

ASSOCIATION
OF AMERICAN
RAILROADS



John I. Gray
Senior Vice President - Policy & Economics

June 5, 2008

The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, SW.
Washington, DC 20423-0001

Dear Ms. Quinlan:

This submission is the AAR forecast of the third quarter 2008 All-Inclusive Index and Rail Cost Adjustment Factor, filed in Ex Parte No. 290 (Sub-No. 5) (2008-3) *Quarterly Rail Adjustment Factor*. The versions of RCAF-related indices covered in this filing are the All-Inclusive Index (initiated in the second quarter 1985), the Unadjusted RCAF (produced since October 1982), the Adjusted RCAF (first published in the second quarter of 1989), and the RCAF-5 (created by the STB in its Ex Parte No. 290 (Sub-No. 7) decision served October 3, 1996). The table below summarizes the third quarter 2008 results on the fourth quarter 2007 base, and shows the percentage changes from the previous quarter.

	<u>2008Q2</u>	<u>2008Q3</u>	<u>% Change</u>
All-Inclusive Index	106.1	115.6	9.0
Preliminary RCAF	1.061	1.156	9.0
Forecast Error Adjustment	0.016	-0.009	
RCAF (Unadjusted)	1.077	1.147	6.5
Productivity Adjustment Factor	2.1683	2.1748	
RCAF (Adjusted)	0.497	0.527	6.0
PAF-5	2.2859	2.2955	
RCAF-5	0.471	0.500	6.2

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Gray", with a stylized flourish at the end.

John T. Gray

Attachments

**Third Quarter 2008
All-Inclusive Index**

Ex Parte No. 290 (Sub-No. 5) (2008-3)

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

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

June 5, 2008

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Introduction

On January 2, 1985, the Interstate Commerce Commission (ICC) [now the Surface Transportation Board (STB)] adopted the All-Inclusive Index of Railroad Costs as the basis for the Rail Cost Adjustment Factor (RCAF). The quarterly projection of railroad costs, as documented herein, employs the All-Inclusive Index as required by the regulations. Also presented in this submission is the RCAF, both Adjusted and Unadjusted, as required by the ICC in its decision in Ex Parte No. 290 (Sub-No. 4), *Rail Cost Recovery Procedures - Productivity Adjustment*, served March 24, 1989. In addition, the AAR has included (but does not endorse) the RCAF-5, which was instituted by an STB decision served October 3, 1996 in Ex Parte No. 290 (Sub-No. 7), *Productivity Adjustment - Implementation*. This quarter's projection of railroad costs is for the third quarter 2008.

Index Weights

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

The 2006 (current) and 2005 (previous) weights are shown below. The previous (2005) weights were used for the fourth quarter of 2006 through the third quarter of 2007. Beginning with the fourth quarter of 2007, the 2006 weights are used. As those familiar with the U.S. economy in 2006 would expect, Fuel and Materials & Supplies increased their weight – especially Fuel. Labor, despite a 5.4 percent increase in the amount of labor expenses, decreased as a percentage of total expenses because of double-digit increases in Fuel and Materials & Supplies expenses. The biggest weight changes were Fuel's increase of 3.2 percentage points, and Other's decrease of 1.5 percentage points. Absolute changes for all of the remaining categories were by less than one percentage point.

RCAF Weights		
	Previous 2005	Current 2006
Labor	35.3 %	34.5 %
Fuel	16.0	19.2
Materials & Supplies	4.6	5.0
Equipment Rents	8.2	7.8
Depreciation	11.1	10.6
Interest	3.1	2.7
Other	21.7	20.2

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

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

All-Inclusive Index Third Quarter 2008

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

	2006 Weights	Forecast		Percent Change
		Previous 2008Q2	Current 2008Q3	
1 Labor	34.5%	313.6	317.2	1.1%
2 Fuel	19.2%	361.1	472.8	30.9
3 M&S	5.0%	225.1	228.3	1.4
4 Equipment Rents	7.8%	196.6	199.5	1.5
5 Depreciation	10.6%	196.9	197.9	0.5
6 Interest	2.7%	90.2	90.2	0.0
7 Other	20.2%	199.7	203.8	2.1
8 Weighted Average				
a 1980 = 100		267.8	291.8	
b 1980 = 100 (linked)		260.9	284.3 ¹	
c 4Q07 = 100		106.1	115.6 ²	9.0

¹ To calculate the 1980 = 100 Linked Index

Index80 = (Current Index / Previous Index) * the Previous Quarter Linked Index

= 291.8 divided by 267.8 times 260.9
= 284.3

² To calculate the 4Q07 = 100 index

Index4Q07 = (Current Linked Index / 4Q07 Linking Factor) * 100

= 284.3 divided by 245.9 times 100
= 115.6

Indexes based on other periods

4Q02 based index = 284.3 / 192.1 x 100 = 148.0
4Q97 based index = 284.3 / 173.2 x 100 = 164.1
4Q92 based index = 284.3 / 156.9 x 100 = 181.2
4Q87 based index = 284.3 / 132.2 x 100 = 215.1

Forecast vs. Actual All-Inclusive Index First Quarter 2008

Because of data availability, the forecast error adjustment has a two-quarter lag from each filing. As shown below, the first quarter actual index of 102.6 is 0.9 index points below the forecast value of 103.5. Therefore, the forecast error adjustment for third quarter 2008 is -0.9 index points.

	2006	First Quarter 2008		Amt
	Weights	Forecast	Actual	Difference
1 Labor	34.5%	312.8	312.8	
2 Fuel	19.2%	334.8	321.4	
3 M&S	5.0%	218.5	218.5	
4 Equipment Rents ¹	7.8%	193.1	194.8	
5 Depreciation	10.6%	200.1	196.1	
6 Interest	2.7%	90.2	90.2	
7 Other	20.2%	194.3	197.1	
8 Weighted Average				
a 1980 = 100		261.1	258.8	
b 1980 = 100 (linked)		254.4	252.3 ²	
c 4Q07 = 100 ³		103.5	102.6	-0.9

Forecast error → -0.9 index points

	2006	First Quarter 2008	
	Weights	Forecast	Actual
Car-Hire	46.3%	179.9	179.7
Lease Rentals	53.7%	194.3	197.1
Weighted Average		187.6	189.0
Weighted Average (linked)		193.1	194.8

² Linked actual index = (actual index / previous actual index) x previous linked actual index
 252.3 = 258.8 / 251.9 x 245.6

³ The 4Q07 based indexes are 1980 based indexes divided by the 4Q07 linking factor (245.9/100). Other linking factors are 4Q02 = 192.1, 4Q97 = 173.2, 4Q92 = 156.9, and 4Q87 = 132.2.

Productivity

On March 28, 2008, the Surface Transportation Board (STB) served a decision in Ex Parte 290 (Sub-No. 4) which added the year 2006 to the Productivity Adjustment Factor (PAF) and deleted the year 2001. This creates a geometric average annual productivity change for 2002 through 2006 of 1.2 percent – a 0.5 percentage point decrease from the 2001 through 2005 average of 1.7 percent. The components of this average annual value are shown on the following table in ratio format – therefore, 1.012 is the same as an increase of 1.2 percent. Productivity changes are calculated by dividing the output index by the input index. The average annual rate is calculated by multiplying each of the five productivity changes together and taking the result to the one fifth power. The quarterly productivity adjustment factors (PAF) are calculated by increasing the previous quarter's PAF by quarterly versions of the annual rate which are the fourth root of the average annual growth rate. The difference between the PAF and the PAF-5 is the timing of the 5-year productivity trend.

Comparison of Output, Input, & Productivity			
2002 - 2006			
Year	Output Index (1)	Input Index (2)	Productivity ¹ Changes (3)
2002	1.012	1.006	1.006
2003	1.039	1.020	1.019
2004	1.033	1.057	0.977
2005	1.021	0.956	1.068
2006	1.018	1.024	0.994
Average			1.012
Previous Average (2001-2005)			1.017

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

Calculation of PAF and PAF-5			
For 2002-2006, use fourth root of avg. productivity change = 1.0030			
For 2001-2005, use fourth root of avg. productivity change = 1.0042			
Quarter	Year	PAF	PAF-5
Q1	2008	2.1618	2.2763
Q2	2008	2.1683	2.2859
Q3	2008	2.1748	2.2955
Q4	2008	2.1813	2.3051
Q1	2009	2.1878	2.3120

Rail Cost Adjustment Factor

Third Quarter 2008

Four RCAF values are presented in this filing. Two are not modified for productivity (Preliminary RCAF and RCAF Unadjusted), and two incorporate a productivity calculation (RCAF Adjusted and RCAF-5). The All-Inclusive Index and all four RCAF values, plus the percent change for each, are shown below. Note that the All-Inclusive Index is on a 2007Q4=100 basis.

	Previous 2008Q2	Current 2008Q3	Percent Change
All-Inclusive Index ¹	106.1	115.6	9.0
Preliminary RCAF ²	1.061	1.156	9.0
Forecast Error Adjustment ³	<u>0.016</u>	<u>-0.009</u>	
RCAF (Unadjusted) ⁴	1.077	1.147	6.5
Productivity Adjustment Factor ⁵	2.1683	2.1748	
RCAF (Adjusted) ⁶	0.497	0.527	6.0
PAF-5 ⁷	2.2859	2.2955	
RCAF-5 ⁸	0.471	0.500	6.2

¹ See All-Inclusive Index on page 3.

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

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

⁴ Preliminary RCAF plus the forecast error adjustment.

⁵ See Productivity on page 5.

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

⁷ See Productivity on page 5.

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

Appendixes

Labor

Third Quarter 2008

The third quarter 2008 Labor Index is forecast to increase 1.1 percent. Many labor agreements have wage increases of 4 percent scheduled for July.

Wage Index

The Wage Index portion of the Labor Index increased 1.6 percent from the previous quarter. While many union employees will receive a general wage increase in July, profit sharing payments were lower.

Wage Increases: All national unions except the UTU, UTU-Yardmasters, and IAM are scheduled to receive a general wage increase of 4 percent effective July 1. [See Appendix II for railroad and union abbreviations.] The UTU has a tentative national agreement, but because voting will not be completed until after June 9, that agreement has not been added to the Wage Index. In addition to the national agreements, many independent agreements also have a 4 percent general wage increase scheduled for July 1. Ten new independent agreements have been added to the index.

Lump Sums: The lump sum rate decreased by 4.3 cents mostly because a signing bonus, involving an independent agreement for one railroad, was completely amortized and removed from the Index. Two lump sum amounts were added because of bonuses from new independent agreements, but these affected a total of only 48 people, and therefore did not have much impact on the Index.

Back Pay: The back pay rate increased slightly. Two amounts were completely amortized and removed from the rate, but back pay amounts for 10 new independent agreements were added. The new agreements involved various unions for SOO and CN's railroads, plus the UP's yardmasters.

Other: Other wages contains the amortization of profit sharing payments that the BNSF Railway makes each year to its dispatchers, yardmasters, and engineers. Last year's payment has now been completely amortized and removed from the rate. This year's payment is much less than previous years, causing the rate to drop by over 50 percent.

Supplements Index

The Supplements Index is forecast to increase 0.5 percent from the second quarter filing. An increase in Railroad Retirement costs (relating to higher wages) was reduced by lower employer costs for health & welfare and other fringe benefits.

Health & Welfare: Higher employee Health & Welfare cost sharing contributions for members of the IAM caused much of the slight decrease in employer costs for health & welfare. The ten new independent labor agreements also had some impact.

Labor

Third Quarter 2008

Railroad Retirement: The July wage increases and the resulting higher taxable wages caused the Railroad Retirement rate increase

Unemployment Insurance: The Unemployment Insurance rate was unchanged for the quarter

Other: The "Other" category is a reflection of all other fringe benefits, and currently contains employer contributions to employee 401(k) accounts, plus employer contributions to employee stock plans that are recorded as fringe benefits. The decrease of 1.2 cents was total employer contributions that were slightly less than the previous quarter.

Labor Index Calculation

As shown in Table A-1 on the next page, the 1.6 percent increase in the Wage Index and the 0.5 percent increase in the Supplements Index combined to cause a 1.1 percent increase in the Labor Index. The linked third quarter 2008 index is 317.2.

Labor

Third Quarter 2008

Table A-1 Labor Index

	2008Q2	2008Q3	Change	
			Percent	Amount
Base Wage – Straight Time & Pay For Time Not Worked	\$31 078	\$31 700	2 0%	\$0 622
Adjustments				
Lump Sum	0 159	0 116	-27 0%	-0 043
Back Pay	0 641	0 664	3 6%	0 023
Other	0 170	0 079	-53 5%	-0 091
Total Wages	<u>32 048</u>	<u>32 559</u>	1 6%	0 511
Health & Welfare Benefits	5 506	5 500	-0 1%	-0 006
RR Retirement & Medicare	6 533	6 609	1 2%	0 076
Unemployment Insurance	0 195	0 195	0 0%	0 000
Other	0 148	0 136	-8 1%	-0 012
Total Supplements	<u>\$12 382</u>	<u>\$12 440</u>	0 5%	0 058
Total Labor	\$44 430	\$44 999		
Wage Index¹	274 3	278 6	1 6%	
Supplements Index²	457 6	459 7	0 5%	
Total labor Index, 2006 Weights³	325 4	329 1		
Labor Index (linked)⁴	313.6	317.2	1 1%	

¹ 1980 wage rate \$11 685

² 1980 supplements rate \$2 706

³ 2006 weights wages, supplements 72 1% 27 9%

⁴ 2008Q3 linked Index = 2008Q2 linked x (2008Q3 / 2008Q2)

= 313 6 x 329 1 / 325 4

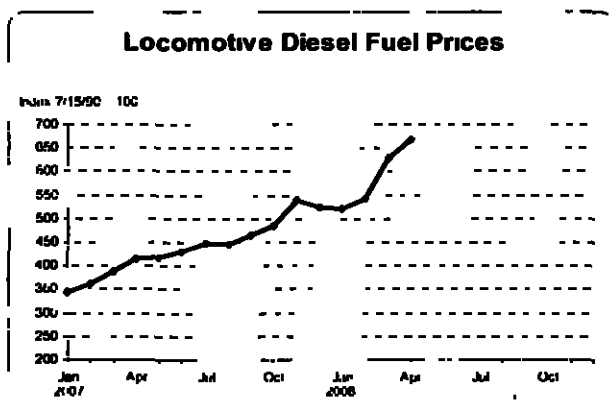
Fuel

Third Quarter 2008

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

Crude oil^{*} prices have increased significantly over the last three months. According to the Energy Information Administration, West Texas Intermediate spot prices are 25 percent higher than they were at the time of the last RCAF filing^{**}. One Wall Street firm predicted a possible \$200 price within the next two years. Heating oil^{***} followed a pattern similar to crude oil.

Locomotive diesel fuel prices (available through April) have ascended 28 percent since January, to record-breaking levels.



The railroads believe that July (third quarter) locomotive diesel fuel prices will be 30.9 percent higher than the April (second quarter) forecast, but only 14.7 percent higher than second quarter price actually experienced. This difference is caused by a second quarter forecast that was too low.

Forecast Fuel Index	472.8
Change from previous quarter forecast	30.9%
Change from previous quarter actual	14.7%

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

** West Texas Intermediate Spot Prices: March 5, 2008 = \$104.45 and May 28, 2008 = \$131.00.

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

Materials & Supplies

Third Quarter 2008

The Materials & Supplies Index index increased 1.4 percent from the previous quarter level. Higher prices for rail and ties were major contributors to the increase.

2008Q3 Materials & Supplies Index = 228.3

2008Q2 Materials & Supplies Index = 225.1

Difference	3.2 basis points
	or
	1.4 %

Equipment Rents

Third Quarter 2008

The Equipment Rents Index consists of two components – car hire and lease rentals. The methodology used to create these two components and the final Equipment Rents Index are explained below.

Car Hire

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

Lease Rentals

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

Equipment Rent Index Calculation

The table below lists the components of the Equipment Rents index, including weights. The Car Hire portion of the Index increased 0.7 percent, mostly because of rate increases for privately-owned tank cars. A 2.1 percent increase for the PPI-LF (See Appendix G) used as a proxy for Lease Rentals, combined with the increase for Car Hire, caused the Equipment Rent Index to increase 1.5 percent.

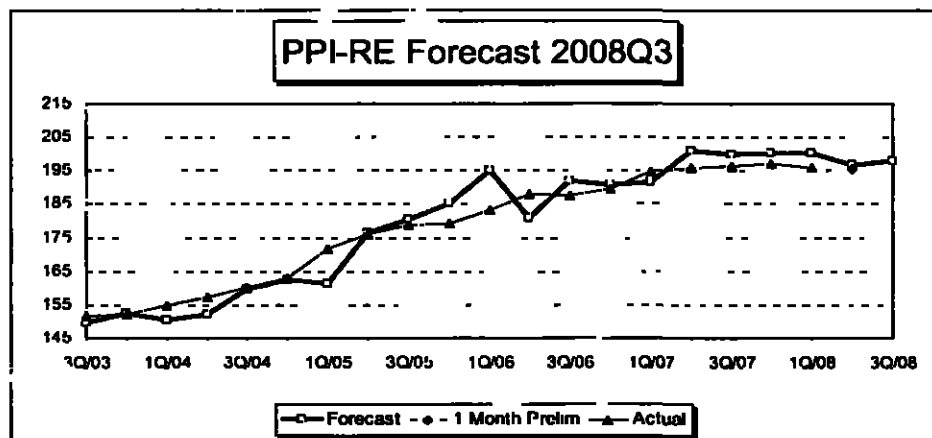
	2006 Weight	2008Q2	2008Q3	Percent Change
Car Hire	46.3%	181.0	182.3	0.7 %
Lease Rentals	53.7%	199.7	203.8	2.1
Weighted Average		191.0	193.8	1.5
Weighted Average (Linked)		196.6	199.5	1.5

Depreciation

Third Quarter 2008

The Producer Price Index for Railroad Equipment (PPI-RE) is used to index depreciation expense. The PPI-RE is forecast using an ARIMA (Auto-Regressive Integrated Moving Average) process where a statistical package picks the model that best fits the historical data set (see next page), and that model is then used for the forecast. The historical data set contains 6 years of monthly data (a sample size of 72), where the most recent available data point is the first month of the quarter prior to the forecast quarter. For a first quarter forecast, the most recent month of data available would be for October of the prior year. For a second quarter forecast, January would normally be the most recent period available. April and July would be the most recent months available for third and fourth quarter forecasts, respectively. The output from the forecast model is shown on page 2 of this appendix on a 1982=100 basis. The figure forecast by the model reflects recent monthly PPI-RE figures that either decreased, or increased at lower rates.

Forecast of Depreciation Index (1982=100)	178.9
Forecast of Depreciation Index (1980=100)	197.9
Change from previous quarter forecast	0.5%
Change from actual first month of previous quarter	1.2%
Change from same quarter of prior year (actual)	0.7%



Depreciation

Third Quarter 2008

PPI INDUSTRIAL COMMODITIES LESS FUEL AND RELATED PRODUCTS AND POWER

Recommended model Box-Jenkins

Forecast Model for PPIRE

ARIMA(0,1,0)*(0,0,2)

Term	Coefficient	Std. Error	t-Statistic	Significance
B[12]	-0.5894	0.0995	-5.9256	1.0000
B[24]	-0.7963	0.0525	-15.1760	1.0000

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 155.9	Standard deviation 16.57
R-square 0.9962	Adjusted R-square 0.9962
Durbin-Watson 1.673	Ljung-Box(18)=24.67 P=0.8657
Forecast error 1.027	BIC 1.075
MAPL 0.004602	RMSE 1.013
MAD 0.7073	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2007-11	177.700
2007-12	177.500
2008-01	177.700
2008-02	178.100
2008-03	176.100
2008-04	176.700

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2008-05	175.648	177.647	179.645
2008-06	175.771	178.598	181.424
2008-07	175.396	178.858	182.319
2008-08	174.760	178.757	182.754
2008-09	174.593	179.062	183.531
QTR AVG	174.916	178.892	182.868

Interest

Third Quarter 2008

The Interstate Commerce Commission, in its decision served February 28, 1989, revised the All-Inclusive Index methodology to include a specific interest component, which is to track changes in the average interest rate from year to year. The interest rate is essentially the embedded cost of debt, i.e., total interest expense divided by average total long term debt. The interest rate is calculated for the most recent year and used until the next year's figures are available. Typically in the fourth quarter filing, the interest rate is updated to the new level. The source for interest expense is Schedule 210, column b, from the R-1 annual report. The lines used from current R-1 annual reports are listed below. The source for average total debt is Schedule 200 from the R-1 annual report. The sums of data from columns b and c (ending and beginning balances) are combined and divided by 2 to compute an average balance. The line numbers are listed below. Beginning with fourth quarter 2007, the Interest Index is based on data for 2006.

Interest Expense (Schedule 210)

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

Average Total Debt (Schedule 200)

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

2006	Interest Rate	7.08%
1980	Interest Rate	7.85%
2008Q3	Interest Index	90.2
2008Q2	Interest Index	90.2
	Percent Change	0.0%

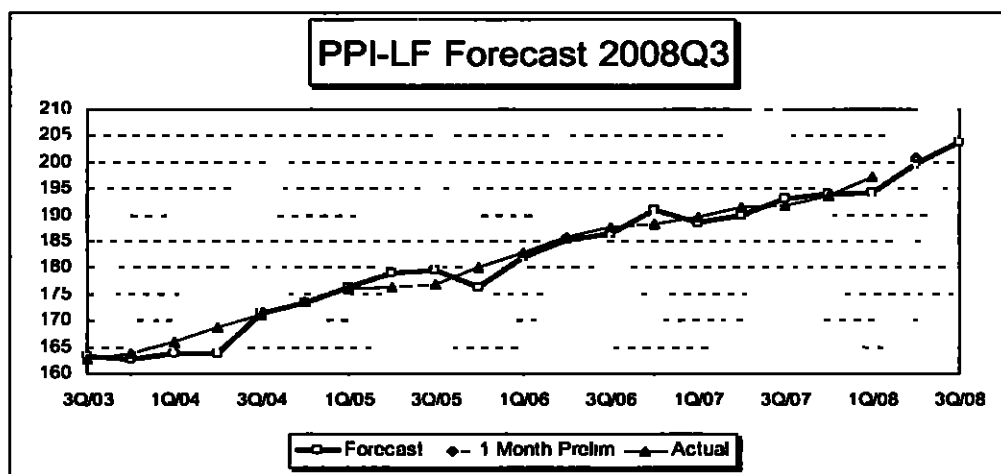
Other Expenses

Third Quarter 2008

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

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

Forecast of Other Expense Index (1982=100)	181.8
Forecast of Other Expense Index (1980=100)	203.8
Change from previous quarter forecast	2.1%
Change from actual first month of previous quarter	1.5%
Change from same quarter of prior year (actual)	6.2%



Other Expenses

Third Quarter 2008

PPI INDUSTRIAL COMMODITIES LESS FUEL AND RELATED PRODUCTS AND POWER

Recommended model Box-Jenkins

Forecast Model for PPILF

ARIMA(1,1,0)*(0,1,1)

Term	Coefficient	Std. Error	t-Statistic	Significance
a[1]	0.5819	0.1131	5.1458	1.0000
B[12]	0.8231	0.0539	15.2803	1.0000

Within-Sample Statistics

Sample size 72	Number of parameters 3
Mean 157.7	Standard deviation 11
R-square 0.999	Adjusted R-square 0.9989
Durbin-Watson 1.932	* Ljung-Box(18)=31.08 P=0.9718
Forecast error 0.3578	BIC 0.3744
MAPE 0.001566	RMSE 0.3528
MAD 0.2543	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2007-11	173.100
2007-12	173.100
2008-01	174.600
2008-02	175.700
2008-03	177.100
2008-04	179.000

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2008-05	179.530	180.294	181.057
2008-06	179.448	180.878	182.307
2008-07	179.354	181.403	183.451
2008-08	179.125	181.735	184.345
2008-09	179.073	182.191	185.309
QTR AVG	179.184	181.776	184.368

Railroad and Union Abbreviations

Third Quarter 2008

Railroads

BLE	Bessemer & Lake Erie Railroad (Part of CN's Grand Trunk Corp)
BNSF	BNSF Railway Company
CC	Chicago, Central & Pacific (Part of CN's Grand Trunk Corp Sometimes noted as CC&P)
CN	Canadian National Railway (Commonly known as CN, owns Grand Trunk Corporation)
CNGT	AAR's abbreviation for Grand Trunk Corporation (Almost all of CN's U S operations)
CP	Canadian Pacific Railway (Also noted as CPR Owns the U S Class I railroad Soo Line)
CSX	CSX Transportation
DMIR	Duluth, Missabe & Iron Range Company (Part of CN's Grand Trunk Corp)
DWP	Duluth, Winnipeg & Pacific Railway (Part of CN's Grand Trunk Corp)
GTW	Grand Trunk Western Railroad (Part of CN's Grand Trunk Corp)
IC	Illinois Central Railroad (Part of CN's Grand Trunk Corp)
KCS	Kansas City Southern Railway
NS	Norfolk Southern Combined Railroad Subsidiaries (a k a Norfolk Southern Railway or NS Rail)
SOO	Soo Line Railroad (Canadian Pacific Railway's western U S operations)
SSAM	Sault Saint Marie Bridge Company (Part of CN's Grand Trunk Corp)
UP	Union Pacific Railroad
WC	Wisconsin Central and subsidiaries (Part of CN's Grand Trunk Corp)

Major Unions Involved with Railroads

ATDA	American Train Dispatchers Association
BLET	Brotherhood of Locomotive Engineers and Trainmen Division of the International Brotherhood of Teamsters
BMWED	Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters
BRS	Brotherhood of Railroad Signalmen
IAM	International Association of Machinists and Aerospace Workers
IBBM	International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers
IBEW	International Brotherhood of Electrical Workers
NCFO	National Conference of Firemen and Oilers
SMW	Sheet Metal Workers' International Association
TCU	Transportation Communication International Union
TCU-Carmen	Brotherhood of Railway Carmen Division of the Transportation Communications International Union
UTU	United Transportation Union
UTU-Yard	United Transportation Union Yardmaster Department (also noted as U T U-YMD)

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

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

Workpapers Sent to STB for 2008 Q3 RCAF

June 5, 2008



- 1 Index Calculation Spreadsheet (index_calc.xls, 2 pages)
- 2 Summary (of ST and PFTNW Hourly Rates)
- 3 Taxable wages adjustment calculation
- 4 National Contracts spreadsheet, 2 sections (2 and 5 pages)
- 5 National Increase Applicability and U S 2006 Benchmark spreadsheets
- 6 Wall Street Journal - 3-month Treasury Bill Rate
- 7 2008/Q3 RCAF Lump Sum Amortization (3 pages)
- 8 2008/Q3 RCAF Back Pay Amortization (6 pages)
- 9 Health & Welfare worksheet (3 pages) plus 2 circulars from NRLC for changes in national rates
- 10 Railroad Retirement spreadsheet (5 pages)
- 11 Unemployment Insurance worksheet
- 12 2-page SAS run for Unemployment Insurance
- 13 Three-page "This Week in Petroleum" from Energy Information Administration
- 14 Summary of Materials & Supplies
- 15 Car Hire Spreadsheet (2 pages) plus source data (2 pages)
- 16 5 pages of PPI-RE for Depreciation including graph, input/output, and BLS source data
- 17 5 pages of PPI-LF for Other (and Lease Rentals) incl graph, input/output, BLS source data
- 18 Forecast Error calculation and workpapers (11 pages)

Circulars and Pages from Contracts Used For Wage Increases, Back Pay, and Lump Sums

- 1 National Unions - 11 pages
- 2 Independent and Benchmarked-Independent Agreements
CN Railroads - 42 pages
Dispatcher 4 - 3 pages
Misc. Group - 5 pages
SOO - 17 pages

RCAF All-Inclusive Index's Labor Index Based on 2006 Benchmarks

06 Wts.	3Q/07 Original	3Q/07 Rebench	% Chg	4Q/07	% Chg fr Orig	1Q/08	% Chg	2Q/08	% Chg	3Q/08	% Chg
Straight Time	\$24 362	\$24 278	-0.3%	\$24 724	1.5%	\$25 100	1.5%	\$25 105	0.0%	\$25 601	2.0%
PFTNW	\$5 419	\$5 813	7.3%	\$5 918	9.2%	\$5 972	0.9%	\$5 973	0.0%	\$6 099	2.1%
Total	\$29 781	\$30 091	1.0%	\$30 642	2.9%	\$31 072	1.4%	\$31 078	0.0%	\$31 700	2.0%
Adjustments											
Lump Sum	\$0.138	\$0.135		\$0.136		\$0.136		\$0.159		\$0.116	
Back Pay	\$0.013	\$0.013		\$0.448		\$0.650		\$0.641		\$0.664	
Other	\$0.176	\$0.171		\$0.171		\$0.170		\$0.170		\$0.079	
Total Wages	\$30.108	\$30.410	1.0%	\$31.397	4.3%	\$32.028	2.0%	\$32.048	0.1%	\$32.559	1.6%
Pre-Tax Reduction	(\$0.772)	(\$0.755)		(\$0.921)		(\$0.957)		(\$0.958)		(\$0.965)	
Taxable Wages	\$29.336	\$29.655		\$30.476		\$31.071		\$31.090		\$31.594	
H & W	\$5.515	\$5.719	3.7%	\$5.584	1.3%	\$5.506	-1.4%	\$5.506	0.0%	\$5.500	-0.1%
RR Ret & Medicare	\$6.235	\$6.236	0.0%	\$6.362	2.0%	\$6.530	2.6%	\$6.533	0.0%	\$6.609	1.2%
Unemp. Insurance	\$0.186	\$0.186	0.0%	\$0.186	0.0%	\$0.195	4.8%	\$0.195	0.0%	\$0.195	0.0%
Other	\$0.085	\$0.083	-2.4%	\$0.088	-22.4%	\$0.080	21.2%	\$0.148	85.0%	\$0.136	-8.1%
Total	\$12.021	\$12.224	1.7%	\$12.198	1.5%	\$12.311	0.9%	\$12.382	0.6%	\$12.440	0.5%
Adjustments											
Total Suppl.	\$12.021	\$12.224	1.7%	\$12.198	1.5%	\$12.311	0.9%	\$12.382	0.6%	\$12.440	0.5%
Total Labor	\$42.129	\$42.634	1.2%	\$43.595	3.5%	\$44.339	1.7%	\$44.430	0.2%	\$44.999	1.3%
Wage Rate Index	0.7210	257.7	1.0%	268.7	4.3%	274.1	2.0%	274.3	0.1%	278.6	1.6%
Suppl Index	0.2790	444.2	1.7%	450.8	1.5%	455.0	0.9%	457.6	0.6%	459.7	0.5%
Total Labor Index '05 Wts		309.2									
Total Labor Index '06 Wts.		309.7	1.3%	319.5	3.2%	324.6	1.6%	325.4	0.2%	329.1	1.1%
Labor Index (Linked)		298.5		307.9	3.1%	312.8	1.6%	313.6	0.3%	317.2	1.1%

All Inclusive Index and RCAF

	06 Wts	3Q/07	3Q/07 06 Wts	% Chg	4Q/07	% Chg	1Q/08	% Chg	2Q/08	% Chg	3Q/08	% Chg
Labor	0.345	298.50	298.5	0.0%	307.9	3.1%	312.8	1.6%	313.6	0.3%	317.2	1.1%
Fuel	0.192	253.90	253.9	0.0%	276.4	8.9%	334.8	21.1%	361.1	7.9%	472.8	30.9%
M&S	0.050	212.60	212.6	0.0%	218.4	2.7%	218.5	0.0%	225.1	3.0%	228.3	1.4%
Equip Rents	0.078	192.50	192.5	0.0%	192.9	0.2%	193.1	0.1%	196.6	1.8%	199.5	1.5%
Depreciation	0.106	199.90	199.9	0.0%	200.2	0.2%	200.1	0.0%	196.9	-1.6%	197.9	0.5%
Interest	0.027	96.90	96.9	0.0%	90.2	-6.9%	90.2	0.0%	90.2	0.0%	90.2	0.0%
Other	0.202	193.20	193.2	0.0%	194.1	0.5%	194.3	0.1%	199.7	2.8%	203.8	2.1%
Weighted Avg	1.000	238.70	240.2	0.6%	248.1	3.3%	261.1	5.2%	267.8	2.6%	291.8	9.0%
Linked		234.00			241.7	3.3%	254.4	5.3%	260.9	2.6%	284.3	9.0%
10/1/80 basis		227.80			235.3	3.3%	247.7	5.3%	254.0	2.5%	276.8	9.0%
10/1/82		193.50			199.9	3.3%	210.4	5.3%	215.8	2.6%	235.2	9.0%
4Q/87		177.00			182.8	3.3%	192.4	5.3%	197.4	2.6%	215.1	9.0%
4Q/92		149.10			154.0	3.3%	162.1	5.3%	166.3	2.6%	181.2	9.0%
4Q/97		135.10			139.5	3.3%	146.9	5.3%	150.6	2.5%	164.1	9.0%
4Q/02		121.80			125.8	3.3%	132.4	5.2%	135.8	2.6%	148.0	9.0%
4Q/07 basis		95.20			98.3	3.3%	103.5	5.3%	106.1	2.5%	115.6	9.0%
Car Hire	0.463	179.80	179.8	0.0%	179.7	-0.1%	179.9	0.1%	181.0	0.6%	182.3	0.7%
Lease Rents	0.537	193.20	193.2	0.0%	194.1	0.5%	194.3	0.1%	199.7	2.8%	203.8	2.1%
Wghted Avg Eq Rents		186.60	187.0	0.2%	187.4	0.2%	187.6	0.1%	191.0	1.8%	193.8	1.5%
Linked Equipment Rents		192.50			192.9	0.2%	193.1	0.1%	196.6	1.8%	199.5	1.5%

Note:
The RCAFs shown here for Q3 and Q4 have been recalculated using a 4Q/07=100 base

Preliminary RCAF	0.952	0.983	3.26%	1.035	5.3%	1.061	2.5%	1.156	9.0%
Forecast Error Adj RCAF Unadjusted	(0.016) 0.936	0.017 1.000		0.015 1.050		0.016 1.077		(0.009) 1.147	
PAF	2.1438	2.1528	0.42%	2.1618	0.42%	2.1683	0.30%	2.1748	0.3%
RCAF Adjusted	0.437	0.465	6.41%	0.486	4.5%	0.497	2.3%	0.527	6.0%
PAF-5	2.2562	2.2668	0.47%	2.2763	0.42%	2.2859	0.42%	2.2955	0.42%
RCAF-5	0.415	0.441	6.27%	0.461	4.5%	0.471	2.2%	0.500	6.2%

Hourly Rate for 2008 Q3

Straight Time and Time Paid For But Not Worked

2008Q3 Straight Time Hourly Rate (from national spreadsheet)

\$25.401

4% G W I for most unions, \$0.26 COLA for IAM, UTU, & UTU-YMD

Adjustments to 2006 base:

Adjustments added 2007 Q1

CN Railroads	3% for GTW UTU-YMD \$0.15 or \$0.01 COLA for some unions	0.003
Dispatcher 4 (BNSF, CSX, KCS, NS)	\$0.15 COLA for BNSF and KCS	0.001
Misc Independent BLET UTU YMD, ATDA	\$0.01 for UP ATDA 2% for NS BLET, \$0.15 for BNSF BLET CSX BLET & YMD UP YMD	0.028
SOO Unions	\$0.08 COLA for BMW E \$0.15 COLA for rest	0.002

Adjustments added 2007 Q2

CN Railroads	New contracts retro GWI for DMIR IBBM GTW BLET, IC TCU-CAR	0.003
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Adjustments added 2007 Q3

CN Railroads	3% GWI and \$0.10 COLA for some unions	0.007
Dispatcher 4 (BNSF CSX, KCS, NS)	\$0.10 COLA for BNSF CSX and KCS	0.001
Misc Independent BLET Yardmasters Dispatchers	\$0.10 for BNSF BLET CSX & UP YMD, new CSX BLET contract retro GWI	0.008
SOO Unions	\$0.05 COLA for BMW E \$0.10 COLA for rest	0.001

Adjustments added 2007 Q4

CN Railroads	New contracts retro GWI for DMIR BRC IC&CCP BMW E GTW TCU WC&SSAM UTU	0.015
Dispatcher 4 (BNSF CSX, KCS, NS)	New national contract retro GWI for BNSF CSX and KCS	0.009
Misc Independent BLET Yardmasters Dispatchers	New BNSF BLET contract with retro GWIs	0.018
SOO BLET	new BLET contract with retro GWIs	0.004

Adjustments added 2008 Q1

CN Railroads	New IC&CCP BRS, 4% for SSAM&WC BRS 3% for non-unions, \$0.16 COLA for some CUP DMIR, IC	0.005
Dispatcher 4 (BNSF CSX, KCS, NS)	No change	0.000
Misc Independent BLET Yardmasters Dispatchers	\$0.16 COLA for CSX and UP UTU YMD, \$0.03 (should have been 3%) for UP ATDA (non union)	0.001
SOO BLET	New ATDA, IBBM and TCU contracts \$0.16 COLA for rest except BLET	0.004

Adjustments added 2008 Q2

CN Railroads	New GTW TCU-Carmen with retroactive G W I	0.001
Dispatcher 4 (BNSF CSX, KCS, NS)	No change	0.000
Misc Independent BLET Yardmasters Dispatchers	UP ATDA adjustment	0.004
SOO	No change	0.000

Adjustments added 2008 Q3

CN Railroads	New GTW & IC IBEW IC SMW DMIR carmen, all with retroactive G W I Other with various G W I	0.027
Dispatcher 4 (BNSF CSX, KCS, NS)	4% G W I for BNSF, CSX and KCS	0.002
Misc Independent BLET Yardmasters Dispatchers	New UP YMD with retroactive G W I 4% for BNSF BLET \$0.26 COLA for CSX YMD	0.048
SOO	New BRS, IBEW NCFO and SMW with retroactive G W I	0.008

Adjusted STHR Total

\$25.601

Pay For Time Not Worked

PFTNW (from national spread sheet)

\$6.051

Ratio Adj STHR to Nat STHR

25.601 / 25.401 =

1.00787

Adjusted Pay For Time Not Worked

\$6.099

Notes

- 1 CN Railroads includes B&LE, CC&P, DMIR, DW&P, GTW, IC, WC, and SSAM
- 2 "Dispatcher 4" was benchmarked based on 2006 Wage Statistics as independent The new national ATDA contract was signed September 1, 2007 but still added to 4Q 2007 wage rate as independent adjustments

RCAF Taxable Wages

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

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

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

Reduction Calculation for 3Q/2008

U S ST Hours =

342,756,730

Wage Statistics are for 2006

Union Group	Employees	Mo. Rate	Annual \$
National BLET (BNSF, CSX, KCS, NS, UP)	28,966	(\$166 25)	(\$57,787,170 00)
National BMW (BNSF, CSX, KCS, NS, UP)	24,090	(\$166 25)	(\$48,059,550 00)
National BRS (BNSF, CSX, KCS, NS, UP)	5,859	(\$166 25)	(\$11,688,705 00)
National IAM (BNSF, CSX, KCS, NS, UP)	6,763	(\$170 44)	(\$13,832,228 64)
National IBBM (BNSF, CSX, KCS, NS, UP)	1,051	(\$166 25)	(\$2,096,745 00)
National IBEW (BNSF, CSX, KCS, NS, UP)	4,929	(\$166 25)	(\$9,833,355 00)
National NCFO (BNSF, CSX, KCS, NS, UP)	2,404	(\$166 25)	(\$4,795,980 00)
National SMW (BNSF, CSX, KCS, NS, UP)	1,059	(\$166 25)	(\$2,112,705 00)
National TCU (BNSF, CSX, KCS, NS, UP)	8,383	(\$166 25)	(\$16,724,085 00)
National TCU-CAR (BNSF, CSX, KCS, NS, UP)	10,407	(\$166 25)	(\$20,761,965 00)
National UTU (BNSF, CSX, KCS, NS, UP)	44,297	(\$170 44)	(\$90,599,768 16)
National UTU-Yardmasters (BNSF, CSX, KCS, NS)	1,701	(\$170 44)	(\$3,479,021 28)
Indep Dispatchers (wt avg BNSF, CSX, KCS, NS)	1,791	(\$164 92)	(\$3,544,460 64)
Independent CNGT (wt avg all 104 union categories)	5,892	(\$88 35)	(\$6,246,698 40)
Independent SOO (wt avg all 13 unions)	2,567	(\$130 41)	(\$4,017,149 64)
Independent UP (Yardmasters only)	491	(\$166 25)	(\$979,545 00)
Total Union	150,650		(\$296,559,131 76)
All Other @ \$2,839,968 66 total per month			(\$34,079,623 92)
Total			(\$330,638,755 68)

Reduction in Wage Rate Per ST Hour	-\$0 96464555
Deduct this amount from the Wage Rate	-\$0.965

National Contracts U.S.

Straight Time Hourly Rate														Check Sum	
	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	
Weight	0.27223	0.04641	0.19691	0.0056	0.0335	0.13529	0.05895	0.01288	0.03684	0.00593	0.02736	0.01269	0.0117	0.14371	1.00000
2006 Avg	20.235	22.129	21.774	21.652	23.127	19.980	21.403	17.764	21.657	19.684	22.227	31.747	27.519	41.118	332.017
12/31/06	20.242	22.134	21.778	21.658	23.130	19.991	21.412	17.776	21.672	19.698	22.232	31.801	27.524	41.118	332.167
1/1/07	20.386	22.270	21.829	21.804	23.130	20.065	21.551	17.920	21.815	19.839	22.375	31.801	27.588	41.128	
4/1/07	20.386	22.270	21.829	21.804	23.130	20.065	21.551	17.920	21.815	19.839	22.375	31.801	27.588	41.128	
7/1/07	20.481	22.360	21.864	21.902	23.130	20.111	21.644	18.016	21.911	20.252	22.470	31.801	27.631	41.128	
10/1/07	20.481	22.360	22.339	23.009	25.045	21.742	21.644	18.772	21.911	21.147	22.470	31.801	27.631	41.128	
1/1/08	20.634	23.413	22.339	23.009	25.045	21.742	22.682	18.772	22.064	21.147	23.592	31.801	27.700	42.362	
4/1/08	20.634	23.413	22.339	23.009	25.045	21.742	22.682	18.772	22.064	21.147	23.592	31.801	27.700	42.362	
7/1/08	20.882	24.258	22.645	23.910	25.995	22.546	23.523	19.492	22.312	21.942	24.489	31.801	27.812	42.362	

Weighted Straight Time Hourly Rate														
UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2006 Avg.	5.509	1.027	4.288	0.121	0.775	2.703	1.262	0.229	0.798	0.117	0.608	0.403	5.909	24.069
12/31/06	5.511	1.027	4.288	0.121	0.775	2.705	1.262	0.229	0.798	0.117	0.608	0.403	5.909	24.076
1/1/07	5.550	1.033	4.298	0.122	0.776	2.715	1.270	0.231	0.804	0.118	0.612	0.403	5.911	24.165
4/1/07	5.550	1.033	4.298	0.122	0.775	2.715	1.270	0.231	0.804	0.118	0.612	0.403	5.911	24.165
7/1/07	5.576	1.038	4.305	0.123	0.775	2.721	1.276	0.232	0.807	0.120	0.615	0.403	5.911	24.224
10/1/07	5.576	1.038	4.399	0.129	0.839	2.942	1.276	0.242	0.807	0.125	0.615	0.403	5.911	24.624
1/1/08	5.617	1.087	4.399	0.129	0.839	2.942	1.337	0.242	0.813	0.125	0.646	0.403	6.088	24.990
4/1/08	5.617	1.087	4.399	0.129	0.839	2.942	1.337	0.242	0.813	0.125	0.646	0.403	6.088	24.990
7/1/08	5.685	1.126	4.459	0.134	0.871	3.050	1.387	0.251	0.822	0.130	0.670	0.403	6.088	25.401

Note The 2006 Average and 12/31/06 Straight Time Hourly Rates are the industry rates, and include all Class I railroad employees. The rates for 1/1/07 through 7/1/08 are based on the industry year-end rates updated by NATIONAL UNION wage increases using contract information. These national increases are diluted using "percent national" ratios to account for non-national union contracts. The impacts of non-national (or independent contract) increases after 2006 are not shown on this page and are handled separately.

National Contracts U.S.

Pay For Time Not Worked Hourly Rate

	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER
Weight	0 27223	0 04641	0 19691	0 0056	0 0335	0 13529	0 05895	0 01288	0 03684	0 00593	0 02736	0 01268	0 0117	0 14371
2006 Avg	8 161	5 075	8 700	4 027	4 946	3 578	3 775	3 083	4 065	2 945	4 076	6 505	7 156	1 410
12/31/06	8 164	5 076	8 702	4 028	4 947	3 580	3 777	3 085	4 068	2 947	4 077	6 516	7 157	1 410
1/1/07	8 222	5 107	8 722	4 056	4 947	3 593	3 801	3 110	4 095	2 969	4 103	6 516	7 174	1 410
4/1/07	8 222	5 107	8 722	4 056	4 947	3 593	3 801	3 110	4 095	2 969	4 103	6 516	7 174	1 410
7/1/07	8 260	5 128	8 736	4 074	4 947	3 601	3 818	3 127	4 113	3 030	4 121	6 516	7 185	1 410
10/1/07	8 260	5 128	8 926	4 280	5 356	3 893	3 818	3 258	4 113	3 164	4 121	6 516	7 185	1 410
1/1/08	8 322	5 369	8 926	4 280	5 356	3 893	4 001	3 258	4 142	3 164	4 326	6 516	7 203	1 452
4/1/08	8 322	5 369	8 926	4 280	5 356	3 893	4 001	3 258	4 142	3 164	4 326	6 516	7 203	1 452
7/1/08	8 422	5 563	9 048	4 447	5 559	4 037	4 149	3 383	4 188	3 283	4 491	6 516	7 232	1 452

Pay For Time Not Worked Hourly Rate

	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2006 Avg.	2 222	0 236	1 713	0 023	0 166	0 484	0 223	0 040	0 150	0 017	0 112	0 083	0 084	0 203	5.753
12/31/06	2 223	0 236	1 713	0 023	0 166	0 484	0 223	0 040	0 150	0 017	0 112	0 083	0 084	0 203	5.754
1/1/07	2 238	0 237	1 718	0 023	0 166	0 486	0 224	0 040	0 151	0 018	0 112	0 083	0 084	0 203	5.781
4/1/07	2 238	0 237	1 718	0 023	0 166	0 486	0 224	0 040	0 151	0 018	0 112	0 083	0 084	0 203	5.781
7/1/07	2 249	0 238	1 720	0 023	0 166	0 487	0 225	0 040	0 152	0 018	0 113	0 083	0 084	0 203	5.800
10/1/07	2 249	0 238	1 758	0 024	0 179	0 527	0 225	0 042	0 152	0 019	0 113	0 083	0 084	0 203	5.894
1/1/08	2 266	0 249	1 758	0 024	0 179	0 527	0 236	0 042	0 153	0 019	0 118	0 083	0 084	0 209	5.946
4/1/08	2 266	0 249	1 758	0 024	0 179	0 527	0 236	0 042	0 153	0 019	0 118	0 083	0 084	0 209	5.946
7/1/08	2 293	0 258	1 782	0 025	0 186	0 546	0 245	0 044	0 154	0 019	0 123	0 083	0 085	0 209	6.051

U.S. National Contract

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UTU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				20 23547	8 16146
12/31/06 Industry Rate				20 24249	8.16429
1/1/07		0 15000	95 388%	20 38558	8 22200
4/1/07			95 388%	20.38558	8 22200
7/1/07		0 10000	95.388%	20 48097	8 26047
10/1/07			95 388%	20 48097	8.26047
1/1/08		0.16000	95 388%	20.63359	8 32203
4/1/08			95 388%	20 63359	8 32203
7/1/08		0.26000	95 388%	20 88160	8.42206

TCU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				22 12944	5 07490
12/31/06 Industry Rate				22 13431	5 07602
1/1/07		0.15000	90 271%	22 26971	5 10707
4/1/07			90 271%	22 26971	5 10707
7/1/07		0.10000	90 271%	22 35998	5.12777
10/1/07			90 271%	22 35998	5 12777
1/1/08			90 271%	23.41299	5.36926
4/1/08			90 271%	23 41299	5 36926
7/1/08	4 00%		90 271%	24 25840	5.56313

BLET

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				21 77389	8 70021
12/31/06 Industry Rate				21 77803	8.70187
1/1/07		0 15000	34.251%	21.82941	8 72240
4/1/07			34 251%	21.82941	8.72240
7/1/07		0.10000	34 251%	21 86366	8 73608
10/1/07			34 251%	22.33929	8 92613
1/1/08			34.251%	22 33929	8.92613
4/1/08			34.251%	22.33929	8 92613
7/1/08	4 00%		34.251%	22 64535	9.04842

U.S. National Contract

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SMWIA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg			New contract removes COLAs beginning 7/1/05 and adds three retro G W I	21 65197	4 02722
12/31/06 Industry Rate				21 65761	4.02827
1/1/07		0 15000	97 827%	21 80435	4 05556
4/1/07			97 827%	21.80435	4 05556
7/1/07		0.10000	97 827%	21.90218	4 07376
10/1/07			97 827%	23.00919	4 27966
1/1/08			97 827%	23 00919	4 27966
4/1/08			97 827%	23 00919	4 27966
7/1/08	4 00%		97 827%	23 90957	4 44713

BRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg			New contract adds three retro G W I	23 12687	4.94609
12/31/06 Industry Rate				23 13040	4 94685
1/1/07			94 845%	23 13040	4 94685
4/1/07			94 845%	23 13040	4 94685
7/1/07			94 845%	23 13040	4 94685
10/1/07			94 845%	25.04482	5.35628
1/1/08			94.845%	25 04482	5.35628
4/1/08			94 845%	25 04482	5.35628
7/1/08	4 00%		94 845%	25 99497	5 55949

No COLA provision in BRS 9/24/03 agreement

BMWE

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg			New contract removes COLAs beginning 7/1/05 and adds three retro G W I	19 97987	3 57778
12/31/06 Industry Rate				19 99121	3 57981
1/1/07		0.08000	92 392%	20 06512	3 59305
4/1/07			92 392%	20 06512	3 59305
7/1/07		0.05000	92 392%	20 11132	3 60132
10/1/07			92.392%	21.74237	3 89339
1/1/08			92.392%	21 74237	3.89339
4/1/08			92 392%	21 74237	3.89339
7/1/08	4 00%		92 392%	22 54591	4.03728

U.S. National Contract

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TCU-Carmen

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				21 40302	3 77519
12/31/06 Industry Rate				21 41190	3 77676
1/1/07		0 15000	92 710%	21.55096	3 80128
4/1/07			92.710%	21 55096	3 80128
7/1/07		0.10000	92 710%	21 64367	3 81764
10/1/07			92 710%	21.64367	3 81764
1/1/08			92.710%	22.68153	4 00070
4/1/08			92.710%	22 68153	4 00070
7/1/08	4 00%		92 710%	23.52265	4.14906

NCFO

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				17 76407	3.08290
12/31/06 Industry Rate				17.77636	3 08503
1/1/07		0.15000	95 865%	17.92016	3 10999
4/1/07			95 865%	17 92016	3 10999
7/1/07		0.10000	95 865%	18 01602	3.12662
10/1/07			95 865%	18.77239	3 25789
1/1/08			95 865%	18 77239	3.25789
4/1/08			95 865%	18 77239	3 25789
7/1/08	4 00%		95.865%	19 49223	3 38281

IAM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				21 65735	4 06537
12/31/06 Industry Rate				21 67225	4 06817
1/1/07		0.15000	95 478%	21 81546	4 09505
4/1/07			95 478%	21 81546	4 09505
7/1/07		0.10000	95 478%	21 91094	4 11297
10/1/07			95 478%	21 91094	4 11297
1/1/08		0 16000	95 478%	22 06371	4.14165
4/1/08			95.478%	22 06371	4 14165
7/1/08		0 26000	95 478%	22.31195	4 18825

U.S. National Contract

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IBBM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				19 68410	2 94546
12/31/06 Industry Rate				19 69762	2.94749
1/1/07		0.15000	93.938%	19 83853	2 96857
4/1/07			93.938%	19 83853	2 96857
7/1/07		0.44000	93.938%	20 25186	3.03042
10/1/07			93.938%	21.14699	3 16437
1/1/08			93.938%	21 14699	3 16437
4/1/08			93.938%	21.14699	3.16437
7/1/08	4.00%		93.938%	21 94160	3 28327

New contract removes COLAs beginning 7/1/05 and adds three retro G W I

12/14/04 contract states effective 6/1/07 wage rate shall be increased \$0.34 per hour

IBEW

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				22.22681	4.07615
12/31/06 Industry Rate				22 23189	4 07708
1/1/07		0.15000	95.112%	22 37456	4.10324
4/1/07			95.112%	22 37456	4.10324
7/1/07		0.10000	95.112%	22.46967	4 12068
10/1/07			95.112%	22 46967	4.12068
1/1/08			95.112%	23.59176	4.32646
4/1/08			95.112%	23.59176	4 32646
7/1/08	4.00%		95.112%	24.48931	4 49106

New contract removes COLAs beginning 7/1/05 and adds three retro G W I

ATDA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				31 74691	6 50471
12/31/06 Industry Rate				31.80064	6 51572
1/1/07			0.000%	31.80064	6.51572
4/1/07			0.000%	31.80064	6.51572
7/1/07			0.000%	31.80064	6.51572
10/1/07			0.000%	31.80064	6 51572
1/1/08			0.000%	31 80064	6 51572
4/1/08			0.000%	31.80064	6 51572
7/1/08			0.000%	31 80064	6 51572

Each railroad has been benchmarked as independent even though a national agreement was signed 9/1/07

U.S. National Contract

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YDMSTRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				27 51913	7 15606
12/31/06 Industry Rate				27 52390	7.15730
1/1/07		0 15000	42 979%	27.58837	7 17407
4/1/07			42 979%	27 58837	7.17407
7/1/07		0 10000	42 979%	27 63135	7 18524
10/1/07			42 979%	27 63135	7.18524
1/1/08		0 16000	42.979%	27 70012	7.20313
4/1/08			42.979%	27 70012	7 20313
7/1/08		0 26000	42 979%	27 81186	7 23218

OTHER

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				41 11808	1 40970
12/31/06 Industry Rate				41.11808	1 40970
1/1/07		0 01000	100.000%	41 12808	1 41004
4/1/07			100 000%	41 12808	1 41004
7/1/07			100.000%	41 12808	1 41004
10/1/07			100.000%	41.12808	1 41004
1/1/08	3 00%		100.000%	42 36192	1 45234
4/1/08			100 000%	42 36192	1 45234
7/1/08			100.000%	42 36192	1.45234

Check Sums

	Increase	Applicable	ST HR	PFTNW HR
2006 AVG			332 01699	67.50320
12/31/06			332 16670	

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

1121 058%

ok matches

ok matches
ok matches

All three should match
check sums on U S
Benchmark page

National Increase Applicability for U.S. Total

Union	Year 2006 ST Hours Pd	Not Part of National Agreements*														U S	
		CSX (E)	BLE (E)	DMIR (E)	GTW (E)	IC (E)	CCP (E)	DWP (E)	SSAM (E)	WC (E)	NS (E)	BNSF (W)	KCS (W)	SOO (W)	UP (W)	National Increase	Percent National Contract
UTU	93,309,110	--	35,370	115,497	542,896	1,428,842	133,489	79,324	14,355	639,019	--	--	--	1,313,537	--	89,005,801	95.388%
TCU	15,906,099	--	14,996	123,298	278,751	490,759	13,697	27,467	0	122,443	--	--	--	476,069	--	14,356,618	90.271%
BLET	67,492,528	11,306,000	19,849	65,589	404,561	928,604	103,045	70,931	11,440	555,994	9,887,735	19,938,612	--	1,082,091	--	23,117,077	34.251%
SMW	1,919,076	--	0	3,903	0	34,456	0	0	0	0	--	--	--	3,335	--	1,877,382	97.827%
BRS	11,482,130	--	9,470	0	99,976	219,329	29,817	13,238	0	116,174	--	--	--	103,951	--	10,890,175	94.845%
BMWE	46,373,055	--	60,177	0	396,876	968,041	169,616	0	79,255	958,927	--	--	--	895,046	--	42,845,117	92.392%
TCU-CAR	20,206,363	--	25,968	54,605	216,261	520,782	24,519	19,906	0	322,127	--	--	--	288,789	--	18,733,366	92.710%
IBFO	4,413,389	--	2,316	0	33,515	80,868	0	0	0	0	--	--	--	65,814	--	4,230,876	95.865%
IAM	12,626,673	--	9,520	42,989	18,066	272,563	7,175	3,624	0	49,098	--	--	--	167,905	--	12,055,713	95.478%
IBBM	2,032,168	--	0	1,786	0	56,450	2,102	0	0	0	--	--	--	62,834	--	1,908,986	93.938%
IBEW	9,378,172	--	10,738	66,329	34,698	188,236	11,365	3,512	4,912	32,667	--	--	--	105,975	--	8,920,750	95.112%
ATDA	4,348,885	648,379	0	1,864	27,669	78,438	0	7,408	0	61,791	875,647	1,190,109	70,551	84,615	1,302,414	0	0.000%
UTU-YMC	4,008,853	1,122,484	0	0	63,775	81,254	0	0	0	42,136	--	--	--	79,967	896,632	1,723,405	42.979%
OTHER	49,258,229	--	--	--	--	--	--	--	--	--	--	--	--	--	--	49,258,229	100.000%
TOTAL	342,756,730	13,076,863	188,404	475,871	2,117,054	5,350,622	484,805	225,410	109,982	2,900,376	10,783,382	21,128,721	70,551	4,729,938	2,189,246	278,925,525	1121.058%

Sum (for proofing)

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

Statistics based on AAR's 2006 112-Class Wage Statistics and knowledge of contracts as of August 2007

Percentages are full float

ATDA (dispatchers) are independent for each railroad Although BNSF, CSX, and KCS are participating in a tentative national agreement, they are benchmarked as independent NS is participating for H&W only UP is non-union
IC & UP dispatchers are non-union, and given same increases as non-union, but handled independently

U.S. 2006 Benchmark

	From AAR 112-Class Wage Statistics & Survey				ST \$ Adjusted to Exclude Lump Sums	2006 Average Hourly Rates		12/31/2006 ST HR	ST Hrs. 2006 Weights
	ST Hrs.	ST \$	PFTNW \$	Union L. Sum		ST wo LS	PFTNW		
UTU	93,308,110	\$1,888,807,695	\$761,538,751	\$653,726	\$1,888,153,969	\$20,235	\$8.161	\$20,242	0.27223
TCU	15,906,099	355,965,072	80,721,905	3,972,012	351,993,060	22,129	5.075	22,134	0.04641
BLET	67,492,528	1,554,100,984	587,199,358	84,526,156	1,469,574,828	21,774	8.700	21,778	0.19691
SMWIA	1,919,076	41,554,443	7,728,540	2,668	41,551,775	21,652	4.027	21,658	0.00560
BRS	11,482,130	265,659,219	56,791,678	113,459	265,545,760	23,127	4.946	23,130	0.03350
BMWE	46,373,055	926,828,567	165,912,556	300,788	926,527,779	19,980	3.578	19,991	0.13529
TCU-CAR	20,206,363	432,568,838	76,282,858	91,643	432,477,195	21,403	3.775	21,412	0.05895
NCFO	4,413,389	78,459,511	13,606,020	59,772	78,399,739	17,764	3.083	17,776	0.01288
IAM	12,626,673	273,501,081	51,332,102	40,775	273,460,306	21,657	4.065	21,672	0.03684
IBBM	2,032,168	40,120,524	5,985,679	119,125	40,001,399	19,684	2.945	19,698	0.00593
IBEW	9,379,172	208,543,671	38,230,881	74,601	208,469,070	22,227	4.076	22,232	0.02736
ATDA	4,348,885	143,526,067	28,288,220	5,462,409	138,063,658	31,747	6.505	31,801	0.01269
UTU-YMD	4,009,853	112,159,739	28,694,761	1,812,056	110,347,683	27,519	7.156	27,524	0.01170
OTHER	49,258,229	2,025,403,900	69,439,132	0	2,025,403,900	41,118	1.410	41,118	0.14371
AAR 112 Total	342,756,730	8,347,199,311	1,971,752,441	97,229,190	8,249,970,121	24,069	5.753	24,076	1.00000
Sum (for proofing)						332,01699	67.50320	332,16670	

Year-End Figures are calculated, based on 2006 ws-112 and union contracts, in YearEnd2006_final.xls exhibited in document titled "Year-End 2006 ST Hourly Rates for U.S."

The ST Hours Weights and the Hourly Rates are full float

CREDIT

BORROWING BENCHMARKS

Money Rates

May 27, 2008

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

	April index level	CHG FROM (%)	March '08	April '07
U.S. consumer price index				
All items	214.8	0.6	3.9	
Core	215.1	0.1	2.3	

International rates

	Latest	Week ago	-52 WEEK - High	-52 WEEK - Low
Prime rates				
U.S.	5.25	5.25	5.25	5.00
Canada	4.75	4.75	6.25	4.75
Euro zone	4.00	4.00	4.00	3.75
Japan	1.875	1.875	1.875	1.875
Switzerland	3.75	3.75	4.62	3.46
Britain	5.00	5.00	5.75	5.00
Australia	7.25	7.25	7.25	6.25
Hong Kong	5.50	5.50	n.a.	5.50

Overnight repurchase

	U.S.	U.K. (BBA)	Euro zone
U.S.	2.18	2.03	5.35
U.K. (BBA)	5.082	5.090	6.667
Euro zone	4.07	4.03	4.52

U.S. Government rates

	Discount	2.25	2.25	6.25	2.25
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Federal funds

	Effective rate	2.26	2.00	5.41	1.89
High	2.7500	2.5000	10.0000	2.2500	
Low	1.0000	1.7500	5.3750	0.0100	
Bid	2.0000	1.8750	8.0000	0.0100	
Offer	2.5000	2.0000	10.0000	0.0313	

Treasury bill auction

	4 weeks	13 weeks	26 weeks
4 weeks	1.970	1.970	5.055
13 weeks	1.870	1.855	4.885
26 weeks	1.920	1.885	4.890

Secondary market

Freddie Mac

	30-year mortgage yields	5.81	5.64	6.43	5.17
30 days					

	Latest	Week ago	-52 WEEK - High	-52 WEEK - Low
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Bankers acceptances

	Latest	Week ago	-52 WEEK - High	-52 WEEK - Low
30 days	2.37	2.40	5.81	2.35
60 days	2.47	2.55	5.81	2.47
90 days	2.62	2.63	5.81	2.50
120 days	2.67	2.70	5.73	2.50
150 days	2.75	2.73	5.63	2.45
180 days	2.83	2.81	5.58	2.40

Other short-term rates

	Latest	Week ago	-52 WEEK - High	-52 WEEK - Low
Call money	3.75	3.75	7.00	3.75

Commercial paper

	Latest	Week ago	-52 WEEK - High	-52 WEEK - Low
30 to 31 days	2.12			
32 to 44 days	2.11			
45 to 59 days	2.25			
60 to 89 days	2.30			
90 to 119 days	2.35			
120 to 149 days	2.42			
150 to 179 days	2.51			
180 to 209 days	2.52			
210 to 270 days	2.58			

Dealer commercial paper

	Latest	Week ago	-52 WEEK - High	-52 WEEK - Low
30 days	2.44	2.48	5.78	2.42
60 days	2.57	2.63	5.78	2.43
90 days	2.69	2.71	5.75	2.43

Euro commercial paper

	Latest	Week ago	-52 WEEK - High	-52 WEEK - Low
30 day	4.12	4.11	5.24	3.36
Two month	4.45	4.45	5.26	3.97
Three month	4.70	4.69	5.23	4.06
Four month	4.69	4.69	5.22	4.08
Five month	4.72	4.71	5.21	4.05
Six month	4.75	4.74	5.16	4.04

London interbank offered rate, or Libor

	Latest	Week ago	-52 WEEK - High	-52 WEEK - Low
One month	2.37875	2.43000	5.82375	2.37875
Three month	2.44438	2.65750	5.72500	2.54188
Six month	2.89938	2.80063	5.59500	2.36625
One year	3.86750	2.97625	5.50656	2.17813

Notes on data:

U.S. prime rate and discount rate are effective April 30, 2008. U.S. prime rate is the base rate on corporate loans posted by at least 75% of the 30 largest U.S. banks. Other prime rates aren't directly comparable, lending practices vary widely by location. Discount rate is the charge on loans to depository institutions by the New York Federal Reserve Bank. Federal funds rate is on reserves traded among commercial banks for overnight use in amounts of \$1 million or more. Call money rate is the charge on loans to banks.

	Latest	Week ago	-52 WEEK - High	-52 WEEK - Low
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Libor Swaps (USD)

	Latest	Week ago	-52 WEEK - High	-52 WEEK - Low
Two year	3.342	3.113	5.530	2.142
Three year	3.465	3.414	5.590	2.464
Five year	4.059	3.801	5.710	3.050
Ten year	4.559	4.366	5.900	3.933
30 year	5.009	4.844	6.070	4.486

Euro Libor

	Latest	Week ago	-52 WEEK - High	-52 WEEK - Low
One month	4.373	4.376	4.945	3.990
Three month	4.858	4.854	4.953	4.110
Six month	4.924	4.897	4.924	4.243
One year	5.047	4.986	5.047	4.286

Euro interbank offered rate (Euribor)

	Latest	Week ago	-52 WEEK - High	-52 WEEK - Low
One month	4.373	4.374	4.947	3.992
Three month	4.857	4.856	4.953	4.109
Six month	4.922	4.898	4.922	4.244
One year	5.050	4.987	5.050	4.287

Hibor

	Latest	Week ago	-52 WEEK - High	-52 WEEK - Low
One month	1.389	1.379	5.704	1.373
Three month	1.838	1.850	5.451	1.732
Six month	2.048	2.050	5.876	1.724
One year	2.501	2.429	5.688	1.671

Asian dollars

	Latest	Week ago	-52 WEEK - High	-52 WEEK - Low
One month	2.392	2.444	5.840	2.388
Three month	2.699	2.680	5.755	2.525
Six month	2.852	2.840	5.600	2.315
One year	3.054	2.986	5.936	2.113

	Latest	Week ago	-52 WEEK - High	-52 WEEK - Low
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Eurodollars (mid rates)

	Latest	Week ago	-52 WEEK - High	-52 WEEK - Low
One month	2.38	2.48	2.45	5.88
Two month	2.57	2.67	2.65	5.85
Three month	2.72	2.82	2.80	5.83
Four month	2.80	2.90	2.85	5.78
Five month	2.80	2.90	2.85	5.69
Six month	2.80	2.90	2.85	5.60

	1726	-216.6	-7.6	1.13
4 028		194.2	-4.3	1.13
4 250		39.2	-2.5	1.13
2 774		5.0	-6.9	1.13
3 057		-88.2	-4.9	1.13
5 720		249.8	-6.8	1.13
5 216		100.4	-7.1	1.13

Source: Reuters

Prior and sometimes anticipate moves in companies in the news

	SPREAD*, in basis points	One-day change	Last week	STOCK PERFORMANCE	Close (\$)	% chg
H			214			
T			n.a.			
W			110	33.64		
P			n.a.			
J			199	43.01		
I			n.a.			
T			n.a.	29.97		
W			n.a.			
M			293	44.00		
N			192	19.32		
Q			11	1926		
D			10	138	114.06	
C			8	140		
G			8	158		
J			8	194	43.01	
P			7	149		

	PRICE as % of face value	One-day change	Last week	STOCK PERFORMANCE	Close (\$)	% chg
R			1.75	80.375	2.20	
N			1.25	101.000	40.36	
P			1.25	89.250	25.10	
B			1.00	70.000	5.18	
E			0.88	n.a.	19.63	
N			0.88	92.250		
E			0.63	93.250		
L			0.63	98.813	15.93	

**RCAF Lump Sum Amortization
2008/Q3**

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hour	U.S. ST Hours	
CNGT - various ¹	Various	2007Q4	\$387,000	0 00113	0 00452	342,756,730	2008
GTW - TCU-CAR	2008Q2	2008Q2	\$90,000	0 00026	0 00105	342,756,730	2008
NS - BLET & ATDA	2008Q2	2008Q2	\$18,270,799	0 05331	0 21322	342,756,730	2008
CSX - BLET	2008Q2	2008Q2	\$20,528,547	0 05989	0 23957	342,756,730	2008
CNGT - various ²	Various	2008Q3	\$48,000	0.00014	0 00056	342,756,730	2008
Total			\$39,324,346	0 11473			

Should be slightly less than amortized amount

Fell out

CSX - BLET (signing bonus)	2007Q3	2007Q3	\$14,435,000	0 04211	0 16846	342,756,730	2008
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Interest Rate

2007/Q1	4 940
2007/Q2	5 035
2007/Q3	4 775
2007/Q4	4 600
2008/Q1	3 390
2008/Q2	2 180
2008/Q3	1 870
2008/Q4	
2009/Q1	
2009/Q2	
2009/Q3	
2009/Q4	

Lump Sum Adjustment for 2008/Q3	→ 0.116121
	or
	0.116

¹ DWP TCU-CAR, GTW BLET, and GTW TCU

² DMIR TCU-CAR and GTW IBEW

SCHEDULE: CNGT various (DWP TCU-CAR, GTW BLET, and GTW TCU)

Added 2007Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 00452			
2007/Q4	4	4 600	1 1500	\$0 00341	\$0 00116	\$0 00005	\$0 00111
2008/Q1	3	3 390	0 8475	\$0 00228	\$0 00115	\$0 00003	\$0 00113
2008/Q2	2	2 160	0 5400	\$0 00114	\$0 00115	\$0 00001	\$0 00114
2008/Q3	1	1 870	0 4675	(\$0 00000)	\$0.00115	\$0 00001	\$0 00114

SCHEDULE: GTW TCU-CAR

Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 00105			
2008/Q2	4	2 160	0 5400	\$0 00079	\$0 00027	\$0 00001	\$0 00026
2008/Q3	3	1 870	0 4675	\$0 00053	\$0.00027	\$0 00000	\$0 00026
2008/Q4	2		0 0000	\$0 00026	\$0 00026	\$0 00000	\$0 00026
2009/Q1	1		0 0000	\$0 00000	\$0 00026	\$0 00000	\$0 00026

SCHEDULE: NS BLET & ATDA

Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 21322			
2008/Q2	4	2 160	0 5400	\$0 16035	\$0.05403	\$0 00115	\$0 05288
2008/Q3	3	1 870	0.4675	\$0 10715	\$0.05395	\$0 00075	\$0.05320
2008/Q4	2		0 0000	\$0 05357	\$0 05357	\$0 00000	\$0 05357
2009/Q1	1		0 0000	\$0 00000	\$0 05357	\$0.00000	\$0 05357

SCHEDULE: CSX BLET

Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 23957			
2008/Q2	4	2 160	0 5400	\$0 18016	\$0 06070	\$0 00129	\$0 05941
2008/Q3	3	1 870	0 4675	\$0 12039	\$0.06062	\$0 00084	\$0 05977
2008/Q4	2		0 0000	\$0 06019	\$0 06019	\$0 00000	\$0 06019
2009/Q1	1		0 0000	\$0 00000	\$0 06019	\$0 00000	\$0 06019

SCHEDULE: CNGT various (DMIR TCU-CAR and GTW IBEW)

Added 2008Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 00056			
2008/Q3	4	1 870	0 4675	\$0 00042	\$0.00014	\$0 00000	\$0 00014
2008/Q4	3		0 0000	\$0 00028	\$0 00014	\$0 00000	\$0 00014
2009/Q1	2		0 0000	\$0 00014	\$0 00014	\$0 00000	\$0 00014
2009/Q2	1		0 0000	\$0 00000	\$0 00014	\$0 00000	\$0 00014

**RCAF Back Pay Amortization
2008/Q3**

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hr.	U.S. ST Hours	
National 7 Unions ¹	2007Q3	2007Q4	\$119,981,393	0 35004825	1 40019	342,756,730	2006
BNSF - BLET	2007Q3	2007Q4	\$15,874,984	0 04631560	0 18526	342,756,730	2006
CSX - BLET (ECS offset)	2007Q2	2007Q4	(\$243,379)	-0 00071006	-0 00284	342,756,730	2006
GTC/CN - various ²	2007Q3	2007Q4	\$8,408,734	0 02453266	0 09813	342,756,730	2006
SOO - BLET	2007Q3	2007Q4	\$1,490,393	0 00434825	0 01739	342,756,730	2006
National 3 Unions ³	2007Q4	2008Q1	\$66,876,916	0 19511482	0 78046	342,756,730	2006
IC&CCP - BRS	2008Q1	2008Q1	\$586,106	0 00170998	0 00684	342,756,730	2006
SOO - ATDA, IAM, IBBM, TCU	2007Q4	2008Q1	\$1,236,670	0 00360801	0 01443	342,756,730	2006
UP - ATDA	2008Q2	2008Q2	\$312,309	0 00091117	0 00364	342,756,730	2006
UP - UTU-YMD	2008Q2	2008Q2	(\$21,285)	-0 00006210	-0 00025	342,756,730	2006
GTW - TCU-CAR	2008Q2	2008Q2	\$1,079,857	0 00315051	0 01260	342,756,730	2006
IC - BMW (ECS offset)	2008Q3	2008Q3	(\$236,250)	-0 00068926	-0 00276	342,756,730	2006
GTC/CN - various ⁴	Various	2008Q3	\$4,693,403	0 01369310	0 05477	342,756,730	2006
UP - UTU-YMD (new contract)	2008Q2	2008Q3	\$3,445,994	0 01005376	0 04022	342,756,730	2006
SOO - new BRS IBEW NCFO SMW	2008Q2	2008Q3	\$495,002	0 00144418	0 00578	342,756,730	2006
Total			\$223,980,848	0 65346886			

Should be slightly less
than amortized amount

Fell out

CSX - BLET (retro GWI)	2007Q2	2007Q3	\$477,940	0 00139440	0 00558	342,756,730	2006
National IBBM	2007Q2	2007Q3	\$71,390	0 00020828	0 00083	342,756,730	2006

Interest Rate

2007/Q1	4 940
2007/Q2	5 035
2007/Q3	4 775
2007/Q4	4 600
2008/Q1	3 390
2008/Q2	2 160
2008/Q3	1 870
2008/Q4	
2009/Q1	
2009/Q2	
2009/Q3	
2009/Q4	

Back Pay Adjustment for 2008/Q3

0.66399

or

0.664

¹ National BLET, BMW, BRS, IBBM, NCFO, SMW, and ATDA

² DWP TCU-CAR, GTW TCU, IC&CCP BMW and UTU, and WC&SSAM UTU

³ National IBEW, TCU and TCU-CAR

⁴ DMIR TCU-CAR, GTW IBEW, IC IBEW, SMW and UTU (including CCP)

SCHEDULE: National BLET, BMW, BRS, IBBM, NCFO, SMW and ATDA

Added 2007Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$1 40019			
2007/Q4	4	4 600	1 1500	\$1 05613	\$0 36017	\$0 01610	\$0 34407
2008/Q1	3	3 390	0 8475	\$0 70705	\$0 35803	\$0 00895	\$0 34908
2008/Q2	2	2 160	0 5400	\$0 35448	\$0 35639	\$0 00382	\$0 35257
2008/Q3	1	1 870	0 4675	(\$0 00000)	\$0.35613	\$0 00166	\$0 35448

SCHEDULE: BNSF BLET

Added 2007Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 18526			
2007/Q4	4	4 600	1 1500	\$0 13974	\$0 04765	\$0 00213	\$0 04552
2008/Q1	3	3 390	0 8475	\$0 09355	\$0 04737	\$0 00118	\$0 04619
2008/Q2	2	2 160	0 5400	\$0 04690	\$0 04715	\$0 00051	\$0 04665
2008/Q3	1	1 870	0 4675	(\$0 00000)	\$0.04712	\$0 00022	\$0 04690

SCHEDULE: CSX BLET (ECS offset)

Added 2007Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0 00284)			
2007/Q4	4	4 600	1 1500	(\$0 00214)	(\$0 00073)	(\$0 00003)	(\$0 00070)
2008/Q1	3	3 390	0 8475	(\$0 00143)	(\$0 00073)	(\$0 00002)	(\$0 00071)
2008/Q2	2	2 160	0 5400	(\$0 00072)	(\$0 00072)	(\$0 00001)	(\$0 00072)
2008/Q3	1	1 870	0 4675	\$0 00000	(\$0.00072)	(\$0 00000)	(\$0 00072)

SCHEDULE: DWP TCU-CAR; GTW TCU; IC&CCP BMW and UTU; and WC&SSAM UTU

Added 2007Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 09813			
2007/Q4	4	4 600	1 1500	\$0 07402	\$0 02524	\$0 00113	\$0 02411
2008/Q1	3	3 390	0 8475	\$0 04955	\$0 02509	\$0 00063	\$0 02446
2008/Q2	2	2 160	0 5400	\$0 02484	\$0 02498	\$0 00027	\$0 02471
2008/Q3	1	1 870	0 4675	(\$0 00000)	\$0.02496	\$0 00012	\$0 02484

SCHEDULE: SOO BLET

Added 2007Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 01739			
2007/Q4	4	4 600	1 1500	\$0 01312	\$0 00447	\$0 00020	\$0 00427
2008/Q1	3	3 390	0 8475	\$0 00878	\$0 00445	\$0 00011	\$0 00434
2008/Q2	2	2 160	0 5400	\$0 00440	\$0 00443	\$0 00005	\$0 00438
2008/Q3	1	1 870	0 4675	(\$0 00000)	\$0.00442	\$0 00002	\$0 00440

SCHEDULE: National (BEW, TCU and TCU-CAR

Added 2008Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 78046			
2008/Q1	4	3 390	0 8475	\$0 58781	\$0 19927	\$0 00661	\$0 19265
2008/Q2	3	2 160	0 5400	\$0 39293	\$0 19806	\$0 00317	\$0 19488
2008/Q3	2	1 870	0 4675	\$0 19692	\$0.19784	\$0 00184	\$0 19600
2008/Q4	1		0 0000	\$0 00000	\$0 19692	\$0 00000	\$0 19692

SCHEDULE: IC and CCP BRS

Added 2008Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 00684			
2008/Q1	4	3 390	0 8475	\$0 00515	\$0 00175	\$0 00006	\$0 00169
2008/Q2	3	2 160	0 5400	\$0 00344	\$0 00174	\$0 00003	\$0 00171
2008/Q3	2	1 870	0 4675	\$0 00173	\$0.00173	\$0 00002	\$0 00172
2008/Q4	1		0 0000	\$0 00000	\$0 00173	\$0 00000	\$0 00173

SCHEDULE: SOO ATDA, IBBM and TCU

Added 2008Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 01443			
2008/Q1	4	3 390	0 8475	\$0 01087	\$0 00368	\$0 00012	\$0 00356
2008/Q2	3	2 160	0 5400	\$0 00727	\$0 00366	\$0 00006	\$0 00360
2008/Q3	2	1 870	0 4675	\$0 00364	\$0.00366	\$0 00003	\$0 00362
2008/Q4	1		0 0000	\$0 00000	\$0 00364	\$0 00000	\$0 00364

SCHEDULE: UP ATDA

Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 00364			
2008/Q2	4	2 160	0 5400	\$0 00274	\$0 00092	\$0 00002	\$0 00090
2008/Q3	3	1 870	0 4675	\$0 00183	\$0.00092	\$0 00001	\$0 00091
2008/Q4	2		0 0000	\$0 00092	\$0 00092	\$0 00000	\$0 00092
2009/Q1	1		0 0000	\$0 00000	\$0 00092	\$0 00000	\$0 00092

SCHEDULE: UP UTU-YMD

Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0 00025)			
2008/Q2	4	2 160	0 5400	(\$0 00019)	(\$0 00006)	(\$0 00000)	(\$0 00006)
2008/Q3	3	1 870	0 4675	(\$0 00012)	(\$0 00006)	(\$0 00000)	(\$0 00006)
2008/Q4	2		0 0000	(\$0 00006)	(\$0 00006)	\$0 00000	(\$0 00006)
2009/Q1	1		0 0000	\$0 00000	(\$0 00006)	\$0 00000	(\$0 00006)

SCHEDULE: GTW TCU-CAR

Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 01260			
2008/Q2	4	2 160	0 5400	\$0 00948	\$0 00319	\$0 00007	\$0 00313
2008/Q3	3	1 870	0 4675	\$0 00633	\$0 00319	\$0 00004	\$0 00314
2008/Q4	2		0 0000	\$0 00317	\$0 00317	\$0 00000	\$0 00317
2009/Q1	1		0 0000	\$0 00000	\$0 00317	\$0 00000	\$0 00317

SCHEDULE IC BMW (EC8 offset)

Added 2008Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0 00276)			
2008/Q3	4	1 870	0 4675	(\$0 00207)	(\$0 00070)	(\$0 00001)	(\$0 00068)
2008/Q4	3		0 0000	(\$0 00138)	(\$0 00069)	\$0 00000	(\$0 00069)
2009/Q1	2		0 0000	(\$0 00069)	(\$0 00069)	\$0 00000	(\$0 00069)
2009/Q2	1		0 0000	\$0 00000	(\$0 00069)	\$0 00000	(\$0 00069)

SCHEDULE: DMIR TCU-CAR; GTW IBEW, IC IBEW, SMW and UTU (including CCP)

Added 2008Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 05477			
2008/Q3	4	1 870	0 4675	\$0 04117	\$0.01385	\$0 00026	\$0 01360
2008/Q4	3		0 0000	\$0 02745	\$0 01372	\$0 00000	\$0 01372
2009/Q1	2		0 0000	\$0 01372	\$0 01372	\$0 00000	\$0 01372
2009/Q2	1		0 0000	\$0 00000	\$0 01372	\$0 00000	\$0 01372

SCHEDULE: UP UTU-YMD (new contract)

Added 2008Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 04022			
2008/Q3	4	1 870	0 4675	\$0 03023	\$0.01017	\$0 00019	\$0 00998
2008/Q4	3		0 0000	\$0 02015	\$0 01008	\$0 00000	\$0 01008
2009/Q1	2		0 0000	\$0 01008	\$0 01008	\$0 00000	\$0 01008
2009/Q2	1		0 0000	\$0 00000	\$0 01008	\$0 00000	\$0 01008

SCHEDULE: SOO BRS, IBEW, NCFO, SMW (new contracts)

Added 2008Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 00578			
2008/Q3	4	1 870	0 4675	\$0 00434	\$0.00146	\$0 00003	\$0 00143
2008/Q4	3		0 0000	\$0 00290	\$0 00145	\$0 00000	\$0 00145
2009/Q1	2		0 0000	\$0 00145	\$0 00145	\$0 00000	\$0 00145
2009/Q2	1		0 0000	\$0 00000	\$0 00145	\$0 00000	\$0 00145

Health and Welfare

	Employees Receiving		Monthly Contribution		Total	Total
	Pay 2006	2006 Avg	2008	2006 Avg	2008	2008
1 All Employees						
a Group health	175,772	\$1,001 02	\$1,076 61	\$175,951,287 44	\$189,237,892 92	
b Group dental	175,772	47 20	45 72	8,296,438 40	8,036,295 84	
c Early retirement major medical	175,772	87 86	110 98	15,443,327 92	19,507,176 56	
d Group vision	175,772	10 66	10 16	1,873,729 52	1,785,843 52	
2 Supplemental Sickness						
a Signalmen	6,185	32 00	8 55	197,920 00	52,881 75	
b Shopcrafts	25,599	61 00	30 04	1,561,539 00	768,993 96	
c MOW	26,027	36 00	14 89	936,972 00	387,542 03	
d Yardmasters	2,357	47 06	33 21	110,920 42	78,275 97	
3 Short-Term Disability						
a Engineers (CSX, KCS, UP)	16,107	40 00	40 00	644,280 00	644,280 00	
b Engineers (SOO, \$40 began 2Q 2006)	518	30 00	40 00	15,540 00	20,720 00	
4 Monthly Total Premiums				205,031,954 70	220,519,902 55	
5 Monthly Employee Contributions To H&W						
a National BLET (BNSF, CSX, KCS, NS, UP)	28,966	(\$127 64)	(\$166 25)	(\$3,697,220 24)	(\$4,815,597 50)	
b National BMW (BNSF, CSX, KCS, NS, UP)	24,090	\$0 00	(\$166 25)	\$0 00	(4,004,962 50)	
c National BRS (BNSF, CSX, KCS, NS, UP)	5,859	(\$100 00)	(\$166 25)	(\$585,900 00)	(974,058 75)	
d National IAM (BNSF, CSX, KCS, NS, UP)	6,763	(\$106 62)	(\$170 44)	(\$721,071 06)	(1,152,685 72)	
e National IBM (BNSF, CSX, KCS, NS, UP)	1,051	(\$123 28)	(\$166 25)	(\$129,567 28)	(174,728 75)	
f National IBEW (BNSF, CSX, KCS, NS, UP)	4,929	(\$131 96)	(\$166 25)	(\$650,430 84)	(819,446 25)	
g National NCFO (BNSF, CSX, KCS, NS, UP)	2,404	(\$131 96)	(\$166 25)	(\$317,231 84)	(399,665 00)	
h National SMW (BNSF, CSX, KCS, NS, UP)	1,059	(\$131 96)	(\$166 25)	(\$139,745 64)	(176,058 75)	
i National TCU (BNSF, CSX, KCS, NS, UP)	8,383	(\$123 28)	(\$166 25)	(\$1,033,456 24)	(1,393,673 75)	
j National TCU-CAR (BNSF, CSX, KCS, NS, UP)	10,407	(\$123 28)	(\$166 25)	(\$1,282,974 96)	(1,730,163 75)	
k National UTU (BNSF, CSX, KCS, NS, UP)	44,297	(\$131 96)	(\$170 44)	(\$5,845,432 12)	(7,549,980 68)	
l National UTU-Yardmasters (BNSF, CSX, KCS, NS)	1,701	(\$131 96)	(\$170 44)	(\$224,463 96)	(289,918 44)	
m National ATDA (wt avg BNSF, KCS, NS, & CSX*)	1,791	(\$128 85)	(\$164 92)	(\$230,770 35)	(295,371 72)	
n Independent CNGT (wt avg all 104 union categories)	5,892	(\$54 08)	(\$88 35)	(\$318,639 36)	(520,558 20)	
o Independent SOO (weighted average all 13 unions)	2,567	(\$91 65)	(\$130 41)	(\$235,265 55)	(334,762 47)	
p Independent UP (Yardmasters only)	491	(\$123 28)	(\$166 25)	(\$60,530 48)	(81,628 75)	
Total Major Union	150,650			(\$15,472,699 92)	(\$24,713,260 98)	
All Other Employee Contributions**				(\$2,839,968 66)	(\$2,839,968 66)	
6 Net Employer Monthly Payments				\$186,719,286 12	\$192,966,672 91	
7 Ratio Projected Year to Base Year, Based on Net Monthly Payments					1 03346	
8 H&W hourly rate for base year				\$5 322		
9 H&W hourly rate for projected quarter					\$5.500	

* 70% of CSX Dispatchers participate in national agreement, remaining have independent agreement

** Mostly non-union employee contributions The \$15,472,699 92 in major union contributions, plus \$2,839,968 66 in all other employee contributions, totals to the 12-month average of the total employee contributions reported to the AAR in its WF survey

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

		2006 Pd		
Supplemental Sickness Plan:		Employees	East	West
a Signalmen	BRS	6,185	2,744	3,441
b Shopcrafts	Total	25,599	10,588	15,011
	IBEW	5,177	1,902	3,275
	IBBM	1,117	293	824
	TCU-Car	11,149	5,168	5,981
	IAM	7,073	2,642	4,431
	SMW	1,083	583	500
c MOW	BMWED	26,027	9,790	16,237
d Yardmasters	UTU-YMD	2,357	1,380	977
Short-Term Disability Contribution:				
a Engineers	Total BLET	16,107	5,999	10,108
	CSX	5,999		
	KCS	542		
	UP	9,566		
b Engineers	SOO	518		

Sources/Notes:

Employee counts are from the 112-Class Wage Statistics. Monthly H&W premiums are from the NRLC, contracts, or the railroads. Projected quarter H&W Cost Sharing amounts are from the NRLC, union contracts, or pertinent railroads. Base year average monthly Cost Sharing amounts are from an AAR survey, NRLC, contracts, pertinent railroads. H&W hourly rate for base year benchmark is based on annual report and wage data. H&W rate for projected year is the benchmark figure updated by the ratio of projected year net payments to the base year. All Other employee contributions is the difference between total employee contributions for the base year and all known union amounts -- resulting in a non-union amount plus any adjustments caused by either opt-outs from union agreements or independent cost sharing agreements (if any) unknown to the AAR.

Health and Welfare

Employee H&W Cost Sharing

Group	Railroads	Contract Source
a BLET	BNSF, CSX, KCS, UP NS	Article IV Part B Section 1 (b) Article IX Sections 2 & 3, same as national
b BMWE	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (b)
c BRS	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (b)
d IAM	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (f)
e IBBM	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (b)
f IBEW	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (b)
g NCFO	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (b)
h SMW	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (b)
i TCU	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (b)
j TCU-Carmen	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (b)
k UTU	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (g)
l UTU-YMD	BNSF, KCS, NS CSX	Article IV Part B Section 1 (g) Article IV and Side Letter #1
m Dispatchers	BNSF, CSX, KCS, NS	Article IV Part B Section 1 (b)
n Independent CN	all union categories incl \$0 agmmts	
o Independent SOO	all unions	Provided by Canadian Pacific Railway
p Independent UP yardmasters		Article IV Part B Section 1 (b)

NATIONAL RAILWAY LABOR CONFERENCE

ECONOMIC RESEARCH DEPARTMENT

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May 23, 2008

July 1, 2008 Health and Welfare Contributions
Under 2000 Round National Agreements
UTU, UTU-Yardmasters

CIRCULAR NO. 504-101-19 (H&W)
CIRCULAR NO. 832-10-11 (UTU, including YARDMASTERS)
CIRCULAR NO. 843-10-11 (UTU H&W)

TO MEMBER ROADS:

The 2000 Round National Agreements with the above-referenced organizations provide for employee cost-sharing contributions to be adjusted on July 1, 2008. The applicable National Agreement sections and the entire amount of the monthly contributions effective July 1, 2008 are as follows:

Organization	2000 Round National Agreement Reference	Monthly Contribution
UTU	Article IV, Part B, Sect. 1 (g) of the Nov. 6, 2003 Supplemental Agreement	\$170.44
UTU-Yardmasters	Article IV, Part B, Sect. 1 (g) of Document B of the Nov. 6, 2003 Supplemental Agreement	\$170.44

NOTE:

THESE CONTRIBUTION LEVELS WILL BE EFFECTIVE ONLY IF THE RESPECTIVE TENTATIVE AGREEMENTS ARE NOT RATIFIED OR IF THE EFFECTIVE DATE IS SUBSEQUENT TO JULY 1, 2008.



H. Glen Williams, Jr.

NATIONAL RAILWAY LABOR CONFERENCE

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May 23, 2008

July 1, 2008 Health and Welfare Contributions
Under 2000 Round National Agreements
IAM

CIRCULAR NO. 504-101-18 (H&W)
CIRCULAR NO. 841-8-10 (IAM)

TO MEMBER ROADS:

The 2000 Round National Agreement with the above-referenced organization provides for employee cost-sharing contributions to be adjusted on July 1, 2008. The applicable National Agreement section and the entire amount of the monthly contribution effective July 1, 2008 is as follows:

Organization	2000 Round National Agreement Reference	Monthly Contribution
IAM	Article IV, Part B, Sect. 1 (f)	\$170.44


H Glen Williams, Jr.

Railroad Retirement and Medicare

Employees Receiving Pay	175,772	(2006 Benchmark, 2005 RRB Distribution)
Tier I Maximum	102,000	(Year = 2008)
Tier II Maximum	75,900	(Year = 2008)
Medicare Maximum	no limit	(Year = 2008)
Tier I Tax Rate	6.20%	(Year = 2008)
Tier II Tax Rate	12 10%	(Year = 2008)
Medicare Tax Rate	1.45%	(Year = 2008)

USA RCAF	Rate	Factor	RR Ret Tax	Hourly Rate
2005	\$28.884			
2006	\$29.465	1.02011	\$539,939,652	\$6.293
1Q/2008	\$31.071	1.07572	\$580,251,674	\$6.530
2Q/2008	\$31.090	1.07637	\$560,499,213	\$6.533
3Q/2008	\$31.594	1.09382	\$567,065,521	\$6.609
4Q/2008		0.00000	\$0	\$0.000

RR Ret Tax from RR_Retirement_Maintenance.xls, Hourly rate from SUPPL2008.xls
Rate = Taxable Rate

1Q/2008												
Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2006	Avg Annual Earnings (2005 RRB Stats)	Estimated Avg Annual Earnings	Avg City Earnings	Tier I	Tier II	Medicare Taxable	Tier I	Tier II	Medicare Tot Tax Emg	
						Taxable	Taxable		Tot Tax Emgs	Tot Tax Emg		
\$0 - 21699	0.423	744	\$9,150	\$9,843	\$2,461	\$2,461	\$2,461	\$2,461	\$1,829,570	\$1,829,570	\$1,829,570	
21700 - 23699	0.188	330	\$22,323	24,013	6,003	6,003	6,003	6,003	1,983,801	1,983,801	1,983,801	
23700 - 25699	0.084	165	\$24,829	26,709	6,677	6,677	6,677	6,677	1,103,252	1,103,252	1,103,252	
25700 - 27699	0.329	578	\$26,682	28,702	7,176	7,176	7,176	7,176	4,149,558	4,149,558	4,149,558	
27700 - 29699	0.235	413	\$28,513	30,672	7,668	7,668	7,668	7,668	3,167,367	3,167,367	3,167,367	
29700 - 31699	0.611	1,074	\$30,717	33,043	8,261	8,261	8,261	8,261	8,871,715	8,871,715	8,871,715	
31700 - 33699	0.611	1,074	\$32,717	35,194	8,799	8,799	8,799	8,799	9,449,358	9,449,358	9,449,358	
33700 - 35699	0.517	909	\$34,794	37,428	9,357	9,357	9,357	9,357	8,503,202	8,503,202	8,503,202	
35700 - 37699	1.175	2,065	\$36,904	39,698	9,925	9,925	9,925	9,925	20,497,406	20,497,406	20,497,406	
37700 - 39699	1.598	2,809	\$38,752	41,886	10,422	10,422	10,422	10,422	29,272,411	29,272,411	29,272,411	
39700 - 41699	2.303	4,048	\$40,698	43,780	10,945	10,945	10,945	10,945	44,305,190	44,305,190	44,305,190	
41700 - 43699	4.417	7,764	\$42,853	46,098	11,524	11,524	11,524	11,524	89,473,871	89,473,871	89,473,871	
43700 - 45699	5.310	9,333	\$44,823	48,002	12,000	12,000	12,000	12,000	112,005,896	112,005,896	112,005,896	
45700 - 47699	4.881	8,755	\$46,825	50,155	12,539	12,539	12,539	12,539	109,779,939	109,779,939	109,779,939	
47700 - 49699	8.168	10,821	\$48,637	52,320	13,080	13,080	13,080	13,080	141,531,460	141,531,460	141,531,460	
49700 - 51699	4.981	8,755	\$50,733	54,574	13,644	13,644	13,644	13,644	119,452,346	119,452,346	119,452,346	
51700 - 53699	3.994	7,020	\$52,561	56,541	14,135	14,135	14,135	14,135	99,233,721	99,233,721	99,233,721	
53700 - 55699	4.323	7,599	\$54,689	58,808	14,702	14,702	14,702	14,702	111,715,636	111,715,636	111,715,636	
55700 - 57699	4.370	7,881	\$56,770	61,068	15,267	15,267	15,267	15,267	117,270,271	117,270,271	117,270,271	
57700 - 59699	3.900	6,855	\$58,651	63,082	15,773	15,773	15,773	15,773	108,125,375	108,125,375	108,125,375	
59700 - 61699	3.759	6,807	\$60,754	65,354	16,339	16,339	16,339	16,339	107,953,021	107,953,021	107,953,021	
61700 - 63699	3.571	6,277	\$62,678	67,424	16,856	16,856	16,856	16,856	105,801,683	105,801,683	105,801,683	
63700 - 65699	3.242	5,899	\$64,735	69,637	17,409	17,409	17,409	17,409	98,206,416	98,206,416	98,206,416	
65700 - 67699	3.847	6,938	\$66,847	71,863	17,923	17,923	17,923	17,923	124,347,005	124,347,005	124,347,005	
67700 - 69699	3.242	5,699	\$68,593	73,787	18,447	18,447	18,447	18,447	105,118,803	105,118,803	105,118,803	
69700 - 71699	2.444	4,296	\$70,807	75,953	18,988	18,988	18,975	18,988	81,571,145	81,571,145	81,571,145	
71700 - 73699	2.867	5,039	\$72,584	78,080	19,520	19,520	18,975	19,520	98,368,532	98,368,532	98,368,532	
73700 - 75699	1.786	3,139	\$74,708	80,365	20,091	20,091	18,975	20,091	63,071,936	59,567,988	63,071,936	
75700 - 77699	1.692	2,974	\$76,856	82,460	20,615	20,615	18,975	20,615	61,310,394	56,432,831	61,310,394	
77700 - 79699	1.645	2,891	\$78,699	84,658	21,164	21,164	18,975	21,164	61,195,955	54,865,252	61,195,955	
79700 - 81699	2.021	3,552	\$80,724	86,894	21,709	21,709	18,975	21,709	77,118,147	67,405,881	77,118,147	
81700 - 83699	2.350	4,131	\$82,637	88,894	22,223	22,223	18,975	22,223	91,797,320	78,378,932	91,797,320	
83700 - 85699	1.269	2,231	\$84,715	91,129	22,782	22,782	18,975	22,782	50,817,060	42,324,623	50,817,060	
85700 - 87699	1.786	3,139	\$86,627	93,186	23,297	23,297	18,975	23,297	73,134,505	59,567,988	73,134,505	
87700 - 89699	1.081	1,900	\$88,504	95,205	23,801	23,801	18,975	23,801	45,224,752	38,054,309	45,224,752	
89700 - 91699	1.457	2,561	\$90,575	97,433	24,358	24,358	18,975	24,358	62,981,454	48,594,938	62,981,454	
91700 - 93699	1.457	2,561	\$92,723	99,744	24,936	24,936	18,975	24,936	63,860,840	48,594,938	63,860,840	
93700 - 95699	0.893	1,570	\$94,871	102,054	25,514	25,500	18,975	25,514	40,025,921	29,783,994	40,047,235	
95700 - over	8.975	15,776	\$132,020	142,016	25,500	25,500	18,975	35,504	402,276,194	289,340,815	560,095,113	
TOTAL	100.000000	175,772	\$65,880	\$65,880	35,504	35,500	18,975	Total Taxable Tax Rate	2,958,302,426 0.062	2,742,197,149 0.121	3,114,142,660 0.0145	
									City Pmt	\$183,290,750	\$331,805,855	\$45,155,069

2Q/2008

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2008	Avg Annual Earnings (2005 RRB State)	Estimated Avg Annual Earnings	Avg City Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Emg	Tier II Tot Tax Emg	Medicare Tot Tax Emg
\$0 - 21699	0.423	744	\$9,150	\$9,849	\$2,462	\$2,462	\$2,462	\$2,462	\$1,830,689	\$1,830,689	\$1,830,689
21700 - 23699	0.188	330	\$22,323	24,028	6,007	6,007	6,007	6,007	1,985,014	1,985,014	1,985,014
23700 - 25699	0.094	165	\$24,829	26,725	6,681	6,681	6,681	6,681	1,103,927	1,103,927	1,103,927
25700 - 27699	0.329	578	\$26,682	28,720	7,180	7,180	7,180	7,180	4,152,098	4,152,098	4,152,098
27700 - 29699	0.235	413	\$28,513	30,691	7,673	7,673	7,673	7,673	3,169,304	3,169,304	3,169,304
29700 - 31699	0.611	1,074	\$30,717	33,083	8,266	8,266	8,266	8,266	8,677,141	8,677,141	8,677,141
31700 - 33699	0.611	1,074	\$32,717	35,216	8,804	8,804	8,804	8,804	9,455,136	9,455,136	9,455,136
33700 - 35699	0.517	909	\$34,794	37,451	9,363	9,363	9,363	9,363	8,508,402	8,508,402	8,508,402
35700 - 37699	1.176	2,065	\$36,904	39,723	9,931	9,931	9,931	9,931	20,509,940	20,509,940	20,509,940
37700 - 39699	1.598	2,809	\$38,752	41,712	10,428	10,428	10,428	10,428	29,290,311	29,290,311	29,290,311
39700 - 41699	2.303	4,048	\$40,688	43,806	10,952	10,952	10,952	10,952	44,332,283	44,332,283	44,332,283
41700 - 43699	4.417	7,764	\$42,853	46,126	11,531	11,531	11,531	11,531	89,528,585	89,528,585	89,528,585
43700 - 45699	5.310	9,333	\$44,823	48,031	12,008	12,008	12,008	12,008	112,074,388	112,074,388	112,074,388
45700 - 47699	4.981	8,755	\$46,825	50,188	12,546	12,546	12,546	12,546	108,847,069	108,847,069	108,847,069
47700 - 49699	6.156	10,821	\$48,637	52,352	13,088	13,088	13,088	13,088	141,618,007	141,618,007	141,618,007
49700 - 51699	4.981	8,755	\$50,733	54,608	13,652	13,652	13,652	13,652	119,525,391	119,525,391	119,525,391
51700 - 53699	3.984	7,020	\$52,561	56,575	14,144	14,144	14,144	14,144	99,294,403	99,294,403	99,294,403
53700 - 55699	4.323	7,599	\$54,669	58,844	14,711	14,711	14,711	14,711	111,783,951	111,783,951	111,783,951
55700 - 57699	4.370	7,681	\$56,770	61,106	15,276	15,276	15,276	15,276	117,341,982	117,341,982	117,341,982
57700 - 59699	3.900	6,855	\$58,651	63,130	15,783	15,783	15,783	15,783	108,191,494	108,191,494	108,191,494
59700 - 61699	3.759	6,607	\$60,754	65,394	16,349	16,349	16,349	16,349	108,019,035	108,019,035	108,019,035
61700 - 63699	3.571	6,277	\$62,678	67,465	16,866	16,866	16,866	16,866	105,866,381	105,866,381	105,866,381
63700 - 65699	3.242	5,699	\$64,735	69,679	17,420	17,420	17,420	17,420	99,267,081	99,267,081	99,267,081
65700 - 67699	3.947	6,938	\$66,647	71,737	17,934	17,934	17,934	17,934	124,423,043	124,423,043	124,423,043
67700 - 69699	3.242	5,699	\$68,593	73,832	18,458	18,458	18,458	18,458	105,183,083	105,183,083	105,183,083
69700 - 71699	2.444	4,298	\$70,607	76,000	19,000	19,000	19,000	19,000	81,621,026	81,621,026	81,621,026
71700 - 73699	2.867	5,039	\$72,584	78,128	19,532	19,532	19,532	19,532	98,428,694	98,428,694	98,428,694
73700 - 75699	1.786	3,139	\$74,708	80,414	20,103	20,103	20,103	20,103	63,110,505	63,110,505	63,110,505
75700 - 77699	1.692	2,974	\$76,656	82,511	20,628	20,628	20,628	20,628	59,567,988	59,567,988	59,567,988
77700 - 79699	1.645	2,891	\$78,699	84,710	21,177	21,177	21,177	21,177	56,432,831	56,432,831	56,432,831
79700 - 81699	2.021	3,552	\$80,724	86,899	21,722	21,722	21,722	21,722	61,233,376	61,233,376	61,233,376
81700 - 83699	2.350	4,131	\$82,837	89,948	22,237	22,237	22,237	22,237	77,165,305	77,165,305	77,165,305
83700 - 85699	1.269	2,231	\$84,715	91,185	22,796	22,796	22,796	22,796	91,853,454	91,853,454	91,853,454
85700 - 87699	1.786	3,139	\$86,627	93,243	23,311	23,311	23,311	23,311	42,324,623	42,324,623	42,324,623
87700 - 89699	1.081	1,900	\$88,504	95,263	23,816	23,816	23,816	23,816	59,567,988	59,567,988	59,567,988
89700 - 91699	1.457	2,561	\$90,576	97,493	24,373	24,373	24,373	24,373	36,054,309	36,054,309	36,054,309
91700 - 93699	1.457	2,561	\$92,723	99,805	24,951	24,951	24,951	24,951	48,594,938	48,594,938	48,594,938
93700 - 95699	0.893	1,570	\$94,871	102,117	25,500	25,500	25,500	25,500	63,899,891	63,899,891	63,899,891
95700 - over	8.975	15,776	\$132,020	142,103	25,529	25,529	25,529	25,529	29,783,994	29,783,994	29,783,994
TOTAL	100.000	175,772			35,526	35,526	35,526	35,526	2,957,839,744	2,743,227,010	3,116,046,966
									0.082	0.121	0.0145
									City Pmt	\$183,366,064	\$331,530,468
									Tier I & II & Medicare		\$45,182,681
											\$560,499,213

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2006	Avg Annual Earnings (2005 RRB Stats)	Estimated Avg Annual Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Emgs	Tier II Tot Tax Emgs	Medicare Tot Tax Emgs
\$0 - 21699	0.423	744	\$9,150	\$10,008	\$2,502	\$2,502	\$2,502	\$1,860,368	\$1,860,368	\$1,860,368
21700 - 23699	0.188	330	\$22,323	24,417	6,104	6,104	6,104	2,017,193	2,017,193	2,017,193
23700 - 25699	0.094	165	\$24,829	27,159	6,790	6,790	6,790	1,121,822	1,121,822	1,121,822
25700 - 27699	0.329	578	\$28,682	29,185	7,296	7,296	7,296	4,219,405	4,219,405	4,219,405
27700 - 29699	0.235	413	\$28,513	31,188	7,787	7,787	7,787	3,220,681	3,220,681	3,220,681
29700 - 31699	0.611	1,074	\$30,717	33,589	8,400	8,400	8,400	9,021,048	9,021,048	9,021,048
31700 - 33699	0.611	1,074	\$32,717	35,787	8,947	8,947	8,947	9,808,413	9,808,413	9,808,413
33700 - 35699	0.517	908	\$34,784	38,058	9,515	9,515	9,515	8,646,332	8,646,332	8,646,332
35700 - 37699	1.175	2,065	\$36,904	40,366	10,082	10,082	10,082	20,842,427	20,842,427	20,842,427
37700 - 39699	1.588	2,809	\$38,752	42,388	10,597	10,597	10,597	29,765,136	29,765,136	29,765,136
39700 - 41699	2.303	4,048	\$40,698	44,516	11,129	11,129	11,129	45,050,953	45,050,953	45,050,953
41700 - 43699	4.417	7,764	\$42,853	46,874	11,718	11,718	11,718	90,979,933	90,979,933	90,979,933
43700 - 45699	5.310	9,333	\$44,623	48,810	12,202	12,202	12,202	113,891,225	113,891,225	113,891,225
45700 - 47699	4.981	8,755	\$46,625	51,000	12,750	12,750	12,750	111,627,800	111,627,800	111,627,800
47700 - 49699	6.156	10,821	\$48,637	53,200	13,300	13,300	13,300	143,913,777	143,913,777	143,913,777
49700 - 51699	4.981	8,755	\$50,733	55,493	13,873	13,873	13,873	121,463,018	121,463,018	121,463,018
51700 - 53699	3.994	7,020	\$52,561	57,492	14,373	14,373	14,373	100,904,084	100,904,084	100,904,084
53700 - 55699	4.323	7,599	\$54,668	59,788	14,950	14,950	14,950	113,598,080	113,598,080	113,598,080
55700 - 57699	4.370	7,861	\$56,770	62,096	15,524	15,524	15,524	119,244,213	119,244,213	119,244,213
57700 - 59699	3.900	6,855	\$58,651	64,154	16,038	16,038	16,038	109,945,386	109,945,386	109,945,386
59700 - 61699	3.759	6,607	\$60,754	66,454	16,614	16,614	16,614	108,770,131	108,770,131	108,770,131
61700 - 63699	3.571	6,277	\$62,678	68,559	17,140	17,140	17,140	107,582,581	107,582,581	107,582,581
63700 - 65699	3.242	5,698	\$64,735	70,809	17,702	17,702	17,702	100,876,300	100,876,300	100,876,300
65700 - 67699	3.947	6,938	\$66,647	72,900	18,225	18,225	18,225	126,440,065	126,440,065	126,440,065
67700 - 69699	3.242	5,699	\$68,593	75,029	18,757	18,757	18,757	106,888,206	106,888,206	106,888,206
69700 - 71699	2.444	4,296	\$70,607	77,232	19,308	19,308	19,308	82,944,184	82,944,184	82,944,184
71700 - 73699	2.867	5,039	\$72,584	79,394	19,849	19,849	19,849	100,024,312	100,024,312	100,024,312
73700 - 75699	1.786	3,139	\$74,708	81,717	20,429	20,429	20,429	84,133,589	84,133,589	84,133,589
75700 - 77699	1.692	2,874	\$76,656	83,848	20,962	20,962	20,962	62,342,396	62,342,396	62,342,396
77700 - 79699	1.645	2,891	\$78,699	86,083	21,521	21,521	21,521	62,226,030	62,226,030	62,226,030
79700 - 81699	2.021	3,552	\$80,724	88,298	22,074	22,074	22,074	78,416,232	78,416,232	78,416,232
81700 - 83699	2.350	4,131	\$82,637	90,390	22,598	22,598	22,598	83,342,491	83,342,491	83,342,491
83700 - 85699	1.268	2,231	\$84,715	92,663	23,166	23,166	23,166	42,324,623	42,324,623	42,324,623
85700 - 87699	1.786	3,139	\$86,627	94,755	23,689	23,689	23,689	51,672,434	51,672,434	51,672,434
87700 - 89699	1.081	1,900	\$88,504	96,808	24,202	24,202	24,202	74,365,535	74,365,535	74,365,535
89700 - 91699	1.457	2,561	\$90,575	98,073	24,768	24,768	24,768	36,054,309	36,054,309	36,054,309
91700 - 93699	1.457	2,561	\$92,723	101,423	25,356	25,356	25,356	63,431,484	63,431,484	63,431,484
93700 - 95699	0.893	1,570	\$94,871	103,772	25,500	25,500	25,500	64,835,772	64,835,772	64,835,772
95700 - over	8.975	15,776	\$132,020	144,407	25,500	25,500	36,102	40,025,921	28,783,994	40,721,327
TOTAL	100.000	175,772			2,998,619,126	2,998,619,126	36,102	2,770,545,434	2,770,545,434	3,166,561,205
					Tax Rate			0.082		0.121
					Qty Pmt			\$185,914,388		\$335,235,987
					Tier I & II & Medicare			\$45,815,137		\$567,065,521

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2006	Avg Annual Earnings (2005 RRB Stats)	Estimated Avg Annual Earnings	Avg Qtrly Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Engs	Tier II Tot Tax Engs	Medicare Tot Tax Engs
\$0 - 4999	0.423	744	\$9,150	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5000 - 9999	0.188	330	\$22,323	0	0	0	0	0	0	0	0
10000 - 12499	0.094	165	\$24,829	0	0	0	0	0	0	0	0
12500 - 14999	0.329	578	\$26,682	0	0	0	0	0	0	0	0
15000 - 17499	0.235	413	\$28,513	0	0	0	0	0	0	0	0
17500 - 19999	0.611	1,074	\$30,717	0	0	0	0	0	0	0	0
20000 - 22499	0.611	1,074	\$32,717	0	0	0	0	0	0	0	0
22500 - 24999	0.517	908	\$34,784	0	0	0	0	0	0	0	0
25000 - 27499	1.175	2,085	\$36,904	0	0	0	0	0	0	0	0
27500 - 29999	1.588	2,809	\$38,752	0	0	0	0	0	0	0	0
30000 - 32499	2.303	4,048	\$40,688	0	0	0	0	0	0	0	0
32500 - 34999	4.417	7,764	\$42,853	0	0	0	0	0	0	0	0
35000 - 37499	5.310	9,333	\$44,623	0	0	0	0	0	0	0	0
37500 - 39999	4.881	8,755	\$46,625	0	0	0	0	0	0	0	0
40000 - 42499	6.156	10,821	\$48,637	0	0	0	0	0	0	0	0
42500 - 44999	4.881	8,755	\$50,733	0	0	0	0	0	0	0	0
45000 - 47499	3.894	7,020	\$52,561	0	0	0	0	0	0	0	0
47500 - 49999	4.323	7,599	\$54,669	0	0	0	0	0	0	0	0
50000 - 52499	4.370	7,861	\$56,770	0	0	(0)	(0)	0	(0)	(0)	0
52500 - 54999	3.900	6,855	\$58,651	0	0	0	0	0	0	0	0
55000 - 57499	3.759	6,807	\$60,764	0	0	0	0	0	0	0	0
57500 - 59999	3.571	6,277	\$62,678	0	0	0	0	0	0	0	0
60000 - 62499	3.242	5,699	\$64,735	0	0	(0)	(0)	0	(0)	(0)	0
62500 - 64999	3.947	6,938	\$66,647	0	0	0	0	0	0	0	0
65000 - 67499	3.242	5,898	\$68,593	0	0	0	0	0	0	0	0
67500 - 69999	2.444	4,286	\$70,607	0	0	0	0	0	0	0	0
70000 - 72499	2.867	5,038	\$72,584	0	0	0	0	0	0	0	0
72500 - 74999	1.788	3,139	\$74,708	0	0	0	0	0	0	0	0
75000 - 77499	1.682	2,974	\$76,656	0	0	0	0	0	0	0	0
77500 - 79999	1.645	2,891	\$78,699	0	0	0	0	0	0	0	0
80000 - 84999	2.021	3,552	\$80,724	0	0	0	0	0	0	0	0
85000 - 89999	2.350	4,131	\$82,637	0	0	0	0	0	0	0	0
90000 - 94999	1.269	2,231	\$84,715	0	0	0	0	0	0	0	0
95000 - 99999	1.786	3,139	\$86,627	0	0	0	0	0	0	0	0
100000 - 104999	1.081	1,900	\$88,504	0	0	0	0	0	0	0	0
105000 - 109999	1.457	2,561	\$90,575	0	0	0	0	0	0	0	0
110000 - 114999	1.457	2,561	\$92,723	0	0	0	0	0	0	0	0
115000 - 119999	0.893	1,570	\$94,871	0	0	0	0	0	0	0	0
120000 - 124999	8.975	15,776	\$132,020	0	0	488	18,975	0	782,522	28,783,984	0
TOTAL	100.000	175,772			0	25,500	18,975	0	402,276,194	298,340,815	0
				Total Taxable					403,038,716	646,384,595	0
				Tax Rate					0.062	0.121	0.0145
				Qtrly Pmt					\$24,988,400	\$78,212,536	\$0
				Tier I & II & Medicare							\$103,200,936

RCAF Unemployment Insurance Tax

	<u>Unemployment Ins.</u>			RRB	Factor	Avg. Ann.	Un. Ins.
	<u>Tax</u>	<u>Earnings</u>	<u>Hourly</u>	<u>Sample</u>	<u>To Update</u>	<u>Taxable</u>	<u>Hourly</u>
	<u>Rate</u>	<u>Base</u>	<u>Earnings</u>	<u>Year</u>	<u>RRB Sample</u>	<u>Earnings</u>	<u>Rate</u>
			\$27.258	(2002)			
2003 Avg.	4.61%	\$13,440	\$27.952		1.025460	\$12,566.01	\$0.322
4Q/04	2.88%	\$13,560	\$28.834		1.057818	\$12,688.80	\$0.203
1Q/05	2.28%	\$13,800	\$29.332		1.076088	\$12,913.18	\$0.164
2Q/05	2.28%	\$13,800	\$29.115		1.068127	\$12,909.59	\$0.164
3Q/05	2.28%	\$13,800	\$29.408		1.078876	\$12,914.43	\$0.164
			\$27.952	(2003)			
2004 Avg.	2.88%	\$13,560	\$28.151		1.007119	\$12,797.12	\$0.197
4Q/05	2.29%	\$13,800	\$29.157		1.043110	\$13,030.55	\$0.159
1Q/06	2.36%	\$14,340	\$29.277		1.047403	\$13,526.36	\$0.170
2Q/06	2.36%	\$14,340	\$29.255		1.046616	\$13,526.05	\$0.170
3Q/06	2.36%	\$14,340	\$29.302		1.048297	\$13,526.71	\$0.170
			\$28.151	(2004)			
2005 Avg.	2.29%	\$13,800	\$28.884		1.026038	\$12,810.75	\$0.162
4Q/06	2.36%	\$14,340	\$29.136		1.034990	\$13,295.94	\$0.173
1Q/07	2.47%	\$14,760	\$29.220		1.037974	\$13,670.56	\$0.186
2Q/07	2.47%	\$14,760	\$29.238		1.038613	\$13,670.92	\$0.186
3Q/07	2.47%	\$14,760	\$29.336		1.042094	\$13,672.83	\$0.186
			\$28.884	(2005)			
2006 Avg.	2.36%	\$14,340	\$29.465		1.020115	\$13,053.43	\$0.173
3Q/07 reb.	2.47%	\$14,760	\$29.655		1.026693	\$13,422.16	\$0.186
4Q/07	2.47%	\$14,760	\$30.476		1.055117	\$13,438.69	\$0.186
1Q/08	2.48%	\$15,360	\$31.071		1.075717	\$13,972.06	\$0.195
2Q/08	2.48%	\$15,360	\$31.090		1.076374	\$13,972.45	\$0.195
3Q/08	2.48%	\$15,360	\$31.594		1.093824	\$13,982.57	\$0.195

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

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

The MEANS Procedure

Variable	N	Sum	Mean
ANUAL_US	2850	37202270.07	13053.43
QTRLY_US	2850	39850336.76	13982.57

The MEANS Procedure

Variable	N	Sum	Mean
FactorA	2850	2907.33	1.0201150
FactorQ	2850	3117.40	1.0938240
Capa	2850	40869000.00	14340.00
Capq	2850	43776000.00	15360.00



Energy Information Administration

Official Energy Statistics from the U.S. Government



Glossary

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This Week In Petroleum

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Summary

Crude Oil

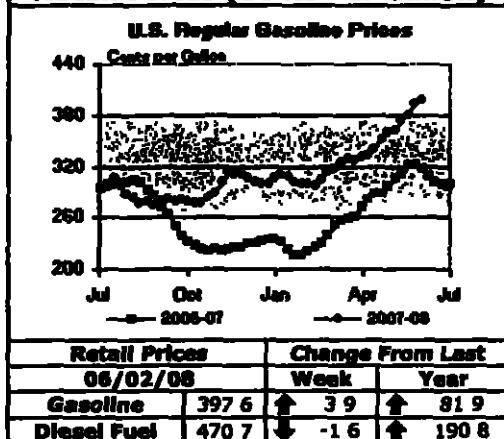
Gasoline

Distillate

Propane

Scroll over labels below to see different charts

Retail Prices (Cents Per Gallon)



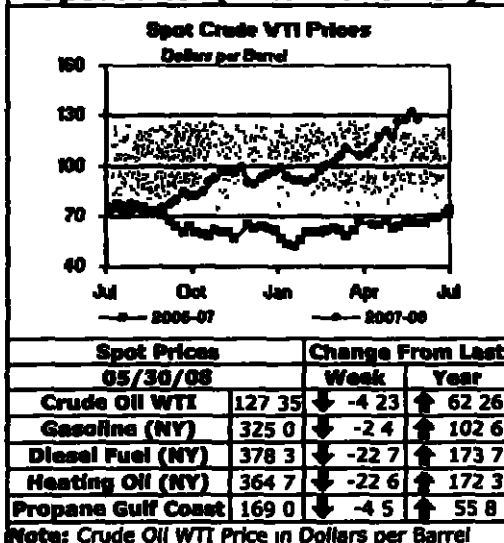
Released on June 4, 2008
(Next Release on June 11, 2008)

Nearing the \$2 Mark

Retail diesel prices are heading towards a \$2 per gallon milestone. Lest you think we've turned back the clock to the year 2004, unfortunately we are not talking about the price itself but about the difference between last year's price and the latest price released this past Monday. With EIA's [retail diesel survey](#) showing diesel prices \$1.91 higher than this time last year, many are wondering how much higher prices may climb before U.S. and global demand softens enough to balance markets.

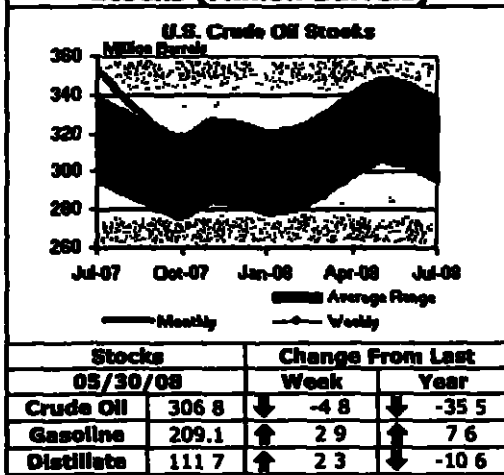
Though gasoline is the transportation fuel that the average U.S. consumer uses directly, diesel fuel consumption reflects more directly the current overall state of the economy. The largest users of diesel fuel in the United States are truckers who move goods and services across the country. With real Gross Domestic Product (GDP) increasing at a slow annualized rate of 0.9 percent in the first quarter of 2008 from the fourth quarter of 2007 according to preliminary estimates released by the [Bureau of Economic Analysis](#), we have seen U.S. demand for distillate fuel (which includes diesel fuel and heating oil) fall so far this year. EIA monthly data shows that distillate demand has fallen over two percent from the fourth quarter of 2007 to the first quarter of 2008. However, since diesel prices have climbed steadily, adding almost \$1.40 to the price of a gallon of diesel fuel since New Year's Eve, high prices may also be slowing demand growth.

Spot Prices (Cents Per Gallon)



As we outlined in an earlier installment of *This Week In Petroleum*, diesel prices are high because of global distillate demand strength and underpinned by high crude oil prices. Crude oil spot prices are currently trading almost \$60 per barrel, or about \$1.40 per gallon, higher than this time last year. With the cost of crude oil accounting for more than 60 percent of the retail cost of a gallon of diesel fuel, the difference between this year's and last year's crude oil spot price accounts for a large chunk of the difference between current prices and 2007 retail diesel prices.

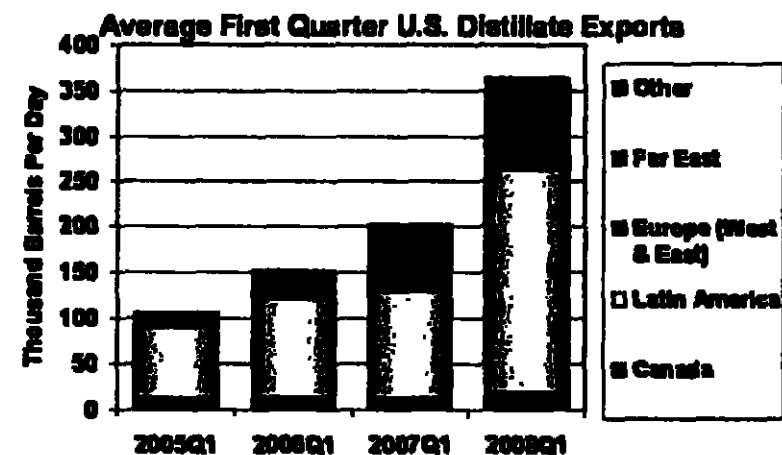
Stocks (Million Barrels)



Strong distillate demand in Europe, Latin America, the Middle East, and Asia continues to add pressure to diesel prices. The softness in the U.S. economy has not yet notably affected these economies, and many of the highest demand growth areas are insulated from petroleum price increases. China and India, for example, have price controls and subsidy programs that shield the consumer from global price increases, while the Middle East is flush with cash from oil revenues. China, in particular, has seen dramatic increases in diesel imports this spring as it prepares for the Olympics later this summer. Additional diesel demand from South America during the spring, as that continent prepares for its winter amid natural gas shortages, has pulled export cargoes from the United States.

Propane 38.002 ↑ 2.347 ↑ 1.282 southward (Figure 1)

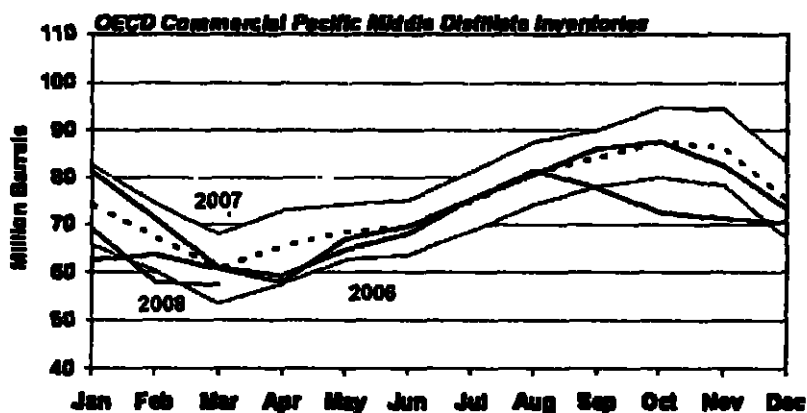
U.S. Distillate Exports High in 2008



Source: EIA

Figure 2 illustrates how distillate inventories in the developed Asian countries have fallen this year as retail diesel prices in the United States have risen. Market tightness in those countries throughout the 2007/2008 winter months is reflected in stock levels running well-below 10-year average levels.

OECD Pacific Commercial Distillate Stocks are Below Average



NOTE: Colored Band is Normal Stock Range.
Dashed line is 1997-2006 average.

Source: International Energy Agency database, May 2008.

While the winding down of winter in the Northern Hemisphere has accompanied some recent declines in world distillate prices, relatively high crude oil and distillate prices are expected for the rest of this year, if not longer.

West Coast Gasoline Price Continues Upward Spiral - Diesel Price Slips Slightly

The U.S. average retail price for regular gasoline increased for the tenth straight week. Although its upward momentum slowed, the U.S. average price still climbed another 3.9 cents to hit 397.6 cents per gallon. The average for the East Coast went up by 3.3 cents to 397 cents per gallon; but prices in the Central Atlantic and New England

increased by more than 5 cents, climbing past the \$4 mark to reach 400.1 and 402.8 cents per gallon, respectively. The average price in the Midwest was essentially unchanged, creeping up by only a tenth of a cent to 395.2 cents per gallon. The average price in the Gulf Coast increased by 1.7 cents to 384.6 cents per gallon and remained the lowest of any region. The price in the Rocky Mountain region went up 3.9 cents to 389 cents per gallon. The price for the West Coast extended its upward surge, jumping another 13.7 cents to strike 416.6 cents per gallon. West Coast prices have risen 28.3 cents over the past two weeks. The average price in California went up even more, shooting to 424.2 cents per gallon, an increase of 14.3 cents from the previous week.

For the first time since May 5, the national average diesel price faltered in its upward climb, slipping by 1.6 cents to 470.7 cents per gallon. Prices dipped somewhat in most regions of the country. The average price on the East Coast dropped by 2 cents to 475.9 cents per gallon. However, in New England, the price went up slightly, gaining three-tenths of a cent to reach 484.6 cents per gallon. In the Midwest, the price went down the most of any region, by only 2.4 cents to 464.3 cents per gallon. The average price in the Gulf Coast was 466.4 cents per gallon, a decrease of nine-tenths of a cent. Contrary to what was happening in the other major regions, the price in the Rocky Mountains increased, growing by 2.7 cents to hit 468 cents per gallon. On the West Coast, the average price slipped by half a cent to 487.8 cents per gallon. The average price in California was unchanged at 502.7 cents per gallon, reflecting an increase of 205.5 cents above the price one year ago.

May Propane Build Slightly Above Average

Primary inventories of propane grew slightly above their 5-year average during May, reaching an estimated 38.0 million barrels by May 30, 2008. The most recent 5-year average build for the Nation's propane inventories for this month was about 8.0 million barrels, compared with May 2008 build that totaled nearly 8.2 million barrels. Last week's robust build of 2.3 million barrels contributed to the higher monthly increase. Regional inventories grew in all areas last week as the Midwest led with a build of 1.5 million barrels. Gulf Coast inventories managed a 0.5 million-barrel gain last week while the East Coast showed a 0.2 million barrel gain during this same time. The combined Rocky Mountain/West Coast region posted a similar 0.2 million-barrel rise as well. Propane non-fuel use inventories plunged by 0.4 million barrels to account for a much smaller 4.5 percent share of total propane/propane inventories, compared with the prior week's 6.0 percent share.

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AAR MATERIALS AND SUPPLIES INDEX
Region By Composition
Second Quarter 2008
June 3, 2008

United States by Composition Category - Summary

Composition Category	Weight	Previous Quarter Index	Current Quarter Index	Relative Of Change
Forest Products	.1102	221.37	228.72	1.0332
Metal Products	.6389	180.08	185.68	1.0311
Miscellaneous Products	.2509	274.50	268.71	.9789
U.S. By Composition	--	208.31	211.25	1.0141
U.S. By Composition (Linked)	--	212.15	215.14	1.0141
United States (1977=100)	--	301.89	306.14	1.0141
Linking Factor: 1.423				
United States (1980=100)	--	225.09	228.26	1.0141
Linking Factor: 1.061				

Car Hire for RCAF

RCAF (Forecast)

	1980	June 3Q/07	Sept 4Q/07	Dec 1Q/08	Mar 2Q/08	June 3Q/08
RATE						
RR-OWNED TIME	31.00	67.00	67.00	67.00	67.00	67.00
RR-OWNED MILEAGE	4.69	7.30	7.30	7.20	7.20	7.20
PRIVATELY-OWNED CARS	25.47	44.76	44.73	44.89	45.27	45.75
AUTORACKS	47.00	47.82	48.97	50.84	49.17	49.98
INDEX						
RR-OWNED TIME	100.0	216.1	216.1	216.1	216.1	216.1
RR-OWNED MILEAGE	100.0	155.7	155.7	153.5	153.5	153.5
PRIVATELY-OWNED CARS	100.0	175.8	175.6	176.2	177.7	179.6
AUTORACKS	100.0	101.7	104.2	108.2	104.6	106.3
CAR HIRE INDEX (old wts) 2005	100.0	181.3	--	--	--	--
CAR HIRE INDEX (new wts) 2006	100.0	180.8	180.7	180.9	182.0	183.3
CAR HIRE INDEX (LINKED)	100.0	179.8	179.7	179.9	181.0	182.3

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

Note: Indexes are rounded, rates are full float

Equipment Rents Data From UMLER

	2007												2008											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Jan	Feb
Railroad Owned																								
No of Cars																								
Superstructures																								
Rails	9,404	9,389	9,393	9,381	9,343	9,332	9,325	9,313	9,301	9,279	9,357	9,355			9,325	9,313	9,301	9,279	9,357	9,355				
Superstructures #3 - Auto Rack																								
All other #1 - Time	18.0	17.0	17.0	18.0	18.0	18.0	17.0	18.0	18.0	18.0	18.0	18.0			17.0	18.0	18.0	18.0	18.0	18.0				
All other #2 - Mileage	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0			67.0	67.0	67.0	67.0	67.0	67.0				
All other #2 - Mileage	7.2	7.3	7.3	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2			7.2	7.2	7.2	7.2	7.2	7.2				
Privately Owned																								
No of Cars																								
Superstructures	49,677	49,721	49,818	49,754	49,707	49,720	49,740	49,737	49,743	49,728	49,692	49,732			49,740	49,737	49,743	49,728	49,692	49,732				
Covered Hoppers	335,397	335,992	338,292	338,568	33,790	340,054	341,287	341,973	342,902	343,835	344,344	344,228			341,287	341,973	342,902	343,835	344,344	344,228				
Tank Cars	294,240	294,531	297,036	298,608	299,186	300,010	301,849	303,784	305,916	307,083	308,278	312,768			301,849	303,784	305,916	307,083	308,278	312,768				
Others	289,294	289,490	290,414	289,631	290,633	291,495	292,595	292,918	294,498	295,044	297,150	296,860			292,595	292,918	294,498	295,044	297,150	296,860				
Rails																								
Superstructures #1 - Time	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0			78.0	78.0	78.0	78.0	78.0	78.0				
Superstructures #2 - Mileage	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8			0.8	0.8	0.8	0.8	0.8	0.8				
Superstructures #3 - Auto Rack	54.0	54.0	55.0	56.0	56.0	57.0	53.0	54.0	53.0	56.0	56.0	56.0			53.0	54.0	53.0	56.0	56.0	56.0				
Covered Hoppers #2 - Mileage	44.5	44.5	44.6	44.7	44.8	44.9	44.3	44.7	44.7	44.8	44.8	44.9			44.3	44.7	44.7	44.8	44.8	44.9				
Tank Cars #2 - Mileage	72.7	72.7	71.9	72.0	72.1	72.2	71.6	72.0	73.4	73.7	73.9	74.3			71.6	72.0	73.4	73.7	73.9	74.3				
Others #1 - Time	67.0	68.0	68.0	68.0	65.0	65.0	68.0	68.0	65.0	65.0	65.0	65.0			68.0	68.0	65.0	65.0	65.0	65.0				
Others #2 - Mileage	6.8	6.9	6.9	6.9	6.8	6.8	6.7	6.7	6.7	6.7	6.7	6.7			6.7	6.7	6.7	6.7	6.7	6.7				
AVERAGE RATES																								
Private Superstructures	18.66	18.66	18.66	18.66	18.66	18.66	19.13	19.13	19.13	19.13	19.13	19.13			19.13	19.13	19.13	19.13	19.13	19.13				
Private Others	21.77	21.55	21.55	21.55	21.23	21.23	21.35	21.35	21.13	21.13	21.13	21.13			21.35	21.35	21.13	21.13	21.13	21.13				
Private Total	44.85	44.89	44.73	44.85	44.83	44.89	44.88	44.88	46.27	46.42	46.48	46.76			44.88	44.88	46.27	46.42	46.48	46.76				
Autoreacks	47.96	48.12	48.97	48.97	48.98	50.84	47.32	48.32	48.17	48.18	48.98	48.98			47.32	48.32	48.17	48.18	48.98	48.98				

	WEIGHTS	
	Old Wts	New Wts
For RCAF & RCR	2005	2006
RR-owned Time	0.181	0.182
RR-owned Mileage	0.089	0.087
Privately-owned Cars	0.730	0.716
Autoreacks	0.000	0.005
----- Check sum	1.000	1.000

Weights for Equipment Rents (not used in Car Hire calculation)	
	2006
Car Hire - U S	0.482
Lease Rentals - U S	0.508
----- Check sum	1.000

Note: The 4 bold lines are used for the Car Hire Rate. Private Total uses a weighted average of the Covered Hoppers, Tank Cars, Combined Private Superstructures, and Combined Private Others rates.

1PROGRAM JPRE799
CURRENT DATE JUNE 01, 2008

1PROGRAM CPRE799
CURRENT DATE JUNE

PRIVATE EQUIPMENT 1/

AVERAGE RATE FOR 06/08

CAR GROUP	CAR COUNT	TIME	MILEAGE	CAR RENTAL RATES	AUTO RACK
-VEHICULAR FLATS	49,732	78 c/HR	008 \$/MILE		56 c/HR
ONO OF ZERO RATED VEH FLATS 2/	9				
-COVERED HOPPERS	344,228	0 c/HR	449 \$/MILE		
ONO OF ZERO RATED COVERED HOPPERS 2/	11,843				
-TANKS	312,758	4 c/HR	743 \$/MILE		
ONO OF ZERO RATED TANKS 2/	8,816				
-ALL OTHER CARS	296,860	65 c/HR	067 \$/MILE		
ONO OF ZERO RATED "OTHER" CARS 2/	36,700				
0					
	TOTAL				
	1,060,946				

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES

CAR TYPE D - LOCOMOTIVES

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

CAR TYPE U - CONTAINERS

CAR TYPE 2 - TRAILERS

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

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

CAR GROUP	CAR COUNT	TIME	MILEAGE	AUTO RACK
-VEHICULAR FLATS	9,355	130 c/HR	081 \$/MILE	18 c/HR
ONO OF ZERO RATED VEH FLATS 2/	84			
-ALL OTHER CARS	663,695	67 c/HR	.072 \$/MILE	
ONO OF ZERO RATED "OTHER" CARS 2/	36,551			
0	TOTAL			
	709,685			

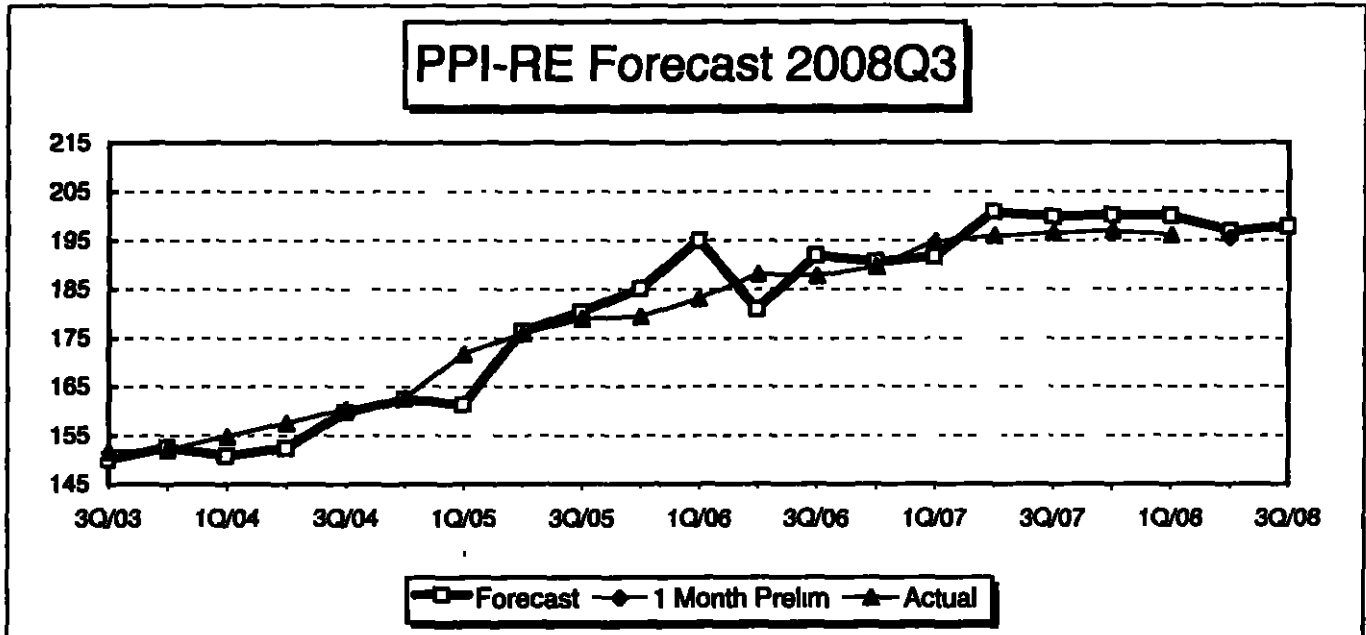
1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES
 CAR TYPE D - LOCOMOTIVES
 CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND EOT DEVICE
 CAR TYPE U - CONTAINERS
 CAR TYPE Z - TRAILERS
 0 ALL TTX EQUIPMENT (INCLUDING ABOX, RBOX AND GONX) IS SHOWN ON THE PRIVATE EQUIPMENT REPORT
 -2/ EQUIPMENT CAN BE ZERO RATED DUE TO OWNERS SUPPLYING INCORRECT OR INSUFFICIENT INFORMATION TO THE CAR ACCOUNTING PROCESS OR CARS
 WITH RATE INDICATOR SIX (6) THIS EQUIPMENT IS ELIMINATED FROM THE AVERAGING PROCESS

PPI-RE Forecast (for Depreciation Component)

	Forecast	Actual	1 Month Prelim
3Q/03	149.9	151.7	
4Q/03	152.4	152.0	
1Q/04	150.7	154.8	
2Q/04	152.3	157.5	
3Q/04	159.6	160.3	
4Q/04	162.4	162.7	
1Q/05	161.3	171.7	
2Q/05	176.3	175.9	
3Q/05	180.3	178.9	
4Q/05	185.1	179.4	
1Q/06	195.0	183.1	
2Q/06	180.9	188.1	
3Q/06	191.9	187.7	
4Q/06	190.6	189.6	
1Q/07	191.6	194.8	
2Q/07	200.9	195.9	
3Q/07	199.9	196.5	
4Q/07	200.2	197.0	
1Q/08	200.1	196.1	
2Q/08	196.9		195.5
3Q/08	197.9		

1980 Base

	PPI-RE Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2008Q3						
Low	174.9	193.5	-1.5%			
Modpoint	178.9	197.9	0.7%	1.2%	0.9%	0.5%
High	182.9	202.3	3.0%			



re_ppi.txt

Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2008q3\5Deprec\FPre_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPIRE

Length 72 Minimum 134.500 Maximum 178.100
Mean 155.897 Standard deviation 16.570

Classical decomposition (multiplicative)

Trend-cycle: 99.22% Seasonal: 0.28% Irregular: 0.50%

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

Box-Jenkins outperforms exponential smoothing by 1.437 to 2.564 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12.

Series is nonstationary and seasonal.

Recommended model: Box-Jenkins

Forecast Model for PPIRE

ARIMA(0,1,0)*(0,0,2)

Term	Coefficient	Std. Error	t-Statistic	Significance
B[12]	-0.5894	0.0995	-5.9256	1.0000
B[24]	-0.7963	0.0525	-15.1760	1.0000

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 155.9	Standard deviation 16.57
R-square 0.9962	Adjusted R-square 0.9962
Durbin-Watson 1.673	Ljung-Box(18)=24.67 P=0.8657
Forecast error 1.027	BIC 1.075
MAPE 0.004602	RMSE 1.013
MAD 0.7073	

Forecast Report

Tue May 20 12:29:54 2008

Box-Jenkins model for PPIRE

Analysis of Historic Fit Set

Date	Historic
2002-05	135.200
2002-06	135.400
2002-07	134.900
2002-08	135.000
2002-09	134.600
2002-10	134.500
2002-11	134.500
2002-12	134.500
2003-01	134.500
2003-02	135.400
2003-03	135.500
2003-04	136.000
2003-05	136.300
2003-06	136.300
2003-07	136.700
2003-08	136.500
2003-09	136.900

re_ppi.txt

2003-10 137.200
 2003-11 137.700
 2003-12 137.300
 2004-01 137.900
 2004-02 140.100
 2004-03 142.200
 2004-04 142.800
 2004-05 143.500
 2004-06 143.700
 2004-07 143.200
 2004-08 143.500
 2004-09 144.200
 2004-10 145.000
 2004-11 147.000
 2004-12 153.200
 2005-01 153.400
 2005-02 156.000
 2005-03 161.600
 2005-04 161.100
 2005-05 161.300
 2005-06 161.200
 2005-07 161.500
 2005-08 161.800
 2005-09 161.800
 2005-10 161.700
 2005-11 161.900
 2005-12 162.200
 2006-01 164.200
 2006-02 165.500
 2006-03 168.200
 2006-04 168.200
 2006-05 169.600
 2006-06 171.300
 2006-07 170.600
 2006-08 170.900
 2006-09 170.400
 2006-10 170.200
 2006-11 170.300
 2006-12 172.700
 2007-01 173.900
 2007-02 175.600
 2007-03 176.100
 2007-04 174.200
 2007-05 175.600
 2007-06 176.400
 2007-07 177.400
 2007-08 177.400
 2007-09 177.900
 2007-10 177.500
 2007-11 177.700
 2007-12 177.500
 2008-01 177.700
 2008-02 178.100
 2008-03 176.100
 2008-04 176.700

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2008-05	175.648	177.647	179.645
2008-06	175.771	178.598	181.424

Page 2

			re_ppi.txt
1	2008-07	175.396	178.858
	2008-08	174.760	178.757
	2008-09	174.593	179.062
	2008-10	174.112	179.008
	2008-11	174.024	179.311
	2008-12	174.530	180.183
	2009-01	173.818	179.814
	2009-02	174.163	180.482
	2009-03	172.613	179.242
	2009-04	172.047	178.971

}



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Data extracted on: May 20, 2008 (12:12 PM)

PPI Commodity Data

Series Catalog:

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2007	173.9	175.6	176.1	174.2	175.6	176.4	177.4	177.4	177.9	177.5	177.7	177.5	176.4
2008	177.7(P)	178.1(P)	176.1(P)	176.7(P)									

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

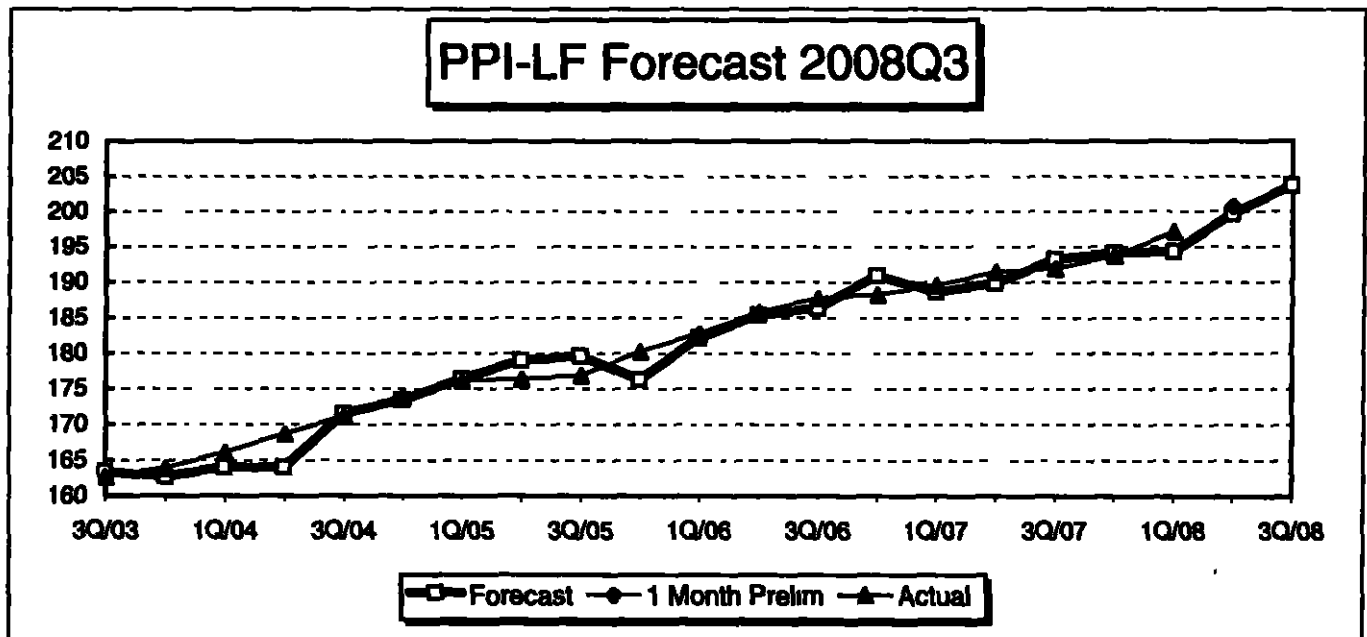
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PPI-LF Forecast (for Other and Lease Rentals Components)

	Forecast	Actual	1 Month Prelim
3Q/03	163.2	162.6	
4Q/03	162.6	163.8	
1Q/04	163.9	166.0	
2Q/04	163.9	168.6	
3Q/04	171.4	171.1	
4Q/04	173.3	173.7	
1Q/05	176.3	176.0	
2Q/05	178.9	176.3	
3Q/05	179.5	176.8	
4Q/05	176.2	180.2	
1Q/06	182.1	182.7	
2Q/06	185.3	185.7	
3Q/06	186.3	187.7	
4Q/06	190.9	188.2	
1Q/07	188.6	189.5	
2Q/07	189.8	191.4	
3Q/07	193.2	191.9	
4Q/07	194.1	193.7	
1Q/08	194.3	197.1	
2Q/08	199.7		200.7
3Q/08	203.8		

1980 Base

	PPI-LF Forecast		Yr Ago Actual	Percent Change		
	(82=100)	(80=100)		Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2008Q3						
Low	179.2	200.9	4.7%			
Modpoint	181.8	203.8	6.2%	1.5%	3.4%	2.1%
High	184.4	206.7	7.7%			



lf_ppi.txt

Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2008q3\7Other\FPIf_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPILF

Length 72 Minimum 142.700 Maximum 179.000
Mean 157.700 Standard deviation 11.000

Classical decomposition (multiplicative)

Trend-cycle: 99.05% Seasonal: 0.25% Irregular: 0.70%

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

Box-Jenkins outperforms exponential smoothing by 1.211 to 1.688 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12.

Series is trended and seasonal.

Recommended model: Box-Jenkins

Forecast Model for PPILF

ARIMA(1,1,0)*(0,1,1)

Term	Coefficient	Std. Error	t-Statistic	Significance
a[1]	0.5819	0.1131	5.1458	1.0000
B[12]	0.8231	0.0539	15.2803	1.0000

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 157.7	Standard deviation 11
R-square 0.999	Adjusted R-square 0.9989
Durbin-Watson 1.932	* Ljung-Box(18)=31.08 P=0.9718
Forecast error 0.3578	BIC 0.3744
MAPE 0.001566	RMSE 0.3528
MAD 0.2543	

Forecast Report

Tue May 20 13:07:20 2008

Box-Jenkins model for PPILF

Analysis of Historic Fit Set

Date	Historic
2002-05	142.700
2002-06	143.000
2002-07	143.000
2002-08	143.000
2002-09	143.200
2002-10	143.900
2002-11	143.800
2002-12	143.400
2003-01	144.000
2003-02	144.700
2003-03	145.300
2003-04	144.800
2003-05	144.900
2003-06	144.800
2003-07	144.600
2003-08	144.800
2003-09	145.000
2003-10	145.900

lf_ppi.txt

2003-11	146.100
2003-12	146.300
2004-01	147.200
2004-02	148.200
2004-03	149.100
2004-04	150.000
2004-05	150.500
2004-06	150.900
2004-07	151.500
2004-08	152.600
2004-09	153.300
2004-10	154.600
2004-11	155.000
2004-12	155.400
2005-01	156.400
2005-02	156.900
2005-03	157.400
2005-04	157.600
2005-05	157.400
2005-06	157.000
2005-07	157.300
2005-08	157.500
2005-09	158.700
2005-10	160.500
2005-11	161.000
2005-12	161.300
2006-01	162.500
2006-02	163.200
2006-03	163.800
2006-04	164.800
2006-05	166.400
2006-06	166.800
2006-07	167.100
2006-08	167.500
2006-09	167.600
2006-10	167.700
2006-11	167.800
2006-12	167.900
2007-01	168.200
2007-02	168.600
2007-03	169.400
2007-04	170.300
2007-05	170.800
2007-06	171.000
2007-07	171.400
2007-08	171.100
2007-09	171.200
2007-10	172.200
2007-11	173.100
2007-12	173.100
2008-01	174.600
2008-02	175.700
2008-03	177.100
2008-04	179.000

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2008-05	179.530	180.294	181.057
2008-06	179.448	180.878	182.307
2008-07	179.354	181.403	183.451

			lf_ppi.txt
2008-08	179.125	181.735	184.345
2008-09	179.073	182.191	185.309
2008-10	179.617	183.195	186.774
2008-11	179.643	183.642	187.641
2008-12	179.352	183.739	188.126
2009-01	179.977	184.724	189.471
2009-02	180.385	185.469	190.552
2009-03	180.901	186.301	191.702
2009-04	181.435	187.135	192.836



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Data extracted on: May 20, 2008 (12:17 PM)

PPI Commodity Data

Series Catalog:

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2007	168.2	168.6	169.4	170.3	170.8	171.0	171.4	171.1	171.2	172.2	173.1	173.1	170.9
2008	174.6(P)	175.7(P)	177.1(P)	179.0(P)									

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

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Forecast Error Calculation

	First Quarter 2008		Diff
	2006	2008Q1	
Labor	Weight	Forecast	Actual
Fuel	34.5%	312.8	312.8
M&S	19.2%	334.8	321.4
Equip Rents	5.0%	218.5	218.5
Depreciation	7.8%	193.1	194.8
Interest	10.6%	200.1	196.1
Other	2.7%	90.2	90.2
Weighted Avg	20.2%	194.3	197.1
1980 = 100		261.1	258.8
1980 = 100 (linked)		254.4	252.3
4Q07 = 100	2.459	103.5	102.6
4Q02 = 100	1.921	132.4	131.3
4Q97 = 100	1.732	146.9	145.7
4Q92 = 100	1.569	162.1	160.8
Forecast Error		-0.9	

Prior Quarter

1980 = 100	248.1	251.9 ***
1980 = 100 (linked)	241.7	245.6
4Q07 = 100	98.3	99.9
4Q02 = 100	125.8	127.9
4Q97 = 100	139.5	141.8
4Q92 = 100	154.0	156.5

Equipment Rents

Car Hire	179.9	179.7
Lease Rentals	194.3	197.1
Weighted Average	187.6	189.0
Linked	193.1	194.8

Prior Quarter

Weighted Average	187.4	187.2 ***
Linked	192.9	192.9

Sum of Weights
Sum of ER Wt.

ok
ok

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

* actual=forecast
from 1st month of quarter
* actual=forecast
from Equipment Rents below
PPI-RE 177.70 178.10 176.10 0.9040
* actual=forecast
PPI-LF 174.50 175.70 177.10 0.8920

calculated
calculated

calculated
calculated
calculated

calculated

calculated
calculated
calculated
calculated

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

All-Inclusive Index (Actual)

	06 Wts	3Q/07 05 Wts	3Q/07 06 Wts	% Chg	4Q/07 06 Wts	% Chg.	1Q/08 06 Wts	% Chg.	2Q/08 06 Wts	% Chg.	3Q/08 06 Wts	% Chg.
Labor	34.5%	298.5	298.5	0.0%	307.9	3.1%	312.8	1.6%	NA	NA	NA	NA
Fuel	19.2%	276.0	276.0	0.0%	298.5	8.2%	321.4	7.7%	NA	NA	NA	NA
M&S	5.0%	212.6	212.6	0.0%	218.4	2.7%	218.5	0.0%	NA	NA	NA	NA
Equipment Rents	7.8%	192.0	192.0	0.0%	192.9	0.5%	194.8	1.0%	0.0	NA	#DIV/0!	NA
Depreciation	10.6%	196.5	196.5	0.0%	197.0	0.3%	196.1	-0.5%	90.2	0.0%	90.2	0.0%
Interest	2.7%	96.9	96.9	0.0%	90.2	-6.9%	90.2	0.0%	90.2	0.0%	90.2	0.0%
Other	20.2%	191.9	191.9	0.0%	193.7	0.9%	197.1	1.8%	NA	NA	NA	NA
Weighted Avg.	1.0000	241.5	243.8	1.0%	251.9	3.3%	258.8	2.7%	2.4	NA	#DIV/0!	NA
Linked		237.7			245.6	3.3%	252.3	2.7%	2.3	NA	#DIV/0!	NA
10/1/80		231.5			239.1	3.3%	245.7	2.8%	2.2	NA	#DIV/0!	NA
10/1/82		196.6			203.1	3.3%	208.7	2.8%	1.9	NA	#DIV/0!	NA
4Q/87		179.8			185.8	3.3%	190.8	2.7%	1.7	NA	#DIV/0!	NA
4Q/92		151.5			156.5	3.3%	160.8	2.7%	1.5	NA	#DIV/0!	NA
4Q/97		137.2			141.8	3.4%	145.7	2.8%	1.3	NA	#DIV/0!	NA
4Q/02		123.7			127.9	3.4%	131.3	2.7%	1.2	NA	#DIV/0!	NA
4Q/07		86.7			99.9	3.3%	102.6	2.7%	0.9	NA	#DIV/0!	NA
Equipment Rents												
Car Hire	46.3%	179.9	179.9	0.0%	179.6	-0.2%	179.7	0.1%	0.0	NA	0.0	NA
Lease Rentals	53.7%	191.9	191.9	0.0%	193.7	0.9%	197.1	1.8%	0.0	NA	0.0	NA
ER Weighted Avg	1.0000	186.0	186.3	0.2%	187.2	0.5%	189.0	1.0%	0.0	NA	0.0	NA
ER Linked		192.0			192.9	0.5%	194.8	1.0%	0.0	NA	#DIV/0!	NA

Impact/Check of weight change			
Labor	05 Wts	06 Wts	
Fuel	105.371	102.983	
M&S	44.160	52.992	
Equipment Rents	9.780	10.630	
Depreciation	15.744	14.976	
Interest	21.812	20.829	
Other	3.004	2.616	
Weighted Avg	41.642	38.764	
ER Weighted Avg	241.512	243.790	
ER Linked	185.996	186.344	

RCAF Fuel (Actual All-Inclusive Index)

January 2008

Average Price for Monthly Report

	January 200 Price (1)	1/1/81 Price (2)	1/91 New Method Linking Factors (3)	January 2008 Index 1/1/81=100 (4)
U.S.	263.01	89.34	99.415	292.67
East	261.19	91.56	99.435	283.65
West	263.72	87.83	99.416	298.51

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

Fuel Index on 1977 Base and 1980 Base

	January 2008 Index 1/1/81=100 (1)	Linking Factors 1977=100 (2)	January 2008 Index 1980=100 (3)	January 2008 Index 1977=100 (4)	January 2008 Index 1980=100 (5)
U.S.	292.67	2.606	1.096	762.70	320.77
East	283.65	2.569	1.134	728.71	321.66
West	298.51	2.639	1.067	787.76	318.51

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

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

Final Actual All-Inclusive Index

	1980=100 January 2008 Current Index	Adjustment Factor	January 2008 Linked Index
U.S.	320.77	1.00192	321.38
East	321.66	1.00621	323.66
West	318.51	1.00024	318.58

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

Car Hire for RCAF

RCAF (Actual)							
		1980	Aug 3Q/07	Nov 4Q/07	Feb 1Q/08	May 2Q/08	Aug 3Q/08
RATE							
RR-OWNED TIME		31.00	67 00	67 00	67 00	67 00	--
RR-OWNED MILEAGE		4 69	7 30	7.20	7 20	7 20	--
PRIVATELY-OWNED CARS		25 47	44 89	44.83	44.88	45.49	--
AUTORACKS		47 00	48 12	49 99	48.32	49 98	--
INDEX							
RR-OWNED TIME		100.0	216 1	216.1	216.1	216 1	--
RR-OWNED MILEAGE		100.0	155.7	153.5	153 5	153 5	--
PRIVATELY-OWNED CARS		100 0	176 2	176.0	176.2	178.6	--
AUTORACKS		100.0	102 4	106.4	102.8	106 3	--
CAR HIRE INDEX (old wts)	2005	100 0	181 6	--	--	--	--
CAR HIRE INDEX (new wts)	2006	100 0	181 1	180.8	180 9	182.6	--
CAR HIRE INDEX (LINKED)		100 0	179.9	179.6	179.7	181.4	--

Note Indexes are rounded, rates are full float

Equipment Rents Data From UMLER

	2007												2008											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug		
V																								
Railroad Owned																								
No of Cars	9,404	9,399	9,393	9,381	9,343	9,332	9,325	9,313	9,301	9,273	9,357				9,325	9,313	9,301	9,273	9,357					
Superstructures																								
Rate	16.0	17.0	17.0	18.0	18.0	18.0	17.0	18.0	18.0	18.0	18.0				17.0	18.0	18.0	18.0	18.0					
Superstructures #3 - Auto Rack	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0				67.0	67.0	67.0	67.0	67.0					
All other #1 - Time	7.2	7.3	7.3	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2				7.2	7.2	7.2	7.2	7.2					
All other #2 - Mileage																								
Privately Owned																								
No of Cars	49,577	49,721	49,818	49,764	49,707	49,720	49,740	49,737	49,743	49,728	49,892				49,740	49,737	49,743	49,728	49,892					
Superstructures	336,397	336,982	338,292	338,568	337,760	340,654	341,287	341,873	342,902	343,835	344,344				341,287	341,873	342,902	343,835	344,344					
Covered Hoppers	294,240	294,531	297,036	298,808	298,139	300,010	301,849	303,784	305,916	307,063	308,278				301,849	303,784	305,916	307,063	308,278					
Tank Cars	289,294	289,490	290,414	289,831	290,633	291,495	292,585	292,918	294,498	295,044	297,160				292,585	292,918	294,498	295,044	297,160					
Others																								
Rate	76.0	76.0	76.0	76.0	76.0	76.0	76.0	76.0	76.0	76.0	76.0				76.0	76.0	76.0	76.0	76.0					
Superstructures #1 - Time	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8				0.8	0.8	0.8	0.8	0.8					
Superstructures #2 - Mileage	54.0	54.0	55.0	56.0	56.0	57.0	53.0	54.0	55.0	55.0	56.0				53.0	54.0	55.0	55.0	56.0					
Superstructures #3 - Auto Rack	44.5	44.5	44.8	44.7	44.8	44.9	44.3	44.7	44.7	44.8	44.8				44.3	44.7	44.7	44.8	44.8					
Covered Hoppers #2 - Mileage	72.7	72.7	71.9	72.0	72.1	72.2	71.6	72.0	73.4	73.7	73.9				71.6	72.0	73.4	73.7	73.9					
Tank Cars #2 - Mileage	67.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0				66.0	66.0	66.0	66.0	66.0					
Others #1 - Time	6.8	6.9	6.9	6.9	6.8	6.8	6.7	6.7	6.7	6.7	6.7				6.7	6.7	6.7	6.7	6.7					
Others #2 - Mileage																								
AVERAGE RATES																								
Private Superstructures	18.66	18.66	18.66	18.66	18.66	18.66	19.13	19.13	19.13	19.13	19.13				19.13	19.13	19.13	19.13	19.13					
Private Others	21.77	21.55	21.55	21.55	21.23	21.23	21.35	21.35	21.13	21.13	21.13				21.35	21.35	21.13	21.13	21.13					
Private Total	44.95	44.89	44.73	44.85	44.83	44.89	44.58	44.88	45.27	45.42	45.49				44.58	44.88	45.27	45.42	45.49					
Autorec'd	47.86	48.12	48.97	49.97	49.99	50.94	47.32	48.32	49.17	49.18	49.96				47.32	48.32	49.17	49.18	49.96					

AVERAGE RATES

Private Superstructures	18.66	18.66	18.66	18.66	18.66	18.66	19.13	19.13	19.13	19.13	19.13	0.00	0.00	0.00
Private Others	21.77	21.55	21.55	21.55	21.23	21.23	21.35	21.35	21.13	21.13	21.13	0.00	0.00	0.00
Private Total	44.95	44.89	44.73	44.85	44.83	44.89	44.58	44.88	45.27	45.42	45.49	#DIV/0!	#DIV/0!	#DIV/0!
Autotracks	47.86	48.12	48.97	49.97	49.99	50.84	47.32	48.32	49.17	49.18	49.98	#DIV/0!	#DIV/0!	#DIV/0!

WEIGHTS	"Old W's" "New W's"	
	2005	2006
For RCAF & RCR		
RR-owned Time	0.181	0.182
RR-owned Mileage	0.089	0.097
Privately-owned Cars	0.730	0.718
Autotracks	0.000	0.005
----- Check sum	1.000	1.000
Weights for Equipment Rents (not used in Car Hire calculation)		
Car Hire - U S	2005	2006
Lease Rents - U S	0.492	0.463
----- Check sum	0.608	0.537
----- Check sum	1.000	1.000

Note: The 4 bold lines are used for the Car Hire Rate. Private Total uses a weighted average of the Covered Hoppers, Tank Cars, Combined Private Superstructures, and Consumed Private Others rates.

CAR GROUP		CAR COUNT		TIME		MILEAGE		AUTO RACK	
-----		-----		-----		-----		-----	
-VEHICULAR FLATS		9,313		128 ¢/HR		080 \$/MILE		18 ¢/HR	
ONO OF ZERO RATED VEH FLATS 2/		102							
-ALL OTHER CARS		670,153		67 ¢/HR		072 \$/MILE			
ONO OF ZERO RATED "OTHER" CARS 2/		39,195							
0		TOTAL							
		718,763							

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES
CAR TYPE D - LOCOMOTIVES
CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND EOT DEVICE
CAR TYPE U - CONTAINERS
CAR TYPE 2 - TRAILERS
0 ALL TTX EQUIPMENT(INCLUDING ABOX, RBOX AND GONX) IS SHOWN ON THE PRIVATE EQUIPMENT REPORT
-2/ EQUIPMENT CAN BE ZERO RATED DUE TO OWNERS SUPPLYING INCORRECT OR INSUFFICIENT INFORMATION TO THE CAR ACCOUNTING PROCESS OR CARS
WITH RATE INDICATOR SIX (6) THIS EQUIPMENT IS ELIMINATED FROM THE AVERAGING PROCESS

PAGE NO 86

PRIVATE EQUIPMENT 1/

1PROGRAM DPRE799
CURRENT DATE FEBRUARY 01, 2008

AVERAGE RATE FOR 02/08

CAR GROUP	CAR COUNT	TIME	MILEAGE	CAR RENTAL RATES	AUTO RACK
-VEHICULAR FLATS	49,737	78 ¢/HR	008 \$/MILE		54 ¢/HR
ONO OF ZERO RATED VEH FLATS 2/	10				
-COVERED HOPPERS	341,973	0 ¢/HR	447 \$/MILE		
ONO OF ZERO RATED COVERED HOPPERS 2/	11,993				
-TANKS	303,784	4 ¢/HR	720 \$/MILE		
ONO OF ZERO RATED TANKS 2/	9,486				
-ALL OTHER CARS	292,918	66 ¢/HR	067 \$/MILE		
ONO OF ZERO RATED "OTHER" CARS 2/	39,042				
0					
	TOTAL:				
	1,048,943				

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES

CAR TYPE D - LOCOMOTIVES

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

CAR TYPE U - CONTAINERS

CAR TYPE 0 - CONTAINERS	CAR TYPE 2 - TRAILERS
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12	12
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99	99

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

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

RCAF - Depreciation

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Forecast Year 2008

As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast →		08Q1	08Q2	08Q3	08Q4
For Actual →		07Q3	07Q4	08Q1	08Q2
January	2007	173.9	173.9	173.9	173.9
February	2007	175.6	175.6	175.6	175.6
March	2007	176.1	176.1	176.1	176.1
April	2007	174.2	174.2	174.2	174.2
May	2007	175.6	175.6	175.6	175.6
June	2007	176.4	176.4	176.4	176.4
July	2007	178.1	177.4	177.4	177.4
August	2007	177.5	177.4	177.4	177.4
September	2007	177.1	177.9	177.9	177.9
October	2007	178.3	178.3	177.5	177.5
November	2007		178.2	177.7	177.7
December	2007		177.8	177.5	177.5
January	2008		177.7	177.7	
February	2008			178.1	
March	2008			176.1	
April	2008			176.7	
May	2008				
June	2008				
July	2008				
Actual Qtr.		177.6	178.1	177.3	NA

1980=100

Actual Qtr.	196.5	197.0	196.1	NA
First Mo. next qtr.	197.2	196.6	195.5	NA

0.904 =1980



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PPI Commodity Data

Series Catalog:

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2007	173.9	175.6	176.1	174.2	175.6	176.4	177.4	177.4	177.9	177.5	177.7	177.5	176.4
2008	177.7(P)	178.1(P)	176.1(P)	176.7(P)									

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

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RCAF - Other

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Forecast Year 2008 As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast	→	08Q1	08Q2	08Q3	08Q4
For Actual	→	07Q3	07Q4	08Q1	08Q2
January	2007	168.2	168.2	168.2	168.2
February	2007	168.6	168.6	168.6	168.6
March	2007	169.4	169.4	169.4	169.4
April	2007	170.3	170.3	170.3	170.3
May	2007	170.8	170.8	170.8	170.8
June	2007	171.0	171.0	171.0	171.0
July	2007	171.4	171.4	171.4	171.4
August	2007	171.0	171.1	171.1	171.1
September	2007	171.2	171.2	171.2	171.2
October	2007	172.0	172.0	172.2	172.2
November	2007		173.1	173.1	173.1
December	2007		173.2	173.1	173.1
January	2008		174.6	174.6	
February	2008			175.7	
March	2008			177.1	
April	2008			179.0	
May	2008				
June	2008				
July	2008				
Actual Qtr.		171.2	172.8	175.8	NA

1980=100

Actual Qtr.	191.9	193.7	197.1	NA
First Mo. next qtr.	192.8	195.7	200.7	NA

0.892 =1980



U.S. Department of Labor

Bureau of Labor Statistics

Bureau of Labor Statistics Data

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PPI Commodity Data

Series Catalog:

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2007	168.2	168.6	169.4	170.3	170.8	171.0	171.4	171.1	171.2	172.2	173.1	173.1	170.9
2008	174.6(P)	175.7(P)	177.1(P)	179.0(P)									

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

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NATIONAL RAILWAY LABOR CONFERENCE

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May 15, 2008

July 1, 2008 Cost-of-Living Allowance
Under 2000-Round National Agreements
UTU, UTU-Yardmasters

CIRCULAR NO. 832-19 (UTU, UTU-Yardmasters)

TO MEMBER ROADS:

The 2000-Round National Agreements with the above-referenced organizations provide for a cost-of-living allowance to be payable on July 1, 2008. The COL adjustment will be twenty six cents, calculated on the basis of the change in the CPI-W for the measurement period September 2007 to March 2008.

This COL adjustment will be rolled into basic rates of pay

NOTE:

THIS COLA WILL BE EFFECTIVE ONLY IF THE RESPECTIVE TENTATIVE AGREEMENTS ARE NOT RATIFIED OR IF THE EFFECTIVE DATE IS SUBSEQUENT TO JULY 1, 2008.


H. Glen Williams, Jr.

pursuant to the Award of Arbitration Board No. 579 (or any local counterpart agreement) shall be excluded before application of the general wage increases provided for in this Section 1 and eliminated from basic rates of pay after application of such increases.

Section 2 - Second General Wage Increase

Effective July 1, 2006, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2006 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 2 shall be applied in the same manner as provided for in Section 1 hereof.

Section 3 - Third General Wage Increase

Effective July 1, 2007, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2007 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 3 shall be applied in the same manner as provided for in Section 1 hereof.

Section 4 - Fourth General Wage Increase

Effective July 1, 2008, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2008 for employees covered by this Agreement shall be increased in the amount of four (4) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 hereof.

Section 2 - Second General Wage Increase

Effective July 1, 2006, all standard basic daily rates of pay in effect on June 30, 2006 for employees represented by the BLET shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 1(b) above.

Section 3 - Third General Wage Increase

Effective July 1, 2007, all standard basic daily rates of pay in effect on June 30, 2007 for employees represented by the BLET shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 1(b) above.

Section 4 - Fourth General Wage Increase

Effective July 1, 2008, all standard basic daily rates of pay in effect on June 30, 2008 for employees represented by the BLET shall be increased by four (4) percent, computed and applied in the same manner prescribed in Section 1(b) above.

Section 5 - Fifth General Wage Increase

Effective July 1, 2009, all standard basic daily rates of pay in effect on June 30, 2009 for employees represented by the BLET shall be increased by four-and-one-half (4-1/2) percent, computed and applied in the same manner prescribed in Section 1(b) above.

Section 6 - Standard Rates

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

Section 2 - Second General Wage Increase

Effective July 1, 2006, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2006 for employees covered by this Agreement shall be increased by three (3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

Section 3 - Third General Wage Increase

Effective July 1, 2007, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2007 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

Section 4 - Fourth General Wage Increase

Effective July 1, 2008, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2008 for employees covered by this Agreement shall be increased in the amount of four (4) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

Section 5 - Fifth General Wage Increase

Effective July 1, 2009, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2009 for employees covered by this Agreement shall be increased in the amount of four-and-one-half (4-1/2) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

Section 3 - Third General Wage Increase

Effective July 1, 2007 all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2007 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 3 shall be applied in the same manner as provided for in Section 1 hereof.

Section 4 - Fourth General Wage Increase

Effective July 1, 2008 all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2008 for employees covered by this Agreement shall be increased in the amount of four (4) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 hereof.

Section 5 - Fifth General Wage Increase

Effective July 1, 2009 all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2009 for employees covered by this Agreement shall be increased in the amount of four-and-one-half (4-1/2) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 hereof.

services rendered, and arbitraries representing duplicate time payments, will not be increased. Overtime hours will be computed in accordance with individual schedules for all overtime hours paid for.

Section 2 - Second General Wage Increase

Effective July 1, 2006, all hourly, daily, weekly, monthly and piece-work rates of pay in effect on June 30, 2006 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 2 shall be applied in the same manner as provided for in Section 1 hereof.

Section 3 - Third General Wage Increase

Effective July 1, 2007, all hourly, daily, weekly, monthly and piece-work rates of pay in effect on June 30, 2007 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 3 shall be applied in the same manner as provided for in Section 1 hereof.

Section 4 - Fourth General Wage Increase

Effective July 1, 2008, all hourly, daily, weekly, monthly and piece-work rates of pay in effect on June 30, 2008 for employees covered by this Agreement shall be increased in the amount of four (4) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 hereof.

Section 5 - Fifth General Wage Increase

Effective July 1, 2009, all hourly, daily, weekly, monthly and piece-

Section 4 - Fourth General Wage Increase

Effective July 1, 2008, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2008, for employees covered by this Agreement shall be increased in the amount of four (4) percent applied so as to give effect to this increase irrespective of the method of payment. Rates of freight carmen shall be increased in the same manner as provided in Section 1 hereof. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 hereof.

Section 5 - Fifth General Wage Increase

Effective July 1, 2009, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2009, for employees covered by this Agreement shall be increased in the amount of four-and-one-half (4-1/2) percent applied so as to give effect to this increase irrespective of the method of payment. Rates of freight carmen shall be increased in the same manner as provided in Section 1 hereof. The increase provided for in this Section 5 shall be applied in the same manner as provided for in Section 1 hereof.

ARTICLE II - OPTIONAL ALTERNATIVE COMPENSATION PROGRAM**Section 1**

A carrier or organization may propose alternative compensation arrangements for consideration by the other party. Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401(k) plans. The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate representatives.

Section 2 - Second General Wage Increase

Effective July 1, 2006, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2006 for employees covered by this Agreement shall be increased by three (3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

Section 3 - Third General Wage Increase

Effective July 1, 2007, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2007 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

Section 4 - Fourth General Wage Increase

Effective July 1, 2008, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2008 for employees covered by this Agreement shall be increased in the amount of four (4) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

Section 5 - Fifth General Wage Increase

Effective July 1, 2009, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2009 for employees covered by this Agreement shall be increased in the amount of four-and-one-half (4-1/2) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

NATIONAL RAILWAY LABOR CONFERENCE

ECONOMIC RESEARCH DEPARTMENT

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

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

May 15, 2008

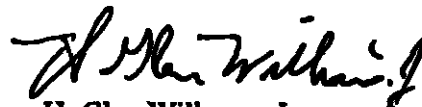
July 1, 2008 Cost-of-Living Allowance
Under 2000-Round National Agreements
IAM

CIRCULAR NO. 841-14 (IAM)

TO MEMBER ROADS:

The 2000-Round National Agreement with the above-referenced organization provides for a cost-of-living allowance to be payable on July 1, 2008. The COL adjustment will be twenty six cents, calculated on the basis of the change in the CPI-W for the measurement period September 2007 to March 2008

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


H. Glen Williams, Jr

Section 2 - Second General Wage Increase

Effective July 1, 2006, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2006 for employees covered by this Agreement shall be increased by three (3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

Section 3 - Third General Wage Increase

Effective July 1, 2007, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2007 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

Section 4 - Fourth General Wage Increase

Effective July 1, 2008, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2008 for employees covered by this Agreement shall be increased in the amount of four (4) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

Section 5 - Fifth General Wage Increase

Effective July 1, 2009, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2009 for employees covered by this Agreement shall be increased in the amount of four-and-one-half (4-1/2) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

general wage increases provided for in this Section 1 and eliminated from basic rates of pay after application of such increases.

Section 2 - Second General Wage Increase

Effective July 1, 2006, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2006 for employees covered by this Agreement shall be increased by three (3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

Section 3 - Third General Wage Increase

Effective July 1, 2007, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2007 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase irrespective of the method of payment.

Section 4 - Fourth General Wage Increase

Effective July 1, 2008, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2008 for employees covered by this Agreement shall be increased in the amount of four (4) percent applied so as to give effect to this increase irrespective of the method of payment.

Section 5 - Fifth General Wage Increase

Effective July 1, 2009, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2009 for employees covered by this Agreement shall be increased in the amount of four-and-one-half (4-1/2) percent applied so as to give effect to this increase irrespective of the method of payment.

AGREEMENT BETWEEN

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

AND

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

IT IS AGREED:

ARTICLE I - RATES OF PAY

- A Effective July 1, 2005, the rate of pay for all machinists subject to this Agreement shall be \$21 34 per hour**
- B Effective July 1, 2006, all rates of pay in effect on June 30, 2006 are increased by three percent (3%)**
- C Effective July 1, 2007, all rates of pay in effect on June 30, 2007 are increased by three percent (3%)**
- D Effective July 1, 2008, all rates of pay in effect on June 30, 2008 are increased by four percent (4%)**
- E Effective July 1, 2009, all rates of pay in effect on June 30, 2009 are increased by three percent (3%)**
- F Rates of pay resulting from the application of paragraphs B through E, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent**

Agreement between

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

and their employees represented by the

BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES

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

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

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

WC & SSAM BMW E
DWP, OMR too

APPENDIX B

COST-OF-LIVING ALLOWANCE AND ADJUSTMENTS THERETO AFTER JANUARY 1, 2008

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

- (a) A cost-of-living allowance will be payable in the manner set forth in and subject to the provisions of this Article, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the BLS CPI. The first such cost-of-living allowance shall be payable effective July 1, 2008 based, subject to paragraph (d), on the BLS CPI for March 2008 as compared with the BLS CPI for September 2007. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2007	March 2008	July 1, 2008 ✓
March 2008	September 2008	January 1, 2009

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

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance will apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that will be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period
- (d) (i) Cap In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2008	3% of September 2007 CPI

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

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

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

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

AGREEMENT BETWEEN
CANADIAN NATIONAL (CN)
CHICAGO, CENTRAL AND PACIFIC RAILROAD (CCP)
AND
BROTHERHOOD RAILWAY CARMEN DIVISION
TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION

IT IS AGREED:

ARTICLE I – TERMS AND CONDITIONS OF AGREEMENT

Unless otherwise specified in this agreement:

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

The provision related to “Employee Protection/Contracting Out/Employment Level” will not be applicable to employees covered by the new CCP/BRC Agreement
- C. It is understood that the Company may continue to outside contract work to the extent presently permissible by the existing terms and conditions of the previous CCP/BRC Agreement.

ARTICLE II – RATES OF PAY

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

AGREEMENT

between the

**DULUTH, WINNIPEG AND PACIFIC RAILWAY COMPANY
(DWP)**

AND

its employees represented by the

BROTHERHOOD OF RAILROAD SIGNALMEN (BRS)

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

AGREEMENT BETWEEN

DULUTH, MISSABE & IRON RANGE RAILWAY COMPANY (DMIR)

AND

**THE INTERNATIONAL BROTHERHOOD OF BOILERMAKERS, IRON SHIP
BUILDERS, BLACKSMITHS, FORGERS AND HELPERS (IBB&B)**

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

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

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

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

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

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

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

AGREEMENT BETWEEN
CANADIAN NATIONAL (CN)
DULUTH, MISSABE AND IRON RANGE RAILWAY COMPANY (DMIR)
AND
NATIONAL CONFERENCE OF FIREMEN AND OILERS
SERVICE EMPLOYEES INTERNATIONAL UNION (NCF&O)

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

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

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

AGREEMENT BETWEEN

DULUTH, MISSABE AND IRON RANGE RAILWAY COMPANY

AND

**BROTHERHOOD RAILWAY CARMEN DIVISION
TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION**

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

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

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

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

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

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

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

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

ARTICLE III - HEALTH & WELFARE

- A Effective January 1, 2008, all BRC-TCIU/DM&IR Health and Welfare plans are cancelled in their entirety and all employees subject to this agreement and their dependents will be covered by the National Health and Welfare Plans, including all subsequent amendments, excluding cost sharing, in effect between the National Carriers' Conference Committee and the Brotherhood Railway Carmen Division Transportation Communications Union, as set forth below:

- 1. The Railroad Employees National Health and Welfare Plan Covering Certain Employees Represented by the Transportation Communications International Union, Brotherhood Railway Carmen Division of Transportation Communications International Union, and Transport Workers Union
- 2. Life Insurance Benefits for U.S. Employees and Retirees and Accidental Death and Dismemberment Insurance Benefits for U.S. Employees under The Railroad Employees National Health and Welfare Plan, Effective January 1, 2003

- 3 The Railroad Employees National Early Retirement Major Medical Benefit Plan (formerly GA-46000)
4. Railroad Employees National Dental Plan for US Employees as amended through January 1, 2003
5. Railroad Employees National Vision Plan 1999
6. Supplemental Sickness Benefit Plan covering Railroad Shop Craft Employees, January 1, 2003
7. The National Off -Track Vehicle Plan

B. Effective January 1, 2008, the amount of employee cost sharing for Health and Welfare Plans shall be one hundred dollars (\$100.00) per month for the duration of this agreement ✓

ARTICLE IV – PENSION PLAN

Effective upon signing of this agreement:

- A The Bessemer Non-Contributory Pension Plan will be closed to new participants.
- B Effective July 1, 2011, employees presently participating in the Bessemer Non-Contributory Pension Plan will cease accruing further service credit under the plan. Service credit is used to calculate the amount of pension benefit with respect to completed years and months of plan participation. While the number of years of service credit under the plan will “freeze” July 1, 2011, future salary growth will be considered in the calculation of the pension benefit payable upon retirement or other termination of employment.

Continued employment with the Company after July 1, 2011, will count towards eligibility service. Eligibility service is used to determine which retirement category an employee qualifies for such as a 30-year retirement.

ARTICLE V – 401(k)

As soon as reasonably practical, all employees covered by this Agreement will be eligible to participate in the Illinois Central Union 401(k) plan. Under the plan, for the first four percent (4%) of an employee's salary contributed, the Company will contribute \$.25 for each \$1.00 contributed by the employee. The employee may contribute an amount above 4% with no Company participation, subject to IRS annual limits.

ARTICLE VI - EMPLOYEE SHARE INVESTMENT PLAN

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

ARTICLE XI - GRIEVANCE RESOLUTION/BONUS

- A. Within sixty (60) days of the date of this agreement, all employees in active service on positions covered by this agreement will be paid one thousand dollars (\$1,000 00) each, subject to applicable payroll deductions ✓
- B. Upon payment of the amount indicated in paragraph (A), all claims and grievances, other than those involving disciplinary action based on an occurrence prior to the effective date of this Agreement are considered resolved without prejudice to the position of either party and with the understanding that such settlements will not be cited by either party in any future case, nor used by either party to allege that the other has agreed to a particular practice

ARTICLE XII - GENERAL PROVISIONS

- A. The purpose of this Agreement is to settle the Organization's Section 6 notice dated November 1, 2004, and to fix the general level of compensation and rules covering working conditions through December 31, 2009, and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.
- B. Neither party to this agreement shall serve, prior to November 1, 2009 (not to become effective prior to January 1, 2010), any notice or proposal for the purpose of changing, adding to, or deleting the provisions of any agreement in effect between the parties.

Unless otherwise indicated, this agreement is effective on the date signed.

Signed the 28TH day of January, 2008 at Homewood, Illinois.

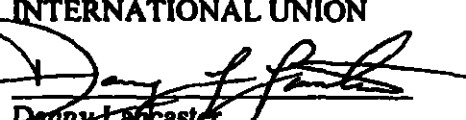
FOR THE DULUTH, MISSABE
AND IRON RANGE RAILWAY COMPANY


R. K. MacDougall
Sr. Director - Labor Relations

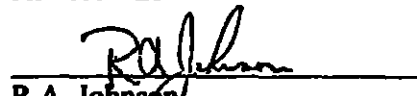

R. N. Bateman
Sr. Manager - Labor Relations


K.A. McCarthy
Manager - Labor Relations

FOR THE BROTHERHOOD
RAILWAY CARMEN DIVISION
TRANSPORTATION COMMUNICATIONS
INTERNATIONAL UNION


Danny Lancaster
General Chairman

APPROVED:


R. A. Johnson
General President

AGREEMENT BETWEEN
DULUTH, MISSABE AND IRON RANGE RAILWAY COMPANY (DMIR)
AND
SHEET METAL WORKERS' INTERNATIONAL ASSOCIATION (SMWIA)

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

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

- (a) A cost-of-living allowance will be payable in the manner set forth in and subject to the provisions of this Article, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the BLS CPI. The first such cost-of-living allowance shall be payable effective July 1, 2010 based, subject to

AGREEMENT BETWEEN
DULUTH, WINNIPEG & PACIFIC RAILWAY COMPANY
AND
BROTHERHOOD RAILWAY CARMEN DIVISION
TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION

IT IS AGREED:

ARTICLE I - RATES OF PAY

- A. Effective January 1, 2004, all rates of pay in effect on December 31, 2003, are increased by three per cent (3%).
- B. Effective July 1, 2005, all rates of pay in effect on June 30, 2006, are increased by three per cent (3%).
- C. Effective July 1, 2006, all rates of pay in effect on June 30, 2006, are increased by three per cent (3%).
- D. Effective July 1, 2007, all rates of pay in effect on June 30, 2007, are increased by three per cent (3%).
- E. Effective July 1, 2008, all rates of pay in effect on June 30, 2008, are increased by four per cent (4%).
- F. Effective July 1, 2009, all rates of pay in effect on June 30, 2009, are increased by three per cent (3%).
- G. Rates of pay resulting from the application of A through F, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

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

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

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

Term of Contract

The Collective Bargaining Agreement signed February 2, 2004 covering employees (on the former GTW) represented by the Brotherhood of Locomotive Engineers and Trainmen (BLE&T) will be renewed for a period of five years commencing August 1, 2005.

I. WAGES

Amend Articles 5, and 11, and amend all provisions in conflict to reflect the following:

Paragraph A

- i) Effective August 1, 2005, a wage increase of 3% on the rate of pay in effect on July 31, 2005.
- ii) Effective August 1, 2006, a wage increase of 3% on the rate of pay in effect on July 31, 2006.
- iii) Effective August 1, 2007, a wage increase of 3% on the rate of pay in effect on July 31, 2007.
- iv) Effective August 1, 2008, a wage increase of 3% on the rate of pay in effect on July 31, 2008.
- v) Effective August 1, 2009, a wage increase of 4% on the rate of pay in effect on July 31, 2009.

Modify Question & Answer #2, Paragraph C to Article 5 Wages and all provisions in conflict to reflect the following:

Question: When does overtime apply in the application of working on an assigned rest day?

Answer: In the application of this provision, overtime applies when you are called to work or deadhead at your home terminal. Overtime also applies to a return trip or deadhead, on your day off, out of your away from home terminal, if you were first called at your home terminal on your rest day. Furthermore, for the purpose of overtime under this provision, an Engineer's rest day will commence for overtime pay purposes when his assignment completes its' last tour of duty of the assigned work week prior to the Engineer's scheduled rest day(s), without regard to the number of days the Engineer actually protected

II. WORK RULES -

GUARANTEED EXTRA BOARD

Amend Article 8, Section 1, Paragraph E, and amend all provisions in conflict to reflect the following:

AGREEMENT

between the

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

AND

its employees represented by the

BROTHERHOOD OF RAILROAD SIGNALMEN (BRS)

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

Not sent to AAR
until 4/25/08

AGREEMENT BETWEEN

**CANADIAN NATIONAL RAILWAY (CN)
GRAND TRUNK WESTERN RAILROAD COMPANY (GTW)**

AND

**SYSTEM COUNCIL NO. 9
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS (IBEW)**

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

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

- (a) A cost-of-living allowance will be payable in the manner set forth in and subject to the provisions of this Article, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the BLS CPI. The first such cost-of-living allowance shall be payable effective July 1,

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

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

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

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

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

ARTICLE III - HEALTH & WELFARE

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

ARTICLE VII-VACATIONS

- A. Effective January 1, 2007, employees entitled to two (2) or more weeks of vacation may split up to two (2) weeks of their vacations into single increment days, one or more days at a time
- B. Such vacation days may be taken upon two (2) days advance notice, consistent with the needs of service.
- C. Employees must use their single increment days between January 1 and November 15. Any unused days as of November 15 will be paid for in lieu of vacation

ARTICLE VIII - GRIEVANCE RESOLUTION/BONUS

- A. Within sixty (60) days of the signing of this agreement, all employees in active service on positions covered by this Agreement will be paid one thousand dollars (\$1,000) each, subject to applicable payroll deductions
- B. Upon payment of the amount indicated in paragraph A, all claims and grievances, other than those involving disciplinary action based on an occurrence prior to the effective date of this Agreement are considered resolved without prejudice to the position of either party and with the understanding that such settlements will not be cited by either party in any future case, nor used by either party to allege that the other has agreed to a particular practice

ARTICLE IX - GENERAL PROVISIONS

- A. The purpose of this Agreement is to completely resolve all outstanding Section 6 Notices served by the Organization and to fix the general level of compensation and rules covering working conditions through December 31, 2009 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended

AGREEMENT BETWEEN
CANADIAN NATIONAL (CN)
GRAND TRUNK WESTERN RAILROAD COMPANY (GTW)
AND
NATIONAL CONFERENCE OF FIREMEN AND OILERS
SERVICE EMPLOYEES INTERNATIONAL UNION (NCF&O)

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

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

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

AGREEMENT BETWEEN
GRAND TRUNK WESTERN RAILROAD (GTW)
AND
THE ALLIED SERVICES DIVISION/TRANSPORTATION COMMUNICATIONS
INTERNATIONAL UNION (TCU)

IT IS AGREED:

ARTICLE I – TERMS AND CONDITIONS OF AGREEMENT

Unless otherwise specified in this agreement:

- A Effective midnight, August 1, 2007, the terms and conditions contained in the Agreement between the Grand Trunk Western Railroad and the Allied Services Division/Transportation Communications International Union are eliminated in their entirety.
- B Effective 12 01 a m August 1, 2007, employees subject to the agreement between the Grand Trunk Western Railroad and the Allied Services Division/Transportation Communications International Union will become subject to the terms and conditions, other than those exceptions specified in this agreement, contained in the agreement between the Illinois Central Railroad Company and the Allied Services Division/Transportation Communications International Union

ARTICLE II – RATES OF PAY

- A Effective January 1, 2005, all rates of pay in effect on December 31, 2004 are increased by three percent (3%)
- B. Effective January 1, 2006, all rates of pay in effect on December 31, 2005 are increased by three percent (3%)
- C Effective July 1, 2007, all rates of pay in effect on June 30, 2007 are increased by three percent (3%)
- D. Effective July 1, 2008, all rates of pay in effect on June 30, 2008 are increased by four percent (4%).
- E Effective July 1, 2009, all rates of pay in effect on June 30, 2009 are increased by three percent (3%).
- F Rates of pay resulting from the application of A through E, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

AGREEMENT BETWEEN
GRAND TRUNK WESTERN RAILROAD INCORPORATED (GTW)
AND
BROTHERHOOD RAILWAY CARMEN DIVISION
TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION

IT IS AGREED:

ARTICLE I - RATES OF PAY

- A. Effective January 1, 2005, all rates of pay in effect on December 31, 2004 are increased by 3%.
- B. Effective January 1, 2006, all rates of pay in effect on December 31, 2005 are increased by three per cent (3%).
- C. Effective January 1, 2007, all rates of pay in effect on December 31, 2006 are increased by three per cent (3%).
- D. Effective July 1, 2008, rates of pay for Carmen covered by this Agreement will be increased to \$24.18.
- E. Effective July 1, 2009, all rates of pay in effect on June 30, 2009 are increased by three per cent (3%).
- F. Rates of pay resulting from the application of A through E, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.
- G. A wage scale table for Carmen covered by this agreement is attached as Appendix A. ✓

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

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

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

APPENDIX A
GTW CARMAN WAGE SCALE

Effective Date	Classification	Hourly Wage
January 1, 2005	Carman	\$21.27
January 1, 2006	Carman	\$21.91
January 1, 2007	Carman	\$22.57
July 1, 2008	Carman	\$24.18
July 1, 2009	Carman	\$24.91

$$24.18 \div 22.57 = 7.1336\%$$

Rules and Benefits effective upon ratification, or as otherwise indicated

August 17, 2006

Term of Contract

The Collective Agreement dated June 2, 2004 covering employees (on the former GTW) represented by the United Transportation Union (UTU) will be renewed for a period of five years commencing August 1, 2005.

I. Wages

Amend Articles 5, and 11, and amend all provisions in conflict to reflect the following:

Paragraph A

- i) Effective August 1, 2005, a wage increase of 3% on the rate of pay in effect on July 31, 2005.**
- ii) Effective August 1, 2006, a wage increase of 3% on the rate of pay in effect on July 31, 2006.**
- iii) Effective August 1, 2007, a wage increase of 3% on the rate of pay in effect on July 31, 2007.**
- iv) Effective August 1, 2008, a wage increase of 3% on the rate of pay in effect on July 31, 2008.**
- v) Effective August 1, 2009, a wage increase of 4% on the rate of pay in effect on July 31, 2009.**

II. WORK RULES –

1. SENIORITY

Amend Article 7, Section 8, Paragraph C, and amend all provisions in conflict to reflect the following:

Employees who established seniority between June 2, 2004 and August 17, 2006 will be provided protection against furlough, but may be required to work in a location in another seniority district not to exceed a 100 mile radius from their initial Seniority District location. Their initial seniority date will be dovetailed into the district where required at that point in time.

AGREEMENT BETWEEN

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

AND

**INTERNATIONAL BROTHERHOOD OF TEAMSTERS
BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES DIVISION (BMWED)**

IT IS AGREED:

ARTICLE I - RATES OF PAY*

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

* See Attachment A – Rates of Pay

** These increases are to be paid as soon as practicable after signing as back-time payments less any COLA amounts previously received.

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

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

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

AGREEMENT BETWEEN

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

AND

THE BROTHERHOOD OF RAILROAD SIGNALMEN

IT IS AGREED:

ARTICLE I – CONSOLIDATION OF AGREEMENTS

Unless otherwise specified in this agreement.

- A Effective 11.59 p.m., August 31, 2007, the Agreement between Chicago, Central and Pacific Railroad and the Brotherhood of Railroad Signalmen is eliminated in its entirety.
- B. Effective 12.01 a m September 1, 2007, employees subject to the agreement between Chicago, Central and Pacific Railroad and the Brotherhood of Railroad Signalmen will become subject to the agreement between the Illinois Central Railroad Company and the Brotherhood or Railroad Signalmen.
- C Rule 22 of the agreement between the Illinois Central Railroad and the Brotherhood of Railroad Signalmen is modified in accordance with the provisions of Appendix 1 of this agreement to provide for the consolidation of Chicago, Central and Pacific Railroad and Illinois Central Railroad, Brotherhood of Railroad Signalmen seniority lists establishing prior rights as defined in Appendix 1.

ARTICLE II – RATES OF PAY

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

AGREEMENT BETWEEN

ILLINOIS CENTRAL RAILROAD COMPANY (IC)

AND

**THE INTERNATIONAL BROTHERHOOD OF BOILERMAKERS, IRON SHIP
BUILDERS, BLACKSMITHS, FORGERS AND HELPERS (IBB&B)**

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

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

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

**AGREEMENT BETWEEN
ILLINOIS CENTRAL RAILROAD COMPANY (IC)**

AND

**SYSTEM COUNCIL No. 16 of the
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS (IBEW)**

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

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

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

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

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

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

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

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

ARTICLE III - HEALTH & WELFARE

- A Effective May 1, 2008, all health and welfare plans applicable to all employees are cancelled in their entirety and all employees subject to this Agreement and their dependents will be covered by the The Railroad Employees National Health and Welfare Plan, The Railroad Employees National Early Retirement Benefit Plan, the Railroad Employees National Dental Plan, the Railroad Employees National Vision Plan, and the Supplemental Sickness Benefit Plan covering Shop Craft and Signal Employees, as negotiated nationally and including all subsequent amendments, excluding cost sharing, in effect between the National Carriers' Conference Committee and the International Brotherhood of Electrical Workers.
- B The amount of employee cost sharing for health and welfare plans shall be One Hundred Dollars (\$100.00) per month effective January 1, 2008. This amount shall remain fixed and not subject to change except in accordance with Article VIII of this Agreement. ✓

IL IBEW



www.cn.ca

Southern Region

Douglas J. Mandalas
Labor Relations Manager

17641 S Ashland Avenue
Homewood IL 60430-1345
O (708)-332-3924
F (708)-332-6737

SIDE LETTER 3

March 10, 2008

**Mr. Dale E. Doyle, General Chairman
Intl. Brotherhood of Electrical Workers
1310 Vermillion Street
Hastings, MN 55033**

Dear Mr. Doyle:

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

Article I of this Agreement provides for general wage increases. The general wage increases applied on July 1, 2005, July 1, 2006 and July 1, 2007 are retroactive wage increases and shall be calculated accordingly. It is understood that any cost of living allowances paid after July 1, 2005 through the date of this agreement shall be recovered from these retroactive general wage increases.

Yours truly,

A handwritten signature in black ink, appearing to read 'D J Mandalas', is written over the typed name.

**D J Mandalas
Manager Labor Relations**

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

AND

NATIONAL CONFERENCE OF FIREMEN AND OILERS
SERVICE EMPLOYEES INTERNATIONAL UNION (NCF&O)

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

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

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

AGREEMENT BETWEEN
ILLINOIS CENTRAL RAILROAD COMPANY (ICRR)
AND
SHEET METAL WORKERS' INTERNATIONAL ASSOCIATION (SMWIA)

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

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

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

IC SMW

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

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

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

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

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

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

ARTICLE III - HEALTH & WELFARE

- A. Effective May 1, 2008, all health and welfare plans applicable to all employees are cancelled in their entirety and all employees subject to this Agreement and their dependents will be covered by The Railroad Employees National Health and Welfare Plan, The Railroad Employees National Early Retirement Benefit Plan, the Railroad Employees National Dental Plan, the Railroad Employees National Vision Plan, and the Supplemental Sickness Benefit Plan covering Railroad Shop Craft Employees, as negotiated nationally and including all subsequent amendments, excluding cost sharing, in effect between the National Carriers' Conference Committee and the Sheet Metal Workers' International Association.

- B Effective January 1, 2008, the amount of employee cost sharing for Health & Welfare Plans shall be \$100 00 per month until changed in accordance with Article IX of this Agreement. ✓

ARTICLE IV - EMPLOYEE SHARE INVESTMENT PLAN

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

ARTICLE V - PAYROLL DIRECT DEPOSIT

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

ARTICLE VI - EMPLOYEE PROTECTION/CONTRACTING OUT/EMPLOYMENT LEVEL

Upon ratification, Article IV of the March 17, 1995 and May 18, 2001 Agreement are abrogated and the following substituted therefore:

- A All employees who are in active service as of the date of this agreement will be retained in service as sheet metal workers unless or until retired, discharged for cause, or otherwise removed by natural attrition.
- B. It shall not be a violation of paragraph (A) to remove an employee from service because of a physical disqualification or for disciplinary reasons.
- C Employees who are required to relocate will be entitled to the relocation benefits contained in the September 25, 1964 National Agreement, as subsequently amended.
- D Notwithstanding other provisions of this Article, the Company shall have the right to make force reductions under emergency conditions such as flood, snowstorm, hurricane, earthquake, fire or strike, provided that operations are suspended in whole or in part because of such emergencies. When forces have been so reduced and thereafter as operations are restored upon termination of the emergency, employees entitled to preservation of employment will be recalled
- E. Provided the total number of active employees remains at a level of no less than twenty-one (21), the Company will have the unilateral right to contract out work within the scope of this agreement and shall not be required to give advance notice of intent to the organization

AGREEMENT BETWEEN

ILLINOIS CENTRAL RAILROAD COMPANY (IC)

AND

**BROTHERHOOD RAILWAY CARMEN DIVISION
TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION**

IT IS AGREED:

ARTICLE I - RATES OF PAY

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

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

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

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

January 17, 2008

Term of Contract

The Collective Agreement dated July 28, 2003 covering employees (on the former IC AND CCP) represented by the United Transportation Union (UTU) will be amended as follows:

1) Recognition

Amend Articles 3, and amend all provisions in conflict to reflect the following:

This Agreement covers all Conductors, Brakeman, Utility and Remote Control Operator positions employed by the Company and represented by the United Transportation Union under the Railway Labor Act, as amended.

2) Wages

Amend Articles 5, and 11, and amend all provisions in conflict to reflect the following:

Paragraph A

i) Upon Ratification, the Pay Rate is:

Conductor	\$32.78/hr
Utility Employee	\$32.78/hr
Brakeman	\$30.60/hr

ii) Effective August 1, 2008, a wage increase of 3% on the rate listed above

iii) Effective August 1, 2009, a wage increase of 4% on the rate of pay in effect on July 31, 2009.

Any applicable backpay will be calculated as prescribed in Side Letter 20

Paragraph D

Trainmen who perform service, at the request of the Company, on their assigned rest days shall be paid for such service at the rate of time and one half. Trainmen that perform service on their assigned rest days will not

11) Vacation

Amend Article 21 and amend all provisions in conflict to reflect the following:

Section 1, Paragraph C:

A Trainman receiving vacation, or pay in lieu thereof, shall be paid for each week of such vacation at 1/52 of the compensation earned by such employee during the calendar year preceding the year in which the vacation is taken, but in no event shall such pay for each week of vacation be less than five (5) minimum basic days' pay for a five day assignment or six (6) minimum basic days pay for a six day assignment. Each week of single day vacation equals seven (7) single days of pay when taken on a single day basis.

Section 3, Paragraph C:

A Trainman may take up to two (2) weeks of his annual vacation in single day increments, provided, however, that such employee shall be automatically marked up for service upon the expiration of any single day vacation.

12) Benefits

Amend Article 22 and amend all provisions in conflict to reflect the following:

Replace the following Sections with:

Section 1 Health & Welfare

Employees coming under the scope of this Agreement, along with their dependents, and retirees, if applicable, will be subject to the National Railway Carriers and United Transportation Union Health and Welfare Plan, the Railroad Employees National Dental Plan, and the Railroad Employees National Vision Plan, as may be amended, with employee contribution levels limited to those contained in the November 6, 2003, National Railway Carriers and United Transportation Union Health and Welfare Plan, the Railroad Employees National Dental Plan, and the Railroad Employees National Vision Plan. For clarity, beginning January 1, 2008 and continuing during the term of this agreement, the formula for the cap on employee contributions as contained in the November 6, 2003 agreement shall apply thru the term of this Agreement and beyond until amended by the parties signatory to this Agreement.

- C The right to make and interpret contracts covering rules, rates of pay and working conditions on behalf of employees covered by this Agreement shall be vested in the regularly constituted General Committee of the United Transportation Union.
- D Where the term "duly accredited representative" appears herein, it shall be understood to mean the regularly constituted General Committee and/or the Officers of the United Transportation Union of which such General Committee or Officers are a part.

ARTICLE 4 - SCOPE OF AGREEMENT

Trainmen employed under this Agreement shall perform the duties traditionally required of trainmen involved on the CN/IC in the movement of trains, rail cars and equipment within terminal(s) or on road territories as required in addition to that which is included in this agreement to meet the service requirements of the customer. Additionally, the Company may establish Utility Position(s) and such Utility Position(s) shall perform the duties traditionally performed of a Utility position (Q&A)

ARTICLE 5 - WAGES

- A. Effective June ____, 2003, the rate of pay is:

Conductor	\$30.00 hour.
Utility Employee	\$30.00 hour
Brakemen	\$28.00 hour
- B. This rate will apply to all time on duty, unless otherwise specified in the Agreement.
- C. Ten (10) hours or less will constitute a basic day and pay for all time on duty after ten (10) hours will be at the rate of time and one half. Trainmen requesting to be relieved during their tour of duty will be paid actual time on duty. (Q&A)
- D. Trainmen who perform service, at the request of the Company, on their assigned rest days shall be paid for such service at the rate of time and one half. (Q&A)
- E. New employees will be appointed to the entry level training program and will be paid at ninety percent (90%) of the Brakeman's hourly rate of pay. Upon accumulating one (1) year of service as Brakeman or upon qualification as Conductor, whichever comes first, such employee will be paid at one hundred percent (100%) of the applicable hourly rate of pay.
- F. Unless otherwise provided in this agreement, the rates of pay as indicated herein represent complete and total payment for the performance of all work which is associated with the employees covered by this agreement.

ARTICLE 6 - EMPLOYMENT SECURITY

- A. Unless otherwise provided for in Article 32 - Leave of Absence, Section 4, Trainmen who have established seniority prior to the effective date of this Agreement will be provided an assignment (which may be a Regular Assignment or a Guaranteed Extra

ICACCP

UTU

Side Letter 20 – Backpay



**United States Region
Labor Relations Department**

**17641 South Ashland Avenue
Homewood, Illinois 60430-1345**

www.cn.ca

January 17, 2008

**Mr. R. W. Dare
General Chairman - UTU**

**Mr. T. Bublitz
General Chairman - UTU**

Dear Sirs,

The following confirms our discussion during the just concluded negotiations that resulted in the January 17, 2008 Agreement.

All active Trainmen shall receive retroactive back-pay as follows:

A sum equivalent to 3% of earnings for the period between August 1, 2006 and July 31, 2007;

Plus, a sum equivalent to 6% of earnings for the period between August 1, 2007 and the effective date of this Agreement.

Retroactive back pay shall be paid as soon as possible, but no later than ninety (90) days subsequent to the effective date of this Agreement.

I trust the foregoing reflects our discussions on this matter.

Yours truly,

I Concur.

**R. K. MacDougall
Senior Director Labor Relations**

**R. W. Dare
General Chairperson**

**T. Bublitz
General Chairperson**

- D Effective July 1, 2008, all rates of pay in effect on June 30, 2008 are increased by four per cent (4%)
- E Effective July 1, 2009, all rates of pay in effect on June 30, 2009 are increased by three per cent (3%)
- F. Rates of pay resulting from the application of A through E, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent
- G. A wage scale table to Carmen covered by this agreement is attached as Appendix A

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

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

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

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

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

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the

- iv) Effective August 1, 2007, the rate of pay for Conductor will be \$30.00 per hour. This rate will apply to all time on duty, unless otherwise specified in the Agreement
 - v) Effective August 1, 2008, the rate of pay for Conductor will be \$31.00 per hour. This rate will apply to all time on duty, unless otherwise specified in the Agreement $31 \div 30 = 3.333\%$
 - vi) Effective August 1, 2009, the rate of pay for Conductor will be \$32.00 per hour. This rate will apply to all time on duty, unless otherwise specified in the Agreement
 - vii) Effective August 1, 2010, the rate of pay for Conductor will be \$33.00 per hour. This rate will apply to all time on duty, unless otherwise specified in the Agreement.
- B. 1 Ten (10) hours or less shall constitute a basic day. Pay for all time on duty after ten (10) hours shall be at the rate of time and one half on the minute basis at the applicable rate
- 2 The rates provided for herein shall apply to all time on duty, unless otherwise specified in the Agreement. The Company may require Trainmen to work in excess of ten (10) hours per tour of duty and Trainmen will be paid on a minute basis at the applicable rate of service performed. Trainmen requesting to be relieved during their tour of duty shall be paid actual time on duty provided a supervisor grants their request.
- C New Trainmen shall be appointed to the entry-level training program and shall be paid at ninety percent (90%) of the Conductor's hourly rate of pay. Upon accumulating one (1) year of service or upon qualification as Conductor, whichever comes first, such Trainmen shall be paid at one hundred percent (100%) of the applicable hourly rate of pay.
- D. Unless otherwise provided in this Agreement, the rates of pay as indicated herein represent complete and total payment for the performance of all work, which is associated with the Trainmen covered by this Agreement.

ARTICLE 6 – EMPLOYMENT SECURITY

- A A Trainman who has established seniority on the Trainmen's seniority roster(s) on or prior to the effective date of this Agreement shall be known and designated as a "Protected Trainman". Such Protected Trainmen shall not be furloughed as a Trainman for any reason.

Note: A Trainman who was suspended or dismissed prior to the effective date of this Agreement and is subsequently reinstated with seniority rights unimpaired shall be designated a Protected Trainman. A Protected Trainman who is or becomes dismissed or suspended and who is subsequently reinstated with seniority rights unimpaired shall remain a Protected Trainman.

- B A Protected Trainman shall be provided a Regular Assignment or a Guaranteed Extra Board position.

ARTICLE 7 – SENIORITY

Section 1 – General

- A The right to preference of work and the right to bid an assignment(s) shall be governed by seniority. The Trainman oldest in seniority shall be given the preference of work and the right to bid the assignment(s) of his choosing in accordance with the applicable provision(s) as contained in this Agreement.
- B. The Company will keep the General Chairperson and each Local Chairperson of the UTU supplied with lists of Trainmen and their seniority dates and rank numbers as Trainmen in conformity with their standing as recorded on the lists subject to the rules hereinafter provided for.

Section 4 – Fourth General Wage Increase

Effective July 1, 2008, each basic monthly rate of pay in effect on June 30, 2008 for employees covered by this Agreement shall be increased in the amount of four (4) percent representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

Section 5 – Fifth General Wage Increase

Effective July 1, 2009, each basic monthly rate of pay in effect on June 30, 2009 for employees covered by this Agreement shall be increased in the amount of four-and-one-half (4-1/2) percent representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

Section 6 - COLA Payments

Any cost-of-living allowance amounts rolled in to basic monthly rates of pay on or after July 1, 2005 pursuant to any existing agreements between the ATDA and the carriers covered by this Agreement shall be excluded before application of the general wage increases provided for in this Article I and eliminated from basic rates of pay after application of such increases.

ARTICLE II – OPTIONAL ALTERNATIVE COMPENSATION PROGRAM**Section 1**

A carrier or organization may propose alternative compensation arrangements for consideration by the other party. Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401(k) plans. The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate representatives.

EXHIBIT A
(ATDA)

CARRIERS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES SERVED ON OR SUBSEQUENT TO NOVEMBER 1, 2004 BY AND ON BEHALF OF SUCH CARRIERS UPON THE AMERICAN TRAIN DISPATCHERS ASSOCIATION, AND NOTICES SERVED ON OR SUBSEQUENT TO NOVEMBER 1, 2004 BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES, OF THE AMERICAN TRAIN DISPATCHERS ASSOCIATION UPON SUCH CARRIERS.

Subject to indicated footnotes, this authorization is co-extensive with notices filed and with provisions of current schedule agreements applicable to employees represented by the American Train Dispatchers Association.

**The Belt Railway Company of Chicago
BNSF Railway Company
Consolidated Rail Corporation
CSX Transportation, Inc. (Centralized Train Dispatchers)*
The Kansas City Southern Railway Company
 Kansas City Southern Railway
 Louisiana and Arkansas Railway
 MidSouth Rail Corporation
 Gateway Western Railway
 Mid Louisiana Rail Corporation
 SouthRail Corporation
 TennRail Corporation
 Joint Agency
Norfolk Southern Railway Company - 1
 The Alabama Great Southern Railroad Company
 The Cincinnati, New Orleans & Texas Pac. Ry. Co.
 Georgia Southern and Florida Railway Company**

Northeast Illinois Regional Commuter RR Corp (METRA) - 2
Terminal Railroad Association of St. Louis - 1

NOTES:

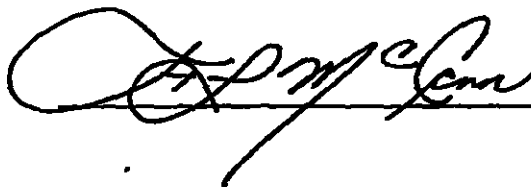
- * Jacksonville, Fl., Calumet City, Il., and Wallaceburg, Ont. Offices
- 1 - Health & Welfare only
- 2 - Health & Welfare only, with the exception of Article IV, Part B

FOR THE CARRIERS:



September 1, 2007
Washington, D.C.

FOR THE ATDA:



MEMORANDUM OF AGREEMENT**between the****UNION PACIFIC RAILROAD COMPANY****and****THE UNITED SUPERVISORS COUNCIL OF AMERICA**

IT IS HEREBY AGREED:**ARTICLE I – WAGES****Section 1 – First General Wage Increase**

On July 1, 2005, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two-and-one-half (2-1/2) percent applied so as to give effect to this increase in pay irrespective of the method of payment. The increase provided for in this Section 1 shall be applied as follows:

(a) **Disposition of Fractions -**

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

(b) **Application of Wage Increases -**

The increase in wages provided for in this Section 1 shall be applied in accordance with the wage and working conditions agreement in effect between the Carrier and the Organization. Special allowances not included in fixed daily rates of pay for all services rendered, and arbitraries representing duplicate time payments, will not be increased. Overtime hours will be computed in accordance with individual schedules for all overtime hours paid for.

(c) **COLA Payments**

Any cost-of-living allowance amounts rolled in to basic rates of pay on or after July 1, 2005 pursuant to Article II, Part B of the USCA

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Agreement signed November 8, 2004, shall be excluded before application of the general wage increases provided for in this Section 1 and eliminated from basic rates of pay after application of such increases.

Section 2 - Second General Wage Increase

Effective July 1, 2006, all daily rates of pay in effect on June 30, 2006 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 2 shall be applied in the same manner as provided for in Section 1 hereof.

Section 3 - Third General Wage Increase

Effective July 1, 2007, all daily rates of pay in effect on June 30, 2007 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 3 shall be applied in the same manner as provided for in Section 1 hereof.

Section 4 - Fourth General Wage Increase

Effective July 1, 2008, all daily rates of pay in effect on June 30, 2008 for employees covered by this Agreement shall be increased in the amount of four (4) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 hereof.

Section 5 - Fifth General Wage Increase

Effective July 1, 2009, all daily rates of pay in effect on June 30, 2009 for employees covered by this Agreement shall be increased in the amount of four-and-one-half (4-1/2) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 5 shall be applied in the same manner as provided for in Section 1 hereof.

ARTICLE II - OPTIONAL ALTERNATIVE COMPENSATION PROGRAM

Section 1

The Carrier or Organization may propose alternative compensation arrangements for consideration by the other party. Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on Company performance, and 401(k) plans. The proposed arrangement(s) may be implemented only by mutual agreement of the Company and the appropriate representatives.

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Section 2

The parties understand that neither the Carrier nor the Organization may be compelled to offer any alternative compensation arrangement, and, conversely, neither the Company nor the Organization may be compelled to agree to any proposal made under this Article.

ARTICLE III - COST-OF-LIVING PAYMENTS

Cost-of-Living Payments Under Agreement Signed November 8, 2004

Article II, Part B, of the USCA Agreement signed November 8, 2004 shall be eliminated effective on the date of this Agreement. All cost-of-living allowance payments made under that 2004 Agreement to employees for periods on and after July 1, 2005 shall be recovered from any retroactive wage increase payments made under Article I of this Agreement.

ARTICLE IV - HEALTH AND WELFARE

Part A - Plan Changes

Section 1 - Continuation of Plans

The Railroad Employees National Health and Welfare Plan ("the Plan"), the Railroad Employees National Dental Plan ("the Dental Plan"), and the Railroad Employees National Vision Plan ("the Vision Plan"), modified as provided in this Article with respect to employees represented by the Organization and their eligible dependents, will be continued subject to the provisions of the Railway Labor Act.

Section 2 - Plan Benefit Changes

(a) The Plan's Managed Medical Care Program ("MMCP") will be offered to all employees in any geographic area where the MMCP is not currently offered and United Healthcare, Aetna, or Highmark BlueCross Blue Shield has a medical care network ("white space"). For purposes of this subsection, such "network" shall mean a "point-of-service" network in the case of United Healthcare and Aetna, and a preferred provider network in the case of Highmark BlueCross BlueShield. Employees who live in a white space may choose between coverage under MMCP or the Comprehensive Health Care Benefit, subject to subsection (b) below.

(b) The parties may, by mutual agreement and subject to such evaluation and conditions as they may deem appropriate, designate specific geographic areas within the white space as mandatory MMCP locations. Employees who live in mandatory MMCP locations shall not have a choice between CHCB and MMCP coverage, but shall be enrolled in the MMCP.

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(e) For purposes of the Plan, the term "children" as used in connection with determining "Eligible Dependents" under the Plan, shall be defined as follows:

"Children include:

- o natural children,
- o stepchildren,
- o adopted children (including children placed with you for adoption), and
- o your grandchildren, provided they have their legal residence with you and are dependent for care and support mainly upon you and wholly, in the aggregate, upon themselves, you, your spouse, scholarships and the like, and governmental disability benefits and the like."

(f) The definition of the term "children", as used in connection with determinations of "Eligible Dependents" under the terms of the Dental Plan and the Vision Plan, respectively, shall be revised as provided in subsection (e) above.

(g) Blue Cross Blue Shield programs that are currently available under the Plan will be made available for selection by employees covered by this Agreement who choose coverage under the MMCP in all areas where the MMCP is made available under the Plan and throughout the United States for selection by such employees who choose coverage under the CHCB.

(h) Plan Participants and their beneficiaries who live in an area where, as of the date of this Agreement, they may choose between MMCP and CHCB coverage shall no longer have a choice, but shall be enrolled in the MMCP. This subsection is not intended to have any application to employees covered by this Agreement who reside in any geographic area where MMCP is not offered as of the date of such Agreement. Mandatory enrollment in MMCP for such employees shall be governed exclusively by Part A, Section 2(b) of this Article.

(i) The design changes contained in this Section, with the exception of subsection (h) above, shall become effective on June 1, 2008. Subsection (h) shall become effective as soon thereafter as practicable.

Part B - Employee Sharing of Cost of H&W Plans

Section 1 - Monthly Employee Cost-Sharing Contributions

(a) Effective January 1, 2007, each employee covered by this Agreement shall contribute to the Plan, for each month that his employer is required to make a

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contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents, a monthly cost-sharing contribution in an amount equal to 15% of the Company's Monthly Payment Rate for 2007.

(b) The employee monthly cost-sharing contribution amount shall be \$166.25 effective January 1, 2008 and, effective January 1, 2009, adjusted so as to equal 15% of the Company's Monthly Payment Rate for 2009.

(c) Effective January 1, 2010, the employee monthly cost-sharing contribution amount shall be adjusted to be the lesser of:

- (1) 15% of the Company's Monthly Payment Rate for 2010, or
- (2) \$200.00 or the January 1, 2009 employee monthly cost-sharing contribution amount, whichever is greater.

(d) For purposes of subsections (a) through (c) above, the "Company's Monthly Payment Rate" for any year shall mean the sum of what the Company's monthly payments to —

- (1) the Plan for foreign-to-occupation employee and dependent health benefits, employee life insurance benefits and employee accidental death and dismemberment insurance benefits,
- (2) the Dental Plan for employee and dependent dental benefits, and
- (3) the Vision Plan for employee and dependent vision benefits,

would have been during that year, per non-hospital association road employee, in the absence of any employee contributions to such Plans.

(e) The Company's Monthly Payment Rate for 2007 has been determined to be \$1,108.34 and the Employee Monthly Cost-Sharing Contribution Amount for 2007 is \$166.25.

Section 2 - Pre-Tax Contributions

Employee cost-sharing contributions made pursuant to this Part shall be made on a pre-tax basis pursuant to the existing Section 125 cafeteria plan to the extent applicable.

Section 3 - Retroactive Contributions

Retroactive employee cost-sharing contributions payable for the period on and after January 1, 2007 shall be offset against any retroactive wage payments provided to the affected employee under Article I, Sections 1, 2 and 3 of this Agreement, provided, however, there shall be no such offset for any month for which the affected employee was not obligated to make a cost-sharing contribution

SOO ATDA

June 7, 2007

Mr. Gordon E. Smith, GC
American Train Dispatchers Association
12C Oak Leaf Lane
Circle Pines, MN 55014-1776

Dear Mr. Smith:

The Soo Line Railroad (Soo) has not authorized National handling of Section 6 notices since the 1980s, and has instead resolved wages, benefits, and work rules somewhat differently. However, the parties acknowledge that relevant aspects of these National Settlements have provided the framework for settlements between Soo and the American Train Dispatchers Association (ATDA).

In consideration for ATDA's cooperation in facilitating the return of Soo's ATDA represented employees to The Railroad Employee's National Health & Welfare Plans, at the earliest practicable date, Soo commits to the following:

- Wages for Soo's ATDA represented employees will be adjusted on the same schedule and basis as in the Agreement between the National Carrier's Conference Committee (NCCC) and the ATDA that resolves these parties respective Section 6 notices for the bargaining round effective on January 1, 2005 (National Settlement), except that it is recognized Soo's train dispatchers have already received a 2% General Wage Increase (GWI) effective July 1, 2005 and the .5% GWI will be used to fund an additional Personal Leave Day effective January 1, 2008.

The value of the .5% GWI effective 07-01-05 will be included in the retroactive back pay through the effective date of this Agreement. The retroactive pay will also include \$26.58 for each month subsequent to the effective date of this Agreement through December 2007 provided the train dispatcher is in active service on the date of the Agreement.

At that time, Rule 53 (a) will be modified to say "A maximum of two (2) personal leave days will be provided on the following basis: ..". The second Personal Leave Day may be scheduled on or after January 1, 2008, in compliance with Rule 53.

- Health & Welfare cost sharing contributions will be resolved on a comparable basis to the National Settlement. This will result in the following 2007 cost sharing contributions:

01-01-07 thru 12-31-07

\$ 166.25 PEPM

Already paid employee cost sharing contributions will offset the above PEPM amounts.



**CANADIAN
PACIFIC
RAILWAY**

Labor Relations

Suite 1000
601 Marquette Avenue
Minneapolis Minnesota 55402

Tel (612) 904-6183
Fax (612) 904-6184

In Response Please Refer to
File

Soo BLET

April 23, 2007

Mr. Michael D. Priester, GC
Brotherhood of Locomotive Engineers & Trainmen
1400 E. Pugh Drive
Kenbell Plaza, Suite 4
Terre Haute, IN 47802

Dear Mr. Priester:

The Soo Line Railroad (Soo) has not authorized National handling of Section 6 notices since the 1980s, and has instead resolved wages, benefits, and work rules somewhat differently. However, the parties acknowledge that relevant aspects of these National Settlements have provided the framework for settlements between Soo and the Brotherhood of Locomotive Engineers & Trainmen (BLET).

In consideration for BLET's cooperation in facilitating the return of Soo's BLET represented employees to The Railroad Employee's National Health & Welfare Plans, at the earliest practicable date, Soo commits to the following:

- that wages for Soo's BLET represented employees will be adjusted on the same schedule and basis as in the National Agreement between the National Carrier's Conference Committee (NCCC) and the BLET that resolves these parties respective Section 6 notices for the bargaining round effective on January 1, 2005 (hereinafter National Settlement);
- that health & welfare cost sharing contributions will be resolved on Soo on a comparable basis to the National Agreement, with the understanding that retroactive cost sharing contributions will be based on the cost of Soo's Plan and prospective cost sharing contributions will be based on Soo's Plan until its BLET represented employees return to the National Plan (defined below), after which it will be based on the appropriate National Plan costs;
- effective August 1, 2007, or as soon thereafter as administratively practicable, Soo employees represented by the BLET will be covered by The Railroad Employees National Health & Welfare Plan (including Life and AD&D), Railroad Employee's National Flexible Benefits Program, the Railroad Employee's National Dental Plan, and the Railroad Employees National Vision Plan (collectively referred to herein as the

SOO BRS

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

In consideration of the National Settlement reached with the NCCC/BRS effective July 1, 2007, and BRS's cooperation in facilitating the return of Soo's BRS represented employees to The Railroad Employee's National Health & Welfare Plans, at the earliest practicable date, the parties have agreed:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

On July 1, 2005, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two-and-one-half (2 ½) percent applied so as to give effect to the increase in pay irrespective of the method of payment.

Section 2 - General Wage Increase Effective July 1, 2006

On July 1, 2006, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in amount of three (3) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 3 - General Wage Increase Effective July 1, 2007

On July 1, 2007, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 4 - General Wage Increase Effective July 1, 2008

On July 1, 2008, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of four (4) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 5 - General Wage Increase Effective July 1, 2009

On July 1, 2009, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of four and one-half (4-1/2) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 6 - Application of Wage Increases

(a) Daily Rates

Add the appropriate percent to the existing daily rates of pay.

(b) Disposition of Fractions

Rates of pay resulting from the application of General Wage Increases under this Agreement, which end in fractions of a cent shall be rounded to the nearest whole cent, fractions less than one-half shall be dropped, and fractions of one-half cent or more shall be increased to the nearest full cent.

(c) Application of Wage Increase

The increase in wages provided for in this Agreement shall be applied in accordance with the wages or working conditions in effect between Soo and BRS. Special allowances not included in rates of pay for all services rendered, will not be increased. Overtime hours will be computed in accordance with Soo schedules for all overtime hours paid

Section 7 - COLA Payments

Any cost of living allowance amounts rolled into basic rates of pay on or after July 1, 2005 pursuant to Article II, Part B of the May 1, 2004, Soo/BRS Agreement shall be excluded before application of the general wage increase provided for in this Section 1 and eliminated from basic rates of pay after application of such increases.

ARTICLE II – COST OF LIVING ALLOWANCE PAYMENTS

Article II, Part B of the May 1, 2004, Soo/BRS Agreement shall be eliminated effective on the date of this settlement. All cost of living allowance payments made under that 2005 Agreement to employees for periods on and after July 1, 2005 shall be recovered from any retroactive wage increase payments made under Article 1 of this Agreement

ARTICLE III – HEALTH AND WELFARE

Section 1 - Transition from Soo Plan to National Plan

(a) Effective April 1, 2008, or as soon thereafter as administratively practicable, Soo employees represented by BRS will be covered by The Railroad Employees National Health & Welfare Plan (including Life and AD&D), Railroad Employee's National Flexible Benefits Program, the Railroad Employee's National Dental Plan, and the Railroad Employees National Vision Plan (collectively referred to herein as the National Plan), plus the Railroad Employee's National Early Retirement Benefit Plan.

(b) It is understood that this National Plan will be modified to include all subsequent amendments that are negotiated by NCCC/BRS.

(c) Off-Track Vehicle Accident Benefits as modified in Article VI of the April 27, 2004 Agreement between Soo and BRS will continue to apply.

Section 2 – Employee Cost Sharing of Cost of H&W Plan

(a) Effective January 1, 2007, each employee covered by this Agreement shall contribute to the cost of the National Plan in the amount of \$166.25 Per Employee Per Month (PEPM). This amount will be adjusted in accord with the NCCC/BRS settlement effective July 1, 2007.

(b) Employee cost sharing contributions already paid in 2007 and in 2008 will offset the above PEPM amounts.

(c) Once the Soo Signalmen are in the National Plan, all subsequent employee contributions will be based on National Plan costs and calculated in accord with the NCCC/BRS Agreement effective July 1, 2007.

Section 3 – Pre-Tax Contributions

Employee cost-sharing contributions made pursuant to this Article shall be made on a pre-tax basis pursuant to the existing Section 125 cafeteria plan, to the extent applicable.

Section 4 – Retroactive Contributions

Retroactive employee cost-sharing contributions payable for the period on or after January 1, 2007, shall be offset against any retroactive wage payments provided to the affected employee under Article 1 of this Agreement, provided, however, there shall be no such offset for any month for which the affected employee was not obligated to make a cost-sharing contribution

Section 5 – Prospective Contributions

For months subsequent to the retroactive period covered by Section 4, employee cost-sharing contributions will be made for the employee by Soo. Soo shall deduct the amount of such employee contribution from the employee's wages and retain the amounts deducted as reimbursement for the employee contributions that the employer had made for the employee.

ARTICLE IV – SUPPLEMENTAL SICKNESS

Article IV – Supplemental Sickness of the NCCC/BRS Agreement effective July 1, 2007 will apply.

SOO IAM

MEMORANDUM OF AGREEMENT
BETWEEN THE
SOO LINE RAILROAD COMPANY
AND THE
INTERNATIONAL BROTHERHOOD OF BOILERMAKERS
AND BLACKSMITHS

In consideration of the National Settlement reached with the NCCC/IBBB effective July 1, 2007, and IBBB's cooperation in facilitating the return of Soo's IBBB represented employees to The Railroad Employee's National Health & Welfare Plans, at the earliest practicable date, the parties have agreed.

ARTICLE I – WAGES

Section 1 – First General Wage Increase

On July 1, 2005, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two-and-one-half (2 ½) percent applied so as to give effect to the increase in pay irrespective of the method of payment.

Section 2 - General Wage Increase Effective July 1, 2006

On July 1, 2006, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in amount of three (3) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 3 - General Wage Increase Effective July 1, 2007

On July 1, 2007, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 4 - General Wage Increase Effective July 1, 2008

On July 1, 2008, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of four (4) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 5 - General Wage Increase Effective July 1, 2009

On July 1, 2009, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of four and one-half (4-1/2) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

500 IBBM

Side Letter No 1

September 1, 2007

Mr. Dell R. Babcock, General Chairman
International Association of Machinists & Aerospace Workers
1376 Highland Village Drive, Suite 9
Duluth, MN 55811

Dear Mr Babcock:

Soo hereby agrees to adjust the rates of pay for Soo's IAM represented employees on the following interim basis until such time as a National Settlement is ratified. The intent of this arrangement is to provide Soo's machinists with a portion of the additional compensation to which they will be entitled once a National Settlement is in place. It is not intended to provide machinists with rate increases greater than what is included in the National Settlement for the 2005-2009 contract term.

Interim General Wage Increase Effective July 1, 2005

On July 1, 2005, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two-and-one-half (2 ½) percent applied so as to give effect to the increase in pay irrespective of the method of payment.

Interim General Wage Increase Effective July 1, 2006

On July 1, 2006, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in amount of two (2) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Interim General Wage Increase Effective July 1, 2007

On July 1, 2007, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two (2) percent applied so as to give effect to this increase in pay irrespective of the method of payment

Interim General Wage Increase Effective July 1, 2008

On July 1, 2008, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two (2) percent applied so as to give effect to this increase in pay irrespective of the method of payment

SOO IBEW

**MEMORANDUM OF AGREEMENT
BETWEEN THE
SOO LINE RAILROAD COMPANY
AND
SYSTEM COUNCIL 16 OF THE INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS**

In consideration of the National Settlement reached with the NCCC/IBEW dated October 1, 2007, and System Council 16 of the International Brotherhood of Electrical Workers' (hereafter referred to as the IBEW) cooperation in facilitating the return of Soo's IBEW represented employees to The Railroad Employee's National Health & Welfare Plans, at the earliest practicable date, the parties have agreed:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

On July 1, 2005, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two-and-one-half (2 ½) percent applied so as to give effect to the increase in pay irrespective of the method of payment.

Section 2 - General Wage Increase Effective July 1, 2006

On July 1, 2006, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in amount of three (3) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 3 - General Wage Increase Effective July 1, 2007

On July 1, 2007, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 4 - General Wage Increase Effective July 1, 2008

On July 1, 2008, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of four (4) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 5 - General Wage Increase Effective July 1, 2009

On July 1, 2009, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of four and one-half (4-1/2) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 6 - Application of Wage Increases

(a) Daily Rates

Add the appropriate percent to the existing daily rates of pay.

(b) Disposition of Fractions

Rates of pay resulting from the application of General Wage Increases under this Agreement, which end in fractions of a cent shall be rounded to the nearest whole cent, fractions less than one-half shall be dropped, and fractions of one-half cent or more shall be increased to the nearest full cent.

(c) Application of Wage Increase

The increase in wages provided for in this Agreement shall be applied in accordance with the wages or working conditions in effect between Soo and IBEW. Special allowances not included in rates of pay for all services rendered, will not be increased. Overtime hours will be computed in accordance with Soo schedules for all overtime hours paid.

Section 7 - COLA Payments

Any cost of living allowance amounts rolled in to basic rates of pay on or after July 1, 2005 pursuant to Article II, Part B of the April 1, 2005, Soo/IBEW Agreement shall be excluded before application of the general wage increase provided for in this Section 1 and eliminated from basic rates of pay after application of such increases.

ARTICLE II - OPTIONAL ALTERNATIVE COMPENSATION PROGRAM

Section 1

The carrier or organization may propose alternative compensation arrangements for consideration by the other party. Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401(k) plans. The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate representatives.

Section 2

The parties understand that neither the carrier nor the organization may be compelled to offer any alternative compensation arrangement, and, conversely, neither the carrier nor the organization may be compelled to agree to any proposal made under this Article.

ARTICLE III – COST OF LIVING ALLOWANCE PAYMENTS

Article II, Part B of the April 1, 2005, Soo/IBEW Agreement shall be eliminated effective on the date of this settlement. All cost of living allowance payments made under that 2005 Agreement to employees for periods on and after July 1, 2005 shall be recovered from any retroactive wage increase payments made under Article 1 of this Agreement

ARTICLE IV – HEALTH AND WELFARE**Section 1 - Transition from Soo Plan to National Plan**

(a) Effective April 1, 2008, or as soon thereafter as administratively practicable, Soo employees represented by IBEW will be covered by The Railroad Employees National Health & Welfare Plan (including Life and AD&D), the Railroad Employee's National Dental Plan, and the Railroad Employees National Vision Plan (collectively referred to herein as the National Plan), plus the Railroad Employee's National Early Retirement Benefit Plan, as modified by Article IV, Part A of the NCCC/IBEW October 1, 2007 Agreement.

(b) It is understood that this National Plan will be modified to include all subsequent amendments, and applicable cost sharing adjustments that are negotiated by NCCC/IBEW.

Section 2 – Employee Cost Sharing of Cost of H&W Plan

(a) Effective January 1, 2007, each employee covered by this Agreement shall contribute to the cost of the National Plan in the amount of \$166.25 Per Employee Per Month (PEPM). This amount will be adjusted in accord with the NCCC/IBEW Agreement of October 1, 2007.

(b) Employee cost sharing contributions already paid in 2007 will offset the above PEPM amounts.

(c) Once the Soo Electrical Workers are in the National Plan, all subsequent employee contributions will be based on National Plan costs and calculated in accord with the NCCC/IBEW Agreement of October 1, 2007.

Section 3 – Pre-Tax Contributions

Employee cost-sharing contributions made pursuant to this Article shall be made on a pre-tax basis pursuant to the existing Section 125 cafeteria plan, to the extent applicable.

Section 4 – Retroactive Contributions

Retroactive employee cost-sharing contributions payable for the period on or after January 1, 2007, shall be offset against any retroactive wage payments provided to the

MEMORANDUM OF AGREEMENT
BETWEEN THE
SOO LINE RAILROAD COMPANY
AND THE
NATIONAL CONFERENCE OF FIREMEN AND OILERS

In consideration of the National Settlement reached with the NCCC/NCF&O effective July 1, 2007, and NCF&O's cooperation in facilitating the return of Soo's NCF&O represented employees to The Railroad Employee's National Health & Welfare Plans, at the earliest practicable date, the parties have agreed:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

On July 1, 2005, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two-and-one-half (2 ½) percent applied so as to give effect to the increase in pay irrespective of the method of payment

Section 2 - General Wage Increase Effective July 1, 2006

On July 1, 2006, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in amount of three (3) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 3 - General Wage Increase Effective July 1, 2007

On July 1, 2007, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 4 - General Wage Increase Effective July 1, 2008

On July 1, 2008, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of four (4) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 5 - General Wage Increase Effective July 1, 2009

On July 1, 2009, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of four and one-half (4-1/2) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 6 - Application of Wage Increases**(a) Daily Rates**

Add the appropriate percent to the existing daily rates of pay.

(b) Disposition of Fractions

Rates of pay resulting from the application of General Wage Increases under this Agreement, which end in fractions of a cent shall be rounded to the nearest whole cent, fractions less than one-half shall be dropped, and fractions of one-half cent or more shall be increased to the nearest full cent.

(c) Application of Wage Increase

The increase in wages provided for in this Agreement shall be applied in accordance with the wages or working conditions in effect between Soo and NCF&O. Special allowances not included in rates of pay for all services rendered, will not be increased. Overtime hours will be computed in accordance with Soo schedules for all overtime hours paid.

Section 7 - COLA Payments

Any cost of living allowance amounts rolled in to basic rates of pay on or after July 1, 2005 pursuant to Article II, Part B of the May 2, 2005, Soo/NCF&O Agreement shall be excluded before application of the general wage increase provided for in this Section 1 and eliminated from basic rates of pay after application of such increases.

ARTICLE II - OPTIONAL ALTERNATIVE COMPENSATION PROGRAM**Section 1**

The carrier or organization may propose alternative compensation arrangements for consideration by the other party. Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401(k) plans. The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate representatives.

Section 2

The parties understand that neither the carrier nor the organization may be compelled to offer any alternative compensation arrangement, and, conversely, neither the carrier nor the organization may be compelled to agree to any proposal made under this Article.

ARTICLE III - COST OF LIVING ALLOWANCE PAYMENTS

Article II, Part B of the May 2, 2005, Soo/NCF&O Agreement shall be eliminated effective on the date of this settlement. All cost of living allowance payments made

under that 2005 Agreement to employees for periods on and after July 1, 2005 shall be recovered from any retroactive wage increase payments made under Article 1 of this Agreement.

ARTICLE IV – HEALTH AND WELFARE

Section 1 - Transition from Soo Plan to National Plan

(a) Effective April 1, 2008, or as soon thereafter as administratively practicable, Soo employees represented by NCF&O will be covered by The Railroad Employees National Health & Welfare Plan (including Life and AD&D), Railroad Employee's National Flexible Benefits Program, the Railroad Employee's National Dental Plan, and the Railroad Employees National Vision Plan (collectively referred to herein as the National Plan), plus the Railroad Employee's National Early Retirement Benefit Plan, as modified by Article IV, Part A of the NCCC/NCF&O July 1, 2007 Agreement.

(b) It is understood that this National Plan will be modified to include all subsequent amendments, and applicable cost sharing adjustments that are negotiated by NCCC/NCF&O.

Section 2 – Employee Cost Sharing of Cost of H&W Plan

(a) Effective January 1, 2007, each employee covered by this Agreement shall contribute to the cost of the National Plan in the amount of \$166.25 Per Employee Per Month (PEPM). This amount will be adjusted in accord with the NCCC/NCF&O settlement effective July 1, 2007.

(b) Employee cost sharing contributions already paid in 2007 will offset the above PEPM amounts.

(c) Once the Soo Firemen and Officers are in the National Plan, all subsequent employee contributions will be based on National Plan costs and calculated in accord with the NCCC/NCF&O Agreement effective July 1, 2007.

Section 3 – Pre-Tax Contributions

Employee cost-sharing contributions made pursuant to this Article shall be made on a pre-tax basis pursuant to the existing Section 125 cafeteria plan, to the extent applicable.

Section 4 – Retroactive Contributions

Retroactive employee cost-sharing contributions payable for the period on or after January 1, 2007, shall be offset against any retroactive wage payments provided to the affected employee under Article 1 of this Agreement, provided, however, there shall be no such offset for any month for which the affected employee was not obligated to make a cost-sharing contribution

**MEMORANDUM OF AGREEMENT
BETWEEN THE
SOO LINE RAILROAD COMPANY
AND THE
SHEET METAL WORKERS INTERNATIONAL
ASSOCIATION**

In consideration of the National Settlement reached with the NCCC/SMWIA effective July 1, 2007, and SMWIA's cooperation in facilitating the return of Soo's SMWIA represented employees to The Railroad Employee's National Health & Welfare Plans, at the earliest practicable date, the parties have agreed:

ARTICLE I – WAGES

Section 1 – First General Wage Increase

On July 1, 2005, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two-and-one-half (2 ½) percent applied so as to give effect to the increase in pay irrespective of the method of payment.

Section 2 - General Wage Increase Effective July 1, 2006

On July 1, 2006, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in amount of three (3) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 3 - General Wage Increase Effective July 1, 2007

On July 1, 2007, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 4 - General Wage Increase Effective July 1, 2008

On July 1, 2008, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of four (4) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 5 - General Wage Increase Effective July 1, 2009

On July 1, 2009, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of four and one-half (4-1/2) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Soo SMW

Section 6 - Application of Wage Increases

(a) Daily Rates

Add the appropriate percent to the existing daily rates of pay.

(b) Disposition of Fractions

Rates of pay resulting from the application of General Wage Increases under this Agreement, which end in fractions of a cent shall be rounded to the nearest whole cent, fractions less than one-half shall be dropped, and fractions of one-half cent or more shall be increased to the nearest full cent.

(c) Application of Wage Increase

The increase in wages provided for in this Agreement shall be applied in accordance with the wages or working conditions in effect between Soo and SMWIA. Special allowances not included in rates of pay for all services rendered, will not be increased. Overtime hours will be computed in accordance with Soo schedules for all overtime hours paid.

Section 7 - COLA Payments

Any cost of living allowance amounts rolled in to basic rates of pay on or after July 1, 2005 pursuant to Article II, Part B of the May 15, 2005, Soo/SMWIA Agreement shall be excluded before application of the general wage increase provided for in this Section 1 and eliminated from basic rates of pay after application of such increases.

ARTICLE II - OPTIONAL ALTERNATIVE COMPENSATION PROGRAM

Section 1

The carrier or organization may propose alternative compensation arrangements for consideration by the other party. Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401(k) plans. The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate representatives.

Section 2

The parties understand that neither the carrier nor the organization may be compelled to offer any alternative compensation arrangement, and, conversely, neither the carrier nor the organization may be compelled to agree to any proposal made under this Article.

ARTICLE III – COST OF LIVING ALLOWANCE PAYMENTS

Article II, Part B of the May 15, 2005, Soo/SMWIA Agreement shall be eliminated effective on the date of this settlement. All cost of living allowance payments made under that 2005 Agreement to employees for periods on and after July 1, 2005 shall be recovered from any retroactive wage increase payments made under Article 1 of this Agreement.

ARTICLE IV – HEALTH AND WELFARE**Section 1 - Transition from Soo Plan to National Plan**

(a) Effective June 1, 2008, or as soon thereafter as administratively practicable, Soo employees represented by SMWIA will be covered by The Railroad Employees National Health & Welfare Plan (Including Life and AD&D), the Railroad Employee's National Dental Plan, and the Railroad Employees National Vision Plan (collectively referred to herein as the National Plan), plus the Railroad Employee's National Early Retirement Benefit Plan, as modified by Article IV, Part A of the NCCC/SMWIA July 1, 2007 Agreement.

(b) It is understood that this National Plan will be modified to include all subsequent amendments, and applicable cost sharing adjustments that are negotiated by NCCC/SMWIA.

Section 2 – Employee Cost Sharing of Cost of H&W Plan

(a) Effective January 1, 2007, each employee covered by this Agreement shall contribute to the cost of the National Plan in the amount of \$166.25 Per Employee Per Month (PEPM). This amount will be adjusted in accord with the NCCC/SMWIA settlement effective July 1, 2007.

(b) Employee cost sharing contributions already paid in 2007 will offset the above PEPM amounts.

(c) Once the Soo Sheet Metal Workers are in the National Plan, all subsequent employee contributions will be based on National Plan costs and calculated in accord with the NCCC/SMWIA Agreement effective July 1, 2007.

Section 3 – Pre-Tax Contributions

Employee cost-sharing contributions made pursuant to this Article shall be made on a pre-tax basis pursuant to the existing Section 125 cafeteria plan, to the extent applicable.

Soo TCU

3
June 21, 2007

Mr. Larry Swanson, Int'l Representative
Transportation Communications International Union
500 73rd Avenue, Suite 110
Fridley, MN 55432

Dear Mr. Swanson:

The Soo Line Railroad (Soo) has not authorized National handling of Section 6 notices since the 1980s, and has instead resolved wages, benefits, and work rules somewhat differently. However, the parties acknowledge that relevant aspects of these National Settlements have provided the framework for settlements between Soo and the Transportation Communications International Union (TCU).

In consideration for TCU's cooperation in facilitating the return of Soo's TCU represented employees to The Railroad Employee's National Health & Welfare Plans, at the earliest practicable date, Soo agrees to the following.

U
Section 1.

Wages for Soo's TCU represented employees will be adjusted on the effective date of this agreement as stipulated in Side Letter No. 1 appended hereto. Within 30 (thirty) days of the ratification of the National Agreement between the National Carrier's Conference Committee (NCCC) and TCU that resolves these parties respective Section 6 notices for the bargaining round effective on January 1, 2005 (hereinafter National Settlement), the wages for Soo's TCU represented employees will be adjusted on the same basis and schedule as in the National Settlement, subject to offsets for already paid General Wage Increases under Side Letter No. 1 and for any additional employee cost sharing contributions in the National Settlement.

Section 2.

Employee health and welfare cost sharing contributions will be resolved on Soo on a comparable basis to the National Settlement.

The employee cost sharing contribution for 2007 will be the following or whatever TCU negotiates under the National Agreement:

01-01-07 thru 12-31-07

\$ 166.25 Per Employee per Month (PEPM)

Already paid employee cost sharing contributions will offset the above PEPM amounts.

Once the clerical employees are in the National Plan, all subsequent employee cost sharing contributions will be based on the National Plan costs and calculated and