No. 3 of the November 30, 1992 agreement shall be increased to \$0.85 per hour.

WC BRS Agreement October 26, 2005

ARTICLE II – WAGES

- A. Effective January 1, 2006, the rates of pay for classifications of Signals and Communications positions will be as shown in Attachment "A".
- B. Effective January 1, 2007, all rates of pay in effect on December 31, 2006 are increased by three percent (3%).
- C. Effective January 1, 2008, all rates of pay in effect on December 31, 2007 are increased by four percent (4%).
- D. Effective January 1, 2009, all rates of pay in effect on December 31, 2008 are increased by three percent (3%).

ARTICLE III – HEALTH & WELFARE

- A. Effective January 1, 2006, employees subject to this Agreement will participate in the National Health and Welfare Plans, including National Early Retirement, dental, hearing and vision care, National Off-Track Vehicle Plan, Supplemental Sickness Plan, including all subsequent amendments, excluding cost sharing, in effect between the National Carriers' Conference Committee (NCCC) and the Brotherhood of Railroad Signalmen (BRS).
- B. The amount of employee cost sharing for National Health and Welfare Plans shall be One Hundred Dollars (\$100.00) per month. This amount shall remain fixed and not subject to change except in accordance with Article XII of this Agreement.

ARTICLE IV – PER DIEM ALLOWANCES

When employees subject to this Agreement are entitled to per diem allowances, the allowance to cover travel and living expenses while away from home shall be as follows:

- A. \$27.00 per day when tour of duty terminates at a point at or within a seventy (70) mile radius of their residence.
- B. \$68.50 per day when tour of duty terminates at a point beyond a seventy (70) mile radius of their residence.
- C. Effective January 1, 2007, the allowance provided under paragraph A. will be increased by \$1.00, and the allowance provided under paragraph B. will be increased by \$1.50.

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 under previous provisions shall expire as of the effective date of this agreement and shall be counted toward any retroactive pay due under the provisions of Article I.

ARTICLE IV - HEALTH & WELFARE

A. Effective January 1, 2006, all BRCTCIU/WC 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.

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

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

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

ARTICLE III - HEALTH & WELFARE

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

ARTICLE IV - 401(k)

Effective April 1, 2006, employees covered by this agreement will be eligible to participate in the Illinois Central Union 401(k) plan. Under the plan, for the first four percent (4%) of an employee's salary contributed, the company will contribute \$.25 for each \$1.00 contributed by the employee. The employee may contribute an amount above 4% with no company participation.

ARTICLE V - EMPLOYEE SHARE INVESTMENT PLAN

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 under previous cost-of-living provisions shall be the only payments due under previous cost-of-living provisions and shall expire as of June 30, 2006.

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 IC 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 National Conference of Firemen and Oilers.

ARTICLE IV - CONSOLIDATION OF AGREEMENTS

- A. Effective 11:59 pm, December 31, 2005, the CCP/NCF&O Agreement will be eliminated in its entirety.
- B. Effective January 1, 2006, all employees subject to the CCP/NCF&O Agreement will be subject to the CN-IC/NCF&O Agreement.

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	1.00712	\$477,205,869	\$6.050
1Q/2006	\$29.277	1.04740	\$488,983,191	\$6.199
2Q/2006	\$29.255	1.04662	\$488,711,044	\$6.196
3Q/2006	\$29.302	1.04830	\$489,292,450	\$6.203
4Q/2006		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 Qtrly Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Emrgs	Tier II Tot Tax Emrg	Medicare Tot Tax Emrg
\$0 - 21699	0.725	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	2.174	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	79,577,070	79,577,070	79,577,070
69700 - 71699	2.464	4,074	\$70,768	74,123	18,531	18,531	18,531	18,531	71,197,495	71,197,495	71,197,495
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	64,204,884	64,204,884	64,204,884
75700 - 77699	2.077	3,434	\$76,591	80,222	20,055	20,055	20,055	20,055	60,015,096	60,015,096	60,015,096
77700 - 79699	2.174	3,595	\$78,682	82,412	20,603	20,603	20,603	20,603	62,817,920	62,817,920	62,817,920
79700 - 81699	1.739	2,875	\$80,593	84,413	21,103	21,103	21,103	21,103	50,248,557	50,248,557	50,248,557
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	42,537,383	42,537,383	42,537,383
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	23,722,867	23,722,867	23,722,867
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
								Tax Rate	0.062	0.126	0.0145
								Qtrly Pmt	\$156,116,031	\$295,026,201	\$37,840,959
								Tier I & II & Medicare			\$488,983,191

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	\$11,792	\$2,948	\$2,948	\$2,948	\$2,948	\$3,534,112	\$3,534,112	\$3,534,112
21700 - 23699	0.193	319	\$22,973	24,044	6,011	6,011	6,011	6,011	1,918,267	1,918,267	1,918,267
23700 - 25699	0.097	160	\$25,118	26,289	6,572	6,572	6,572	6,572	1,054,122	1,054,122	1,054,122
25700 - 27699	0.338	559	\$26,857	28,109	7,027	7,027	7,027	7,027	3,927,428	3,927,428	3,927,428
27700 - 29699	0.483	799	\$28,666	30,002	7,501	7,501	7,501	7,501	5,990,296	5,990,296	5,990,296
29700 - 31699	0.676	1,118	\$30,665	32,094	8,024	8,024	8,024	8,024	8,968,581	8,968,581	8,968,581
31700 - 33699	1.063	1,758	\$32,732	34,258	8,564	8,564	8,564	8,564	15,053,582	15,053,582	15,053,582
33700 - 35699	1.304	2,156	\$34,917	36,546	9,136	9,136	9,136	9,136	19,699,763	19,699,763	19,699,763
35700 - 37699	2.174	3,595	\$36,838	38,554	9,639	9,639	9,639	9,639	34,647,974	34,647,974	34,647,974
37700 - 39699	3.865	6,391	\$38,736	40,542	10,135	10,135	10,135	10,135	64,773,642	64,773,642	64,773,642
39700 - 41699	5.604	9,266	\$40,794	42,696	10,674	10,674	10,674	10,674	98,907,328	98,907,328	98,907,328
41700 - 43699	7.150	11,823	\$42,719	44,710	11,178	11,178	11,178	11,178	132,148,175	132,148,175	132,148,175
43700 - 45699	5.459	9,027	\$44,689	46,772	11,693	11,693	11,693	11,693	105,547,458	105,547,458	105,547,458
45700 - 47699	5.362	8,866	\$46,622	48,795	12,199	12,199	12,199	12,199	108,156,284	108,156,284	108,156,284
47700 - 49699	4.251	7,029	\$48,650	50,918	12,729	12,729	12,729	12,729	89,476,296	89,476,296	89,476,296
49700 - 51699	4.106	6,789	\$50,778	53,145	13,286	13,286	13,286	13,286	90,204,579	90,204,579	90,204,579
51700 - 53699	4.058	6,710	\$52,651	55,105	13,776	13,776	13,776	13,776	92,438,463	92,438,463	92,438,463
53700 - 55699	4.886	7,748	\$54,699	57,249	14,312	14,312	14,312	14,312	110,895,959	110,895,959	110,895,959
55700 - 57699	3.478	5,751	\$56,729	59,373	14,843	14,843	14,843	14,843	85,362,820	85,362,820	85,362,820
57700 - 59699	3.865	6,391	\$58,759	61,498	15,375	15,375	15,375	15,375	98,255,743	98,255,743	98,255,743
59700 - 61699	3.382	5,592	\$60,699	63,529	15,882	15,882	15,882	15,882	88,815,587	88,815,587	88,815,587
61700 - 63699	2.947	4,873	\$62,736	65,660	16,415	16,415	16,415	16,415	79,989,137	79,989,137	79,989,137
63700 - 65699	2.995	4,952	\$64,606	67,618	16,904	16,904	16,904	16,904	83,715,086	83,715,086	83,715,086
65700 - 67699	2.609	4,314	\$66,582	69,686	17,421	17,421	17,421	17,421	75,156,226	75,156,226	75,156,226
67700 - 69699	2.754	4,554	\$68,490	71,683	17,921	17,921	17,921	17,921	81,606,575	81,606,575	81,606,575
69700 - 71699	2.464	4,074	\$70,768	74,067	18,517	18,517	18,517	18,517	75,441,736	75,441,736	75,441,736
71700 - 73699	2.222	3,674	\$72,704	76,093	19,023	19,023	19,023	19,023	69,893,439	69,893,439	69,893,439
73700 - 75699	2.222	3,674	\$74,614	78,092	19,523	19,523	19,523	19,523	71,729,603	71,729,603	71,729,603
75700 - 77699	2.077	3,434	\$76,591	80,161	20,040	20,040	20,040	20,040	68,825,327	68,825,327	68,825,327
77700 - 79699	2.174	3,595	\$78,682	82,350	20,587	20,587	20,587	20,587	74,006,349	74,006,349	74,006,349
79700 - 81699	1.739	2,875	\$80,593	84,350	21,087	21,087	21,087	21,087	60,636,057	60,636,057	60,636,057
81700 - 83699	1.159	1,916	\$82,845	86,707	21,677	21,677	21,677	21,677	50,248,557	50,248,557	50,248,557
83700 - 85699	1.159	1,916	\$84,767	88,718	22,180	22,180	22,180	22,180	41,541,654	41,541,654	41,541,654
85700 - 87699	1.691	2,796	\$86,555	90,590	22,647	22,647	22,647	22,647	33,489,406	33,489,406	33,489,406
87700 - 89699	0.870	1,439	\$88,645	92,777	23,194	23,194	23,194	23,194	25,138,726	25,138,726	25,138,726
89700 - 91699	0.821	1,358	\$90,431	94,646	23,662	23,662	23,662	23,662	23,722,867	23,722,867	23,722,867
91700 - 93699	0.580	959	\$92,469	96,780	24,195	24,195	24,195	24,195	16,759,151	16,759,151	16,759,151
93700 - 95699	0.676	1,118	\$94,955	99,381	23,550	23,550	23,550	23,550	23,203,751	23,203,751	23,203,751
95700 - over	6.522	10,784	\$121,610	127,279	31,820	31,820	31,820	31,820	19,533,079	19,533,079	19,533,079
TOTAL	100.000	165,351							2,516,359,985	2,340,350,800	2,607,760,256
									0.062	0.126	0.0145
									Qty Pmt	\$156,014,319	\$294,884,201
									Tier I & II & Medicare		\$37,812,524
											\$488,711,044

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2004	Avg Annual Earnings (2003 RRB Stats)	Estimated Avg. Annual Earnings	Avg Qly 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	\$11,811	\$2,953	\$2,953	\$2,953	\$2,953	\$3,539,790	\$3,539,790	\$3,539,790
21700 - 23699	0.193	319	\$22,973	24,083	6,021	6,021	6,021	6,021	1,921,349	1,921,349	1,921,349
23700 - 25699	0.097	160	\$25,118	26,331	6,583	6,583	6,583	6,583	1,055,815	1,055,815	1,055,815
25700 - 27699	0.338	559	\$26,857	28,154	7,039	7,039	7,039	7,039	3,933,738	3,933,738	3,933,738
27700 - 29699	0.483	799	\$28,666	30,050	7,513	7,513	7,513	7,513	5,999,920	5,999,920	5,999,920
29700 - 31699	0.676	1,118	\$30,665	32,146	8,037	8,037	8,037	8,037	8,982,989	8,982,989	8,982,989
31700 - 33699	1.063	1,758	\$32,732	34,313	8,578	8,578	8,578	8,578	15,077,767	15,077,767	15,077,767
33700 - 35699	1.304	2,156	\$34,918	36,604	9,151	9,151	9,151	9,151	19,731,412	19,731,412	19,731,412
35700 - 37699	2.174	3,595	\$36,837	38,616	9,654	9,654	9,654	9,654	34,703,638	34,703,638	34,703,638
37700 - 39699	3.865	6,391	\$38,736	40,607	10,152	10,152	10,152	10,152	64,877,705	64,877,705	64,877,705
39700 - 41699	5.604	9,266	\$40,794	42,764	10,691	10,691	10,691	10,691	99,066,228	99,066,228	99,066,228
41700 - 43699	7.150	11,823	\$42,719	44,782	11,196	11,196	11,196	11,196	132,360,479	132,360,479	132,360,479
43700 - 45699	5.459	9,027	\$44,689	46,847	11,712	11,712	11,712	11,712	105,717,027	105,717,027	105,717,027
45700 - 47699	5.362	8,866	\$46,622	48,874	12,218	12,218	12,218	12,218	108,330,044	108,330,044	108,330,044
47700 - 49699	4.251	7,029	\$48,650	51,000	12,750	12,750	12,750	12,750	89,620,046	89,620,046	89,620,046
49700 - 51699	4.106	6,789	\$50,778	53,230	13,308	13,308	13,308	13,308	90,349,499	90,349,499	90,349,499
51700 - 53699	4.058	6,710	\$52,651	55,194	13,798	13,798	13,798	13,798	92,586,971	92,586,971	92,586,971
53700 - 55699	4.686	7,748	\$54,699	57,341	14,335	14,335	14,335	14,335	111,074,120	111,074,120	111,074,120
55700 - 57699	3.478	5,751	\$56,729	59,469	14,867	14,867	14,867	14,867	85,499,961	85,499,961	85,499,961
57700 - 59699	3.865	6,391	\$58,759	61,597	15,399	15,399	15,399	15,399	98,413,597	98,413,597	98,413,597
59700 - 61699	3.382	5,592	\$60,699	63,631	15,908	15,908	15,908	15,908	88,958,274	88,958,274	88,958,274
61700 - 63699	2.947	4,873	\$62,736	65,766	16,441	16,441	16,441	16,441	80,117,644	80,117,644	80,117,644
63700 - 65699	2.995	4,952	\$64,606	67,726	16,932	16,932	16,932	16,932	83,849,580	83,849,580	83,849,580
65700 - 67699	2.609	4,314	\$66,582	69,798	17,449	17,449	17,449	17,449	75,276,969	75,276,969	75,276,969
67700 - 69699	2.754	4,554	\$68,490	71,798	17,949	17,949	17,949	17,949	79,577,070	79,577,070	79,577,070
69700 - 71699	2.464	4,074	\$70,768	74,186	18,546	18,546	18,546	18,546	71,197,495	71,197,495	71,197,495
71700 - 73699	2.222	3,674	\$72,704	76,215	19,054	19,054	19,054	19,054	64,204,884	64,204,884	64,204,884
73700 - 75699	2.222	3,674	\$74,614	78,218	19,554	19,554	19,554	19,554	71,844,841	71,844,841	71,844,841
75700 - 77699	2.077	3,434	\$76,591	80,290	20,073	20,073	20,073	20,073	68,935,900	68,935,900	68,935,900
77700 - 79699	2.174	3,595	\$78,682	82,482	20,621	20,621	20,621	20,621	74,125,245	74,125,245	74,125,245
79700 - 81699	1.739	2,875	\$80,593	84,485	21,121	21,121	21,121	21,121	60,733,473	60,733,473	60,733,473
81700 - 83699	1.159	1,916	\$82,845	86,846	21,712	21,712	21,712	21,712	41,608,394	41,608,394	41,608,394
83700 - 85699	1.159	1,916	\$84,767	88,861	22,215	22,215	22,215	22,215	42,573,706	42,573,706	42,573,706
85700 - 87699	1.691	2,796	\$86,555	90,735	22,684	22,684	22,684	22,684	63,425,950	63,425,950	63,425,950
87700 - 89699	0.870	1,439	\$88,645	92,926	23,232	23,232	23,232	23,232	33,419,866	33,419,866	33,419,866
89700 - 91699	0.821	1,358	\$90,431	94,799	23,700	23,700	23,700	23,700	23,722,867	23,722,867	23,722,867
91700 - 93699	0.580	959	\$92,469	96,935	24,234	24,234	24,234	24,234	16,759,151	16,759,151	16,759,151
93700 - 95699	0.676	1,118	\$94,955	99,541	24,885	24,885	24,885	24,885	19,533,079	19,533,079	19,533,079
95700 - over	6.522	10,784	\$121,610	127,483	31,871	31,871	31,871	31,871	253,967,727	253,967,727	253,967,727
TOTAL	100.000	165,351							2,519,864,724	2,519,864,724	2,519,864,724
									0.062	0.126	0.0145

Total Taxable
Tax Rate

Qty Pmt

Tier I & II & Medicare

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 Qtrly Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Emgs	Tier II Tot Tax Emgs	Medicare Tot Tax Emg
\$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	1,379	0	0	6,280,989	0
67500 - 69999	2.464	4,074	\$70,768	0	0	0	3,169	0	0	12,910,658	0
70000 - 72499	2.222	3,674	\$72,704	0	0	0	4,690	0	0	17,230,514	0
72500 - 74999	2.222	3,674	\$74,614	0	0	0	6,190	0	0	22,743,337	0
75000 - 77499	2.077	3,434	\$76,591	0	0	0	7,743	0	0	26,593,023	0
77500 - 79999	2.174	3,595	\$78,682	0	0	0	9,386	0	0	33,739,837	0
80000 - 84999	1.739	2,875	\$80,593	0	0	0	10,887	0	0	31,305,516	0
85000 - 89999	1.159	1,916	\$82,845	0	0	0	12,656	0	0	24,254,724	0
90000 - 94999	1.159	1,916	\$84,767	0	0	0	14,166	0	0	27,148,290	0
95000 - 99999	1.691	2,796	\$86,555	0	0	0	15,571	0	0	43,537,223	0
100000 - 104999	0.870	1,439	\$88,645	0	0	0	17,213	0	0	24,761,303	0
105000 - 109999	0.821	1,358	\$90,431	0	0	391	17,475	0	530,362	23,722,867	0
110000 - 114999	0.580	959	\$92,469	0	0	1,992	17,475	0	1,910,103	16,759,151	0
115000 - 119999	0.676	1,118	\$94,955	0	0	3,945	17,475	0	4,409,211	19,533,079	0
120000 - 124999	6.522	10,784	\$121,610	0	0	23,550	17,475	0	253,967,727	188,453,759	0
TOTAL	100.000	165,351						Total Taxable Tax Rate	260,817,402 0.062	518,974,268 0.126	0 0.0145

Qtrly Pmt \$16,170,679 \$65,390,758 \$0
Tier I & II & Medicare \$81,561,437

RCAF Unemployment Insurance Tax

	Unemployment Ins.			RRB	Factor	Avg. Ann.	Un. Ins.
	Tax	Earnings	Hourly	Sample	To Update	Taxable	Hourly
	Rate	Base	Earnings	Year	RRB Sample	Earnings	Rate
			\$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	2.36%	\$14,340	\$29.255		1.046616	\$13,526.05	\$0.170
3Q/06	2.36%	\$14,340	\$29.302		1.048297	\$13,526.71	\$0.170

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 2005

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.

**Tax Rates and Maximum Taxable Earnings Under Social Security,
Railroad Retirement and Railroad Unemployment Insurance Programs, Continued**

Period	Railroad Retirement					Railroad Unemployment Insurance				Unemployment Repayment	
	Maximum earnings base [3]		Tax rate (percent) [3]			Maximum monthly taxable earnings	Employer tax rate [5] (percent)	Surcharge or (pooled credit)	New employer tax rate (percent)	Tax [4]	
			Tier 1	Tier 2						Maximum taxable earnings	Employer tax rate (percent)
	Tier 1 [7]	Tier 2	Employer & employee each	Employer	Employee						
1991	53,400	39,600	7.65	16.1	4.9	765	5.55 - 12.0	...	8.00	765	4.0
1992	56,500	41,400	7.65	16.1	4.9	785	3.10 - 12.0	(3.12)	8.00	785	4.0
1993	57,600	42,900	7.65	16.1	4.9	810	0.65 - 12.0	(5.31)	7.30	810	4.0
1994	60,600	45,000	7.65	16.1	4.9	840	0.65 - 12.0	(0.22)	6.08		
1995	61,200	45,300	7.65	16.1	4.9	850	0.65 - 12.0	...	4.15		
1996	62,700	46,500	7.65	16.1	4.9	865	0.65 - 12.0	...	2.31		
1997	65,400	48,600	7.65	16.1	4.9	890	0.65 - 12.0	...	1.16		
1998	68,400	50,700	7.65	16.1	4.9	925	2.15 - 12.0	1.5	0.85		
1999	72,600	53,700	7.65	16.1	4.9	970	2.15 - 12.0	1.5	0.92		
2000	76,200	56,700	7.65	16.1	4.9	1,005	0.65 - 12.0	...	1.67		
2001	80,400	59,700	7.65	16.1	4.9	1,050	2.15 - 12.0	1.5	2.59		
2002	84,900	63,000	7.65	15.8	4.9	1,100	3.15 - 12.0	2.5	2.71		
2003	87,000	64,500	7.65	14.2	4.9	1,120	3.15 - 12.0	2.5	2.36		
2004	87,900	65,100	7.65	13.1	4.9	1,130	2.15 - 12.0	1.5	2.38		
2005	90,000	66,900	7.65	12.6	4.4	1,150	2.15 - 12.0	1.5	3.43		
2006	94,200	69,900	7.65	12.6	4.4	1,195	2.15 - 12.0	1.5	4.03		
2007 and later	[2]	[2]	7.65	[8]	[8]	[2]	[5]	[5]	[5]		

1 The tax credit. Employees received a credit of 0.3 percent in 1984. The self-employed received a credit of 2.7 percent in 1984, 2.3 percent in 1985 and 2.0 percent in 1986-89.

2 Based on automatic adjustments in proportion to increases in average earnings levels.

3 Earnings bases are monthly through 1984 and annual for 1985 and later. October 1, 1973 was the effective date for the allocation of railroad retirement taxes by tiers, subject to a moratorium for certain railroad labor organizations. The tier 1 tax rate was set equal to the current social security tax rate.

4 This temporary tax applied to employers until all pre-October 1985 loans from the Railroad Retirement Account were fully repaid with interest on June 20, 1993. Earnings bases are annual through 1988 and monthly for 1989-1993.

5 Taxes are paid only by employer. From 1948 through 1988, the rate for a calendar year was based on a graduated schedule depending on the preceding September 30 account balance (including administration fund). Except for certain commuter railroads, the rate for 1989-1990 was fixed at 8.0 percent. Beginning in 1991, each employer's rate is experience-based, with a minimum of 0.65 percent and a maximum of 12 percent, or 12.5 percent if a 3.5 percent surcharge applies due to a low account balance.

6 Taxes are paid only by employers. The supplemental annuity tax was repealed for calendar years after 2001.

7 Beginning in 1991, the portion of the tier 1 tax rate which does not exceed the social security HI tax rate is applied to earnings up to the HI maximum taxable amount. In 1993, a 1.45 percent tax applied to earnings up to \$135,000 and a 6.2 percent tax applied to earnings up to \$57,600.

8 Beginning in 2004, the tier 2 tax rate will be determined annually from a tax rate schedule based on the average account benefits ratio. The average account benefits ratio is the average for the 10 fiscal years preceding the calendar year of the ratio of the fair market value of the assets in the Railroad Retirement Account and the National Railroad Retirement Investment Trust as of the close of each fiscal year to the total benefits and administrative expenses paid from those accounts during the fiscal year. Employer tax rates can range from 8.2 percent to 22.1 percent. Employee tax rates can range from 0 percent to 4.9 percent.

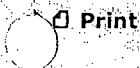
The SAS System
TOTAL GROSS EARNINGS AND AVERAGE GROSS EARNINGS-2003 RRB File

The MEANS Procedure

Variable	N	Sum	Mean
ANUAL_US	2628	33630824.15	12797.12
QTRLY_US	2628	35548201.63	13526.71

The MEANS Procedure

Variable	N	Sum	Mean
FactorA	2628	2646.71	1.0071190
FactorQ	2628	2754.92	1.0482970
Capa	2628	35635680.00	13560.00
Capq	2628	37685520.00	14340.00



Crude Oil Rises as Nigerian Rig Attack Bolsters Supply Concern

June 2 (Bloomberg) -- Crude oil rose more than \$1 a barrel because of an attack on a Nigerian oil rig and doubts that Iran will embrace new U.S.-backed efforts to rein in the country's nuclear research.

Eight people were kidnapped from the rig operated by Norway's Fred. Olsen Energy, the company said. More than a fifth of Nigeria's output has been shut this year because of attacks by militants. Oil has risen 18 percent this year amid disruptions of supply from Nigeria and concern Iran's exports may be cut because of a standoff over the country's nuclear program.

"Nigeria has popped its ugly head again," said Bill O'Grady, an analyst with AG Edwards & Sons in St. Louis. "It's now clear that one way or another we will soon have a resolution to the Iran crisis. It's too early to know what the resolution will be."

Crude oil for July delivery rose \$1.46, or 2.1 percent, to \$71.80 a barrel at 1:11 p.m. on the New York Mercantile Exchange. Oil touched \$75.35 on April 21 and 24, the highest since trading began in 1983. Prices are up 0.6 percent this week and 34 percent from a year ago.

"We held key support yesterday and bounced higher," said Tom Bentz, an oil broker with BNP Paribas Commodity Futures Inc. in New York. "Oil couldn't break through \$70.05," the previous day's low, prompting the purchase of futures, he said.

Crude oil for July settlement rose \$1.21, or 1.7 percent, to \$70.60 a barrel on the London-based ICE Futures exchange. Futures touched \$74.97 a barrel May 2 and 3, the highest since the contract began trading in 1988.

Six U.K. citizens, a Canadian and a U.S. national were taken hostage, the Oslo-based company said today in a statement. The rig, known as the Bulford Dolphin, has temporarily halted drilling, it said.

Lost Output

Attacks on oil facilities operated by Royal Dutch Shell Plc and others have shut in a peak of 631,000 barrels a day this year. More than 550,000 barrels a day remain shut.

Iran produced 3.85 million barrels of crude oil a day in April, according to a Bloomberg News survey. Nigeria pumped 2.08 million barrels of oil a day in the same month. The two countries account for 7 percent of world production.

Iran must respond "within weeks" to an international offer of incentives to abandon any nuclear weapons development, U.S. Secretary of State Condoleezza Rice said on NBC's "Today" show. The U.S., China, Russia, U.K., France and Germany agreed to a package of incentives, which wasn't made public, at a meeting of top diplomats in Vienna yesterday.

"There's continued concern that Iran will reject any compromise on the nuclear issue," said Nauman Barakat, senior vice president of global energy futures at Macquarie Inc. in New York. "We need to see how this all works out before you'll see prices move much lower."

Avoiding Sanctions

The offer gives Iran a chance to avoid sanctions from the United Nations Security Council, said U.K. Foreign Secretary Margaret Beckett, who spoke on behalf of the six governments.

An Iranian nuclear official said today that the country would not bend to demands that it abandon its push to enrich uranium for fission. "We will accept no limitations in regards to our enrichment," Mohammad Saeedi, deputy head of the Atomic Energy Organization, told Iran's student news agency.

"The Iranians have backed themselves into a corner," O'Grady said. "The Bush administration has

out-finessed the Iranians in this case."

Crude oil was also pulled higher by gasoline as a refinery fire cut production at a Valero Energy Corp. plant and U.S. demand rose. Valero, the largest U.S. oil refiner, said yesterday that processing has been reduced by about a third and gasoline output cut by 50,000 barrels a day at its Corpus Christi, Texas, refining complex after fire damaged a dock.

Ship Channel

The fire resulted in a spill that shut part of the city's ship channel and inner harbor. The 28-mile channel, which connects the harbor to the Gulf of Mexico, is expected to partly open today, according to the U.S. Coast Guard.

Gasoline supplied in the U.S., a measure of demand, averaged 9.43 million barrels a day last week, up 2.6 percent from the prior week, according to an Energy Department report yesterday.

Gasoline for July delivery rose 5.78 cents, or 2.7 percent, to \$2.185 a gallon in New York.

Crude oil may fall next week as U.S. refiners produce more gasoline for summer, a Bloomberg News survey showed. Fourteen of 32 analysts, traders and brokers, or 44 percent, said prices will drop. Ten projected little change and eight said that oil will rise. Last week 39 percent of respondents predicted that futures would fall.

At a meeting in Caracas yesterday, the Organization of Petroleum Exporting Countries, the producer of 40 percent of the world's crude oil, agreed to leave production quotas unchanged at a record high in an effort to ease prices. OPEC had kept the quotas at 28 million barrels a day for 10 months, after five increases in the year before that.

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

st Updated: June 2, 2006 13:19 EDT

►  Print

Oil prices cool off after U.S. softens stance on Iran

But record-breaking highs may crop up this summer

By Barbara Hagenbaugh
USA TODAY

WASHINGTON—Oil prices fell for the first time in a week Wednesday as gasoline prices continued to decline.

Oil prices fell 74 cents, or 1%, to \$71.29 a barrel in trading in New York after the Bush administration said it would participate in talks with Iran about its nuclear program have.

Worries about a potential showdown between Iran and other nations about Iran's nuclear program have bolstered oil prices for weeks. Although the USA does not import oil from Iran, OPEC's second-largest producer, there is concern that should sanctions be imposed on that country, there would be less oil on the

world market. The decline in oil prices following the White House's announcement reinforces the idea that the lofty prices, which recently hit a record high, are not supported by basic supply and demand fundamentals, says Rakesh Shankar, senior economist at Moody's Economy.com.

"We see at least \$5 to \$6 in pure speculative premium," Shankar says. "It's a house of cards that any breath of wind will tumble."

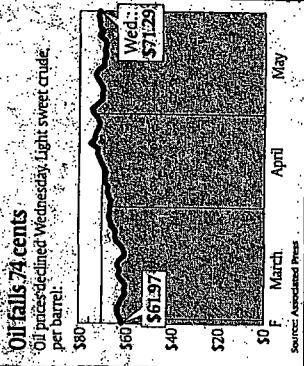
Although the decline Wednesday was the first in a week, prices earlier in the session were down by as much as \$2 a barrel.

The fact that investors erased some of those losses suggests they question if Iran will follow through, Alarion Trading analyst Phil Flynn says.

"People are skeptical that these talks are actually going to happen," Flynn says.

He predicts oil prices will continue to rise to a new record of \$78 a barrel by midsummer, based on strong global demand and on concerns during hurricane season about the potential impact on U.S. energy supplies.

"Oil prices are going to stay strong and go up," Flynn says.



Oil is a key element in a number of industries and accounts for half of the cost of gasoline at the pump.

Shareholders want to know risks related to climate

Continued from 1B

would eliminate costly uncertainties hanging over investment decisions on new multibillion-dollar power plants, they say.

It's not just power companies that are agitating for action. Institutional investors are demanding that companies disclose their financial exposure to future climate changes. Insurers are abandoning underwriting in coastal areas threatened by costly Hurricane Katrina clones, and companies such as General Electric and DuPont are gearing up to prosper from the transition to a carbon-constrained world.

Last year, Goldman Sachs Chairman Henry Paulson, now Treasury secretary-designate, warned that the time needed to address climate change was running out.

There's a sea change underway in American business," says Al Gore, the former vice president. "What's different in business audiences in the past year or so is a new and widespread receptivity, a keen awareness, an eagerness on the part of large numbers to find out how they can take a leadership position. And a recognition, too, that there are profits to be made."

Insurers may prove to be the canaries in the coal mine of climate change. As global temperatures rise, instances of severe weather — hurricanes, tornadoes, even hailstorms — are expected to become more intense and more damaging. Though no single event can be definitively linked to long-term warming of the atmosphere, Mother Nature is getting more costly for insurers.

Annual weather-related insured losses rose from \$1 billion in the 1970s to an inflation-adjusted average \$15 billion in the past decade, according to Ce-



Insurance issues: A sign in front of a damaged home in Slidell, La., on Sept. 13 makes a request after Hurricane Katrina. Insurers fear the impact of future storms on their bottom lines as changes in the climate become more of a concern.

On the environmental council

Companies part of the Pew Center on Global Climate Change's Business Environmental Leadership Council:

- ▶ IBM
- ▶ Intel
- ▶ Interphase
- ▶ Alcoa
- ▶ American Electric Power
- ▶ Baxter International
- ▶ Boeing
- ▶ DuPont
- ▶ Lockheed Martin
- ▶ Novartis
- ▶ Ontario Power

Marketers hope 666 will be their lucky number

Movie, CDs, books all bet on release date June 6, '06

By Laura Pétrecia
USA TODAY

It only comes once a century and it's sure to be a devil of a day: June 6, 2006 is the sixth day of the sixth month of the sixth year.

As in 666, the "number of the beast" or Antichrist in the Bible's Book of Revelations. But that link to the agent of Lucifer certainly isn't scaring marketers.

It's the day 20th Century Fox picked to release its remake of the 1976 satanic horror flick *The Omen*, about a demonic boy Damien born with a 666 birthmark. Promos warn: "6-6-06 HEED THE OMEN."

Studio executives saw the potential early in script development, says Fox Filmed Entertainment CEO Tom Rothman.

"Suddenly the movie became cooler," he says. "We were being spoken to."

It required, however, breaking the traditional Friday release pattern to go with a Tuesday.

"It took months of work with exhibitors," says Rothman. But he thinks it'll heighten the horror. "When audiences go to scary movies, they want to get the chills. The date helps with that audience participation."

The date brought out the devil in conservative author Ann Coulter. When asked in an interview on Fox's *Your World with Neil Connors* about the symbolism of June 6 for the release of her book *Godless: The Church*,

AAR MATERIALS AND SUPPLIES INDEX
Region By Composition
Second Quarter 2006
May 30, 2006

United States by Composition Category - Summary

Composition Category	Weight	Previous Quarter Index	Current Quarter Index	Relative Of Change
Forest Products	.1195	211.86	215.69	1.0181
Metal Products	.6489	156.21	160.54	1.0277
Miscellaneous Products	.2316	197.14	221.45	1.1233
U.S. By Composition	--	172.34	181.23	1.0516
U.S. By Composition (Linked)	--	176.71	185.83	1.0516
United States (1977=100) Linking Factor: 1.423	--	251.46	264.44	1.0516
United States (1980=100) Linking Factor: 1.061	--	187.49	197.17	1.0516

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	66.00	66.00
RR-OWNED MILEAGE		4.69	7.30	7.30	7.30	7.30	7.30
PRIVATELY-OWNED CARS		25.47	43.28	43.48	43.64	43.98	44.00
AUTORACKS		47.00	49.41	51.12	52.01	47.30	47.31
INDEX							
RR-OWNED TIME		100.0	212.9	212.9	212.9	212.9	212.9
RR-OWNED MILEAGE		100.0	155.7	155.7	155.7	155.7	155.7
PRIVATELY-OWNED CARS		100.0	169.9	170.7	171.3	172.7	172.8
AUTORACKS		100.0	105.1	108.8	110.7	100.6	100.7
CAR HIRE INDEX (old wts)	2003	100.0	178.1	--	--	--	--
CAR HIRE INDEX (new wts)	2004	100.0	178.6	179.1	179.5	180.5	180.5
CAR HIRE INDEX (LINKED)		100.0	175.1	175.6	176.0	177.0	177.0

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	8,159	8,485	8,459	8,447	8,428	8,402		
Superstructures #3 - Auto Rack														
All other #1 - Time	22.0	22.0	22.0	22.0	22.0	22.0	21.0	20.0	20.0	20.0	20.0	20.0		
All other #2 - Mileage	66.0	66.0	66.0	66.0	66.0	66.0	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	7.3	7.3	7.3	7.3	7.3	7.3		
No. of Cars														
Superstructures	49,210	49,214	49,180	49,182	49,165	49,188	49,212	49,207	49,130	48,995	48,918	48,875		
Covered Hoppers	304,934	307,041	308,423	307,615	308,118	309,256	310,037	310,704	311,695	312,924	314,490	315,641		
Tank Cars	270,874	271,707	271,754	272,246	272,942	274,267	273,804	274,070	276,064	275,691	275,712	276,584		
Others	249,672	249,865	252,725	253,069	254,993	255,832	256,415	256,818	260,465	262,302	262,427	264,394		
Rate														
Superstructures #1 - Time	74.0	74.0	74.0	74.0	74.0	74.0	75.0	75.0	75.0	75.0	75.0	75.0		
Superstructures #2 - Mileage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Superstructures #3 - Auto Rack	55.0	55.0	56.0	56.0	56.0	57.0	51.0	51.0	52.0	52.0	52.0	52.0		
Covered Hoppers #2 - Mileage	44.3	44.3	44.4	44.4	44.5	44.6	44.1	44.2	44.3	44.3	44.3	44.4		
Tank Cars #2 - Mileage	66.3	66.4	67.0	67.1	67.3	67.4	67.0	67.3	68.4	68.5	68.6	68.7		
Others #1 - Time	71.0	71.0	70.0	70.0	70.0	70.0	72.0	72.0	72.0	71.0	71.0	71.0		
Others #2 - Mileage	6.6	6.6	6.6	6.6	6.5	6.5	6.7	6.7	6.7	6.7	6.7	6.8		
AVERAGE RATES														
Private Superstructures	17.39	17.39	17.39	17.39	17.39	17.39	17.63	17.63	17.63	17.63	17.63	17.63	0.00	0.00
Private Others	22.36	22.36	22.14	22.14	22.04	22.04	22.68	22.68	22.68	22.46	22.46	22.56	0.00	0.00
Private Total	43.34	43.39	43.48	43.51	43.55	43.64	43.51	43.64	43.98	43.90	43.93	44.00	#DIV/0!	#DIV/0!
Auto racks	50.28	50.28	51.12	51.13	51.13	52.01	46.73	46.44	47.30	47.29	47.30	47.31	#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
Autoracks	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.	0.489	0.490
----- Check sum	1.000	1.000

RAILROAD EQUIPMENT 1/

1PROGRAM: DPRB799
CURRENT DATE: JUNE 01, 2006

AVERAGE RATE FOR 06/06			

CAR GROUP	CAR COUNT	CAR RENTAL RATES	
		TIME	MILEAGE

-VEHICULAR FLATS	8,402	108 ¢/HR	.081 \$/MILE
ONO. OF ZERO RATED VEH. FLATS 2/	152		
-ALL OTHER CARS	713,724	66 ¢/HR	.073 \$/MILE
ONO. OF ZERO RATED "OTHER" CARS 2/	34,547		

0	TOTAL:	756,825	

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

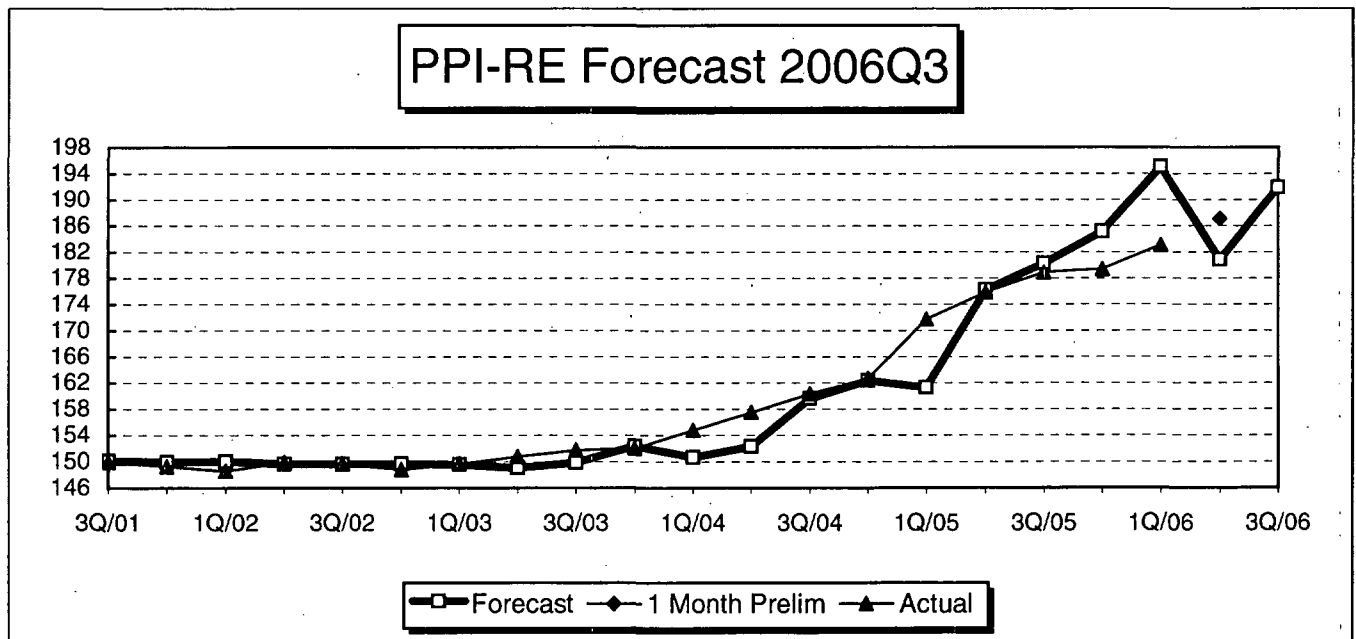
0 ALL TTX EQUIPMENT (INCLUDING ABOX, RBOX AND GONX) IS SHOWN ON THE PRIVATE EQUIPMENT REPORT.
-2/ EQUIPMENT CAN BE ZERO RATED DUE TO OWNERS SUPPLYING INCORRECT OR INSUFFICIENT INFORMATION TO THE CAR ACCOUNTING PROCESS OR CARS WITH RATE INDICATOR SIX (6). THIS EQUIPMENT IS ELIMINATED FROM THE AVERAGING PROCESS.

PPI-RE Forecast (for Depreciation Component)

	Forecast	Actual	1 Month Prelim
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	179.4	
1Q/06	195.0	183.1	
2Q/06	180.9		187.1
3Q/06	191.9		

1980 Base

	PPI-RE Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2006Q3						
Low	168.4	186.3	4.1%			
Modpoint	173.5	191.9	7.3%	2.6%	4.8%	6.1%
High	178.9	197.9	10.6%			



Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2006Q3\5Deprec\FPre_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPIRE

Length 72 Minimum 134.500 Maximum 169.100
Mean 142.793 Standard deviation 11.002

Classical decomposition (multiplicative)

Trend-cycle: 97.93% Seasonal: 0.80% Irregular: 1.27%

Log transform recommended for Box-Jenkins.

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

Exponential smoothing outperforms Box-Jenkins by 4.884 to 6.135 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12. For Box-Jenkins, I used a log transform.

Series is trended and nonseasonal.

Recommended model: Exponential Smoothing

Forecast Model for PPIRE

Holt exponential smoothing: Linear trend, No seasonality

Confidence limits proportional to level

Component	Smoothing weight	Final Value
Level	1.00000	169.10
Trend	0.12987	1.1070

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 142.8	Standard deviation 11
R-square 0.9901	Adjusted R-square 0.9899
Durbin-Watson 1.696	Ljung-Box(18)=28.84 P=0.9496
Forecast error 1.103	BIC 1.154
MAPE 0.004028	RMSE 1.088
MAD 0.6063	

Forecast Report

Thu May 18 09:40:35 2006

Exponential Smoothing model for PPIRE

Analysis of Historic Fit Set

Date	Historic
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

re_ppi.txt

2001-06	135.700
2001-07	135.100
2001-08	135.100
2001-09	135.000
2001-10	134.600
2001-11	134.500
2001-12	134.500
2002-01	134.900
2002-02	134.600
2002-03	135.100
2002-04	135.000
2002-05	135.200
2002-06	135.400
2002-07	134.900
2002-08	135.000
2002-09	134.600
2002-10	134.500
2002-11	134.500
2002-12	134.500
2003-01	134.500
2003-02	135.400
2003-03	135.500
2003-04	136.000
2003-05	136.300
2003-06	136.300
2003-07	136.700
2003-08	136.500
2003-09	136.900
2003-10	137.200
2003-11	137.700
2003-12	137.300
2004-01	137.900
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	161.500
2005-08	161.800
2005-09	161.800
2005-10	161.700
2005-11	161.900
2005-12	162.200
2006-01	163.300
2006-02	165.400
2006-03	167.900
2006-04	169.100

Forecasted values

Date	re_ppi.txt		
	2.5 Lower	Forecast	97.5 Upper
2006-05	167.728	170.207	172.686
2006-06	167.573	171.314	175.054
2006-07	167.748	172.421	177.094
2006-08	168.080	173.528	178.976
2006-09	168.509	174.635	180.761
2006-10	169.006	175.742	182.478
2006-11	169.553	176.849	184.144
2006-12	170.141	177.956	185.770
2007-01	170.761	179.063	187.364
2007-02	171.408	180.170	188.931
2007-03	172.079	181.276	190.474
2007-04	172.768	182.383	191.998



U.S. Department of Labor

Bureau of Labor Statistics

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Data extracted on: May 16, 2006 (04:06 PM)

PPI Commodity Data

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
2005	153.4	156.0	161.6	161.1	161.3	161.2	161.5	161.8	161.8	161.7	161.9	162.2	160.4
2006	163.3(P)	165.4(P)	167.9(P)	169.1(P)									

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

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 Washington, DC 20212-0001

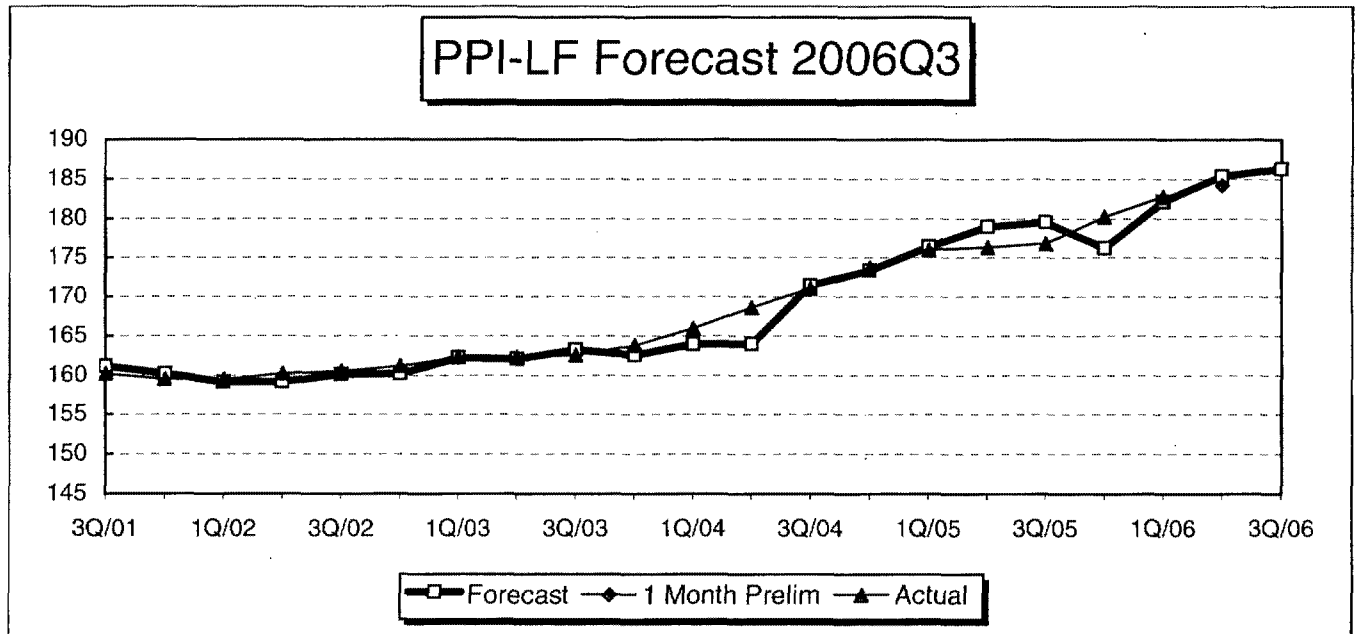
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PPI-LF Forecast (for Other and Lease Rentals Components)

	Forecast	Actual	1 Month Prelim
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	180.2	
1Q/06	182.1	182.7	
2Q/06	185.3		184.2
3Q/06	186.3		

1980 Base

	PPI-LF Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2006Q3						
Low	163.7	183.5	3.8%			
Modpoint	166.2	186.3	5.4%	1.1%	2.0%	0.5%
High	168.7	189.1	7.0%			



lf_ppi.txt

Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2006Q3\70ther\FPIlf_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPILF

Length 72 Minimum 142.200 Maximum 164.300
Mean 148.429 Standard deviation 6.897

Classical decomposition (multiplicative)

Trend-cycle: 98.11% Seasonal: 0.56% Irregular: 1.33%

Log transform recommended for Box-Jenkins.

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

Box-Jenkins outperforms exponential smoothing by 0.936 to 1.824 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 PPILF

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

Term	Coefficient	Std. Error	t-Statistic	Significance
a[1]	0.5192	0.1117	4.6477	1.0000
A[12]	-0.6358	0.1119	-5.6822	1.0000

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 4.999	Standard deviation 0.04557
R-square 0.9977	Adjusted R-square 0.9976
Durbin-Watson 2.157	Ljung-Box(18)=28.57 P=0.9461
Forecast error 0.002212	BIC 0.3431
MAPE 0.001558	RMSE 0.3278
MAD 0.2339	

Forecast Report

Thu May 18 10:16:08 2006

Box-Jenkins model for PPILF

Analysis of Historic Fit Set

Date	Historic
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

lf_ppi.txt

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	157.300
2005-08	157.500
2005-09	158.700
2005-10	160.500
2005-11	161.000
2005-12	161.300
2006-01	162.400
2006-02	163.200
2006-03	163.500
2006-04	164.300

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
------	-----------	----------	------------

lf_ppi.txt

2006-05	163.847	164.622	165.402
2006-06	163.365	164.774	166.195
2006-07	163.340	165.319	167.322
2006-08	163.675	166.165	168.693
2006-09	164.164	167.114	170.118
2006-10	165.326	168.708	172.159
2006-11	165.420	169.177	173.021
2006-12	165.467	169.570	173.775
2007-01	166.242	170.686	175.248
2007-02	166.584	171.339	176.230
2007-03	166.755	171.801	176.999
2007-04	166.924	172.245	177.736



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PPI Commodity Data

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
2005	156.4	156.9	157.4	157.6	157.4	157.0	157.3	157.5	158.7	160.5	161.0	161.3	158.3
2006	162.4(P)	163.2(P)	163.5(P)	164.3(P)									

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

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Forecast Error Calculation

	First Quarter 2006		Diff
	2004	2006Q1	
	Weight	Forecast	Actual
Labor	36.0%	292.1	292.1
Fuel	12.1%	226.4	219.8
M&S	4.4%	185.6	185.6
Equip Rents	8.9%	184.6	185.1
Depreciation	10.6%	195.0	183.1
Interest	3.0%	92.7	92.7
Other	25.0%	182.1	182.7
Weighted Avg			
1980 = 100		226.1	224.3
1980 = 100 (linked)		223.9	223.1
4Q02 = 100		116.6	116.1
4Q97 = 100		129.3	128.8
4Q92 = 100		142.7	142.2

Forecast Error → -0.5

Prior Quarter	
1980 = 100	227.5
1980 = 100 (linked)	225.3
4Q02 = 100	117.3
4Q97 = 100	130.1
4Q92 = 100	143.6
	229.0 ***
	227.8
	118.6
	131.5
	145.2

Equipment Rents	
Car Hire	176.0
Lease Rentals	182.1
Weighted Average	179.0
Linked	184.6
	175.7
	182.7
	179.1
	185.1

Prior Quarter	
Weighted Average	175.9
Linked	181.4
	177.8 ***
	183.8

Sum of Weights ok
Sum of ER Wt. ok

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

* actual=forecast from 1st month of quarter
* actual=forecast from Equipment Rents below
PPI-RE 163.30 165.40 167.90 0.9040
* actual=forecast
PPI-LF 162.40 163.20 163.50 0.8920

calculated
calculated
calculated
calculated
calculated

calculated

calculated
calculated
calculated

from UMLER equipment rents
calculated (equals PPI-LF from above)
calculated
calculated

All-Inclusive Index (Actual)

	04 Wts	3Q/05 03 Wts	3Q/05 04 Wts	% Chg.	4Q/05 04 Wts	% Chg.	1Q/06 04 Wts	% Chg.	2Q/06 04 Wts	% Chg.	3Q/06 04 Wts	% Chg.
Labor	36.0%	290.9	290.9	0.0%	287.7	-1.1%	292.1	1.5%	-100.0%		#DIV/0!	
Fuel	12.1%	212.3	212.3	0.0%	283.4	33.5%	219.8	-22.4%	-100.0%		#DIV/0!	
M&S	4.4%	179.8	179.8	0.0%	179.9	0.1%	185.6	3.2%	-100.0%		#DIV/0!	
Equipment Rents	8.9%	181.8	181.8	0.0%	183.8	1.1%	185.1	0.7%	0.0	-100.0%	#DIV/0!	
Depreciation	10.6%	178.9	178.9	0.0%	179.4	0.3%	183.1	2.1%	-100.0%		#DIV/0!	
Interest	3.0%	90.2	90.2	0.0%	92.7	2.8%	92.7	0.0%	92.7	0.0%	92.7	0.0%
Other	25.0%	176.8	176.8	0.0%	180.2	1.9%	182.7	1.4%	-100.0%		#DIV/0!	
	1.0000											
Weighted Avg.												
Linked		221.4	220.4	-0.5%	229.0	3.9%	224.3	-2.1%	2.8	-98.8%	#DIV/0!	
10/1/80		219.2	219.2	0.0%	227.8	3.9%	223.1	-2.1%	2.8	-98.7%	#DIV/0!	
10/1/82		213.4	213.4	0.0%	221.8	3.9%	217.2	-2.1%	2.7	-98.8%	#DIV/0!	
4Q/87		181.3	181.3	0.0%	188.4	3.9%	184.5	-2.1%	2.3	-98.8%	#DIV/0!	
4Q/92		165.8	165.8	0.0%	172.3	3.9%	168.8	-2.0%	2.1	-98.8%	#DIV/0!	
4Q/97		139.7	139.7	0.0%	145.2	3.9%	142.2	-2.1%	1.8	-98.7%	#DIV/0!	
4Q/02		126.6	126.6	0.0%	131.5	3.9%	128.8	-2.1%	1.6	-98.8%	#DIV/0!	
		114.1	114.1	0.0%	118.6	3.9%	116.1	-2.1%	1.5	-98.7%	#DIV/0!	
Equipment Rents												
Car Hire	51.0%	175.1	175.1	0.0%	175.5	0.2%	175.7	0.1%	-100.0%		#DIV/0!	
Lease Rentals	49.0%	176.8	176.8	0.0%	180.2	1.9%	182.7	1.4%	0.0	-100.0%	0.0	#DIV/0!
	1.0000											
ER Weighted Avg		175.9	175.9	0.0%	177.8	1.1%	179.1	0.7%	0.0	-100.0%	0.0	#DIV/0!
ER Linked		181.8	181.8	0.0%	183.8	1.1%	185.1	0.7%	0.0	-100.0%	#DIV/0!	

* Reflects the final actual third quarter values.

LABOR	03 Wts	04 Wts
FUEL	109.088	104.724
M&S	22.504	25.688
EQUIP RENTS	7.911	7.911
DEPR	17.089	16.180
INTEREST	19.142	18.963
OTHER	2.886	2.706
Weighted Avg.	42.786	44.200
	221.406	220.373

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.

ER Weighted Avg.

175.9483 175.933

RCAF Fuel (Actual All-Inclusive Index)

January 2006

Average Price for Monthly Report

	January 2006 Price (1)	1/1/81 Price (2)	1/91 New Method January 2006 Linking Index Factors 1/1/81=100 (3) (4)	
U.S.	179.84	89.34	99.415	200.12
East	180.57	91.56	99.435	196.10
West	179.55	87.83	99.416	203.24

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

Fuel Index on 1977 Base and 1980 Base

	January 2006 Index 1/1/81=100 (1)		Linking Factors 1977=100 (2) 1980=100 (3)		January 2006 Index 1977=100 (4) 1980=100 (5)	
U.S.	200.12	2.606	1.096	521.51	219.33	
East	196.10	2.569	1.134	503.78	222.38	
West	203.24	2.639	1.067	536.34	216.85	

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

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

Final Actual All-Inclusive Index

	1980=100 January 2006 Current Index Adjustment Factor		January 2006 Linked Index	
U.S.	219.33	1.00192	219.75	←
East	222.38	1.00621	223.76	
West	216.85	1.00024	216.90	

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

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	66.00	66.00	66.00	0.00
RR-OWNED MILEAGE		4.69	7.30	7.30	7.30	7.30	0.00
PRIVATELY-OWNED CARS		25.47	43.39	43.55	43.64	43.93	#DIV/0!
AUTORACKS		47.00	50.28	51.13	46.44	47.30	#DIV/0!
INDEX							
RR-OWNED TIME		100.0	212.9	212.9	212.9	212.9	0.0
RR-OWNED MILEAGE		100.0	155.7	155.7	155.7	155.7	0.0
PRIVATELY-OWNED CARS		100.0	170.3	171.0	171.3	172.5	#DIV/0!
AUTORACKS		100.0	107.0	108.8	98.8	100.6	#DIV/0!
CAR HIRE INDEX (old wts)	2003	100.0	178.3	--	--	--	--
CAR HIRE INDEX (new wts)	2004	100.0	178.9	179.3	179.5	180.3	#DIV/0!
CAR HIRE INDEX (LINKED)		100.0	175.1	175.5	175.7	176.5	NA

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	8,159	8,485	8,459	8,447	8,428			
Superstructures #3 - Auto Rack														
All other #1 - Time	22.0	22.0	22.0	22.0	22.0	22.0	21.0	20.0	20.0	20.0	20.0			
All other #2 - Mileage	66.0	66.0	66.0	66.0	66.0	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	7.3	7.3	7.3	7.3	7.3			
No. of Cars														
Superstructures	49,210	49,214	49,180	49,182	49,165	49,188	49,212	49,207	49,130	48,995	48,918			
Covered Hoppers	304,934	307,041	308,423	307,615	308,118	309,256	310,037	310,704	311,695	312,924	314,490			
Tank Cars	270,874	271,707	271,754	272,246	272,942	274,267	273,804	274,070	276,064	275,691	275,712			
Others	249,672	249,865	252,725	253,069	254,993	255,832	256,415	256,818	260,465	262,302	262,427			
Rate														
Superstructures #1 - Time	74.0	74.0	74.0	74.0	74.0	74.0	75.0	75.0	75.0	75.0	75.0			
Superstructures #2 - Mileage	0.0	0.0	0.0	0.0	0.0	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	51.0	51.0	52.0	52.0	52.0			
Covered Hoppers #2 - Mileage	44.3	44.3	44.4	44.4	44.5	44.6	44.1	44.2	44.3	44.3	44.3			
Tank Cars #2 - Mileage	66.3	66.4	67.0	67.1	67.3	67.4	67.0	67.3	68.4	68.5	68.6			
Others #1 - Time	71.0	71.0	70.0	70.0	70.0	70.0	72.0	72.0	72.0	71.0	71.0			
Others #2 - Mileage	6.6	6.6	6.6	6.6	6.5	6.5	6.7	6.7	6.7	6.7	6.7			
AVERAGE RATES														
Private Superstructures	17.39	17.39	17.39	17.39	17.39	17.39	17.63	17.63	17.63	17.63	17.63			
Private Others	22.36	22.36	22.14	22.14	22.04	22.04	22.68	22.68	22.68	22.46	22.46			
Private Total	43.34	43.39	43.48	43.51	43.55	43.64	43.51	43.64	43.98	43.90	43.93			
Autotracks	50.28	50.28	51.12	51.13	51.13	52.01	46.73	46.44	47.30	47.29	47.30			
WEIGHTS														
For RCAF & RCR														
RR-owned Time	0.224	0.235												
RR-owned Mileage	0.104	0.099												
Privately-owned Cars	0.672	0.666												
Autotracks	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												

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	161.5	161.5	161.5
August	2005	161.8	161.8	161.8	161.8
September	2005	163.0	161.8	161.8	161.8
October	2005	162.8	162.8	161.7	161.7
November	2005		161.9	161.9	161.9
December	2005		161.9	162.2	162.2
January	2006		163.3	163.3	
February	2006			165.4	
March	2006			167.9	
April	2006			169.1	
May	2006				
June	2006				
July	2006				
Actual Qtr.		161.7	162.2	165.5	NA

1980=100

Actual Qtr.

First Mo. next qtr.

178.9	179.4	183.1	NA
180.1	180.6	187.1	NA

0.904 =1980



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PPI Commodity Data

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
2005	153.4	156.0	161.6	161.1	161.3	161.2	161.5	161.8	161.8	161.7	161.9	162.2	160.4
2006	163.3(P)	165.4(P)	167.9(P)	169.1(P)									

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

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RCAF - Other

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

		Forecast Year 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	157.3	157.3	157.3
August	2005	157.3	157.5	157.5	157.5
September	2005	158.7	158.7	158.7	158.7
October	2005	160.2	160.2	160.5	160.5
November	2005		160.8	161.0	161.0
December	2005		161.1	161.3	161.3
January	2006		162.4	162.4	
February	2006			163.2	
March	2006			163.5	
April	2006			164.3	
May	2006				
June	2006				
July	2006				
Actual Qtr.		157.7	160.7	163.0	NA

1980=100

Actual Qtr.	176.8	180.2	182.7	NA
First Mo. next qtr.	179.6	182.1	184.2	NA

0.892 =1980



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Data extracted on: May 16, 2006 (04:10 PM)

PPI Commodity Data

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
2005	156.4	156.9	157.4	157.6	157.4	157.0	157.3	157.5	158.7	160.5	161.0	161.3	158.3
2006	162.4(P)	163.2(P)	163.5(P)	164.3(P)									

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

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