



ASSOCIATION OF AMERICAN RAILROADS

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May 22, 2008

Honorable Anne Quinlan
Acting Secretary
Surface Transportation Board
395 E St , S.W.
Washington, DC 20423

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Re: STB Ex Parte No. 558 (Sub-No. 11), Railroad Cost of Capital – 2007

Dear Acting Secretary Quinlan:

Please find enclosed an original and ten (10) copies of the Comments of the Association of American Railroads and its Member Railroads in the proceeding referenced above. A copy of the same on a disk in MS Word format is also provided for the Board's convenience in addition to an Adobe PDF.

Please date-stamp the extra copy of the Comments and this letter, provided for that purpose, and return the same to the undersigned, via the individual hand delivering them.

Respectfully submitted,

Louis P. Warchot
Counsel for the Association of
American Railroads

Enclosures

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ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

RAILROAD COST OF
CAPITAL — 2007

EX PARTE NO 558 (Sub- No 511)



COMMENTS OF THE ASSOCIATION OF AMERICAN RAILROADS
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May 22, 2008

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Verified Statements

Tab	Witness*	Subject
1	John T Gray	The railroads' market value capital structure, overall cost of capital, cost of common and preferred equity, and cost of all types of debt.

*Verified statements are referenced in these comments by witness name – viz., V S Gray at _____

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

RAILROAD COST OF
CAPITAL — 2007

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) LX PARTE NO. 558 (Sub- No 11)
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**COMMENTS OF THE ASSOCIATION OF AMERICAN RAILROADS
AND ITS MEMBER RAILROADS**

By order served April 23, 2008, the Board instituted this proceeding to determine the railroad industry's cost of capital for the year 2007. That determination, as the Board noted, will enable it to make the statutorily required (49 U.S.C. 10701 (d)(2), 10704(a)(2)) annual individual railroad revenue adequacy determination for 2007. The Board noted further that the cost of capital determination may also be used in various other STB railroad proceedings. See Ex Parte No 558 (Sub-No 11), *Railroad Cost of Capital - 2007* (Served April 23, 2008) (Slip Op at 1)

The railroads, through the Association of American Railroads (AAR), are submitting herewith their calculation of (1) the railroads' 2007 cost of common equity capital; (2) the railroads' 2007 current cost of preferred equity capital; (3) the railroads' current 2007 cost of debt capital and (4) the 2007 capital structure mix of the railroad industry on a market value basis

The AAR's calculations are discussed in the attached verified statement of John T. Gray, Senior Vice President, Policy and Economics of the Association of American Railroads. This statement establishes the following

- 1 The 2007 cost of debt capital is 6.17 percent (VS. Gray pp. 2, 20)
- 2 There is no preferred equity capital for 2007 (VS. Gray p. 2, 29)
3. The 2007 cost of common equity capital is 12.68 percent (VS. Gray pp. 2, 29)
4. The capital structure of the railroad industry is 20.68 percent debt, 0.00 percent preferred equity, and 79.32 percent common equity (VS. Gray p. 2, 30)

From these data Mr. Gray concludes that the overall railroad industry cost of capital for 2007 is 11.33 percent (VS. Gray pp. 2, 30)

I. Introduction

The sole purpose of this proceeding is to determine the railroad industry's cost of capital for 2007. Thus, while the revenue adequacy standards are not at issue in this proceeding, it has been held that the current cost of capital will continue to be the sole standard of revenue adequacy, and that the cost of capital will be computed using the current cost of debt and market value weights. See Ex Parte No. 393 (Sub-No. 1), *Standards for Railroad Revenue Adequacy*, 3 I.C.C. 2d 261 (1986), *aff'd sub nom., Consolidated Rail Corporation v. United States*, 855 F.2d 78 (3rd Cir. 1988).

II. The Cost of Common Equity Capital

The Capital Asset Pricing Model (CAPM) was adopted by the Board in its January 17, 2008 decision in Ex Parte No. 664, *Methodology to Be Employed in Determining the Railroad*

Industry's Cost of Capital and was used in the previous cost of capital proceeding to determine the cost of equity.¹ Mr. Gray used the STB's CAPM methodology in his calculation of the cost of common equity in this proceeding.

Under the CAPM methodology as applicable to the annual cost of capital proceeding, the cost of common equity is calculated by determining the return an investor would receive on a risk-free investment and by adding to the risk-free return a premium associated with the risk of railroad stocks. The premium is calculated by multiplying the market risk premium of the stock market as a whole by a factor, known as Beta, that represents the non-diversifiable risk of holding railroad stocks. In formulaic terms, the CAPM can be expressed as:

$$K = RF + (MRP \times \text{Beta})$$

Where K = the firm's cost of equity.

RF = the risk-free rate.

MRP = the market's risk premium, and

Beta = the adjustment to the MRP for the non-diversifiable risk of railroad stocks.

Mr. Gray's attached Verified Statement explains how AAR calculated the cost of equity using the CAPM methodology. The risk-free rate and the market risk premium were retrieved directly from the Federal Reserve Board and Ibbotson Equity Risk Premium sources approved by the Board in the 2006 cost of capital proceeding. Ex Parte No. 558 (Sub-No. 10), *Railroad Cost of Capital – 2006* (Slip Op. at 6). The calculation for Beta was made using the S&P 500 Price Return Index and the same methodology employed by the Board in the 2006

¹ In a decision served February 11, 2007 in Ex Parte No. 664 (Sub-No. 1), *Use of a Multi-Stage Discounted Cash Flow Model in Determining the Railroad Industry's Cost of Capital*, the Board issued an Advance Notice of Proposed Rulemaking (ANPR) seeking comments on the use of a multi-stage DCF model to complement the use of CAPM in determining the railroad industry's cost of capital. In its comments filed April 14, 2008, the AAR agreed with the Board's suggestion that the use of a multi-stage DCF model with appropriate inputs would "enhance the precision of the resulting cost-of-equity estimate," and therefore the reliability of the Board's determination of the cost of capital. ANPR at 4. The AAR accordingly recommended that the Board (1) issue a formal notice of proposed rulemaking inviting comments on an appropriately constructed multi-stage DCF model for use in conjunction with the CAPM methodology for making the annual cost of capital determinations, and (2) propose adoption of the Ibbotson/Morningstar model for use in cost of capital determinations.

cost of capital proceeding See Ex Parte No. 558 (Sub-No. 10), *Railroad Cost of Capital – 2006* (Slip Op. at 6-7), V.S. Gray at p. 23.

The values determined by Mr. Gray for the elements of the CAPM methodology were 4.91 percent for the risk-free rate, 7.05 percent for the market risk premium, and 1.1025 for the future market risk of the railroad stocks (“Beta”)

Based on a four-railroad composite (determined using established procedures) and the procedures used by the STB in the last cost of capital proceeding, Mr. Gray estimates that the cost of common equity capital for 2007 is 12.68 percent. V.S. Gray at p. 28

III. The Cost of Preferred Equity Capital

Preferred stock is a hybrid security which has some characteristics of debt and some characteristics of equity. Its cost depends on its specific features. The methodology used by the Board in the last fifteen proceedings applies the following criteria:

- (a) Where the preferred is not convertible into common stock, and where the corporation is not required to redeem the preferred at specific times, the cost of preferred equity is equal to its current dividend yield.
- (b) Where the preferred is not convertible but is subject to mandatory redemption providing holders of the instrument with a premium, the cost is equal to the current dividend yield, plus the present value of the premium.
- (c) Where the preferred is convertible at the option of the holder, and the market values of the preferred and common indicate that conversion is likely to occur or that the conversion right controls the price of the preferred, the preferred has the same cost as common equity.

Because the four-railroad composite had no preferred stock outstanding at the end of 2007, there is no 2007 cost of preferred equity capital V.S. Gray at p. 2, 29

IV. The Cost of Debt

To determine the cost of debt, Mr. Gray has computed the average current bond yield for all 67 of the publicly traded bonds (during 2007) of the sample railroads that comprise the composite railroad. This methodology is identical to that used in the last 17 cost of capital proceedings See Parte No 558 (Sub-No 10), *Railroad Cost of Capital – 2006* (Slip Op at 3). Under this approach, the bond yield is effectively based on a sample representing 79 percent of the total market value of the bonds issued by the railroads in the sample. As the Board has recognized, equipment trust certificates (ETCs) and conditional sales agreements (CSAs) are not actively traded in secondary markets. Their costs were therefore estimated by comparing them to the yields on Treasury securities that are actively traded.² This is the same methodology used by the Board in the last 20 proceedings. The composite current cost of debt is the market-weighted average cost of bonds, ETCs, and CSAs, plus a small floatation cost Using the Board's established methodology, the railroads' 2007 cost of new debt is 6.17 percent V.S. Gray at p. 20.

² V S Gray at 11–17

V. The 2007 Capital Structure of the Railroad Industry and the Overall Cost of Capital

Pursuant to the Board's April 22, 2008 decision, the market values of debt, preferred equity, and common equity were compiled to compute the 2007 capital structure of the railroad industry. The railroads' market value capital structure on a market value basis is 20.68 percent debt, 79.32 percent common equity capital, and 0.00 percent preferred equity capital. V.S. Gray at p. 30. Based upon this capital structure, the overall 2007 cost of capital is 11.33 percent. V.S. Gray at p. 30.

Conclusion

The Board should determine that the railroads' cost of capital for 2007 is 11.33 percent

Respectfully submitted,



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May 22, 2008

CERTIFICATE OF SERVICE

I hereby certify on this 22nd day of May, 2008, I served by first class mail,
postage prepaid, a copy of the forgoing on the following

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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

**EX PARTE NO. 558 (Sub-No 11)
RAILROAD COST OF CAPITAL — 2007**

**VERIFIED STATEMENT
OF
JOHN T. GRAY
SENIOR VICE PRESIDENT — POLICY AND ECONOMICS
ASSOCIATION OF AMERICAN RAILROADS**

May 22, 2008

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**Verified Statement
of
John T. Gray**

I. Introduction

My name is John T. Gray. I am Senior Vice President – Policy and Economics of the Association of American Railroads (AAR), with offices at 50 F Street, N.W., Washington, DC 20001. The AAR is the trade association of the Nation's major railroads, as well as the railroads of Canada and Mexico. The AAR's United States railroad members, which include all of the Class I railroads, account for about 95 percent of our Nation's total railroad freight operating revenue.

When appropriate, the AAR represents the railroad industry before government bodies, including economic regulatory proceedings before the Surface Transportation Board ("STB" or "Board"). In particular, the AAR has participated in all of the STB proceedings addressing revenue adequacy standards and the annual cost of capital determinations.

Aside from other responsibilities, I have conducted or directed a wide range of analyses and projects addressing regulatory, legislative and internal issues relevant to railroads. Furthermore, I have testified before federal regulatory agencies, and have been an expert witness for a railroad. A summary of my qualifications and experience appears at the end of this statement.

In this submission, I am responding to the Board's decision of April 22, 2008 (served April 23), instituting a proceeding to determine the railroad industry's 2007 cost of capital — Ex Parte No. 558 (Sub-No. 11), *Railroad Cost of Capital — 2007* ("Ex Parte 558 Decision"). In my statement, I calculate the cost of debt for the railroad industry using the procedures accepted in

previous STB proceedings. I also calculate a cost of equity using the methodology prescribed by the Board in Ex Parte No. 558 (Sub-No. 10). Finally, I calculate the market value capital structure and the overall cost of capital using the procedures accepted in previous Cost of Capital proceedings. This statement presents the details for calculating the necessary components for the overall cost of capital calculation: the market value capital structure, the cost of debt, the cost of common equity capital, and the cost of preferred equity capital.

I conclude that the 2007 cost of capital for the railroad industry is 11.33 percent. This estimate is based on a current cost of debt of 6.17 percent, a cost of common equity capital of 12.68 percent; and market value weights for debt and common equity of 20.68 percent and 79.32 percent, respectively. Because there were no preferred stock issues outstanding in 2007, the cost of preferred equity capital has not been calculated, and the market value weight for preferred equity capital is zero.

II. Determining the Cost of Capital

A. Defining the Cost of Capital

The cost of capital for a firm is the minimum rate of return on investment that the providers of capital require as a condition for making an investment in the firm. In essence, it is the threshold rate of return on investment that makes investment in the firm attractive. The cost of capital necessarily incorporates long-term investor expectations for a company's performance. Investment funds flow to companies where the expected returns, over the investors' investment horizons, are thought to at least equal the expected returns available from other investment opportunities, giving consideration to the relative (or commensurate) risk of investment. Similarly within a company, limited capital resources flow to projects where the expected returns

are expected to be highest, giving consideration to the relative (or commensurate) risk of investment. Methods used to estimate the cost of capital therefore attempt to measure investor expectations. For some types of capital, such as traded bonds, investor expectations can be readily observed. For other types of capital, such as common equity, modeling is necessary.

B. The Composite Railroad Approach

The STB has adopted a composite railroad approach to computing an industry-wide cost of capital. This approach relies upon data from a sample of railroads meeting criteria established by the Board in Ex Parte No 458, *Railroad Cost of Capital — 1984*, 1 I.C.C. 2d 989, 1003–1004 (1985).

C. Selection of Railroads for Analysis

Under the criteria established by the Board for individual firm inclusion in the composite railroad sample, a company must meet certain criteria (Ex Parte 558 Sub-No. 11 Decision)

Those criteria are:

- The company is a Class I line-haul railroad.
- If the Class I railroad is controlled by another company, the controlling company is primarily a railroad company (at least 50 percent of its total assets are devoted to railroad operations), and it is not already included in the study frame
- The company's bonds are rated at least BBB by Standard & Poor's and Baa by Moody's.
- The company's stock is listed on either the New York or the American Stock Exchange.
- The company has paid dividends throughout the year (2007).

Table 1 (below) lists the AAR's evaluation of railroad companies that may meet the STB's criteria.

Table No. 1
Evaluation of Class I Railroads
Under Surface Transportation Board Selection Criteria
2007

Class I Railroad	Parent	Stock Symbol	Listed NYSE/ASE	Dividends Throughout 2007	Rail Assets	
					Account For At Least 50% of Parent	Adequate Debt Rating
BNSF	Burlington Northern Santa Fe Corp	BNI	Yes	Yes	Yes	Yes
CSX	CSX Corporation	CSX	Yes	Yes	Yes	Yes
CNGT*	Canadian National Railway Co	CNI	Yes	—	Non-U S company	—
KCS	Kansas City Southern	KSU	Yes	No	Yes	No
NS	Norfolk Southern Corporation	NSC	Yes	Yes	Yes	Yes
SOO*	Canadian Pacific Railway Limited	CP	Yes	—	Non-U S company	—
UP	Union Pacific Corporation	UNP	Yes	Yes	Yes	Yes

* CNGT is Grand Trunk Corporation, and consists of most of the U S railroad operations of Canadian National Railway (CN). SOO is Soo Line Railroad, the western U S operations of Canadian Pacific Railway (CP). Following STB precedent, CN and Canadian Pacific were not included in the sample because both CN and CP are Canadian corporations – and the cost of capital proceeding is concerned with determining costs for U S railroads under STB jurisdiction.

This year there are four railroad corporations or holding companies in the sample meeting the Board's criteria: Burlington Northern Santa Fe Corporation, CSX Corporation, Norfolk Southern Corporation, and Union Pacific Corporation. These are the same railroads that were included in the 2006 sample. Consistent with past proceedings, the two Canadian railroads have been excluded from the sample.

Table 2 shows that, based on 2007 Annual Report Form R-1, the four-firm composite accounts for 92.7 percent of the operating revenues and 89.2 percent of the assets of all Class I railroads in 2007. As in prior years, this year's sample railroads account for a significant portion of both the revenues and assets of the Class I railroads, indicating that the group represents the industry well.¹

¹ For 2006 (latest year available with total industry data), Class I railroads accounted for 93.2 percent of the entire freight railroad industry's freight revenue.

Table No. 2
Relative Size of the Railroad Composite Sample
Year 2007
from Annual Report Form R-1

Railroad	Revenue (\$000)	Assets (\$000)	Pct of Total Class I RR	
			Revenue	Assets
BNSF	\$15,909,200	\$33,096,652	29.1 %	25.0 %
CSX	9,039,079	23,404,564	16.6	17.7
NS	9,432,399	24,921,993	17.3	18.8
UP	16,249,053	36,539,031	29.8	27.6
Total	\$50,629,731	\$117,962,240	92.7	89.2
Total Class I	\$54,599,504	\$132,221,421	100.0 %	100.0 %

NOTE: Revenue and asset figures are from Annual Report Form R-1, submitted by Class I railroads to the STB at the end of March 2008 for the year 2007.

D. Types of Railroad Capital

The total capital of a firm may include various forms of debt and two types of equity: common stock and preferred stock. Each of these three sources of capital has different expected rates of return (reflecting different levels of perceived risk), and the overall cost of capital is calculated as the weighted average of the costs of common equity, preferred equity, and debt based on their market values. Different approaches are used to estimate the costs of each of the types of capital. In this statement, approximately 95 percent of the cost of debt is calculated from market-determined yields on debt instruments that trade in the bond market. The remaining five percent – in the form of Equipment Trust Certificates and Conditional Sales Agreements – is calculated with a long-used model that uses market-determined yields for government debt, and the historical relationship between government debt and the type of railroad debt modeled. The estimate of the cost of common equity is calculated using the Capital Asset Pricing Model (CAPM) following the methodology prescribed by the Board in the 2006 cost of capital decision. The cost of preferred equity capital has not been calculated, since none of the representative

companies had preferred stock outstanding at the end of 2007. Calculations for all three types of capital are based on average 2007 costs. The industry's overall cost of capital is computed as a weighted average of the two costs — debt and common equity —based upon the market value for each type of capital.

III. Debt Capital in 2007

The current cost of debt is determined from the current market-determined yields on all debt outstanding. This approach is necessary, and in past Board Cost of Capital decisions² has been accepted as appropriate, because,

- (1) there is a lack of sufficient new issues from which to develop a representative current cost;
- (2) the stated rate of interest/dividend payment to the investor is not always the same as the cost to the railroad. For example, when securities are issued, the total amount paid by investors is seldom received by the firm. Administrative fees, such as compensation paid to investment bankers, reduce the proceeds to the firm. The effect of this is to increase the cost of the securities to the firm;
- (3) the maturity mix and the type of security (equipment trust certificates, conditional sales agreements, long-term debt) of new security issues may be different from the average of existing securities. Because of the effect that length of maturity and type of security has on its current cost, the use of only new issues would not accurately measure the current cost, and

² Ex Parte Nos. 415, 436, 452, 458, 464, 466, 473, 478, 486, 491, 506, 513, 518, 523, 523 (Sub-No. 1), 558 (Sub-No. 1), 558 (Sub-No. 2), 558 (Sub-No. 3), 558 (Sub-No. 4), 558 (Sub-No. 5), 558 (Sub-No. 6), 558 (Sub-No. 7), 558 (Sub-No. 8), 558 (Sub-No. 9) and 558 (Sub-No. 10).

(4) the quantity and quality of existing debt has an impact on the yield of new issues.

A. Bonds, Notes and Debentures

Yields and market values of the sample railroads' bonds, notes and debentures are obtained from bond prices and yields from Standard & Poor's *Bond XpressFeed* data base.³ As in previous Cost of Capital determinations, the calculations are based on *all* of the sample railroads' bonds, notes, and debentures that were publicly traded during the year. The bonds that were publicly traded in 2007 represent 79 percent of the market value of all outstanding bonds that were issued by the sample railroads.⁴

1. Market Value of Bonds, Notes, and Debentures

The average market value for traded bonds, notes, and debentures is calculated using the methodology employed in previous Cost of Capital proceedings. For each of 67 traded bonds in 2007, an average price is calculated based on the simple average of monthly prices. The prices represent what the investor is willing to pay for the bond given its coupon rate and maturity date. The market value is the average market price (stated as a price per hundred dollars of principal) times the amount of debt outstanding⁵ as of December 31, 2007. Where market prices are not available (i.e., for instruments that did not trade), the "face value" of the bond is assumed to be the price investors would pay. This assumption may slightly overstate the market value of some issues and understate the value of others, depending upon the relationship of the instruments' coupon rate and the current market rate. However, this possible variation is not likely to

³ Standard & Poor's (S&P) *Bond XpressFeed* provides financial and statistical data on approximately 6,200 corporate bonds, and is essentially an electronic version of the Standard & Poor's *Bond Guide*.

⁴ The only bonds not included in the *Bond XpressFeed* are bonds that are not publicly traded. There is no practical way to obtain yields and prices for bonds which are privately held.

⁵ Securities that were issued during the year were prorated by the ratio of the number of months outstanding to the twelve-month year, as done in past proceedings.

significantly affect the overall estimate of the cost of debt capital, since the differences are likely to be both small and offsetting, and since 79 percent of the book value of bonds is priced at market. Table 3 summarizes the results of the market value calculations for 2007. The market value for bonds, notes, and debentures that traded is \$17,505.1 million.

Table No. 3
Bonds, Notes and Debentures
Average Market Value

Railroad Co.	Traded Value (\$000)	Non-Traded Value (\$000)	Total Value (\$000)	Weight Based on Traded
BNI	\$5,211,867	\$982,713	\$6,194,580	29 773 %
CSX	3,091,099	1,868,190	4,959,289	17 658
NSC	5,352,635	681,644	6,034,279	30 578
UNP	3,849,503	1,082,350	4,931,853	21 991
Total	\$17,505,104	\$4,614,897	\$22,120,001	100 000 %
Prior Year	\$16,404,605	\$5,106,885	\$21,511,490	
Change	6 7%	-9 6%	2 8%	

Appendix A lists details for each of the 67 bonds, notes, and debentures belonging to the composite railroad that traded in 2007 – and those instruments are summarized for each sample railroad in the front of the Appendix. Book values for non-traded debt are also listed.

2. Current Cost of Bonds, Notes, and Debentures

Table 4 summarizes the yield or cost of each railroad's debt (bonds, notes, and debentures), which, when weighted by the market value of the traded debt (as shown in Table 3), determines the sample composite cost of bonds, notes and debentures. This weighted average is 6 018 percent

Table No. 4
Bonds, Notes and Debentures
Weighted Current Cost

Railroad Co.	Weight	Current Cost
BNI	29.773 %	6.044 %
CSX	17.658	6.013
NSC	30.578	6.151
UNP	21.991	5.799
Total	100.000	6.018 %

As noted earlier, the current cost for bonds, notes, and debentures is based on traded instruments issued by the sample railroads. Appendix A contains the average yield for each of the 67 traded securities as found in Standard & Poor's *Bond XpressFeed* data base. The average yield for each security is a simple average of the twelve month-end yields found in *Bond XpressFeed*. The traded portion of Appendix A summarizes the yield or cost of each railroad's debt, which, when weighted by the market value of the traded debt, determines the sample composite cost of bonds, notes and debentures of 6.018 percent. The weights used in Table 4, as derived from the calculations in Table 3, are also based on the traded portion of Appendix A.

B. Equipment Trust Certificates

Equipment Trust Certificates (ETCs) are debt obligations that are secured by the particular equipment which is acquired with the instrument's proceeds. In the event of default, creditors may repossess and resell or lease the equipment to pay off the debt obligations. Because ETCs are not actively traded in secondary markets, it is necessary to determine their cost by examining the return on other debt securities that are actively traded.

An ETC is generally serially issued. As such, each year during its life an equal amount (typically 1/15th) of the original amount must be retired. Consequently, an ETC may be thought of as a series of individual, annually-retiring bonds. In fact, when ETCs are issued, each of the

maturities is sold independently from the others. A serially issued debt instrument provides an investor with the ability to purchase only the maturities that interest him. To correctly compute the composite yield on a serially issued bond, the internal rate of return on the bond's principal and interest payments must be calculated.

To compare ETCs to other debt instruments, the yields to maturity (as detailed in Appendix B) for government bills, notes, and bonds having the same range of maturities as current ETCs were obtained from Federal Reserve data. The yield curve for these government securities (also in Appendix B) shows the relationship between the current costs, or yields to maturity, and maturity dates for government bonds (which, unlike ETCs, are actively traded in secondary markets).

These yield data have been adjusted by the Federal Reserve Board to reflect constant maturities, such that the data accurately reflect the 2007 relationships between yields and maturities. After determining the yields to maturity for government bonds of maturities similar to those of an ETC, those yields are adjusted to reflect the risk associated with the ETCs as compared to government bonds. In Cost of Capital filings prior to Ex Parte No. 486, *Railroad Cost of Capital — 1989*, yield spreads between government bonds and ETCs were based on the publication *Analytical Record of Yields and Yield Spreads* prepared by the Bond Market Research Department of Salomon Brothers, Inc. However, Salomon Brothers has not compiled yields and yield spreads for ETCs since 1988. Accordingly, identical to the methodology approved by the Board for application in Ex Parte No. 486 and subsequent proceedings, yields and yield spreads used in this proceeding are based on new issues of ETCs by the sample railroads as compiled by

the AAR.⁶ (Identical to the methodology used in Ex Parte 486 and prior proceedings, the Salomon Brothers compilation of yields and yield spreads on comparable industrial instruments were used as a proxy for ETCs of the same rating⁷ where there were no new ETC issues of a particular rating)

In recent years prior to 2007, no new ETCs were issued by the sample railroads. An alternative method of estimating yield spreads between government bonds and ETCs was therefore necessary for Cost of Capital determinations for the years 2001 through 2006. For this period, the AAR relied on historical yield spreads to determine the current cost of ETCs. Consequently, the yield spread between ETCs and government bonds was an average of the spreads (government vs. BBB ETCs) used in the 1998 through 2000 Cost of Capital proceedings. That spread was 114 basis points. In 2007, however, a new ETC was issued, and its interest rate spread above government bonds was 125 basis points. Because it is a current measure of the current costs of ETCs, the 125 basis point spread is used herein as the interest rate spread above government bonds. Table 5 lists 10 years of interest rate spreads.

⁶ The only difference between the two methodologies is the specificity of the data base regarding the new issues. Salomon Brothers, Inc. included all new issues of ETCs (i.e., airlines, railroads, etc.) in computing yield spreads between government bonds and ETCs, while the AAR had included only new issues of ETCs by the sample railroads in computing yield spreads between government bonds and ETCs. Use of new issues of ETCs by the sample railroads is necessarily representative of the cost of ETCs because it is all-inclusive and reflects the actual cost of new ETC issuance. In today's economic environment, ETCs for non-railroads could distort the spread.

⁷ ETCs are rated by Standard & Poor's, a firm which specializes in analyzing and evaluating securities according to the likelihood of a default by the railroad responsible to pay interest and to redeem the face value. The highest available rating, AAA, indicates the least risk of default. All other things being equal, investors will pay a higher price (or accept a lower yield) for a higher rated security than for a lower rated security.

Table No. 5
History of Premiums for
Equipment Trust Certificates (ETC)

Data Year	Proceeding	Basis Points
1998	Ex Parte No 558 (Sub-No 2)	84
1999	Ex Parte No 558 (Sub-No 3)	87
2000	Ex Parte No 558 (Sub-No 4)	171
2001	Ex Parte No 558 (Sub-No 5)	114
2002	Ex Parte No 558 (Sub-No 6)	114
2003	Ex Parte No 558 (Sub-No 7)	114
2004	Ex Parte No. 558 (Sub-No 8)	114
2005	Ex Parte No 558 (Sub-No 9)	114
2006	Ex Parte No 558 (Sub-No 10)	114
2007	Ex Parte No 558 (Sub-No 11)	125

Source for 1998-2006 STB Cost of Capital Decisions

The methodology used to determine the cost of ETC debt is the same as the method employed and approved in previous proceedings. Risk-adjusted yields provide the basis to value each ETC. Using formulae suggested by Standard Security Calculation Methods,^{*} the market

^{*}The formulae used to value these bonds are standards of the security industry. They are:

For bonds with less than six months to maturity

$$DP = \left[\frac{100 + C/2}{1 - DY/360} \right] - \left[C/2 \frac{(180 - D)}{180} \right]$$

For bonds with six months or longer to maturity

$$DP = \left[\frac{100}{(1 + Y/2)_{\text{EXP}} (N - 1 - D/180)} \right] + \left[\sum_{K=1}^N \frac{C/2}{(1 + Y/2)_{\text{EXP}} (K - 1 + D/180)} \right] - \left[C/2 \frac{(180 - D)}{180} \right]$$

Where

DP	=	Dollar price of the bond
C	=	Coupon rate as a percent per year
D	=	Number of days from settlement date to coupon date
Y	=	Yield to maturity as a decimal per year
EXP	=	Raise the term on the left to the power indicated by the term on the right
N	=	Whole number of coupons payable plus 13
K	=	Compute for K values 1 to N and sum the results

value of each maturity comprising an ETC is determined. In effect, these formulae make it possible to determine the price investors would pay in 2007 for the contractual interest payments and price appreciation for holding the instrument. It is the most accurate way to compute the current cost of ETCs to the firm for the defined period. Computing the internal rate of return of the ETC prices and their associated cash flow streams establish the current cost for ETCs. The weighted-average cost for all modeled Equipment Trust Certificates is shown in Table 6. The new ETC has had its value prorated (in the Current Market Value column) by the ratio of months outstanding to the 12-month year.

Table No. 6
Summary of Equipment Trust Certificates Modeled for 2007
(\$000)

Railroad	Amount Outstanding			Yield	Current Market Value	Current Interest Amount	No. ETC
	Beg.	Ending	Average				
BNSF	\$271,039	\$240,288	\$255,664	5.844%	\$262,421	\$15,337	8
CSX	\$227,700	\$195,400	\$211,550	5.820%	\$221,209	\$12,874	8
NS	\$138,080	\$118,570	\$128,325	5.812%	\$131,643	\$7,651	4
UP	\$247,683	\$227,163	\$237,423	5.897%	\$189,350	\$11,167	5
Total	\$884,502	\$781,421	\$832,961	5.845%	\$804,623	\$47,029	25

Weighing each railroad's yield, by its current market value for modeled ETCs, results in a current cost of 5.845 percent. A summary of each railroad's modeled ETC can be found in Appendix C, which includes a market value and a current yield. In addition, Appendix C also lists ETCs that were not modeled. ETCs can fail to be modeled for two reasons: (1) the ETC instrument does not have all of the characteristics typical of an ETC; or (2) the ETC has a floating rate (instead of fixed) making its rate for a particular future year uncertain. The market value of all modeled ETCs is \$804.6 million. Based on the assumption that the market value of non-modeled ETCs is the same as its book value, the market value of non-modeled ETCs is \$107.1

million. Although the AAR believes that the market value of non-modeled ETCs should be included in the ETC market value, the non-modeled ETC market value is listed in the Miscellaneous Debt category to comply with the Board's decision in Ex Parte 558 (Sub-No.10).

C. Conditional Sales Agreements

Conditional Sales Agreements (CSAs) are another form of railroad financing that is treated by investors as debt securities, because their interest obligations are essentially the same as interest obligations on ETCs. Like ETCs, CSAs are not generally traded in secondary markets. Accordingly, as in prior proceedings, their current cost has been determined from current yields on government bonds in a similar manner to ETCs.

In Cost of Capital proceedings prior to Ex Parte No. 486, *Railroad Cost of Capital — 1989*, yield spreads for CSAs were estimated using the yield on new issues of CSAs and the Salomon Brothers, Inc. publication *Analytical Record of Yield and Yield Spreads* to determine the yields and yield spreads between government bonds, ETCs, and CSAs of similar rating.

However in 2007, as in 1989–1996 and 1998–2006, there were no issues of CSAs by the sample railroads. Therefore, an alternative method of estimating yield spreads was required using historical yield spread data to determine the current cost of CSAs. Similarly, historical yield spread data are used in this proceeding to determine the current cost of CSAs. Specifically, the yield spread for CSAs in 2007 is based upon the yield-spread relationship between ETCs and CSAs issued in 1997, which was used in the 1997–2006 Cost of Capital proceedings. This approach, which has been used and approved in prior proceedings, is the most practical and accurate method available for determining the cost of CSAs.

In 1997, a new CSA was issued—the first since 1987. The yield spread of the new CSA over ETCs in 1997 was 32 basis points. Adding this yield spread to the current ETC yield spread

over government bonds of 125 basis points provides a 2007 CSA yield spread of 157 basis points over government bonds. Using this methodology, the current cost of Conditional Sales Agreements and their market value is shown in Table 7. Although the table is shown in thousands, interest rate calculations are based on the full interest amount [\$3,864,012] and full market value [\$63,389,383].

Table No. 7
Summary of Conditional Sales Agreements Modeled for 2007
(\$000)

Railroad	Amount Outstanding			Yield	Current Market Value	Current Interest Amount	No. CSA
	Beg.	Ending	Average				
BNSF	\$0	\$0	\$0	—	\$0	\$0	0
CSX	68,222	56,852	62,537	6.096%	63,389	3,864	2
NS	0	0	0	—	0	0	0
UP	0	0	0	—	0	0	0
Total	\$68,222	\$56,852	\$62,537	6.096%	\$63,389	\$3,864	2

Weighing each railroad's yield, by its current market value for modeled CSAs, results in a current cost of 6.096 percent. A summary of each railroad's modeled CSAs can be found in Appendix D, which includes a market value and a current yield. In addition, Appendix D lists CSAs that were not modeled. Like an ETC, CSAs can fail to be modeled for two reasons: (1) the CSA instrument does not have all of the characteristics typical of a CSA, or (2) the CSA has a floating rate (instead of fixed), making its rate for a particular future year uncertain. The market value of all modeled CSAs is \$63.4 million. Based on the assumption that the market value of non-modeled CSAs is the same as its book value, the market value of non-modeled CSAs is \$41.9 million. Although the AAR believes that the market value of non-modeled CSAs should be included in the CSA market value, the non-modeled CSA market value has been listed with

the Miscellaneous Debt category to comply with the Board's decision in Ex Parte No 558 (Sub-No. 10).

D. All Other Debt

Capital leases and miscellaneous debt such as commercial paper, demand deposits, and other instruments with extremely small amounts outstanding are listed as All Other Debt. To comply with past decisions of the Board, non-modeled Equipment Trust Certificates and Conditional Sales Agreements have been listed in this category. Capital Leases account for over three-fourths of the All Other Debt category.

Capital leases are contracts between two parties and as such take many forms.⁹ Since capital leases are not traded in the marketplace, their current cost is not directly observable. The lack of complete information with respect to leases necessitates that many assumptions be made to estimate their current cost and their values. For market value purposes, capital leases are included at book value. Given the large number of these leases and the significant differences among their terms, this is the only practical option available. Because the cost of capital calculation assigns this debt a cost based on traded or modeled securities (bonds, notes, debentures, ETCs and CSAs) that typically have a lower cost, the cost used for capital leases will be understated somewhat.

Miscellaneous debt, such as commercial paper, demand deposits, and various instruments with extremely small amounts outstanding are also excluded from the current cost computations. Non-modeled Equipment Trust Certificates and non-modeled Conditional Sales Agreements,

⁹ See generally 49 C.I. R. 1201, 2-20 for definitions.

which are included in the Miscellaneous Debt category, are shown separately as additional information. The book value (assumed market value) of capital leases, miscellaneous debt, non-modeled ETCs, and non-modeled CSAs is \$3,056.0 million; as a percent of the total market value of debt of the composite railroad, it is 11.7 percent. This treatment of All Other Debt is the same approach used by the STB in the previous cost of capital proceeding

E. Market Value of Debt

Table 8 summarizes the total market value for each debt category. The total market value for traded and non-traded debt is \$25,846.4 million. Bonds, Notes, and Debentures (Bonds) account for about 86 percent of the total market value. Approximately 79 percent of the Bonds' market value is determined by the results of trading throughout the year, while the remaining portion is based upon the book value of non-traded bonds.

Table No. 8
Market Value of Debt (\$000)

Type of Debt	Market Value	Percent of	
		Total	Subtotal
Bonds, Notes & Debentures	\$22,120,001	85.58 %	96.22 %
Equipment Trust Certificates	804,623	3.11	3.50
Conditional Sales Agreements	63,389	0.25	0.28
Subtotal	22,988,013	88.94	100.00 %
All Other Debt*	2,858,470	11.06	
Total	\$25,846,483	100.00 %	

* Non-modeled ETCs and non-modeled CSAs are included in All Other Debt

Current costs can be determined for three of the four debt categories — Bonds, Equipment Trust Certificates, and Conditional Sales Agreements. Therefore, the weighted average cost of debt is based upon these three (of the four) debt categories (see subtotal column). The total market value of debt, used to determine the weight for debt in the overall cost of capital

calculation, includes all four categories. The market value of debt, including traded and non-traded debt, is described in more detail in Appendix E.

F. Flotation Costs for Debt Capital

When new debt is issued by a negotiated offering or a competitive bid, the issuing firm pays a fee to the investment banking firm or firms handling the offer. These fees, typically referred to as flotation costs, cover the banker's administrative costs in handling the sale (e.g., sales costs, taxes, and profits). Flotation costs generally vary by type of security. For ETCs and CSAs, the fees are extremely small, but costs increase as the administrative burden and underwriting risk increase (i.e., in order of increasing cost — ETCs and CSAs, bonds and notes, convertible bonds, and preferred stock and common stock). As discussed below, flotation costs directly reduce the gross proceeds available to the issuing firm.

An example helps to illustrate how flotation costs permanently increase the cost of debt capital to the railroad. If a railroad sells a 10-year bond with an annual coupon of 15 percent and investors are willing to pay \$98 for each \$100 in face value, the effective yield on the bond is 15.40 percent. Because the investment banker requires compensation (flotation costs) for his work, the railroad does not receive the full \$98 from the investors. If flotation costs reduce the net proceeds to say \$96, the effective cost to the railroad over the life of the bond is 15.82 percent. Therefore, flotation costs have increased the cost of debt from 15.40 to 15.82, or by 42 basis points. Proper accounting treatment requires the \$4 per \$100 (\$100 - \$96) to be amortized on a straight line basis over the life of the bond. In addition, the Uniform System of Accounts requires the annual amortization to be charged directly to Account No. 548, Amortization of Discount on Funded Debt, a fixed charge item. This results in fixed charges for the year totaling \$15.40 (\$15.00 coupon payment - amortization of \$0.20 discount - \$0.20

flotation costs). It is important to note that these flotation costs are not recovered through operating costs but are fixed charges each year during the life of the bond. Also, it is evident that in order to reflect the total current cost of debt, flotation costs must be included.

Any firm requires the opportunity to cover flotation costs before it will have an incentive to make future capital expenditures. Before creditors will lend their funds, they must be assured that the railroad will have the opportunity to earn returns sufficient to cover all costs.

Due to the low volume of railroad bonds, notes, and debentures issued during the last several years, current flotation costs cannot be accurately determined by relying on recent railroad-specific data. However, an SEC study of flotation costs¹⁰ provided data for 659 debt issues. It concluded that flotation costs as a percent of gross proceeds are 1.59 percent. On a 20-year bond, this equates to an increased yield of 0.16 percent. Consistent with prior cost of capital proceedings, 0.16 percent is used as the flotation cost of bonds in this proceeding.

The Securities and Exchange Commission (SEC) conducted a study of flotation costs using railroad ETC data for the years 1951, 1952 and 1955.¹¹ In that study, the SEC determined that ETC flotation costs averaged 0.89 percent of gross proceeds. This SEC result equates to a 0.13 percent yield increase. For CSAs, neither recent nor historical data are publicly available, so the ETC figure of 0.13 percent is used, which is the same flotation cost for CSAs used in previous Cost of Capital proceedings.

To compute the overall effect of flotation cost on debt, the market value weight of the debt outstanding is multiplied by the respective flotation cost. As shown in Table 9, flotation costs increase the cost of debt by approximately 16 basis points (0.159 percentage points). The

¹⁰ *Cost of Flotation of Registered Securities 1971-1972*, Securities and Exchange Commission, December 1974

¹¹ *Cost of Flotation of Corporate Securities 1951-1955*, Securities and Exchange Commission, June 1957

weights for each type of debt are based on market values for debt (excluding All Other Debt), as found in Appendix E's Percent of Subtotal column. All Other Debt is excluded from the weight calculation, since a current cost of debt for that category has not been determined.

Table No. 9
Flotation Costs For Debt

Type of Debt	Market Weight	Flotation Cost
Bonds, Notes & Debentures	96.22%	0.160%
Equipment Trust Certificates	3.50%	0.130%
Conditional Sales Agreements	0.28%	0.130%
Total	100.00%	0.159%

G. Conclusion as to the Cost of Debt Capital

To determine the overall composite current cost of debt, the current cost of each of three categories of debt (Bonds, ETCs and CSAs) is multiplied by its market value proportion. Market values are properly used in this connection, because they represent the amounts on which the current cost must be paid. Table 10 shows the results of this calculation.

Table No. 10
Composite Current Cost Of Debt

Type of Debt	Market Weight	Current Cost
Bonds, Notes & Debentures	96.22%	6.018%
Equipment Trust Certificates	3.50%	5.845%
Conditional Sales Agreements	0.28%	6.096%
Subtotal	100.00%	6.012%
Flotation Costs		0.159%
Weighted Cost of Debt		6.171%
Weighted Cost of Debt (Rounded)		6.17%

The current weighted cost of debt before flotation costs is 6.012 percent. The addition of flotation costs results in a rounded cost of debt of 6.17 percent. Details for the calculation of the overall cost of debt are provided in Appendix F using weights calculated in Appendix E.

III. Common Equity Capital In 2007

A. The Market Value of Common Equity Capital

The market value of common equity is based on stock prices and shares outstanding for 2007. Table 11 below summarizes the market value calculation. The Weight column, which is not used directly in our calculation, is provided as additional information.

Table No. 11
Average Market Value
For Common Equity in 2007

Railroad Co.	Value (\$000)	Weight %
BNI	\$29,828,238.7	30.10 %
CSX	18,394,859.8	18.56
NSC	20,465,719.4	20.65
UNP	30,419,581.1	30.69
Total	\$99,108,399.0	100.00 %
Prior Year	\$85,438,645.6	
Change	16.0%	

Details of the calculation are presented in Appendix G. Weekly market values were calculated for each railroad using shares outstanding data from railroad 10-Q and 10-K reports¹² multiplied by stock prices at the close of each week in 2007. The 52-week average market capitalization of the composite railroad (the four railroads that comprise the composite sample), listed on page 5 of Appendix G, is \$99,108.4 million.

B. The Capital Asset Pricing Model (CAPM)

The cost of equity is a measure of investor expectations, including the opportunity cost of investing in a share of a firm's stock, i.e., the expected rate of return that investors require on the market value (purchase price) of the stock in light of alternative investment opportunities of

¹² The 10-Q and 10-K reports are filed with the U.S. Securities and Exchange Commission (SEC), and are available from railroad web sites or the SEC web site.

comparable risk. Because investor expectations are not directly observable, analysts have developed methods of inferring the cost of equity from available financial data. There are several methods available to estimate the cost of equity. The Capital Asset Pricing Model (CAPM) is used in this statement to compute an estimate for the cost of equity — as outlined in STB Ex Parte No. 664¹³ and STB Ex Parte No. 558 (Sub No. 10). The theory underlying the CAPM is that an investor seeks a risk-free return plus a premium that is dependent upon risk. In formulaic terms, the cost of equity as estimated by the CAPM may be expressed as

$$K = RF + \text{Beta} (\text{MRP})$$

Where K = the firm's cost of equity.

RF = the risk-free rate,

MRP = the market's risk premium, and

Beta = the stock's adjustment to the MRP for non-diversifiable risk.

Therefore, each firm's cost of equity depends on the non-diversifiable risk of its common stock, represented in the model as Beta. The risk-free rate (RF) is typically represented by the rate of a U.S. Government (Treasury) instrument. The market risk premium (MRP) is the expected future difference between returns for the overall stock market and risk-free returns. That future difference is typically estimated using historical differences. Beta is the future market risk of the stock, which depends on its volatility and its correlation with the overall stock market. The Beta for the overall stock market is 1.0. Firms with higher risk will have a Beta above 1.0, while firms with lower risk will have a Beta below 1.0. As with the market risk premium, Betas are also typically estimated using historical relationships. The methodology used for the CAPM

¹³ STB Ex Parte No. 664, Methodology to Be Employed in Determining the Railroad Industry's Cost of Capital, served January 17, 2008.

calculation — including details for using certain inputs — follows the methodology prescribed by the STB in the 2006 Cost of Capital decision.¹⁴

1. Risk-Free Rate (RF)

In its decisions in Ex Parte No. 664 and 558 (Sub No. 10), both served on January 17, 2008, the Board specified a risk-free rate based on an average yield to maturity for a 20-year U.S. Treasury Bond. The average yield to maturity for a 20-year U.S. Treasury Bond, which is available from the Federal Reserve web site, is used.¹⁵ Table 12 (below) lists a 15-year history of this bond.

Table No. 12
20-Year U.S. Treasury Bonds 1993 - 2007

Year	Average Annual Rate
1993	6.29 %
1994	7.49
1995	6.95
1996	6.83
1997	6.69
1998	5.72
1999	6.20
2000	6.23
2001	5.63
2002	5.43
2003	4.96
2004	5.04
2005	4.64
2006	5.00
2007	4.91

As can be seen in Table 12, the 4.91 percent average 2007 rate for 20-Year U.S. Treasury

¹⁴ Ex Parte No. 558 (Sub-No. 10), Railroad Cost of Capital – 2006, served April 15, 2008

¹⁵ Federal Reserve's web site is <http://www.federalreserve.gov/releases/H15/data.htm>. Select Treasury Constant Maturities, Nominal, 20-year, Annual

Bonds is lower than all but one of the previous fourteen years. Furthermore, based on the observation of interest rates listed in the Economic Report of the President,¹⁶ many long-term interest rates are near their lowest level since the mid-1960s.

Using the average yield to maturity in 2007 for a 20-year U.S. Treasury Bond, as directed in STB Ex Parte No. 558 (Sub No. 10), the CAPM's risk-free rate is 4.91 percent.

2. Market Risk Premium (MRP)

In the STB Ex Parte No. 558 (Sub No. 10) decision served January 17, 2008, the STB required that the market risk premium (a.k.a. equity risk premium) calculation begin with year 1926, which is a standard approach. The Standard & Poor's 500 Index is to be used as the representative of the market — also a standard approach. The STB's decision also stated that the “data are also available from a variety of commercial vendors, including Ibbotson.”

Since the Ibbotson Equity Risk Premium is well regarded and widely accepted, the 2007 market risk premium from the *Stocks, Bonds, Bills, and Inflation* (a.k.a. SBBI) *2008 Yearbook Valuation Edition* published by Morningstar is used.¹⁷ This source was accepted in the STB's 2006 decision. Page 72 lists the Long-Horizon Equity Risk Premium that is based on the Standard & Poor's 500 as 7.05 percent, which is used as the rate for the CAPM's market risk premium. This SBBI market risk premium has been retrieved using the same method approved by the STB in its previous cost of capital decision.

3. Beta

The STB Ex Parte No. 664 decision requires parties to calculate the CAPM's Beta using a portfolio of weekly, merger-adjusted stock returns for the prior five years in the following equation.

¹⁶ *Economic Report of the President 2008*, TABLE-73 — *Bond yields and interest rates, 1929–2006*

$$R - SSRF = \text{Alpha} + \text{Beta} (RM - SSRF) + E$$

Where:

- R = merger-adjusted stock returns for the portfolio of railroads;¹⁷
- SSRF = short-run risk-free rate represented by 3-mo U S Treasury Bills;
- Alpha = constant term;
- Beta = future market risk of the stock,
- RM = return for the market, represented by the S&P 500, and
- E = random error term.

In its Railroad Cost of Capital – 2006 decision, the STB clarified its Beta calculation methodology. The STB noted that “[t]he proper way to arrive at the weekly portfolio change is to calculate the weekly stock percentage change for each firm, weighted by that firm’s share of the industry as a whole.” The STB also determined that the Standard & Poor’s 500 Price Index, which is publicly available, should be used as a proxy for the Standard & Poor’s 500 Total Return Index, unless the Total Return Index is made available to the public.

Using the STB instructions, the value for Beta can be solved for using a linear regression. The railroad portfolio return less the short-term risk free rate is the dependent variable, while the market return less the risk free rate is the independent variable. The regression’s random error term is unknown, the intercept is the Alpha, and the coefficient for the explanatory variable is the Beta.

The raw regression data set used in the AAR calculation is derived from publicly available data from web sites on the internet (for further information, see the work papers). The raw data consists of weekly observations from the first week of 2003 through the last week of 2007. The data set label variables identify the first day of trading during the week (typically Monday), but the close prices were for the last day of trading during the week.

¹⁷ Ibbotson Associates is now a wholly-owned subsidiary of Morningstar, Inc.

¹⁸ Must meet the screening criteria set forth in *Railroad Cost of Capital* 1984

Three categories of data are necessary for the raw regression data set. First, weekly stock prices for BNI, CSX, NSC, and UNP¹⁹ are downloaded. Adjusted close prices are used, which means the price is already adjusted for dividends and splits. The price index values for Standard & Poor's 500 Price Index were also downloaded from the same web site. Second, stock shares outstanding, and an effective date, were gathered from each railroad's 10-Q and 10-K reports. The shares outstanding data were adjusted for stock splits if necessary. For each railroad, a shares outstanding value is assigned to each week based upon the latest available 10-Q or 10-K submissions by that railroad to the Securities and Exchange Commission.²⁰ The final piece of raw data is the rate for 3-Month U.S. Treasury Bills. These securities are also known as 13-Week Treasury Bills or 90-Day Treasury Bills. The Treasury Bill rates are acquired from the Federal Reserve web site.

SAS²¹ statistical software is used to run the regression analysis to calculate Beta, and to prepare the regression data set from the raw data. Prior to running the regression, the weekly stock percentage change for each railroad is calculated and weighted by that railroad's share of the industry as a whole to create a composite railroad return. Weekly returns are also calculated for the Standard & Poor's 500 Price Index (the proxy for the market as a whole). Each week's Three-month Treasury Bill rate, which is the measure employed for the short-run risk-free rate, is restated from an annual to a weekly rate to make it comparable to the weekly returns. The weekly Treasury Bill rates are then deducted from the composite railroad portfolio returns and market

¹⁹ The Burlington Northern Santa Fe Corporation has a stock symbol of BNI, CSX Corporation is CSX, Norfolk Southern Corporation is NSC, and Union Pacific Corporation is UNP.

²⁰ For example, BNSF reported 377,475,697 shares outstanding as of October 31, 2002 in its third quarter 2002 10-Q report, and 374,898,045 shares outstanding as of January 31, 2003 in its 2002 10-K report. Therefore, the first four weeks of the data set, which ended subsequent to October 31, 2002 and before January 31, 2003, were assigned 377,475,697 shares outstanding. Because week 5 (began January 27) ended on January 31, (equal to or subsequent to the January 31, 2003 date) it was assigned 374,898,045 shares outstanding.

²¹ SAS Institute Inc., Cary, NC

returns as specified in the two January 17, 2008 STB decisions.²² The resulting regression data set has 260 observations (weeks 2 through 261), since the first week of the raw data set is used only to calculate a return for week 2. Week number 1 of the raw data set began December 30, 2002, and its last trading day was January 3, 2003. The final week of both the raw and regression data sets began on December 24, 2007, and its last trading day was December 28, 2007.

The SAS General Linear Model procedure is used to calculate the regression, with composite railroad returns less the short-run risk-free rate as the dependent variable and the market returns less the short-run risk-free rate as the independent variable. As specified by the STB decisions, the regression includes an intercept. Appendix H contains a summary of the regression, which resulted in a Beta estimate of 1.1025. A second calculation, using spreadsheet software has the same result.

The 2007 Beta is 28 percent higher than the 0.8604 calculated by the STB for 2006. The increase in Beta from the 2006 figure is not surprising, because data from the year 2002 (part of the "Tech Stock Bubble") were not in the 2007 calculation.²³ In addition, the Ten-Year individual-railroad Betas calculated by the STB²⁴ for periods prior to the 1997-2002 Tech Stock Bubble (ten years ending 1992 through ten years ending 1996) were much higher than those for later years, and well above 1.0. Indeed, by excluding data from the Tech Stock Bubble, the

²² STB Ex Parte No. 664 and STB Ex Parte No. 558 (Sub No. 10), served January 17, 2008.

²³ See written testimony of Stewart C. Myers, on behalf of the Association of American Railroads, filed in Ex Parte No. 664 on November 27, 2007, page 2, paragraph number 5. See also written testimony of R. Glenn Hubbard and Bruce E. Stangle on behalf of the Association of American Railroads, filed in Ex Parte No. 664 on October 29, 2007, pages 6 and 7, paragraph number 15. See also written testimony of Stewart C. Myers on behalf of the Association of American Railroads, filed in Ex Parte No. 664 on October 29, 2007, pages 6 and 7, "Estimating Beta."

²⁴ See Betas calculated by the STB, as found in the work paper titled "Beta regression output.txt" for Notice of Proposed Rulemaking for Ex Parte No. 664, served August 14, 2007. While the methodology used for the original STB Beta calculations included some non-standard practices, the trends in the results should still be useful.

railroad industry Betas (and possibly Betas for some other industries) should return to their normal range. Thus, the increase in Beta is not at all troubling — it is more troublesome that the 2006 Beta calculation included a year that distorts the CAPM results.

We have evaluated our Beta calculations by (1) comparing it to the previous year and the expected direction of change, and (2) comparing to calculations performed independently. As discussed earlier, the 2007 Beta is higher than the 2006 Beta, as expected. In addition, the resulting cost of equity based on the 2007 Beta agrees with earlier AAR testimony, calculated independently.²⁵ Finally, the program code for the AAR regression was able to essentially match the STB's 2006 Beta calculation. Therefore, the resulting value of 1.1025 for Beta, as calculated in our regression, is reasonable and is used as an input to the Capital Asset Pricing Model.

C. Conclusion as to Cost of Common Equity Capital

A quick general review of the CAPM is as follows:

$$K = RF + \text{Beta} (\text{MRP})$$

Where K = the firm's cost of equity,

RF = the risk-free rate,

MRP = the market's risk premium, and

Beta = the stock's adjustment to the MRP for non-diversifiable risk.

Our CAPM used the methodology specified by the STB in Ex Parte Nos. 664 and 558 (Sub-No. 10), and included the clarifications discussed by the STB in its 2006 cost of capital decision served April 15, 2008. Table 13 is a summary of our cost of common equity calculations, which resulted in an average 2007 cost of equity estimate for the composite railroad of 12.68 percent.

²⁵ See Verified Statement of Bruce Stangle, page 7, Comments of the Association of American Railroads in Ex Parte No. 664 (Sub-No. 1), filed April 14, 2008.

Table No. 13
Cost of of Common Equity
Using STB's Capital Asset Pricing Model

Inputs to Model

Risk-Free Rate	4.91 %	From Table No. 12
Market Risk Premium	7.05 %	See text
Beta	1.1025	From Appendix H

Calculation

Risk-Free Rate	4.91 %	Given
Plus Beta Adjusted Risk Premium	7.77 %	Beta x Mkt Risk Prem
<u>Cost of Equity</u>	<u>12.68 %</u>	<u>Risk-Free Rate + Prem</u>

The 2007 current cost of common equity is 1.55 percentage points higher than the 2006 cost of equity of 11.13 percent. The increase is caused by a higher Beta. The other two input variables — the Risk-Free Rate and the Market Risk Premium — decreased slightly from the previous year.

V. Preferred Equity Capital in 2007

Like 2003 through 2006, no preferred stock issues were outstanding at the end of 2007 for the railroad companies comprising the railroad composite sample. Therefore, no cost for preferred equity capital has been calculated, and the market value for preferred equity capital is zero.

VI. The Overall Cost of Capital In 2007

A. Determination of Market Value Weights

As shown in Appendix E and Appendix G, the market value of debt and common equity is \$25,846.5 million and \$99,108.4 million, respectively. As mentioned in Section V, Preferred Equity Capital in 2007, the sample railroad companies had no preferred stock issues outstanding

at the end of 2007. Therefore, preferred equity capital is given no weight in the overall cost of capital, and no cost is calculated. The figure for the market value of debt includes market values of bonds, notes, debentures, equipment trust certificates, and conditional sales agreements. Other debt and capitalized leases are included at their book value, because market values are difficult to determine (in some instances book values correspond to market values) and because these other instruments are a minimal portion of all railroad debt. Based on these calculations, the market value weights for debt and common equity are 20.68 percent and 79.32 percent, respectively.

B. The Overall Cost of Capital

Multiplying the cost of debt, the cost of common equity capital, and the cost of preferred equity capital, by their respective market value proportions, results in a 2007 average overall cost of capital of 11.33 percent, as shown in Table 14. This is 1.39 percentage points higher than the cost of capital for 2006. The increase is caused by a combination of higher costs for each type of capital and a shift in the capital structure weights toward higher-costing common equity.

Table No. 14
Weighted Current Cost of Capital

	Reference	Market Value (mil)	Capital Structure Weight	Current Cost
Debt	Appendix E, F	\$25,846.5	20.68 %	6.17 %
Common Equity	Appendix G, Table 13	99,108.4	79.32	12.68
Preferred Equity	Text	0.0	0.00	n/a
Total		\$124,954.9	100.00 %	
Weighted Current Cost of Capital				11.33 %

VII. Qualifications of John T. Gray

My name is John T. Gray. I am Senior Vice President — Policy and Economics for the Association of American Railroads (AAR), with offices located at 50 F Street, N.W., Washington, D.C. 20001. Among other responsibilities, my duties include the collection, analysis, and presentation of economic data related to railroads and their economic environment. One of my principal duties is conducting and supervising economic, financial, statistical and cost studies dealing with various aspects of the rail industry.

Prior to joining the AAR, I worked for Union Pacific Railroad where my most recent position was as Executive Director, responsible for the commercial relationship with other transportation carriers and ports, and for strategic policy analysis on issues involving regulatory proposals, legislation and potential litigation. I have also held marketing, planning, and operating positions with other railroads including the Southern Pacific, the Burlington Northern and the Alaska Railroad. I began my railroad career at Atchison, Topeka, and Santa Fe in their cost analysis organization. Additionally, I have also worked for ARCO Alaska.

At Southern Pacific, I was responsible for network planning, analysis, and management, as well as the company's cost analysis organization. I provided testimony on behalf of Southern Pacific regarding the economic impact to the company of the proposed combination of the Chicago and North Western Transportation Company with Union Pacific Railroad. Later, I provided extensive testimony on the economic position of Southern Pacific during the STB's review of the merger application for Union Pacific and Southern Pacific.

I hold both a Bachelors and Masters degree in Civil Engineering from Tulane University and did post-graduate work in mathematical modeling of transportation networks and rail cost systems at Northwestern University. I have also served on the faculty at the University of Alaska.

where my work included network modeling and research concerning the interrelationship of transportation and economic development.

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VERIFICATION

WASHINGTON, D.C.)
) SS.

I, John T. Gray, being duly sworn, state that I have read the
foregoing statement, that I know its contents, and that those contents
are true as stated.

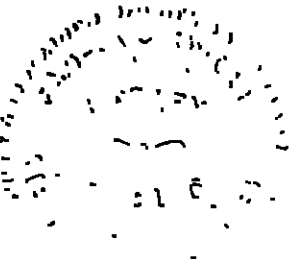

JOHN T. GRAY

Subscribed and sworn to before me this 22nd day of
May 2008.


Notary Public

My Commission expires:

Pamela C. Nwosu
Notary Public, District of Columbia
My Commission Expires 2/14/2012



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Appendix A
Bonds, Notes and Debentures

Summaries

Burlington Northern & Santa Fe Corporation	A-1
CSX Corporation	A-4
Norfolk Southern Corporation	A-7
Union Pacific Corporation	A-10

Individual Bonds, Notes, and Debentures

Burlington Northern & Santa Fe Corporation	A-13
CSX Corporation	A-40
Norfolk Southern Corporation	A-51
Union Pacific Corporation	A-64

Burlington Northern Santa Fe Corporation
December 31, 2007

Type	Description	No.	CUSIP	Coupon Rate	Maturity Date	Amt. Outstanding (\$000) Year-End	Used	Average Price	Market Value (\$ 000)	Average Yield	Interest Cost (\$ 000)
Traded											
1 Note	MTN00005	1	12189QAB6	6 530%	07/15/37	\$170,100	170,100	102 069	\$173,620	6 380%	\$11,077
2 Note	MTN00010	2	12189TAM6	6 125%	03/15/09	203,769	203,769	101 307	206,431	5 270%	10,879
3 Note	MTN00014	3	12189TAT1	6 750%	07/15/11	400,000	400,000	105 369	421,474	5 230%	22,043
4 Note	MTN00015 New 4/13	4	12189TAU8	5 900%	07/01/12	300,000	225,000	102 424	230,455	5 330%	12 283
5 Note	MTN00016 New 4/13	5	12189TAV6	4 300%	07/01/13	250,000	187,500	94 179	176,586	5 450%	9,624
6 Note	MTN00017	6	12189TAW4	4 875%	01/01/15	250,000	250,000	95 132	237,831	5 680%	13,509
7 Debenture	DEB00004	7	12189TAA2	7 000%	12/15/25	350,000	350,000	107 601	376 603	6 300%	23,726
8 Debenture	DEB00005	8	12189TAB0	6 875%	02/15/16	175,000	175,000	107 020	187,286	5 820%	10,900
9 Debenture	DEB00006	9	12189TAD6	7 290%	06/01/36	200,000	200,000	111 946	223,891	6 380%	14,284
10 Debenture	DEB00007	10	12189TAF1	7 250%	08/01/97	200,000	200,000	109 248	218,497	6 630%	14,486
11 Debenture	DEB00008	11	12189TAG9	6 875%	12/01/27	200,000	200,000	105 616	211,232	6 380%	13,477
12 Debenture	DEB00009	12	12189TAJ3	6 700%	08/01/28	200,000	200,000	104 461	208,922	6 320%	13,204
13 Debenture	DEB00010	13	12189TAN4	6 750%	03/15/29	200,000	200,000	105 181	210,362	6 310%	13,274
14 Debenture	DEB00011	14	12189TAK0	7 082%	05/13/29	200,000	200,000	108 666	217,332	6 350%	13,801
15 Debenture	DEB00012	15	12189TAQ7	8 125%	04/15/20	200,000	200,000	116 658	233,316	6 220%	14,512
16 Debenture	DEB00013	16	12189TAR5	7 950%	08/15/30	275,000	275,000	118 603	326,159	6 400%	20,874
17 Debenture	DEB00014	17	12189TAX2	6 200%	08/15/36	300,000	300,000	98 322	294,965	6 320%	18,642
18 Debenture	DEB00015	18	12189TAY0	5 650%	05/01/17	650,000	379,167	98 424	373,192	5 870%	21,906
19 Debenture	DEB00016	19	12189TAZ7	6 150%	05/01/37	650,000	379,167	97 124	368,261	6 360%	23,421
20 Debenture	DBN00001	20	121897WQ1	8 750%	02/25/22	200,000	200,000	124 191	248,383	6 210%	15,425
21 Mortgage	MTB00002 Ser K	21	121899CD8	6 550%	01/01/20	3,978	3,978	99 575	3,961	6 610%	262
22 Mortgage	MTB00003 Ser L	22	121899CC0	3 800%	01/01/20	6,195	6,195	78 671	4,874	6 290%	307
23 Mortgage	MTB00004 Ser M	23	121899CH9	3 200%	01/01/45	12,998	12,998	54 519	7,086	6 430%	456
24 Mortgage	MTB00005 Ser N	24	121899CF3	8 150%	01/01/20	2,506	2,506	116 458	2,918	6 240%	182
25 Mortgage	MTB00006 Ser O	25	121899CE6	6 550%	01/01/20	15,378	15,378	104 146	16,016	6 070%	972
26 Mortgage	MTB00007 Ser P	26	121899CG1	8 150%	01/01/20	5,566	5,566	125 000	6,958	5 310%	369
27 Mortgage	MTB00010 NP GLB	27	665585JP1	3 000%	01/01/47	34,479	34,479	73 250	25,256	4 450%	1,124
28											
29											
30											
Total						\$5,654,969	\$4,975,802		\$5,211,867	6.044%	\$315,019

Burlington Northern Santa Fe Corporation
December 31, 2007

Type	Description	No.	CUSIP	Coupon Rate	Maturity Date	Amt. Outstanding (\$000)		Average Price	Market Value (\$ 000)	Average Yield	Interest Cost (\$ 000)
						Year-End	Used				
1	Note		MTN000012	7 125%	12/15/10	301,812	301,812	100 000	301,812		
2	Note		WAS00001	No Int	10/01/11	139	139	100 000	139		
3	Jr Sub Notes		BNAI Washgtn Hybrd Debt Securities	6 613%	12/15/55	500,000	500,000	100 000	500,000		
4	Mortgage		GOB00001	10 320%	01/01/14	17,618	17,618	100 000	17,618		
5	Mortgage		MOT00002	8 625%	08/01/09	1,863	1,863	100 000	1,863		
6	Financing Oblig		Joliet Arsenal	6 967%	08/01/22	138,231	138,231	100 000	138,231		
7	Financing Oblig		Amory Sale	No Int	01/01/32	15,100	15,100	100 000	15,100		
8	Financing Oblig		Fontana	4 5	8-21-07	16,600	6,225	100 000	6,225		
9	Financing Oblig		2007M-D Memphis	0 5	11-15-07	39,321	1,638	100 000	1,638		
10	Financing Oblig		2007M-E Memphis	0 5	11-15-07	2,070	86	100 000	86		
11											
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Total						\$1,032,754	\$982,713		\$982,713		

Burlington Northern Santa Fe Corporation
December 31, 2007

Type	Description	No. CUSIP	Coupon Rate	Maturity Date	Amt. Outstanding (\$000) Year-End Used	Average Price	Market Value (\$ 000)	Average Yield	Interest Cost (\$ 000)
1	Mortgage	MOT00001	Empire of Am						
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3									
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6									
7									
8									
9									
10									
					Matures In 2008				
			8 625%	10/01/08	956				
Total					\$956				

Total Traded and Not Traded	Grand Totals	\$6,687,723	\$5,958,515	\$6,194,580
Grand Total (for reconciliation to carrier data only)		\$6,688,679		

From BNSF:

Total Notes	\$1,875,820
Total Debentures	4,000,000
Junior Subordinated Notes/Hybrid Debt Securities	500,000
Total Mortgages	101,537
Financing Obligations	211,322
Total	\$6,688,679

CSX Corporation
December 31, 2007

Type	Description	No.	CUSIP	Coupon Rate	Maturity Date	Amt. Outstanding (\$000)		Average Price	Market Value (\$ 000)	Average Yield	Interest Cost (\$ 000)
						Year-End	Used				
Traded											
1	Debenture	28	126408AQ6	8 100%	09/15/22	\$93,591	93,591	119 985	\$112,295	6 070%	\$6,816
2	Debenture	29	126408AM5	8 625%	05/15/22	\$115,712	115,712	125 145	\$144,808	6 040%	\$8,746
3	Note	30	126408GC1	4 875%	11/01/09	\$200,000	200,000	99 230	\$198,460	5 210%	\$10,340
4	Note	31	126408AP8	6.750%	03/15/11	\$500,000	500,000	104 409	\$522,046	5 390%	\$28,138
5	Note	32	126408GB3	6 300%	03/15/12	\$400,000	400,000	102 996	\$411,984	5 560%	\$22,906
6	Note	33	126408GF4	5 300%	02/15/14	\$200,000	200,000	97 768	\$195,537	5 710%	\$11,165
7	Note	34	126408GJ6	5 600%	05/01/17	\$300,000	200,000	96 673	\$193,346	6 050%	\$11,697
8	Med Term Notes	35	12641LBU6	6 800%	12/01/28	\$200,000	200,000	104 435	\$208,871	6 420%	\$13,410
9	Med Term Notes	36	126408GH0	6 000%	10/01/36	\$400,000	400,000	94 601	\$378,403	6 410%	\$24,256
10	Note	37	126408GK3	6 150%	05/01/37	\$700,000	466,667	95 192	\$444,230	6 510%	\$28,919
11	Note	38	209864AT4	9 750%	06/15/20	\$227,171	227,171	123 748	\$281,119	6 930%	\$19,482
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Total						\$3,336,474	\$3,003,141		\$3,091,099	6.013%	\$185,875

Type	Description	No.	CUSIP	Coupon Rate	Maturity Date	Amt. Outstanding (\$000)	Average Price	Market Value (\$'000)	Average Yield	Interest Cost (\$'000)
						Year-End Used				
1	Debentures			7 900%	Not Traded	384,769	100 000	384,769		
2	Debentures			7 250%	05/01/17	83,312	100 000	83,312		
3	Debentures			7 950%	05/01/27	272,614	100 000	272,614		
4	Med Term Notes			9 780%	02/14/11	7,500	100 000	7,500		
5	Notes			5 500%	08/01/13	300,000	100 000	300,000		
6	Notes	New 9/7		5 750%	03/15/13	400,000	100 000	133,333		
7	Notes	New 9/7		6 250%	03/15/18	600,000	100 000	200,000		
8	Med Term Notes			9 870%	02/12/21	10,000	100 000	10,000		
9	Med Term Notes			4 400%	10/25/35	73,304	100 000	73,304		
10	Convertible			2 091%	10/30/21	151,435	100 000	151,435		
11	Conrail 50 yr		209864AU1	7 875%	05/01/43	99,989	100 000	99,989		
12	Conrail Tax Note			4 520%	03/31/35	23,100	100 000	23,100		
13	Del Dot			3 910%	03/01/10	3,145	100 000	3,145		
14	Pen Port			6 000%	12/01/12	17,100	100 000	17,100		
15	Secu Equip Note	New 12/13		6 251%	01/15/23	380,821	100 000	15,868		
16	Midland Term			Variable	05/01/13	60,000	100 000	60,000		
17	TORCO			6 450%	12/15/21	29,700	100 000	29,700		
18	NCT Note			n/a		1,089	100 000	1,089		
19	CEED			n/a		1,932	100 000	1,932		
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21										
22										
23										
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27										
28										
29										
30										
Total						\$2,899,810	\$1,868,190	\$1,868,190		

CSX Corporation
December 31, 2007

Type	Description	No.	CUSIP	Coupon Rate	Maturity Date	Amt. Outstanding (\$000)	Market		Interest Cost (\$ 000)
							Average Price	Value (\$ 000)	
						Year-End	Used		
					Matures In 2008				
1	Notes\Debtenture CSX Corp		126408BR3	6 250%	10/15/08	400,000			
2	Med Term Notes CSX Corp		126411BM4	6 590%	05/19/08	50,000			
3	Med Term Notes CSX Corp		126411BN2	6 500%	06/02/08	40,000			
4	Med Term Notes CSX Corp			6 400%	09/16/08	25,000			
5	Med Term Notes CSX Corp		126411BT9	5 860%	10/06/08	3,000			
6									
7									
8									
9									
10									
Total						\$518,000			

Total Traded and Not Traded	Grand Totals	\$6,236,284	\$4,871,331	\$4,959,289
Grand Total (for reconciliation to carrier data only)		\$6,754,284		

From CSX:

Corporate Notes	\$5,758,802
CSXT Notes	370,505
Other Notes	89,700
Convertible Debt	151,435
Secured Equipment Note & Other Debt	383,843
Total	\$6,754,285

Norfolk Southern Corporation

December 31, 2007

Type	Description	No.	CUSIP	Coupon Rate	Maturity Date	Amt. Outstanding (\$000)		Average Price	Market Value (\$ 000)	Average Yield	Interest Cost (\$ 000)
						Year-End	Used				
1	Debenture	39	209864AT4	9 750%	06/15/20	\$313,741	313,741	123 748	\$388,247	6 930%	\$26,906
2	Med Term Note	40	655844AA6	9 000%	03/01/21	83,372	83,372	125 435	104,578	6 210%	6,494
3	Med Term Note	41	655844AL2	6 200%	04/15/09	400,000	400,000	101 584	406,334	5 190%	21,089
4	Med Term Note	42	655844AN8	8 625%	05/15/10	300,000	300,000	108 784	326,351	5 220%	17,036
5	Med Term Note	43	655844AP3	6 750%	02/15/11	300,000	300,000	105 054	315,161	5 160%	16,262
6	Med Term Note	44	655844AQ1	7 250%	02/15/31	500,008	500,008	111 180	555,908	6 330%	35,189
7	Med Term Note	45	655844AV0	6 000%	03/15/05	300,000	300,000	88 137	284,411	6 810%	18,006
8	Med Term Note	46	655844AX6	5 640%	05/17/29	350,000	350,000	92 540	323,891	6 270%	20,308
9	Med Term Note	47	655844AW8	5 590%	05/17/25	366,620	366,620	93 168	341,574	6 220%	21,246
10	Conrail Note	48	655844AE8	7 700%	05/15/17	550,000	550,000	112 892	620,908	5 950%	36,944
11	Conrail Note	49	655844AJ7	7 800%	05/15/27	440,000	440,000	116 846	514,122	6 300%	32,390
12	Conrail Note	50	655844AF5	7 050%	05/01/37	716,600	716,600	109 322	783,399	6 350%	49,746
13	Conrail Note	51	655844AK4	7 900%	05/15/97	350,000	350,000	116 500	407,751	6 780%	27,646
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Total						\$4,970,341	\$4,970,341		\$5,352,635	6.151%	\$329,262

Norfolk Southern Corporation
December 31, 2007

Type	Description	No.	CUSIP	Coupon Rate	Maturity Date	Amt. Outstanding (\$000)	Average Price	Market Value (\$ 000)	Average Yield	Interest Cost (\$ 000)
						Year-End	Used			
				Not Traded						
1	Debenture		209864AU1	7 875%	05/15/43	138,085	100 000	138,085		
2	Conrail Note			5 257%	09/17/14	431,456	100 000	431,456		
3	Other Bond			8 250%	10/01/19	75,734	100 000	75,734		
4	Other Bond				10/01/19	9,169	100 000	9,169		
5	Other Rev Bond			5 300%	08/15/13	27,200	100 000	27,200		
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Total						\$681,644	\$681,644	\$681,644		\$681,644

Norfolk Southern Corporation
December 31, 2007

Type	Description	No. CUSIP	Coupon Rate	Maturity Date	Amt. Outstanding (\$000) Year-End	Average Price	Market Value (\$ 000)	Average Yield	Interest Cost (\$ 000)
			6 000%	04/30/08	200,000				
			Matures In 2008						
1	Note								
2									
3									
4									
5									
6									
7									
8									
9									
10									
Total					\$200,000				

Total Traded and Not Traded					
Grand Total (for reconciliation to carrier data only)	\$5,651,985	\$5,651,985	\$6,034,279		

From NS:	
Total Debt	\$6,367,897
Less ETC	225,773
Less Leases	164,667
Less Other Int Rate Swaps-Der Adj, Mar Term Der Adj, a/r securitization	251,400
Less Other Net premium/(discount) (NSC)	-125,928
Bonds, Notes and Debentures	\$5,851,985

Union Pacific Corporation
December 31, 2007

Type	Description	No.	CUSIP	Coupon Rate	Maturity Date	Amt. Outstanding (\$000)		Average Price	Market Value (\$ 000)		Average Yield	Interest Cost (\$ 000)
						Year-End	Used					
Traded												
1	Deb (new 4/18)	UP Corp	52	907818CX4	6 150%	05/01/37	\$248,930	186,698	97 384	\$181,814	6 340%	\$11,527
2	Debentures	UP Corp	53	907818CU0	6 250%	05/01/34	\$246,586	246,586	99 095	\$244,355	6 320%	\$15,443
3	Debentures	UP Corp	54	907818CF3	6 625%	02/01/29	\$595,338	595,338	103 709	\$617,421	6 310%	\$38,959
4	Debentures	UP Corp	55	907818AZ1	7 000%	02/01/16	\$249,548	249,548	107 539	\$268,362	5 860%	\$15,726
5	Debentures	UP Corp	56	907818BY3	7 125%	02/01/28	\$248,058	248,058	109 110	\$270,655	6 330%	\$17,132
6	Notes	UP Corp	57	907818CQ9	3 875%	02/15/09	\$249,869	249,869	98 044	\$244,982	5 140%	\$12,592
7	Notes	UP Corp	58	907818CV8	4 875%	01/15/15	\$249,650	249,650	95 020	\$237,218	5 700%	\$13,521
8	Notes	UP Corp	59	907818CT3	5 375%	05/01/14	\$249,566	249,566	98 414	\$245,608	5 660%	\$13,901
9	Notes (new 4/18)	UP Corp	60	907818CW6	5 650%	05/01/17	\$249,235	186,926	98 811	\$184,704	5 810%	\$10,731
10	Notes	UP Corp	61	907818CN6	6 125%	01/15/12	\$297,776	297,776	102 836	\$306,221	5 400%	\$16,536
11	Notes	UP Corp	62	907818CP1	6 500%	04/15/12	\$338,905	338,905	104 430	\$353,917	5 420%	\$19,182
12	Notes	UP Corp	63	907818CK2	6 650%	01/15/11	\$399,336	399,336	104 108	\$415,740	5 330%	\$22,159
13	Notes	UP Corp	64	907818CG1	7 375%	09/15/09	\$149,900	149,900	104 935	\$157,298	4 900%	\$7,708
14	Mort Bond	UPRR -- MP	65	606198LF4	4 750%	01/01/20	\$29,905	29,905	85 708	\$25,631	6 450%	\$1,653
15	Mort Bond	UPRR -- MP	66	606198LG2	4 750%	01/01/30	\$28,794	28,794	81 260	\$23,398	6 360%	\$1,488
16	Inc Debenture	UPRR -- MP	67	606198LH0	5 000%	01/01/45	\$96,025	96,025	75 167	\$72,179	6 890%	\$4,973
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30												
Total						\$3,927,421	\$3,802,880		\$3,849,503		5.799%	\$223,231

Union Pacific Corporation
December 31, 2007

Type	Description	No.	CUSIP	Coupon Rate	Maturity Date	Amt. Outstanding (\$000)	Average		Market Value (\$ 000)	Average Yield	Interest Cost (\$ 000)
							Price	Used			
Not Traded											
1	Debentures			5 375%	06/01/33	198,531	100 000	198,531	198,531		
2	Notes			3 625%	06/01/10	299,286	100 000	299,286	299,286		
3	Notes			5 450%	01/31/13	499,277	100 000	166,426	166,426		
4	Notes			5 750%	11/15/17	499,646	101 000	83,274	84,107		
5	Tax Exempt			Variable	2010 - 2026	156,540	100 000	156,540	156,540		
6	Med Term Notes Series B			9 2-9 3%	2005 - 2020	7,409	100 000	7,409	7,409		
7	Med Term Notes Series C			9 5-10 0%	2005 - 2020	44,124	100 000	44,124	44,124		
8	Med Term Notes Series D			9 17-9 4%	2005 - 2011	10,000	100 000	10,000	10,000		
9	Debt Security			7 310%	12/15/12	63,861	100 000	63,861	63,861		
10	RR Tax Exempt			4 400%	12/01/15	8,000	100 000	8,000	8,000		
11	Debentures			5 000%	01/01/54	1,641	100 000	1,641	1,641		
12	Debt Security			3 000%	12/31/19	17,061	100 000	17,061	17,061		
13	Debt Security			3 000%	03/14/18	1,550	100 000	1,550	1,550		
14	Debt Security			3 000%	12/31/09	99	100 000	99	99		
15	Debt Security			5 750%	11/01/14	23,715	100 000	23,715	23,715		
16											
17											
18											
19											
20											
21											
22											
23											
24											
25											
26											
27											
28											
29											
30											
Total						\$1,830,740		\$1,081,517			\$1,082,350

Union Pacific Corporation
December 31, 2007

Type	Description	No. CUSIP	Coupon Rate	Maturity Date	Amt. Outstanding (\$000)	Average Price		Market Value (\$ 000)	Average Yield	Interest Cost (\$ 000)
						Year-End	Used			
				Matures In 2008						
1	Notes		6 625%	02/01/08	299,989					
2	Notes	907818BX5	7 250%	11/01/08	249,983					
3	Debt Security	907818BA5	3 000%	11/01/08	1,000					
4										
5										
6										
7										
8										
9										
10										
Total					\$550,972					

Total Traded and Not Traded	Grand Totals	\$5,758,161	\$4,884,397	\$4,931,853
Grand Total (for reconciliation to carrier data only)		\$6,309,133		

From UP:

Debentures, Notes, Tax Exempt, and Medium Term Notes for UP Corp	6,037,482
Misc LTD (2nd page) including KFW, RR Tax Exempt, CNW, MP, DOT, others, for UP RR	198,621
Removal of MP Debt Discount not in Traded, Not Traded, or Matures in 2007	\$107,563
Removal of SP Purch Acct Debt Premium not in Traded, Not Traded, or Matures in 2007	-34,534
Total	\$6,309,132

Burlington Northern Santa Fe Corporation
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1/3

Type:	Note
Description:	MTN00005
CUSIP:	12189QAB6
Coupon Rate:	6.530%
Maturity Date:	7/15/37
Amount Outstanding (\$ 000)	\$170,100
Months Outstanding	12

End of Month	Price	Yield
January	104.629	6.19 %
February	107.798	5.97
March	102.943	6.31
April	102.940	6.31
May	100.253	6.51
June	98.959	6.60
July	98.064	6.67
August	101.044	6.45
September	100.908	6.46
October	102.109	6.37
November	103.471	6.27
December	101.712	6.39
Average	102.069	6.38 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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2

Type:	Note
Description:	MTN00010
CUSIP:	12189TAM6
Coupon Rate:	6 125%
Maturity Date:	3/15/09
Amount Outstanding (\$ 000)	\$203,769
Months Outstanding	12

End of Month	Price	Yield -
January	101 222	5 50 %
February	101 704	5 23
March	101 425	5 34
April	101 631	5 20
May	101 002	5 52
June	101 057	5 46
July	101 166	5 36
August	101 287	5 24
September	101 188	5 26
October	101 171	5 22
November	101 507	4 89
December	101 318	4 97
Average	101 307	5 27 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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3

Type:	Note
Description:	MTN00014
CUSIP:	12189TAT1
Coupon Rate:	6.750%
Maturity Date:	7/15/11
Amount Outstanding (\$ 000)	\$400,000
Months Outstanding	12

End of Month	Price	Yield
January	104.945	5.48 %
February	106.010	5.19
March	105.321	5.34
April	105.501	5.27
May	104.126	5.61
June	103.984	5.63
July	104.757	5.39
August	105.555	5.14
September	105.411	5.15
October	105.464	5.10
November	107.715	4.42
December	105.633	4.99
Average	105.369	5.23 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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4	Type:	Note
	Description:	MTN00015 New 4/13
	CUSIP:	12189TAU8
	Coupon Rate:	5.900%
	Maturity Date:	7/1/12
	Amount Outstanding (\$ 000)	\$300,000
	Months Outstanding	8.5

End of Month	Price	Yield
January	101.648	5.54 %
February	103.085	5.22
March	102.384	5.37
April	102.444	5.35
May	100.913	5.68
June	100.599	5.76
July	101.781	5.48
August	102.813	5.23
September	102.521	5.29
October	102.563	5.27
November	104.965	4.68
December	103.377	5.05
Average	102.424	5.33 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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5	Type:	Note
	Description:	MTN00016 New 4/13
	CUSIP:	12189TAV6
	Coupon Rate:	4.300%
	Maturity Date:	7/1/13
	Amount Outstanding (\$ 000)	\$250,000
	Months Outstanding	8.5

End of Month	Price	Yield
January	93.342	5.54 %
February	94.817	5.27
March	94.101	5.42
April	94.100	5.44
May	92.591	5.76
June	92.403	5.81
July	93.589	5.58
August	94.826	5.34
September	94.301	5.46
October	94.554	5.42
November	96.149	5.10
December	95.380	5.27
Average	94.179	5.45 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation

6

Type:	Note
Description:	MTN00017
CUSIP:	12189TAW4
Coupon Rate:	4.875%
Maturity Date:	1/1/15
Amount Outstanding (\$ 000)	\$250,000
Months Outstanding	12

End of Month	Price	Yield
January	95.091	5.64 %
February	96.674	5.39
March	94.266	5.79
April	95.852	5.55
May	94.154	5.83
June	93.534	5.95
July	93.991	5.88
August	95.205	5.67
September	94.942	5.73
October	95.362	5.66
November	96.868	5.40
December	95.648	5.63
Average	95.132	5.68 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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7	Type:	Debenture
	Description:	DEB00004
	CUSIP:	12189TAA2
	Coupon Rate:	7.000%
	Maturity Date:	12/15/25
	Amount Outstanding (\$ 000)	\$350,000
	Months Outstanding	12

End of Month	Price	Yield
January	110.112	6.09 %
February	112.742	5.87
March	106.815	6.37
April	108.637	6.21
May	106.680	6.38
June	105.544	6.48
July	103.885	6.63
August	105.509	6.48
September	107.054	6.34
October	108.054	6.25
November	108.609	6.20
December	107.568	6.29
Average	107.601	6.30 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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81

Type:	Debenture
Description:	DEB00005
CUSIP:	12189TAB0
Coupon Rate:	6.875%
Maturity Date:	2/15/16
Amount Outstanding (\$ 000)	\$175,000
Months Outstanding	12

End of Month	Price	Yield
January	107.908	5.74 %
February	109.682	5.49
March	107.002	5.85
April	106.880	5.86
May	105.020	6.12
June	104.714	6.16
July	106.117	5.95
August	107.229	5.78
September	106.492	5.88
October	106.976	5.80
November	108.550	5.56
December	107.675	5.68
Average	107.020	5.82 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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9

Type:	Debenture
Description:	DEB00006
CUSIP:	12189TAD6
Coupon Rate:	7.290%
Maturity Date:	6/1/36
Amount Outstanding (\$ 000)	\$200,000
Months Outstanding	12

End of Month	Price	Yield
January	114.579	6.20 %
February	118.214	5.96
March	111.645	6.40
April	113.482	6.28
May	110.917	6.45
June	109.533	6.55
July	107.753	6.67
August	110.252	6.49
September	110.651	6.46
October	111.781	6.38
November	112.950	6.30
December	111.590	6.39
Average	111.946	6.38 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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10

Type:	Debenture
Description:	DEB00007
CUSIP:	12189TAF1
Coupon Rate:	7.250%
Maturity Date:	8/1/97
Amount Outstanding (\$ 000)	\$200,000
Months Outstanding	12

End of Month	Price	Yield
January	110.654	6.55 %
February	114.473	6.33
March	109.973	6.59
April	110.978	6.53
May	106.902	6.77
June	105.358	6.87
July	105.671	6.86
August	108.017	6.71
September	108.335	6.69
October	109.146	6.63
November	111.660	6.48
December	109.812	6.59
Average	109.248	6.63 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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11	Type:	Debenture
	Description:	DEB00008
	CUSIP:	12189TAG9
	Coupon Rate:	6.875%
	Maturity Date:	12/1/27
	Amount Outstanding (\$ 000)	\$200,000
	Months Outstanding	12

End of Month	Price	Yield
January	107.822	6.20 %
February	110.798	5.96
March	105.746	6.37
April	107.175	6.25
May	104.793	6.45
June	103.621	6.55
July	102.701	6.63
August	104.405	6.48
September	104.283	6.49
October	105.319	6.40
November	105.897	6.35
December	104.834	6.44
Average	105.616	6.38 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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12

Type:	Debenture
Description:	DEB00009
CUSIP:	12189TAJ3
Coupon Rate:	6 700%
Maturity Date:	8/1/28
Amount Outstanding (\$ 000)	\$200,000
Months Outstanding	12

End of Month	Price	Yield
January	107 006	6 11 %
February	108 877	5 96
March	103 808	6 37
April	105 848	6 20
May	103 440	6 40
June	102 271	6 49
July	101 355	6 58
August	103 072	6 43
September	103 765	6 37
October	104 820	6 28
November	105 169	6 25
December	104 099	6 34
Average	104 461	6 32 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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13	Type:	Debenture
	Description:	DEB00010
	CUSIP:	12189TAN4
	Coupon Rate:	6.750%
	Maturity Date:	3/15/29
	Amount Outstanding (\$ 000)	\$200,000
	Months Outstanding	12

End of Month	Price	Yield
January	107.952	6.09 %
February	110.797	5.87
March	105.553	6.28
April	106.278	6.22
May	103.829	6.42
June	102.638	6.52
July	101.704	6.60
August	103.462	6.45
September	104.167	6.39
October	105.234	6.30
November	105.828	6.25
December	104.732	6.34
Average	105.181	6.31 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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14

Type:	Debenture
Description:	DEB00011
CUSIP:	12189TAK0
Coupon Rate:	7.082%
Maturity Date:	5/13/29
Amount Outstanding (\$ 000)	\$200,000
Months Outstanding	12

End of Month	Price	Yield
January	110.820	6.18 %
February	113.699	5.96
March	108.249	6.38
April	109.878	6.25
May	107.605	6.43
June	106.366	6.53
July	105.394	6.61
August	107.190	6.46
September	107.915	6.40
October	109.019	6.31
November	109.497	6.27
December	108.360	6.36
Average	108.666	6.35 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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15

Type:	Debenture
Description:	DEB00012
CUSIP:	12189TAQ7
Coupon Rate:	8 125%
Maturity Date:	4/15/20
Amount Outstanding (\$ 000)	\$200,000
Months Outstanding	12

End of Month	Price	Yield
January	118 159	6 10 %
February	120 619	5 85
March	118 419	6 06
April	118 740	6 02
May	116 103	6 28
June	114 697	6 42
July	113 983	6 49
August	115 991	6 27
September	114 898	6 38
October	115 857	6 27
November	115 686	6 28
December	116 742	6 16
Average	116 658	6 22 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation

16	Type:	Debenture
	Description:	DEB00013
	CUSIP:	12189TAR5
	Coupon Rate:	7.950%
	Maturity Date:	8/15/30
	Amount Outstanding (\$ 000)	\$275,000
	Months Outstanding	12

End of Month	Price	Yield
January	121.086	6.23 %
February	124.957	5.96
March	118.238	6.43
April	120.555	6.26
May	118.042	6.44
June	116.676	6.54
July	115.212	6.65
August	117.426	6.48
September	115.939	6.59
October	117.096	6.50
November	119.630	6.31
December	118.381	6.40
Average	118.603	6.40 %

Source Standard & Poor's XpressFeed -- Bond Package

Burlington Northern Santa Fe Corporation
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17	Type:	Debenture
	Description:	DEB00014
	CUSIP:	12189TAX2
	Coupon Rate:	6 200%
	Maturity Date:	8/15/36
	Amount Outstanding (\$ 000)	\$300 000
	Months Outstanding	12

End of Month	Price	Yield
January	100 675	6 14 %
February	103 734	5 93
March	98 005	6 35
April	100 123	6 19
May	97 618	6 37
June	96 346	6 47
July	94 121	6 65
August	96 609	6 46
September	97 117	6 41
October	98 798	6 29
November	99 458	6 23
December	97 254	6 40
Average	98 322	6 32 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation

18	Type:	Debenture
	Description:	DEB00015
	CUSIP:	12189TAY0
	Coupon Rate:	5.650%
	Maturity Date:	5/1/17
	Amount Outstanding (\$ 000)	\$650,000
	Months Outstanding	7

End of Month	Price	Yield
January	Not Traded	- %
February	Not Traded	-
March	Not Traded	-
April	Not Traded	-
May	Not Traded	-
June	97.416	6.00
July	96.219	6.17
August	98.965	5.79
September	97.969	5.93
October	98.916	5.80
November	100.066	5.64
December	99.419	5.73
Average	98.424	5.87 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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19	Type:	Debenture
	Description:	DEB00016
	CUSIP:	12189TAZ7
	Coupon Rate:	6 150%
	Maturity Date:	5/1/37
	Amount Outstanding (\$ 000)	\$650,000
	Months Outstanding	7

End of Month	Price	Yield
January	Not Traded	- %
February	Not Traded	-
March	Not Traded	-
April	Not Traded	-
May	Not Traded	-
June	97 191	6 36
July	94 774	6 55
August	96 942	6 38
September	96 564	6 40
October	98 792	6 24
November	98 390	6 27
December	97 214	6 35
Average	97 124	6 36 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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20	Type:	Debenture
	Description:	DBN00001
	CUSIP:	121897WQ1
	Coupon Rate:	8.750%
	Maturity Date:	2/25/22
	Amount Outstanding (\$ 000)	\$200,000
	Months Outstanding	12

End of Month	Price	Yield
January	126.211	6.06 %
February	128.897	5.83
March	124.999	6.16
April	125.361	6.12
May	122.395	6.38
June	120.818	6.52
July	120.334	6.56
August	122.710	6.33
September	122.845	6.31
October	123.942	6.20
November	126.491	5.96
December	125.294	6.06
Average	124.191	6.21 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation

21

Type:	Mortgage
Description:	MTB00002 Ser K
CUSIP:	121899CD8
Coupon Rate:	6.550%
Maturity Date:	1/1/20
Amount Outstanding (\$ 000)	\$3,978
Months Outstanding	12

End of Month	Price	Yield
January	Not Traded	- %
February	Not Traded	-
March	103.250	6.17
April	103.250	6.18
May	103.250	6.17
June	98.000	6.78
July	98.000	6.79
August	98.000	6.79
September	98.000	6.79
October	98.000	6.79
November	98.000	6.79
December	98.000	6.80
Average	99.575	6.61 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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22	Type:	Mortgage
	Description:	MTB00003 Ser L
	CUSIP:	121899CC0
	Coupon Rate:	3.800%
	Maturity Date:	1/1/20
	Amount Outstanding (\$ 000)	\$6,195
	Months Outstanding	12

End of Month	Price	Yield
January	78.250	6.28 %
February	78.000	6.32
March	78.000	6.34
April	78.000	6.35
May	78.000	6.37
June	78.000	6.38
July	78.000	6.39
August	78.000	6.41
September	79.900	6.15
October	79.900	6.17
November	80.000	6.17
December	80.000	6.19
Average	78.671	6.29 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation

23

Type:	Mortgage
Description:	MTB00004 Ser M
CUSIP:	121899CH9
Coupon Rate:	3 200%
Maturity Date:	1/1/45
Amount Outstanding (\$ 000)	\$12,998
Months Outstanding	12

End of Month	Price	Yield
January	56 000	6 24 %
February	56 125	6 23
March	59 000	5 93
April	59 000	5 94
May	55 100	6 35
June	53 000	6 59
July	53 000	6 60
August	53 000	6 60
September	54 749	6 40
October	51 750	6 76
November	51 750	6 77
December	51 750	6 77
Average	54 519	6 43 %

Source: Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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24^d

Type:	Mortgage
Description:	MTB000005 Ser N
CUSIP:	121899CF3
Coupon Rate:	8.150%
Maturity Date:	1/1/20
Amount Outstanding (\$ 000)	\$2,506
Months Outstanding	12

End of Month	Price	Yield
January	117.750	6.13 %
February	117.750	6.13
March	117.750	6.12
April	117.750	6.12
May	117.750	6.11
June	117.750	6.10
July	117.750	6.09
August	117.750	6.08
September	117.750	6.07
October	117.750	6.06
November	110.000	6.91
December	110.000	6.91
Average	116.458	6.24 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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25	Type:	Mortgage
	Description:	MTB00006 Ser O
	CUSIP:	121899CE6
	Coupon Rate:	6.550%
	Maturity Date:	1/1/20
	Amount Outstanding (\$ 000)	\$15,378
	Months Outstanding	12

End of Month	Price	Yield
January	102.000	6.32 %
February	103.375	6.16
March	104.125	6.07
April	104.125	6.08
May	104.125	6.08
June	105.000	5.97
July	105.000	5.97
August	105.000	5.97
September	105.000	5.97
October	98.000	6.79
November	107.000	5.73
December	107.000	5.73
Average	104.146	6.07 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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26	Type:	Mortgage
	Description:	MTB00007 Ser P
	CUSIP:	121899CG1
	Coupon Rate:	8.150%
	Maturity Date:	1/1/20
	Amount Outstanding (\$ 000)	\$5,566
	Months Outstanding	12

End of Month	Price	Yield
January	Not Traded	- %
February	Not Traded	-
March	Not Traded	-
April	Not Traded	-
May	Not Traded	-
June	Not Traded	-
July	Not Traded	-
August	Not Traded	-
September	Not Traded	-
October	Not Traded	-
November	125.000	5.31
December	125.000	5.31
Average	125.000	5.31 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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27	Type:	Mortgage
	Description:	MTB00010 NP GLB
	CUSIP:	665585JP1
	Coupon Rate:	3.000%
	Maturity Date:	1/1/47
	Amount Outstanding (\$ 000)	\$34,479
	Months Outstanding	12

End of Month	Price	Yield
January	Not Traded	- %
February	Not Traded	-
March	Not Traded	-
April	83.250	3.82
May	75.001	4.32
June	75.000	4.32
July	71.000	4.60
August	71.000	4.60
September	71.000	4.60
October	71.000	4.60
November	71.000	4.60
December	71.000	4.60
Average	73.250	4.45 %

Source Standard & Poor's XpressFeed – Bond Package

CSX Corporation

28	Type:	Debenture
	Description:	CSX Corp
	CUSIP:	126408AQ6
	Coupon Rate:	8 100%
	Maturity Date:	9/15/22
	Amount Outstanding (\$ 000)	\$93,591
	Months Outstanding	12

End of Month	Price	Yield
January	122 224	5 90 %
February	125 018	5 65
March	121 507	5 95
April	121 637	5 93
May	119 047	6 15
June	117 686	6 27
July	116 379	6 39
August	119 015	6 14
September	118 882	6 15
October	118 806	6 15
November	121 260	5 92
December	118 353	6 18
Average	119 985	6 07 %

Source Standard & Poor's XpressFeed – Bond Package

CSX Corporation

29	Type:	Debenture
	Description:	CSX Corp
	CUSIP:	126408AM5
	Coupon Rate:	8.625%
	Maturity Date:	5/15/22
	Amount Outstanding (\$ 000)	\$115,712
	Months Outstanding	12

End of Month	Price	Yield
January	127.679	5.85 %
February	130.623	5.60
March	127.342	5.87
April	127.388	5.86
May	124.411	6.11
June	122.761	6.25
July	121.375	6.37
August	123.923	6.13
September	123.629	6.15
October	123.548	6.15
November	126.014	5.92
December	123.045	6.18
Average	125.145	6.04 %

Source: Standard & Poor's XpressFeed – Bond Package

CSX Corporation

30

Type:	Note
Description:	CSX Corp
CUSIP:	126408GC1
Coupon Rate:	4.875%
Maturity Date:	11/1/09
Amount Outstanding (\$ 000)	\$200,000
Months Outstanding	12

End of Month	Price	Yield
January	98.598	5.42 %
February	99.404	5.11
March	98.958	5.30
April	99.044	5.29
May	98.345	5.61
June	98.398	5.61
July	98.637	5.52
August	99.132	5.30
September	99.566	5.09
October	99.542	5.11
November	100.865	4.39
December	100.273	4.71
Average	99.230	5.21 %

Source Standard & Poor's XpressFeed – Bond Package

CSX Corporation

31	Type:	Note
	Description:	CSX Corp
	CUSIP:	126408AP8
	Coupon Rate:	6.750%
	Maturity Date:	3/15/11
	Amount Outstanding (\$ 000)	\$500,000
	Months Outstanding	12

End of Month	Price	Yield
January	104.461	5.52 %
February	105.269	5.28
March	104.452	5.48
April	104.957	5.31
May	103.610	5.67
June	103.353	5.73
July	103.603	5.63
August	104.132	5.44
September	103.874	5.50
October	104.235	5.35
November	106.028	4.74
December	104.936	5.05
Average	104.409	5.39 %

Source Standard & Poor's XpressFeed – Bond Package

CSX Corporation

732

Type:	Note
Description:	CSX Corp
CUSIP:	126408GB3
Coupon Rate:	6.300%
Maturity Date:	3/15/12
Amount Outstanding (\$ 000)	\$400,000
Months Outstanding	12

End of Month	Price	Yield
January	103.122	5.58 %
February	104.408	5.29
March	103.464	5.49
April	103.410	5.49
May	102.258	5.75
June	101.936	5.82
July	102.032	5.79
August	102.923	5.56
September	102.443	5.67
October	103.252	5.45
November	104.316	5.16
December	102.388	5.65
Average	102.996	5.56 %

Source Standard & Poor's XpressFeed – Bond Package

CSX Corporation		
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33	Type:	Note
	Description:	CSX Corp
	CUSIP:	126408GF4
	Coupon Rate:	5.300%
	Maturity Date:	2/15/14
	Amount Outstanding (\$ 000)	\$200,000
	Months Outstanding	12

End of Month	Price	Yield
January	98.048	5.63 %
February	99.432	5.39
March	98.174	5.62
April	98.207	5.62
May	96.544	5.93
June	96.493	5.94
July	96.426	5.96
August	97.252	5.81
September	97.318	5.80
October	97.496	5.77
November	99.480	5.39
December	98.349	5.62
Average	97.768	5.71 %

Source Standard & Poor's XpressFeed – Bond Package

CSX Corporation

34	Type:	Note
	Description:	CSX Corp - New 4/25
	CUSIP:	126408GJ6
	Coupon Rate:	5.600%
	Maturity Date:	5/1/17
	Amount Outstanding (\$ 000)	\$300,000
	Months Outstanding	8.0

End of Month	Price	Yield
January	Not Traded	- %
February	Not Traded	-
March	Not Traded	-
April	Not Traded	-
May	Not Traded	-
June	96.693	6.04
July	95.719	6.18
August	98.311	5.82
September	95.848	6.17
October	95.951	6.16
November	97.922	5.88
December	96.268	6.12
Average	96.673	6.05 %

Source Standard & Poor's XpressFeed – Bond Package

CSX Corporation

35	Type:	Med Term Notes
	Description:	CSX Corp
	CUSIP:	12641LBU6
	Coupon Rate:	6.800%
	Maturity Date:	12/1/28
	Amount Outstanding (\$ 000)	\$200,000
	Months Outstanding	12

End of Month	Price	Yield
January	108.371	6.10 %
February	111.195	5.88
March	105.610	6.32
April	106.338	6.26
May	103.919	6.46
June	102.152	6.61
July	100.774	6.73
August	102.484	6.58
September	103.294	6.51
October	103.293	6.51
November	104.347	6.42
December	101.446	6.67
Average	104.435	6.42 %

Source Standard & Poor's XpressFeed – Bond Package

CSX Corporation

36

Type:	Med Term Notes
Description:	CSX Corp
CUSIP:	126408GH0
Coupon Rate:	6.000%
Maturity Date:	10/1/36
Amount Outstanding (\$ 000)	\$400,000
Months Outstanding	12

End of Month	Price	Yield
January	97.555	6.18 %
February	100.965	5.92
March	95.360	6.34
April	96.518	6.26
May	93.599	6.48
June	93.358	6.50
July	91.308	6.67
August	93.131	6.52
September	93.634	6.48
October	93.634	6.49
November	95.387	6.34
December	90.759	6.72
Average	94.601	6.41 %

Source Standard & Poor's XpressFeed – Bond Package

CSX Corporation

37	Type:	Note
	Description:	CSX Corp - New 4/25
	CUSIP:	126408GK3
	Coupon Rate:	6 150%
	Maturity Date:	5/1/37
	Amount Outstanding (\$ 000)	\$700,000
	Months Outstanding	8 0

End of Month	Price	Yield
January	Not Traded	- %
February	Not Traded	-
March	Not Traded	-
April	Not Traded	-
May	Not Traded	-
June	96 036	6 45
July	94 404	6 58
August	95 918	6 46
September	95 546	6 48
October	95 055	6 52
November	95 934	6 45
December	93 452	6 65
Average	95 192	6 51 %

Source: Standard & Poor's XpressFeed – Bond Package

CSX Corporation

38	Type:	Note
	Description:	CSXT - Conrail
	CUSIP:	209864AT4
	Coupon Rate:	9.750%
	Maturity Date:	6/15/20
	Amount Outstanding (\$ 000)	\$227,171
	Months Outstanding	12

End of Month	Price	Yield
January	124.150	6.94 %
February	126.210	6.73
March	123.509	6.99
April	123.790	6.95
May	121.846	7.14
June	120.729	7.25
July	121.658	7.14
August	122.387	7.06
September	122.315	7.05
October	122.984	6.97
November	126.288	6.62
December	129.107	6.33
Average	123.748	6.93 %

Source Standard & Poor's XpressFeed – Bond Package

Norfolk Southern Corporation

39	Type:	Debenture
	Description:	Conrail
	CUSIP:	209864AT4
	Coupon Rate:	9 750%
	Maturity Date:	6/15/20
	Amount Outstanding (\$ 000)	\$313,741
	Months Outstanding	12

End of Month	Price	Yield
January	124 150	6 94 %
February	126 210	6 73
March	123 509	6 99
April	123 790	6 95
May	121 846	7 14
June	120 729	7 25
July	121 658	7 14
August	122 387	7 06
September	122 315	7 05
October	122 984	6 97
November	126 288	6 62
December	129 107	6 33
Average	123 748	6 93 %

Source Standard & Poor's XpressFeed – Bond Package

Norfolk Southern Corporation

40

Type:	Med Term Note
Description:	Series A NSC
CUSIP:	655844AA6
Coupon Rate:	9.000%
Maturity Date:	3/1/21
Amount Outstanding (\$ 000)	\$83,372
Months Outstanding	12

End of Month	Price	Yield
January	128.884	5.94 %
February	130.945	5.75
March	127.247	6.07
April	127.359	6.05
May	124.140	6.34
June	122.595	6.48
July	121.600	6.57
August	123.977	6.33
September	122.650	6.45
October	123.160	6.39
November	126.699	6.04
December	125.964	6.10
Average	125.435	6.21 %

Source Standard & Poor's XpressFeed – Bond Package

Norfolk Southern Corporation

(41)

Type:	Med Term Note
Description:	Senior
CUSIP:	655844AL2
Coupon Rate:	6.200%
Maturity Date:	4/15/09
Amount Outstanding (\$ 000)	\$400,000
Months Outstanding	12

End of Month	Price	Yield
January	101.590	5.41 %
February	102.118	5.13
March	101.674	5.32
April	101.618	5.32
May	101.078	5.58
June	101.122	5.52
July	101.102	5.50
August	101.359	5.30
September	101.572	5.12
October	101.456	5.14
November	102.206	4.51
December	102.107	4.48
Average	101.584	5.19 %

Source Standard & Poor's XpressFeed – Bond Package

Norfolk Southern Corporation

42

Type:	Med Term Note
Description:	Senior
CUSIP:	655844AN8
Coupon Rate:	8.625%
Maturity Date:	5/15/10
Amount Outstanding (\$ 000)	\$300,000
Months Outstanding	12

End of Month	Price	Yield -
January	109.369	5.46 %
February	110.097	5.17
March	109.244	5.36
April	109.438	5.22
May	108.210	5.57
June	107.832	5.63
July	108.253	5.39
August	107.817	5.47
September	107.810	5.39
October	108.230	5.12
November	109.710	4.41
December	109.393	4.40
Average	108.784	5.22 %

Source Standard & Poor's XpressFeed – Bond Package

Norfolk Southern Corporation

43	Type:	Med Term Note
	Description:	Senior
	CUSIP:	655844AP3
	Coupon Rate:	6.750%
	Maturity Date:	2/15/11
	Amount Outstanding (\$ 000)	\$300,000
	Months Outstanding	12

End of Month	Price	Yield
January	104.676	5.44 %
February	105.749	5.12
March	104.822	5.35
April	104.904	5.30
May	103.848	5.58
June	103.663	5.61
July	104.107	5.45
August	105.315	5.05
September	104.493	5.27
October	104.784	5.14
November	107.126	4.34
December	107.156	4.27
Average	105.054	5.16 %

Source Standard & Poor's XpressFeed – Bond Package

Norfolk Southern Corporation

44

Type:	Med Term Note
Description:	Senior
CUSIP:	655844AQ1
Coupon Rate:	7.250%
Maturity Date:	2/15/31
Amount Outstanding (\$ 000)	\$500,008
Months Outstanding	12

End of Month	Price	Yield
January	114.950	6.06 %
February	117.195	5.90
March	110.594	6.37
April	112.177	6.26
May	109.284	6.47
June	108.010	6.57
July	107.140	6.64
August	109.795	6.43
September	108.890	6.50
October	112.128	6.25
November	113.321	6.16
December	110.675	6.36
Average	111.180	6.33 %

Source Standard & Poor's XpressFeed – Bond Package

Norfolk Southern Corporation

45

Type:	Med Term Note
Description:	Senior 2105
CUSIP:	655844AV0
Coupon Rate:	6.000%
Maturity Date:	3/15/05
Amount Outstanding (\$ 000)	\$300,000
Months Outstanding	12

End of Month	Price	Yield
January	93.029	6.44 %
February	96.007	6.24
March	88.638	6.77
April	89.160	6.73
May	86.211	6.96
June	84.990	7.06
July	85.357	7.02
August	86.595	6.92
September	85.605	7.01
October	86.214	6.96
November	88.240	6.80
December	87.597	6.84
Average	88.137	6.81 %

Source Standard & Poor's XpressFeed – Bond Package

Norfolk Southern Corporation

46	Type:	Med Term Note
	Description:	Senior
	CUSIP:	655844AX6
	Coupon Rate:	5.640%
	Maturity Date:	5/17/29
	Amount Outstanding (\$ 000)	\$350,000
	Months Outstanding	12

End of Month	- Price	Yield
January	94.974	6.05 %
February	96.770	5.90
March	91.823	6.33
April	93.652	6.17
May	90.995	6.40
June	90.363	6.46
July	89.529	6.54
August	91.173	6.39
September	90.872	6.42
October	92.882	6.24
November	95.631	6.00
December	91.818	6.34
Average	92.540	6.27 %

Source Standard & Poor's XpressFeed – Bond Package

Norfolk Southern Corporation

47	Type:	Med Term Note
	Description:	Senior
	CUSIP:	655844AW8
	Coupon Rate:	5.590%
	Maturity Date:	5/17/25
	Amount Outstanding (\$ 000)	\$366,620
	Months Outstanding	12.0

End of Month	Price	Yield
January	94.943	6.04 %
February	96.993	5.85
March	93.202	6.21
April	94.152	6.13
May	91.724	6.36
June	90.947	6.44
July	90.281	6.51
August	91.880	6.35
September	91.803	6.36
October	93.734	6.17
November	95.703	5.98
December	92.658	6.28
Average	93.168	6.22 %

Source Standard & Poor's XpressFeed – Bond Package

Norfolk Southern Corporation

48

Type:	Conrail Note
Description:	CR NSC 2017
CUSIP:	655844AE8
Coupon Rate:	7.700%
Maturity Date:	5/15/17
Amount Outstanding (\$ 000)	\$550,000
Months Outstanding	12

End of Month	Price	Yield
January	114.770	5.77 %
February	116.964	5.50
March	111.445	6.16
April	113.803	5.86
May	111.392	6.15
June	110.137	6.30
July	109.909	6.32
August	111.907	6.05
September	111.676	6.07
October	113.998	5.77
November	115.468	5.57
December	113.240	5.84
Average	112.892	5.95 %

Source Standard & Poor's XpressFeed – Bond Package

Norfolk Southern Corporation

49.

Type:	Conrail Note
Description:	CR NSC 2027
CUSIP:	655844AJ7
Coupon Rate:	7.800%
Maturity Date:	5/15/27
Amount Outstanding (\$ 000)	\$440,000
Months Outstanding	12

End of Month	Price	Yield
January	119.445	6.11 %
February	122.074	5.91
March	116.818	6.31
April	117.563	6.25
May	115.281	6.42
June	113.433	6.57
July	112.587	6.64
August	114.625	6.47
September	113.652	6.55
October	116.333	6.33
November	121.155	5.94
December	119.185	6.09
Average	116.846	6.30 %

Source Standard & Poor's XpressFeed -- Bond Package

Norfolk Southern Corporation

50

Type:	Conrail Note
Description:	CR NSC 2037
CUSIP:	655844AF5
Coupon Rate:	7.050%
Maturity Date:	5/1/37
Amount Outstanding (\$ 000)	\$716,600
Months Outstanding	12

End of Month	Price	Yield
January	113.257	6.08 %
February	116.881	5.85
March	108.325	6.42
April	109.994	6.30
May	107.273	6.49
June	105.646	6.61
July	104.129	6.72
August	108.731	6.38
September	107.344	6.48
October	110.598	6.25
November	111.308	6.20
December	108.374	6.41
Average	109.322	6.35 %

Source Standard & Poor's XpressFeed – Bond Package

Norfolk Southern Corporation

51	Type:	Conrail Note
	Description:	CR NSC 2097
	CUSIP:	655844AK4
	Coupon Rate:	7.900%
	Maturity Date:	5/15/97
	Amount Outstanding (\$ 000)	\$350,000
	Months Outstanding	12

End of Month	Price	Yield
January	121.456	6.50 %
February	124.698	6.32
March	116.638	6.76
April	117.336	6.73
May	114.289	6.91
June	112.656	7.01
July	113.623	6.95
August	115.276	6.85
September	113.954	6.92
October	114.787	6.87
November	117.506	6.72
December	115.783	6.82
Average	116.500	6.78 %

Source Standard & Poor's XpressFeed – Bond Package

Union Pacific Corporation

52

Type:	Deb (new 4/18)
Description:	UP Corp
CUSIP:	907818CX4
Coupon Rate:	6 150%
Maturity Date:	5/1/37
Amount Outstanding (\$ 000)	\$248,930
Months Outstanding	8 5

End of Month	Price	Yield
January	Not Traded	- %
February	Not Traded	-
March	Not Traded	-
April	Not Traded	-
May	Not Traded	-
June	Not Traded	-
July	Not Traded	-
August	Not Traded	-
September	96 436	6 41
October	98 527	6 26
November	98 259	6 28
December	96 315	6 42
Average	97 384	6 34 %

Source Standard & Poor's XpressFeed – Bond Package

Union Pacific Corporation

53	Type:	Debentures
	Description:	UP Corp
	CUSIP:	907818CU0
	Coupon Rate:	6 250%
	Maturity Date:	5/1/34
	Amount Outstanding (\$ 000)	\$246,586
	Months Outstanding	12

End of Month	Price	Yield
January	102 507	6 06 %
February	105 823	5 82
March	98 455	6 36
April	100 651	6 20
May	98 110	6 39
June	97 389	6 45
July	95 467	6 61
August	97 584	6 43
September	95 783	6 58
October	98 536	6 36
November	100 996	6 17
December	97 843	6 41
Average	99 095	6 32 %

Source Standard & Poor's XpressFeed – Bond Package

Union Pacific Corporation

54.	Type:	Debentures
	Description:	UP Corp
	CUSIP:	907818CF3
	Coupon Rate:	6.625%
	Maturity Date:	2/1/29
	Amount Outstanding (\$ 000)	\$595,338
	Months Outstanding	12

End of Month	Price	Yield
January	106.815	6.06 %
February	109.597	5.84
March	105.720	6.14
April	105.429	6.17
May	102.254	6.42
June	101.060	6.53
July	99.436	6.67
August	101.689	6.47
September	101.424	6.49
October	102.436	6.41
November	106.741	6.05
December	101.910	6.45
Average	103.709	6.31 %

Source Standard & Poor's XpressFeed – Bond Package

Union Pacific Corporation

55	Type:	Debentures
	Description:	UP Corp
	CUSIP:	907818AZ1
	Coupon Rate:	7.000%
	Maturity Date:	2/1/16
	Amount Outstanding (\$ 000)	\$249,548
	Months Outstanding	12

End of Month	Price	Yield
January	108.751	5.74 %
February	110.588	5.48
March	106.468	6.04
April	108.243	5.78
May	106.071	6.08
June	105.002	6.23
July	105.632	6.13
August	107.123	5.91
September	105.585	6.13
October	107.866	5.78
November	110.879	5.33
December	108.262	5.70
Average	107.539	5.86 %

Source Standard & Poor's XpressFeed – Bond Package

Union Pacific Corporation

56	Type:	Debentures
	Description:	UP Corp
	CUSIP:	907818BY3
	Coupon Rate:	7 125%
	Maturity Date:	2/1/28
	Amount Outstanding (\$ 000)	\$248,058
	Months Outstanding	12

End of Month	Price	Yield
January	111 915	6 11 %
February	114 964	5 87
March	111 670	6 12
April	109 745	6 28
May	107 278	6 47
June	106 064	6 58
July	106 029	6 58
August	107 148	6 48
September	106 987	6 49
October	107 291	6 47
November	111 354	6 13
December	108 869	6 33
Average	109 110	6 33 %

Source: Standard & Poor's XpressFeed – Bond Package

Union Pacific Corporation

57	Type:	Notes
	Description:	UP Corp
	CUSIP:	907818CQ9
	Coupon Rate:	3.875%
	Maturity Date:	2/15/09
	Amount Outstanding (\$ 000)	\$249,869
	Months Outstanding	12

End of Month	Price	Yield
January	97.038	5.42 %
February	97.687	5.12
March	97.697	5.17
April	97.811	5.16
May	97.462	5.44
June	97.718	5.35
July	97.910	5.30
August	98.534	4.92
September	97.943	5.43
October	98.441	5.13
November	99.142	4.60
December	99.148	4.65
Average	98.044	5.14 %

Source Standard & Poor's XpressFeed – Bond Package

Union Pacific Corporation

58

Type:	Notes
Description:	UP Corp
CUSIP:	907818CV8
Coupon Rate:	4.875%
Maturity Date:	1/15/15
Amount Outstanding (\$ 000)	\$249,650
Months Outstanding	12

End of Month	Price	Yield
January	95.275	5.61 %
February	96.985	5.34
March	94.086	5.82
April	95.671	5.57
May	93.920	5.87
June	93.304	5.99
July	93.248	6.01
August	94.515	5.79
September	94.544	5.80
October	95.533	5.63
November	97.848	5.23
December	95.313	5.69
Average	95.020	5.70 %

Source Standard & Poor's XpressFeed – Bond Package

Union Pacific Corporation

59	Type:	Notes
	Description:	UP Corp
	CUSIP:	907818CT3
	Coupon Rate:	5.375%
	Maturity Date:	5/1/14
	Amount Outstanding (\$ 000)	\$249,566
	Months Outstanding	12

End of Month	Price	Yield
January	98.608	5.60 %
February	100.070	5.36
March	99.303	5.49
April	99.510	5.46
May	97.802	5.76
June	96.567	5.99
July	95.537	6.19
August	97.889	5.75
September	98.005	5.74
October	98.950	5.56
November	100.441	5.29
December	98.286	5.69
Average	98.414	5.66 %

Source Standard & Poor's XpressFeed – Bond Package

Burlington Northern Santa Fe Corporation
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60	Type:	Notes (new 4/18)
	Description:	UP Corp
	CUSIP:	907818CW6
	Coupon Rate:	5.650%
	Maturity Date:	5/1/17
	Amount Outstanding (\$ 000)	\$249,235
	Months Outstanding	8.5

End of Month	Price	Yield
January	Not Traded	- %
February	Not Traded	-
March	Not Traded	-
April	Not Traded	-
May	Not Traded	-
June	Not Traded	-
July	Not Traded	-
August	Not Traded	-
September	97.259	6.02
October	98.630	5.83
November	100.646	5.56
December	98.710	5.82
Average	98.811	5.81 %

Source Standard & Poor's XpressFeed – Bond Package

Union Pacific Corporation

61	Type:	Notes
	Description:	UP Corp
	CUSIP:	907818CN6
	Coupon Rate:	6 125%
	Maturity Date:	1/15/12
	Amount Outstanding (\$ 000)	\$297,776
	Months Outstanding	12

End of Month	Price	Yield
January	102 577	5 52 %
February	103 775	5 23
March	102 941	5 41
April	103 305	5 32
May	101 609	5 72
June	101 301	5 79
July	102 054	5 59
August	102 351	5 51
September	102 457	5 47
October	102 402	5 47
November	105 013	4 77
December	104 249	4 95
Average	102 836	5 40 %

Source Standard & Poor's XpressFeed – Bond Package

Union Pacific Corporation

62	Type:	Notes
	Description:	UP Corp
	CUSIP:	907818CP1
	Coupon Rate:	6.500%
	Maturity Date:	4/15/12
	Amount Outstanding (\$ 000)	\$338,905
	Months Outstanding	12

End of Month	Price	Yield
January	104.400	5.51 %
February	105.476	5.26
March	104.826	5.39
April	104.846	5.37
May	103.288	5.71
June	102.932	5.78
July	103.544	5.62
August	103.558	5.61
September	103.664	5.57
October	104.466	5.35
November	106.454	4.84
December	105.701	5.00
Average	104.430	5.42 %

Source Standard & Poor's XpressFeed – Bond Package

Union Pacific Corporation

63	Type:	Notes
	Description:	UP Corp
	CUSIP:	907818CK2
	Coupon Rate:	6.650%
	Maturity Date:	1/15/11
	Amount Outstanding (\$ 000)	\$399,336
	Months Outstanding	12

End of Month	Price	Yield
January	104.054	5.49 %
February	105.175	5.15
March	104.546	5.30
April	104.594	5.27
May	103.316	5.62
June	103.150	5.65
July	103.116	5.64
August	103.995	5.33
September	103.146	5.58
October	103.967	5.28
November	106.277	4.47
December	103.958	5.22
Average	104.108	5.33 %

Source Standard & Poor's XpressFeed – Bond Package

Union Pacific Corporation

84	Type:	Notes
	Description:	UP Corp
	CUSIP:	907818CG1
	Coupon Rate:	7.375%
	Maturity Date:	9/15/09
	Amount Outstanding (\$ 000)	\$149,900
	Months Outstanding	12

End of Month	Price	Yield
January	105.007	5.30 %
February	105.725	4.95
March	105.561	4.94
April	105.414	4.93
May	104.472	5.26
June	104.352	5.25
July	104.141	5.28
August	104.732	4.90
September	104.449	4.96
October	104.302	4.93
November	105.631	4.07
December	105.436	4.03
Average	104.935	4.90 %

Source Standard & Poor's XpressFeed – Bond Package

Union Pacific Corporation

65	Type:	Mort Bond
	Description:	UPRR – MP
	CUSIP:	606198LF4
	Coupon Rate:	4.750%
	Maturity Date:	1/1/20
	Amount Outstanding (\$ 000)	\$29,905
	Months Outstanding	12

End of Month	Price	Yield
January	90.000	5.86 %
February	91.000	5.75
March	91.750	5.67
April	85.625	6.42
May	84.375	6.60
June	83.000	6.79
July	80.000	7.21
August	80.500	7.16
September	81.000	7.10
October	86.000	6.43
November	86.750	6.34
December	88.500	6.12
Average	85.708	6.45 %

Source Standard & Poor's XpressFeed – Bond Package

Union Pacific Corporation

66:	Type:	Mort Bond
	Description:	UPRR – MP
	CUSIP:	606198LG2
	Coupon Rate:	4.750%
	Maturity Date:	1/1/30
	Amount Outstanding (\$ 000)	\$28,794
	Months Outstanding	12

End of Month	Price	Yield
January	87.500	5.74 %
February	88.875	5.62
March	89.000	5.61
April	83.125	6.14
May	80.375	6.41
June	78.000	6.65
July	72.000	7.31
August	85.000	5.97
September	73.000	7.20
October	73.000	7.21
November	81.250	6.34
December	84.000	6.08
Average	81.260	6.36 %

Source Standard & Poor's XpressFeed – Bond Package

Union Pacific Corporation

67

Type:	Inc Debenture
Description:	UPRR – MP
CUSIP:	606198LH0
Coupon Rate:	5.000%
Maturity Date:	1/1/45
Amount Outstanding (\$ 000)	\$96,025
Months Outstanding	12

End of Month	Price	Yield
January	81.750	6.27 %
February	84.250	6.07
March	84.125	6.08
April	81.500	6.29
May	74.375	6.92
June	76.251	6.75
July	72.000	7.16
August	73.500	7.01
September	69.000	7.48
October	68.625	7.52
November	68.625	7.52
December	68.000	7.60
Average	75.167	6.89 %

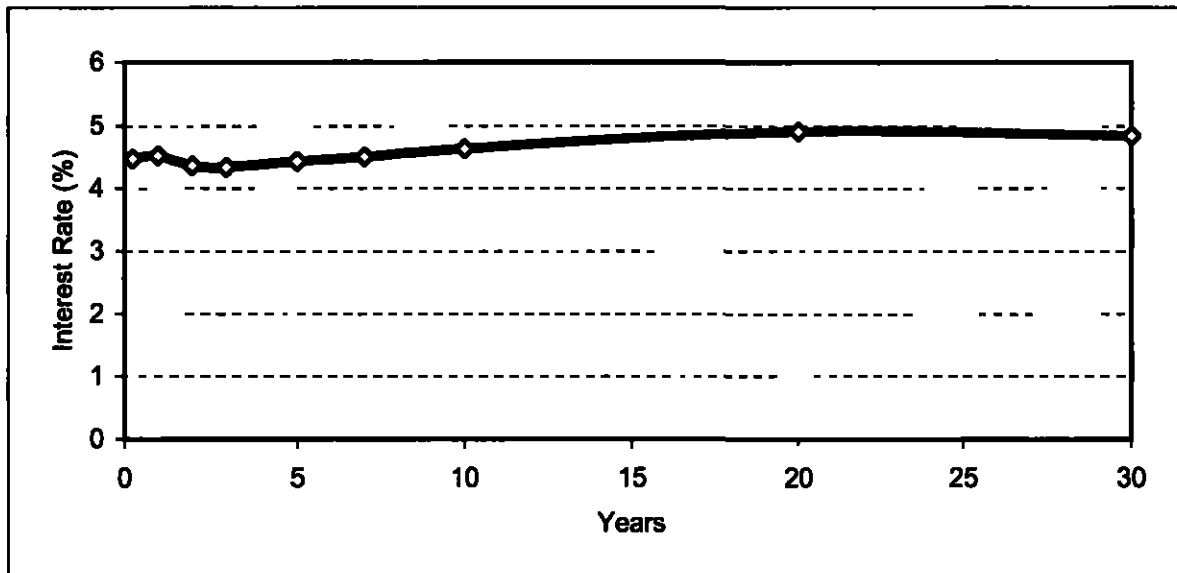
Source Standard & Poor's XpressFeed – Bond Package

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Interest Rates on Selected Government Instruments

Yield in Percent Per Annum, Constant Maturity Rates for 2007

	3 Mo.	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
January	5.11	5.06	4.88	4.79	4.75	4.75	4.76	4.95	4.85
February	5.16	5.05	4.85	4.75	4.71	4.71	4.72	4.93	4.82
March	5.08	4.92	4.57	4.51	4.48	4.50	4.56	4.81	4.72
April	5.01	4.93	4.67	4.60	4.59	4.62	4.69	4.95	4.87
May	4.87	4.91	4.77	4.69	4.67	4.69	4.75	4.98	4.90
June	4.74	4.96	4.98	5.00	5.03	5.05	5.10	5.29	5.20
July	4.96	4.96	4.82	4.82	4.88	4.93	5.00	5.19	5.11
August	4.32	4.47	4.31	4.34	4.43	4.53	4.67	5.00	4.93
September	3.99	4.14	4.01	4.06	4.20	4.33	4.52	4.84	4.79
October	4.00	4.10	3.97	4.01	4.20	4.33	4.53	4.83	4.77
November	3.35	3.50	3.34	3.35	3.67	3.87	4.15	4.56	4.52
December	3.07	3.26	3.12	3.13	3.49	3.74	4.10	4.57	4.53
Average	4.47	4.52	4.36	4.34	4.43	4.50	4.63	4.91	4.83



Source: Federal Reserve statistical release H 15, Treasury Constant Maturities, Nominal

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Equipment Trust Certificates for BNSF

Modeled ETCs

ETC ID	Maturity	Balance For 2007 (\$000)			Current Valuation		Current (\$000)	
		Beg.	Ending	Avg O/S	Interest Rate	Valuation Factor	Market Value	Interest
1 BNSF Series AA (B)	2/15/09	11,385	7,590	9,488	5.685%	1.03572	9,826	559
2 BNSF Series BB	11/1/09	12,426	8,284	10,355	5.685%	1.05275	10,901	620
3 BNSF Series AA (AT	9/24/11	11,175	8,940	10,058	5.736%	1.04680	10,528	604
4 BNSF 1999A	5/1/14	26,656	23,324	24,990	5.827%	1.01463	25,355	1,477
5 BNSF 1999 KFW	6/28/16	79,576	71,619	75,598	5.891%	1.05168	79,504	4,684
6 BNLC Dec98 KFW	1/2/2016	64,897	64,897	64,897	5.892%	1.00271	65,073	3,834
7 BNLC 2000 KFW	4/19/15	30,096	26,752	28,424	5.859%	1.08275	30,776	1,803
8 BNLC 2005-1 (1993 PT	01/02/12	34,828	28,882	31,855	5.767%	0.95610	30,457	1,756
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Total		\$271,039	\$240,288	\$255,664	5.844%		\$262,421	\$15,337

Note

This list contains ETCs that can be used in the AAR's model to determine market value. Some debt instruments labeled as ETCs do not have all of the characteristics typical of an ETC, and therefore cannot be modeled. For example, ETCs with variable rates cannot be modeled.

Non-Modeled ETCs

ETC ID	Maturity	Balance For 2007 (\$000)	
		Beg.	Ending
1 BNLC - Barbados	04/16/12	25,773	21,533
2 BNLC - 1992 ETC	07/14/13	19,479	16,696
3 BNLC - 1995A PTT	07/01/13	6,082	6,083
4 BNLC - Jan 98	09/30/09	8,222	5,376
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Total		\$59,556	\$49,688

Equipment Trust Certificates for BNSF (continued)

Entire ETC Current – Not Used for Cost or Market Value

ETC ID	Maturity	Balance 2007 (\$000)	
		Beg.	Ending
1 ATSF Series X	7/1/2008	9,534	4,767
2 BNSF Series Y	7/15/2008	867	433
3 ATSF Series Z	9/15/2008	4,408	2,204
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15			
Total		\$14,809	\$7,404

Grand Totals (for reconciliation to carrier data)

	Balance For 2007 (\$000)	
	Beg.	Ending
Total Modeled	\$271,039	\$240,288
Total Non-Modeled	59,556	49,688
Sub Total	330,595	289,976
Total All Current	14,809	7,404
Grand Total	345,404	297,380
From BNSF:		
Total ETCs		\$297,380
Difference		\$0

Equipment Trust Certificates for CSX

Modeled ETCs

ETC ID	Maturity	Balance For 2007 (\$000)			Current Valuation		Current	
		Beg.	Ending	Avg O/S	Interest Rate	Valuation Factor	Market Value	Interest
1 ETC CSX Series A 227	11/15/09	7,800	5,200	6,500	5.685%	1.05152	6,835	389
2 ETC CSX Series B 228	3/15/10	15,600	11,700	13,650	5.707%	1.04757	14,299	816
3 ETC CSX Series A 231	3/15/11	19,000	15,200	17,100	5.736%	1.03345	17,672	1,014
4 ETC CSX Series B 236	2/15/14	40,000	35,000	37,500	5.827%	1.00189	37,571	2,189
5 ETC CSX Series B 237	4/15/14	32,000	28,000	30,000	5.827%	1.02252	30,676	1,787
6 ETC CSX Series B 238	6/15/14	29,600	25,900	27,750	5.827%	1.05280	29,215	1,702
7 ETC CSX Series B 239	4/1/15	45,900	40,800	43,350	5.859%	1.09026	47,263	2,769
8 ETC CSX Series B 240	4/1/15	37,800	33,600	35,700	5.859%	1.05543	37,679	2,208
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15								
Total		\$227,700	\$195,400	\$211,550	5.820%		\$221,209	\$12,874

Note

This list contains ETCs that can be used in the AAR's model to determine market value. Some debt instruments labeled as ETCs do not have all of the characteristics typical of an ETC, and therefore cannot be modeled. For example, ETCs with variable rates cannot be modeled.

Non-Modeled ETCs

ETC ID	Maturity	Balance For 2007 (\$000)	
		Beg.	Ending
1 ETC CSX Series A 230	07/14/13	15,200	11,400
2 ETC CSX Series A 234	07/01/13	20,000	16,000
3 ETC CSX Series A 235	01/02/13	35,000	30,000
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Total		\$70,200	\$57,400

Equipment Trust Certificates for CSX (continued)

Entire ETC Current – Not Used for Cost or Market Value

ETC ID	Maturity	Balance 2007 (\$000)	
		Beg.	Ending
1 ETC CSX Series A 226	3/16/08	9,800	4,900
2 ETC CSX Series A 233	5/15/08	11,938	3,585
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15			
Total		\$21,738	\$8,485

Grand Totals (for reconciliation to carrier data)

	Balance For 2007 (\$000)	
	Beg.	Ending
Total Modeled	\$227,700	\$195,400
Total Non-Modeled	70,200	57,400
Sub Total	297,900	252,800
 Total All Current	 21,738	 8,485
Grand Total	319,638	261,285
 From CSX:		
Total ETCs		\$261,285
Difference		\$0

Equipment Trust Certificates for NS

Modeled ETCs

ETC ID	Maturity	Balance For 2007 (\$000)			Current Valuation		Current	
		Beg.	Ending	Avg O/S	Interest Rate	Valuation Factor	Market Value	Interest
1 NSR Series F	9/15/09	8,280	5,520	6,900	5.685%	1.03940	7,172	408
2 NSR Series H	7/15/13	29,400	25,200	27,300	5.794%	0.99176	27,075	1,569
3 NSR Series I	4/1/14	50,400	44,100	47,250	5.827%	1.01260	47,846	2,788
4 NSR Series J	7/1/14	50,000	43,750	46,875	5.827%	1.05707	49,550	2,887
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13				--			--	--
14				--			--	--
15				--			--	--
Total		\$138,080	\$118,570	\$128,325	5.812%		\$131,643	\$7,651

Note

This list contains ETCs that can be used in the AAR's model to determine market value. Some debt instruments labeled as ETCs do not have all of the characteristics typical of an ETC, and therefore cannot be modeled. For example, ETCs with variable rates cannot be modeled.

Non-Modeled ETCs

ETC ID	Maturity	Balance For 2007 (\$000)	
		Beg.	Ending
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Total		\$0	\$0

Equipment Trust Certificates for NS (continued)

Entire ETC Current – Not Used for Cost or Market Value

ETC ID	Maturity	Balance 2007 (\$000)	
		Beg.	Ending
1 NSR Series E	11/15/08	5,140	2,570
2 NSR-Series K	3/15/2008	116,259	104,633
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15			
Total		\$121,399	\$107,203

Grand Totals (for reconciliation to carrier data)

	Balance For 2007 (\$000)	
	Beg.	Ending
Total Modeled	\$138,080	\$118,570
Total Non-Modeled	0	0
Sub Total	138,080	118,570
Total All Current	121,399	107,203
Grand Total	259,479	225,773
 From NS:		
Total ETCs		\$225,773
Difference		\$0

Equipment Trust Certificates for UP

Modeled ETCs

ETC ID	Maturity	Balance For 2007 (\$000)			Current Valuation		Current	
		Beg.	Ending	Avg O/S	Interest Rate	Valuation Factor	Market Value	Interest
1 ETC UPC Series C	2/1/12	24,900	20,750	22,825	5.766%	1.06999	24,422	1,408
2 ETC UPC Series G	6/15/11	27,175	21,740	24,458	5.736%	1.04202	25,485	1,462
3 ETC UPC Series H	12/1/11	23,500	18,800	21,150	5.736%	1.02687	21,718	1,246
4 ETC UPC Series I	2/23/19	77,293	71,058	74,175	5.969%	1.04418	77,452	4,623
5 ETC UPC Series J	1/2/2031	94,815	94,815	39,506 *	6.029%	1.01937	40,271	2,428
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Total		\$247,683	\$227,163	\$182,114	5.897%		\$189,350	\$11,167

* Average outstanding has been prorated at 5/12 since debt was issued July 31, 2007

Note
This list contains ETCs that can be used in the AAR's model to determine market value. Some debt instruments labeled as ETCs do not have all of the characteristics typical of an ETC, and therefore cannot be modeled. For example, ETCs with variable rates cannot be modeled.

Non-Modeled ETCs

ETC ID	Maturity	Balance For 2007 (\$000)	
		Beg.	Ending
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3			
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14			
15			
Total		\$0	\$0

Equipment Trust Certificates for UP (continued)

Entire ETC Current – Not Used for Cost or Market Value

ETC ID	Maturity	Balance 2007 (\$000)	
		Beg.	Ending
1			
2			
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13			
14			
15			
Total		\$0	\$0

Grand Totals (for reconciliation to carrier data)

	Balance For 2007 (\$000)	
	Beg.	Ending
Total Modeled	\$247,683	\$227,163
Total Non-Modeled	0	0
Sub Total	247,683	227,163
 Total All Current	 0	 0
Grand Total	247,683	227,163
 From UP:		
Total ETCs		\$227,163
Difference		\$0

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Conditional Sales Agreements for BNSF

Modeled CSAs

CSA ID	Maturity	Balance For 2007 (\$000)			Current Valuation		Current	
		Beg.	Ending	Avg O/S	Interest Rate	Valuation Factor	Market Value	Interest
1								
2								
3	None							
4								
5								
6								
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9								
10								
Total		\$0	\$0	\$0	--		\$0	\$0

Note
This list contains CSAs that can be used in the AAR's model to determine market value. Some debt instruments labeled as CSAs do not have all of the characteristics typical of a CSA, and therefore cannot be modeled. For example, CSAs with variable rates cannot be modeled.

Non-Modeled CSAs

ETC ID	Maturity	Balance For 2007 (\$000)	
		Beg.	Ending
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
Total		\$0	\$0

	Balance For 2007 (\$000)	
	Beg.	Ending
Current CSAs Not Used	0	0
Grand Total All CSAs	\$0	\$0

Conditional Sales Agreements for CSX

Modeled CSAs

CSA ID	Maturity	Balance For 2007 (\$000)			Current Valuation		Current	
		Beg.	Ending	Avg O/S	Interest Rate	Valuation Factor	Market Value	Interest
1 CSX 422	10/22/12	30,709	25,591	28,150	6.096%	1.01933	28,694	1,749
2 CSX 423	4/16/2012	37,513	31,261	34,387	6.096%	1.00897	34,695	2,115
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10				--			--	--
Total		\$68,222	\$56,852	\$62,537	6.096%		\$63,389	\$3,864

Note

This list contains CSAs that can be used in the AAR's model to determine market value. Some debt instruments labeled as CSAs do not have all of the characteristics typical of a CSA, and therefore cannot be modeled. For example, CSAs with variable rates cannot be modeled.

Non-Modeled CSAs

ETC ID	Maturity	Balance For 2007 (\$000)	
		Beg.	Ending
1 CSA 424	Sept 2014	47,931	41,940 (uses a floating interest rate)
2			
3			
4			
5			
6			
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8			
9			
10			
Total		\$47,931	\$41,940

	Balance For 2007 (\$000)	
	Beg.	Ending
Current CSAs Not Used	0	0
Grand Total All CSAs	\$116,153	\$98,792

From CSX:

Total CSAs \$98,792
Difference from Grand Total \$0

Conditional Sales Agreements for NS

Modeled CSAs

CSA ID	Maturity	Balance For 2007 (\$000)			Current Valuation		Current	
		Beg.	Ending	Avg O/S	Interest Rate	Valuation Factor	Market Value	Interest
1				--			--	--
2				--			--	--
3				--			--	--
4				--			--	--
5				--			--	--
6				--			--	--
7				--			--	--
8				--			--	--
9				--			--	--
10				--			--	--
Total		\$0	\$0	\$0	--		\$0	\$0

Note
This list contains CSAs that can be used in the AAR's model to determine market value. Some debt instruments labeled as CSAs do not have all of the characteristics typical of a CSA, and therefore cannot be modeled. For example, CSAs with variable rates cannot be modeled.

Non-Modeled CSAs

ETC ID	Maturity	Balance For 2007 (\$000)	
		Beg.	Ending
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
Total		\$0	\$0

	Balance For 2007 (\$000)	
	Beg.	Ending
Current CSAs Not Used	0	0
Grand Total All CSAs	\$0	\$0

Conditional Sales Agreements for UP

Modeled CSAs

CSA ID	Maturity	Balance For 2007 (\$000)			Current Valuation		Current	
		Beg.	Ending	Avg O/S	Interest Rate	Valuation Factor	Market Value	Interest
1				--			--	--
2				--			--	--
3				--			--	--
4				--			--	--
5				--			--	--
6				--			--	--
7				--			--	--
8				--			--	--
9				--			--	--
10				--			--	--
Total		\$0	\$0	\$0	--		\$0	\$0

Note
This list contains CSAs that can be used in the AAR's model to determine market value. Some debt instruments labeled as CSAs do not have all of the characteristics typical of a CSA, and therefore cannot be modeled. For example, CSAs with variable rates cannot be modeled.

Non-Modeled CSAs

ETC ID	Maturity	Balance For 2007 (\$000)	
		Beg.	Ending
1			
2			
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Total		\$0	\$0

	Balance For 2007 (\$000)	
	Beg.	Ending
Current CSAs Not Used	0	0
Grand Total All CSAs	\$0	\$0

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2007 Market Value of Debt (\$000)

Type of Debt	Market Value		Total	Percent of	
	Traded or Modeled	Non-Traded or Non-Modeled		Subtotal	Total
Bonds, Notes & Debentures	\$17,505,104	\$4,614,897	\$22,120,001	96 22%	85 58%
Equipment Trust Certificates	804,623		804,623	3 50%	3 11%
Conditional Sales Agreements	63,389		63,389	0 28%	0 25%
Sub Total	\$18,373,116	\$4,614 897	\$22,988,013	100 00%	88 94%
All Other — Capital Leases		\$2,363,091	\$2,363,091	82 67%	9 14%
All Other — Misc Debt		346,351	346,351	12 12%	1 34%
All Other — Non-Modeled ETC		107,088	107,088	3 75%	0 41%
All Other — Non-Modeled CSA		41,940	41,940	1 47%	0 16%
Sub Total			\$2,858,470	100 00%	11 06%
Total Market Value			\$25,846,483		100 00%

General Notes:

Bonds, Notes, and Debentures from Appendix A Securities that did not trade were assigned a market value equal to their book value The traded portion accounts for 79 14 percent of the total market value for this category

Equipment Trust Certificates from Appendix C

Conditional Sales Agreements from Appendix D

Some ETCs and CSAs could not be modeled because they did not have all of the typical characteristics necessary for the model Those that could not be modeled were assigned a market value equal to their book value, and moved to the All Other category

Capital Leases and Miscellaneous Debt listed in work papers

The capital leases and miscellaneous debt portion of the All Other debt category was assigned a market value equal to its book value, and totals to \$2,709,442 thousand The non-modeled ETCs and CSAs were also assigned a market value equal to their book value and totaled to \$149,028 thousand The All Other category totals to \$2,858,470 thousand, or 11 1 percent of total debt

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2007 Current Cost of Debt

Type of Debt	Reference	Appendix E Weight	Current Cost	Weighted Cost
Type of Instrument				
Bonds, Notes & Debentures	App A & Table 4	96.22%	6.018%	5.791%
Equipment Trust Certificates	App C & Table 6	3.50%	5.845%	0.205%
Conditional Sales Agreements	App D & Table 7	0.28%	6.096%	0.017%
Total Without Floatation Costs		100.00%		6.012%
Floatation Costs				
Bonds, Notes & Debentures	SEC Study	96.22%	0.16%	0.154%
Equipment Trust Certificates	SEC Study	3.50%	0.13%	0.005%
Conditional Sales Agreements	SEC Study	0.28%	0.13%	0.000%
Total Floatation Costs		100.00%		0.159%
Weighted Cost of Debt				6.171%
Weighted Cost of Debt (rounded)				6.17%

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Market Value for Common Equity

Stock Data for BNI from Yahoo! Finance 5-1-08

<http://chart.finance.yahoo.com/table.csv?s=BNI&a=11&b=20&c=2002&d=00&e=10&f=2008&g=w&ignore=csv>

Beg. of Wk	End of Wk				Shares		Capitalization	
Date	Open	High	Low	Close	Volume	Adj Close	Outstanding	(\$000)
1/3/2007	74 06	75 00	71 97	72 36	2832700	71 12	359,206,742	25,992,200
1/8/2007	72 22	74 21	71 51	73 96	2226300	72 70	359,206,742	26,566 931
1/16/2007	73 96	79 74	73 91	77 93	3529300	76 60	359 206,742	27,992,981
1/22/2007	77 93	81 56	75 70	77 66	3709800	76 33	359,206,742	27,895,996
1/29/2007	77 50	82 59	76 87	81 42	2823400	80 03	358 958,852	29,226,430
2/5/2007	80 07	81 75	78 77	79 13	2543200	77 78	358,958,852	28,404,414
2/12/2007	79 17	84 57	78 55	82 61	3628500	81 20	358 958,852	29,653,591
2/20/2007	82 20	85 90	81 10	83 91	2798700	82 48	358,958,852	30,120,237
2/26/2007	82 90	83 02	77 40	77 53	4119300	76 21	358 958,852	27,830,080
3/5/2007	76 80	79 57	76 25	79 06	2880800	77 96	358,958,852	28,379,287
3/12/2007	78 75	80 23	76 60	79 82	2764600	78 71	358 958,852	28,652,096
3/19/2007	79 30	82 99	79 13	82 64	2697700	81 49	358 958,852	29,664,360
3/26/2007	84 36	84 36	79 20	80 43	3362200	79 31	358 958,852	28,871,060
4/2/2007	80 50	82 72	79 74	82 72	2403500	81 57	358 958,852	29,693,076
4/9/2007	86 27	93 22	86 01	90 69	5805400	89 43	358,958,852	32,553,978
4/16/2007	92 24	95 47	90 70	94 07	5180200	92 76	356 117,299	33,499,954
4/23/2007	93 98	94 88	86 62	88 87	3518800	87 63	356 117,299	31,648,144
4/30/2007	88 87	90 63	86 06	90 44	3250800	89 18	356 117,299	32,207,249
5/7/2007	90 53	92 27	88 48	89 96	2456800	88 71	356 117,299	32,036,312
5/14/2007	89 83	95 42	88 76	94 44	3270600	93 13	356 117,299	33,631,718
5/21/2007	94 55	95 26	90 46	91 43	2191800	90 16	356 117,299	32,559,805
5/29/2007	91 43	94 90	90 58	94 03	2378100	92 72	356 117,299	33,485,710
6/4/2007	93 33	93 81	87 12	88 78	2254700	87 79	356 117,299	31,616,094
6/11/2007	88 73	90 97	86 33	88 35	2598300	87 36	356 117,299	31,462,963
6/18/2007	88 75	88 75	85 29	86 15	2601800	85 19	356 117,299	30,679,505
6/25/2007	86 09	87 31	83 85	85 14	2279300	84 19	356,117,299	30,319 827
7/2/2007	85 64	87 17	85 25	86 70	1214600	85 73	356,117,299	30,875,370
7/9/2007	87 03	88 89	84 54	88 68	2405000	87 69	356 117,299	31,580,482
7/16/2007	88 66	94 20	88 08	90 36	4020000	89 35	353 419,377	31,934,975
7/23/2007	89 61	92 31	81 30	82 74	4663700	81 81	353 419,377	29,241,919
7/30/2007	82 00	85 52	78 79	79 10	3570200	78 22	353 419,377	27,955 473
8/6/2007	79 62	85 67	75 60	80 58	4293300	79 68	353 419,377	28,478,533
8/13/2007	81 50	83 44	73 86	79 56	5078800	78 67	353,419,377	28,118,046
8/20/2007	79 35	82 48	79 13	80 55	4473400	79 65	353,419,377	28,467,931
8/27/2007	80 67	81 70	77 20	81 15	7269200	80 24	353,419,377	28,679,982
9/4/2007	81 50	83 58	80 50	80 97	2717400	80 38	353,419,377	28,616,367
9/10/2007	81 48	83 39	79 24	82 05	2235400	81 45	353 419 377	28,998 060
9/17/2007	82 00	84 07	79 12	81 41	6401300	80 81	353,419 377	28,771,871
9/24/2007	81 74	82 92	80 33	81 17	2279400	80 58	353,419,377	28,687 051
10/1/2007	81 40	87 39	81 01	86 78	2378100	86 15	353,419 377	30,669,734
10/8/2007	87 00	87 14	82 64	83 56	2543300	82 95	353,419,377	29,531 723
10/15/2007	84 00	85 90	81 55	82 48	3396400	81 88	350,631 059	28 920,050
10/22/2007	80 80	88 65	80 79	85 65	3601900	85 02	350,631 059	30,031 550
10/29/2007	86 03	87 36	84 51	86 72	2437300	86 09	350,631 059	30 406 725
11/5/2007	86 32	87 40	84 26	84 66	2594000	84 04	350,631,059	29,684,425
11/12/2007	84 66	87 89	83 99	85 82	2994400	85 19	350,631 059	30,091 157
11/19/2007	85 45	85 71	81 03	82 45	2221800	81 85	350,631 059	28,909,531
11/26/2007	82 62	84 95	80 77	83 52	2342900	82 91	350,631 059	29 284,706
12/3/2007	83 29	89 16	81 81	87 04	2340900	86 40	350,631 059	30 518,927
12/10/2007	87 11	87 84	82 88	83 93	2316700	83 62	350,631 059	29,428,465
12/17/2007	83 73	85 20	80 64	83 66	2759900	83 35	350,631 059	29 333,794
12/24/2007	84 11	84 78	83 14	83 30	975900	83 00	350,631,059	29 207,567

Note Capitalization calculated using close of week price multiplied by the number of shares outstanding

Market Value for Common Equity

Stock Data for CSX from Yahoo Finance 5-1-08

<http://ichart.finance.yahoo.com/table.csv?s=CSX&a=11&b=20&c=2002&d=00&e=10&f=2008&g=w&ignore=csv>

Beg of Wk	End of Wk				Shares		Capitalization	
Date	Open	High	Low	Close*	Volume	Adj Close	Outstanding	(\$000)
1/3/2007	34 76	35 31	34 15	34 28	5006300	33 74	435,181 651	14,918 027
1/8/2007	34 21	35 28	33 50	34 70	3497000	34 15	435,181 651	15,100 803
1/16/2007	34 48	36 24	34 40	35 73	5132800	35 17	435,181 651	15,549,040
1/22/2007	35 63	37 00	34 31	35 31	4820600	34 75	435,181 651	15,366 264
1/29/2007	34 98	38 29	34 67	37 92	6852000	37 32	436,792 841	16,563,185
2/5/2007	37 99	38 14	36 63	37 07	5601900	36 49	436,792 841	16,191 911
2/12/2007	37 05	42 53	36 63	40 67	10758400	40 03	436,792 841	17,764,365
2/20/2007	40 53	41 50	39 48	40 42	7595300	39 78	436,792,841	17,655,167
2/26/2007	40 25	40 25	35 70	36 17	8212600	35 71	436,792,841	15,798,797
3/5/2007	35 70	38 25	35 46	37 85	7944900	37 37	436,792 841	16,532,609
3/12/2007	37 85	40 43	35 70	40 11	7281900	39 60	436,792,841	17,519,761
3/19/2007	38 50	42 10	37 74	41 65	7685200	41 12	436,792 841	18,192,422
3/26/2007	41 17	41 23	38 35	40 05	9411400	39 54	437,156 732	17,508,127
4/2/2007	39 83	41 35	39 36	40 96	8461400	40 44	437,156 732	17,905,940
4/9/2007	42 49	44 00	41 24	42 46	10440400	41 92	437,156,732	18,561,675
4/16/2007	42 35	46 23	42 35	45 04	11957800	44 46	437,156,732	19,689,539
4/23/2007	45 02	45 50	42 52	43 74	7174300	43 18	437,156 732	19,121 235
4/30/2007	43 80	46 19	42 95	46 01	6826600	45 42	437,156,732	20,113 581
5/7/2007	45 85	47 38	44 75	45 39	7549900	44 81	437,156,732	19,842 544
5/14/2007	45 39	47 19	44 73	46 55	6012500	45 96	437,156,732	20,349,646
5/21/2007	46 46	48 56	43 97	44 73	7167200	44 16	437 156,732	19,554,021
5/29/2007	44 90	48 50	44 29	46 17	5095500	45 70	437,156,732	20,183,526
6/4/2007	46 10	46 63	43 79	45 00	4931500	44 54	437,156,732	19,672,053
6/11/2007	44 94	45 75	43 27	45 06	4637100	44 60	437,156,732	19,698,282
6/18/2007	44 94	45 73	43 78	44 79	3937100	44 34	437,156 732	19,580,250
6/25/2007	44 75	45 49	43 34	45 08	5231000	44 62	439,010 736	19,790,604
7/2/2007	45 08	46 85	44 97	46 43	4115000	45 96	439,010,736	20,383,268
7/9/2007	46 55	48 50	45 69	48 23	4999200	47 74	439,010 736	21,173 488
7/16/2007	47 99	51 88	47 84	50 76	6312900	50 25	439,010 736	22,284,185
7/23/2007	50 90	51 30	45 31	46 41	6005400	45 94	439,010 736	20,374 488
7/30/2007	46 42	49 85	46 02	46 74	7059900	46 27	439,010 736	20,519 362
8/6/2007	47 07	48 56	43 54	47 00	7802800	46 52	439,010 736	20,633 505
8/13/2007	47 67	48 33	39 25	41 55	10626300	41 13	439,010 736	18,240 896
8/20/2007	41 55	44 55	41 55	43 08	6071500	42 64	439,010 736	18,912,583
8/27/2007	43 21	43 50	39 87	41 00	7138300	40 73	439,010,736	17,999,440
9/4/2007	41 00	42 35	39 71	40 09	5933500	39 83	439,010,736	17,599,940
9/10/2007	40 34	40 54	38 09	38 11	8816000	37 86	439,010 736	16,730,699
9/17/2007	38 62	42 05	38 45	40 29	6879900	40 03	439,010 736	17,687 743
9/24/2007	40 57	43 09	39 73	42 73	5382500	42 45	420,425 477	17,964,781
10/1/2007	42 60	43 97	41 47	43 52	5212800	43 24	420,425 477	18,296,917
10/8/2007	43 52	44 46	41 43	42 60	5512700	42 32	420,425 477	17,910 125
10/15/2007	42 60	46 49	41 63	44 62	8123400	44 33	420,425,477	18,759,385
10/22/2007	43 72	45 90	43 53	44 76	4045600	44 47	420,425 477	18,818,244
10/29/2007	44 86	45 21	42 78	43 62	4928600	43 34	420,425 477	18,338 959
11/5/2007	43 47	44 88	42,77	43 56	5220400	43 28	420,425,477	18,313 734
11/12/2007	43 57	44 84	42 52	43 24	7757900	42 96	420,425,477	18,179,198
11/19/2007	43 44	43 44	40 35	41 31	9197600	41 04	420,425 477	17,367 776
11/26/2007	41 23	42 52	40 17	42 00	6976900	41 88	420,425 477	17,657 870
12/3/2007	42 01	44 76	40 83	43 78	4526700	43 66	420,425 477	18,406 227
12/10/2007	43 99	44 92	42 13	43 49	5698200	43 37	420,425,477	18,284 304
12/17/2007	43 24	45 17	41 67	43 67	5221700	43 55	420,425 477	18,359 981
12/24/2007	43 98	45 45	43 83	44 27	2904200	44 14	420,425,477	18,612,236

Note Capitalization calculated using close of week price multiplied by the number of shares outstanding

Market Value for Common Equity

Stock Data for NSC from Yahoo! Finance 5-1-08

<http://ichart.finance.yahoo.com/table.csv?s=NSC&a=11&b=20&c=2002&d=00&e=10&f=2008&g=w&ignore=csv>

Bag of Wk.	End of Wk				Shares		Capitalization	
Date	Open	High	Low	Close	Volume	Adj Close	Outstanding	(\$000)
1/3/2007	50 46	50 98	47 94	49 20	3901700	47 79	396 891,872	19,527,080
1/8/2007	48 95	50 30	47 42	50 30	2275600	48 86	396,891,872	19,963,661
1/16/2007	50 14	53 65	50 14	52 98	3994700	51 46	396 891,872	21,027,331
1/22/2007	52 98	53 84	47 80	48 00	5519600	46 62	396 891,872	19,050,810
1/29/2007	48 00	51 35	47 05	50 88	5905800	49 65	396,986,263	20,198,661
2/5/2007	50 55	50 90	48 71	48 94	4023100	47 76	396 986,263	19,428,508
2/12/2007	49 01	52 68	48 15	51 18	4946000	49 94	396,986,263	20,317,757
2/20/2007	51 00	52 60	50 16	50 95	3004300	49 72	396,986,263	20,226,450
2/26/2007	50 85	50 85	46 11	46 34	4351200	45 22	396,986,263	18,396,343
3/5/2007	45 75	49 17	45 38	48 54	3419400	47 37	396 986,263	19,269,713
3/12/2007	48 34	49 43	46 06	48 77	5210100	47 59	396,986,263	19,361,020
3/19/2007	48 74	52 05	48 03	51 97	4900800	50 71	396,986,263	20,631,376
3/26/2007	51 59	52 30	49 68	50 60	4746800	49 38	396,986,263	20,087,505
4/2/2007	50 60	51 50	49 70	50 98	4170400	49 75	393,222,484	20,046,482
4/9/2007	52 56	55 00	51 19	53 89	5560600	52 59	393,222 484	21,190,760
4/16/2007	54 25	56 68	53 77	56 06	4387200	54 70	393,222,484	22,044,052
4/23/2007	55 62	56 50	52 67	53 62	4312100	52 32	393,222,484	21,084,590
4/30/2007	53 65	54 79	52 18	53 92	4855700	52 84	393,222,484	21,202,556
5/7/2007	54 00	55 25	53 14	55 22	3934500	54 11	393,222,484	21,713,746
5/14/2007	55 25	58 81	54 70	58 13	5239100	56 96	393,222,484	22,858,023
5/21/2007	57 89	58 47	56 58	57 23	3083500	56 08	393,222,484	22,504,123
5/29/2007	57 42	59 19	56 97	58 64	3303000	57 46	393,222,484	23,058,566
6/4/2007	58 72	58 95	54 06	54 89	3169200	53 79	393,222 484	21,583,982
6/11/2007	54 64	56 75	53 29	55 88	3602700	54 76	393,222 484	21 973,272
6/18/2007	55 90	56 54	53 74	53 91	2262700	52 83	393,222,484	21,198,624
6/25/2007	54 47	54 47	51 16	52 57	3208500	51 51	393,222 484	20 671,706
7/2/2007	52 95	54 49	52 83	54 02	1802300	52 93	393,601,723	21,262,365
7/9/2007	54 51	56 00	53 10	55 85	3218200	54 73	393,601,723	21,982,656
7/16/2007	56 13	59 77	55 40	56 84	4070100	55 70	393,601,723	22,372,322
7/23/2007	57 28	57,65	50 70	52 34	5620200	51 29	393,601 723	20 601,114
7/30/2007	53 90	55 37	50 75	50 84	5535600	50 06	393,601,723	20,010,712
8/6/2007	51 34	51 72	47 60	51 30	7432700	50 51	393,601,723	20,191,768
8/13/2007	52 24	52 50	46 42	50 97	6158300	50 19	393,601,723	20,061,880
8/20/2007	50 11	54 00	50 08	51 53	3710700	50 74	393,601,723	20,282,297
8/27/2007	51 61	51 95	50 02	51 21	2990200	50 42	393,601,723	20,156,344
9/4/2007	50 95	51 99	49 01	49 66	2790400	48 90	393,601 723	19,546,262
9/10/2007	50 05	52 18	48 40	50 91	3075400	50 13	393,601 723	20 038 264
9/17/2007	50 54	52 90	49 86	51 25	3026900	50 46	393,601 723	20,172,088
9/24/2007	51 18	52 66	50 25	51 91	2393000	51 11	393,601 723	20 431,865
10/1/2007	51 83	53 69	50 38	53 40	2594800	52 58	387,240 494	20 678,642
10/8/2007	53 24	54 50	52 27	53 60	3405100	52 78	387,240 494	20,756,090
10/15/2007	53 70	53 92	51 71	51 91	2765400	51 11	387,240,494	20,101,654
10/22/2007	51 58	54 58	50 50	51 15	3499000	50 37	387,240,494	19,807,351
10/29/2007	51 56	52 23	49 90	50 84	2610700	50 32	387,240 494	19,687,307
11/5/2007	49 87	51 22	49 87	50 47	3275600	49 95	387,240,494	19,544,028
11/12/2007	50 28	50 95	49 04	50 44	3069700	49 92	387,240 494	19,532,411
11/19/2007	50 02	50 86	48 48	49 55	3111600	49 04	387,240,494	19,187,766
11/26/2007	49 55	51 78	48 93	51 21	2714100	50 68	387,240,494	19,830,586
12/3/2007	51 48	53 99	50 76	53 32	2247300	52 77	387,240 494	20,647,663
12/10/2007	53 36	53 72	50 15	50 64	2753800	50 12	387,240 494	19 609,859
12/17/2007	50 52	51 05	48 03	49 99	3598100	49 47	387,240,494	19,358,152
12/24/2007	50 01	51 43	49 92	51 00	1194500	50 47	387,240,494	19,749,265

Note Capitalization calculated using close of week price multiplied by the number of shares outstanding

Market Value for Common Equity

Stock Data for UNP from Yahoo! Finance 5-1-08

<http://chart.finance.yahoo.com/table.csv?s=UNP&a=11&b=20&c=2002&d=00&e=10&f=2008&g=w&ignore=.csv>

Beg. of Wk.	End of Wk				Shares		Capitalization	
Date	Open	High	Low	Close	Volume	Adj Close	Outstanding	(\$000)
1/3/2007	92.47	93.99	90.58	90.66	1496900	89.14	269,719,931	24,452,809
1/8/2007	90.42	92.49	89.58	91.96	1877600	90.42	269,719,931	24,803,445
1/16/2007	91.96	98.15	91.68	96.33	3280900	94.72	269,719,931	25,982,121
1/22/2007	96.46	99.09	93.92	95.43	2755800	93.83	269,719,931	25,739,373
1/29/2007	95.43	103.40	94.57	102.40	3014000	100.69	270,752,306	27,725,036
2/5/2007	102.00	103.04	99.07	99.64	1876100	97.97	270,752,306	26,977,760
2/12/2007	99.89	104.70	98.80	101.73	2257400	100.03	270,752,306	27,543,632
2/20/2007	101.50	105.84	101.10	103.88	1904800	102.14	270,752,306	28,125,750
2/26/2007	103.96	103.96	96.50	97.82	2883200	96.51	270,752,306	26,484,991
3/5/2007	96.63	100.50	95.60	98.74	2355900	97.42	270,752,306	26,734,083
3/12/2007	98.69	102.04	95.51	99.95	2610000	98.61	270,752,306	27,061,693
3/19/2007	99.59	104.66	98.87	104.20	2791000	102.80	270,752,306	28,212,390
3/26/2007	105.08	105.70	99.38	101.55	2264300	100.19	270,752,306	27,494,897
4/2/2007	101.41	103.89	100.41	103.20	1467200	101.82	270,752,306	27,941,638
4/9/2007	106.59	112.10	105.62	109.78	2974500	108.31	270,752,306	29,723,188
4/16/2007	111.00	119.22	109.94	117.21	3180300	115.64	270,752,306	31,734,878
4/23/2007	116.92	117.84	113.74	115.84	2100800	114.29	269,451,889	31,213,307
4/30/2007	115.75	117.78	112.03	116.64	2781300	115.08	269,451,889	31,428,868
5/7/2007	116.60	118.49	115.30	116.90	2503400	115.33	269,451,889	31,498,926
5/14/2007	118.45	121.08	116.54	119.85	2446700	118.24	269,451,889	32,293,809
5/21/2007	119.43	120.50	116.79	117.96	1766800	116.73	269,451,889	31,784,545
5/29/2007	118.16	122.79	117.78	122.03	1514500	120.75	269,451,889	32,881,214
6/4/2007	121.74	122.13	114.71	116.65	1987600	115.43	269,451,889	31,431,563
6/11/2007	116.40	121.74	112.69	120.26	2465100	119.00	269,451,889	32,404,284
6/18/2007	120.26	120.26	114.82	116.09	1761200	114.88	269,451,889	31,280,670
6/25/2007	116.56	116.79	112.08	115.15	1811800	113.95	269,451,889	31,027,385
7/2/2007	115.85	117.43	115.15	116.81	1252900	115.59	269,451,889	31,474,675
7/9/2007	117.05	121.20	114.71	120.80	1912300	119.54	269,451,889	32,549,788
7/16/2007	119.82	129.36	117.17	125.87	3510400	124.55	269,451,889	33,915,909
7/23/2007	125.00	127.99	117.41	119.12	3573200	117.87	266,215,245	31,711,560
7/30/2007	118.75	122.13	114.25	114.25	2835400	113.05	266,215,245	30,415,092
8/6/2007	115.30	120.25	113.01	116.65	3776900	115.43	266,215,245	31,054,008
8/13/2007	117.30	119.75	99.38	105.93	4425100	104.82	266,215,245	28,200,181
8/20/2007	105.75	114.01	105.75	111.07	2686900	109.91	266,215,245	29,568,527
8/27/2007	110.90	112.16	106.67	111.57	2137700	110.76	266,215,245	29,701,635
9/4/2007	110.90	113.39	107.05	108.11	2167500	107.32	266,215,245	28,780,530
9/10/2007	109.00	113.37	105.06	111.83	1836200	111.01	266,215,245	29,770,851
9/17/2007	111.61	117.31	110.59	112.87	2156800	112.05	266,215,245	30,047,715
9/24/2007	113.43	114.67	110.00	113.06	2638100	112.24	266,215,245	30,098,296
10/1/2007	114.03	117.99	110.07	117.35	1972700	116.49	266,215,245	31,240,359
10/8/2007	116.93	119.79	115.61	119.52	1694800	118.65	266,215,245	31,818,046
10/15/2007	119.20	127.17	114.88	122.82	3596400	121.73	266,215,245	32,643,313
10/22/2007	120.50	130.00	119.05	127.90	2694200	126.97	262,623,905	33,589,597
10/29/2007	128.57	129.06	123.20	126.00	2074300	125.08	262,623,905	33,090,612
11/5/2007	125.00	127.07	123.29	124.65	2614400	123.74	262,623,905	32,736,070
11/12/2007	124.73	127.39	122.39	126.48	2406700	125.56	262,623,905	33,216,672
11/19/2007	125.92	127.85	122.06	124.68	2170800	123.77	262,623,905	32,743,948
11/26/2007	124.94	128.89	121.00	126.14	2149700	125.68	262,623,905	33,127,379
12/3/2007	126.00	136.74	124.35	134.84	2201800	134.34	262,623,905	35,412,207
12/10/2007	135.49	137.56	130.15	130.56	1954300	130.08	262,623,905	34,288,177
12/17/2007	130.25	130.84	121.36	126.02	3557300	125.56	262,623,905	33,095,865
12/24/2007	125.69	128.85	125.69	127.73	1098700	127.26	262,623,905	33,544,951

Note Capitalization calculated using close of week price multiplied by the number of shares outstanding

Market Value for Common Equity

Total Market Value for BNI, CSX, NSC, and UNP combined
Based on close price on last trading day of week and shares outstanding from 10-K and 10-Q

Trading Days For Week		Capitalization
Beginning	End	(\$000)
1 Wednesday, January 03, 2007	Fnday, January 05, 2007	\$84,890,116
2 Monday January 08, 2007	Fnday January 12, 2007	86 434,840
3 Tuesday, January 16, 2007	Fnday, January 19, 2007	90,551 474
4 Monday, January 22, 2007	Fnday, January 26, 2007	88,052 443
5 Monday, January 29, 2007	Fnday, February 02 2007	93,713 311
6 Monday, February 05, 2007	Fnday February 09 2007	91,002 592
7 Monday, February 12, 2007	Fnday, February 16, 2007	95,279,345
8 Tuesday, February 20, 2007	Fnday, February 23, 2007	96,127,604
9 Monday, February 26, 2007	Fnday, March 02 2007	88,510,211
10 Monday, March 05, 2007	Fnday March 09 2007	90,915 692
11 Monday, March 12, 2007	Fnday March 16 2007	92,594 569
12 Monday, March 19, 2007	Fnday March 23 2007	96,700 548
13 Monday, March 26, 2007	Fnday, March 30, 2007	93,961 589
14 Monday, April 02, 2007	Thursday, April 05, 2007	95,587 136
15 Monday, April 09, 2007	Fnday, April 13 2007	102,029 601
16 Monday, April 16, 2007	Fnday April 20 2007	106,968 424
17 Monday April 23, 2007	Fnday, April 27 2007	103,067,276
18 Monday April 30, 2007	Fnday, May 04, 2007	104,952,254
19 Monday May 07, 2007	Fnday May 11 2007	105,091 528
20 Monday, May 14, 2007	Fnday, May 18, 2007	109,133 195
21 Monday, May 21, 2007	Fnday, May 25, 2007	106,402,493
22 Tuesday, May 29 2007	Fnday, June 01, 2007	109,609,016
23 Monday, June 04, 2007	Fnday, June 08, 2007	104 303,692
24 Monday, June 11, 2007	Fnday, June 15, 2007	105,538,802
25 Monday June 18, 2007	Fnday, June 22, 2007	102,739,049
26 Monday, June 25, 2007	Fnday, June 29, 2007	101,809,522
27 Monday, July 02, 2007	Fnday, July 06, 2007	103 995,679
28 Monday July 09, 2007	Fnday, July 13, 2007	107,286,414
29 Monday July 16 2007	Fnday, July 20, 2007	110 507,391
30 Monday July 23, 2007	Fnday, July 27, 2007	101,929,082
31 Monday, July 30, 2007	Fnday, August 03, 2007	98 900,638
32 Monday, August 06, 2007	Fnday, August 10, 2007	100 357,815
33 Monday August 13, 2007	Fnday, August 17, 2007	94 621,002
34 Monday August 20 2007	Fnday, August 24, 2007	97 231,337
35 Monday August 27, 2007	Fnday, August 31, 2007	96 537,402
36 Tuesday, September 04, 2007	Fnday, September 07, 2007	94,543,099
37 Monday, September 10, 2007	Fnday, September 14, 2007	95,537,874
38 Monday, September 17, 2007	Fnday, September 21, 2007	96 679,417
39 Monday, September 24, 2007	Fnday, September 28, 2007	97 181,993
40 Monday, October 01, 2007	Fnday, October 05, 2007	100,885,652
41 Monday, October 08, 2007	Fnday, October 12, 2007	100 015 985
42 Monday, October 15, 2007	Fnday, October 19, 2007	100,424 402
43 Monday, October 22, 2007	Friday, October 26 2007	102 246 743
44 Monday, October 29, 2007	Fnday, November 02, 2007	101 523,603
45 Monday, November 05, 2007	Fnday, November 09, 2007	100,278,257
46 Monday, November 12, 2007	Fnday, November 16, 2007	101,019,437
47 Monday, November 19, 2007	Fnday, November 23, 2007	98,209,022
48 Monday, November 26, 2007	Fnday, November 30, 2007	99 900,541
49 Monday, December 03, 2007	Friday, December 07 2007	104 985 025
50 Monday, December 10, 2007	Fnday, December 14, 2007	101,610 804
51 Monday, December 17, 2007	Fnday December 21 2007	100 147 792
52 Monday, December 24, 2007	Fnday December 28 2007	101 114 020
Average		\$99,108,399



The GLM Procedure

Number of Observations Read	260
Number of Observations Used	260

Dependent Variable: RETRRRF

The GLM Procedure

Source	DF	Sum of Squares	Mean Square	F Value	Pr > F
Model	1	0.08548792	0.08548792	166.39	<.0001
Error	258	0.13255755	0.00051379		
Corrected Total	259	0.21804547			

R-Square 0.392065
 Coeff Var 561.5705
 Root MSE 0.022667
 RETRRRF Mean 0.004036

Source	DF	Type I SS	Mean Square	F Value	Pr > F
RETSP5RF	1	0.08548792	0.08548792	166.39	<.0001

Source	DF	Type III SS	Mean Square	F Value	Pr > F
RETSP5RF	1	0.08548792	0.08548792	166.39	<.0001

The GLM Procedure

Dependent Variable: RETRRRF

Parameter	Estimate	Standard Error	t Value	Pr > t
Intercept	0.002444381	0.00141115	1.73	0.0844
RETSP5RF	1.102468339	0.08546851	12.90	<.0001