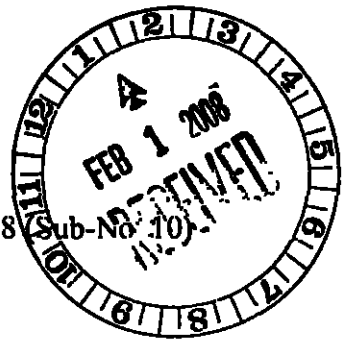


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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

RAILROAD COST OF CAPITAL - 2006)

Ex Parte No 558 Sub-No 10)



**OPENING STATEMENT OF
ASSOCIATION OF AMERICAN RAILROADS**

George A Aspatore
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*Counsel for the Association of American Railroads
and Member Railroads*

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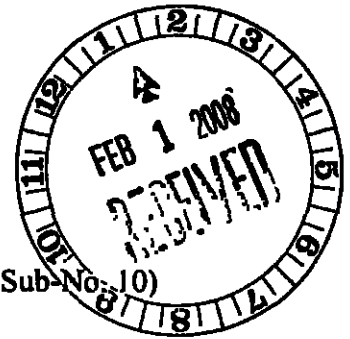
February 1, 2008

**Part of
Public Record**

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

RAILROAD COST OF CAPITAL – 2006)

Ex Parte No 558 (Sub-No. 10)



**OPENING STATEMENT OF
ASSOCIATION OF AMERICAN RAILROADS**

In response to the Board's January 17, 2008 Decision in the above-referenced proceeding, the Association of American Railroads ("AAR") hereby provides the railroad industry's Opening Statement, including the Verified Statement of Craig F. Rockey, AAR's Vice President – Policy and Economics, containing the calculation of the industry's cost of capital for 2006 using the Capital Asset Pricing Model ("CAPM") adopted by the Board in its January 17, 2008 Decision in Ex Parte No. 664, Methodology To Be Employed In Determining the Railroad Industry's Cost of Capital. As AAR's Statement demonstrates, the cost of equity capital for the industry in 2006 as calculated using the CAPM methodology was 11.16%, the cost of debt (as indicated in Table 10 of Mr. Rockey's June 25, 2007 Verified Statement in this proceeding) was 5.97%, and the weighted average cost of capital for 2006 was 10%.

Mr. Rockey's attached Verified Statement explains how AAR calculated the cost of equity using the CAPM methodology, and his supporting workpapers contain additional detail with respect to the sources of data used and the formulae and calculations employed to generate the cost of equity and cost of capital values. The values determined for the elements of the CAPM methodology were 5.00% for the Risk-Free Rate ("RF"), 7.13% for the Market Risk Premium ("MRP"), and 0.864 for the future market risk of the railroad stocks ("beta"). Applying those values to the formula specified in the Board's January 17, 2008 Decision in Ex

Parte No 664, and using market value weights of 23 1% for debt and 76 9% for equity, the weighted cost of capital for the railroad industry for 2006 was determined to be 10%

Respectfully submitted,



George A Aspatore
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February 1, 2008

CERTIFICATE OF SERVICE

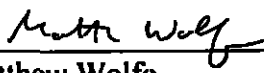
I hereby certify that on this 1st day of February, 2008, I served by first class mail, postage prepaid, a copy of the foregoing on the following

Gordon P MacDougall
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Matthew Wolfe

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

**EX PARTE NO 558 (Sub-No 10)
RAILROAD COST OF CAPITAL — 2006**

**VERIFIED STATEMENT
OF
CRAIG F ROCKEY
VICE PRESIDENT — POLICY AND ECONOMICS
ASSOCIATION OF AMERICAN RAILROADS**

February 1, 2008

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**Verified Statement
of
Craig F. Rockey**

I. Introduction

My name is Craig F. Rockey. I am Vice President – Policy and Economics of the Association of American Railroads (AAR), with offices at 50 F Street, N.W., Washington, DC 20001. The AAR is the trade association of the Nation's railroads, as well as the railroads of Canada and Mexico. The AAR's United States railroad members, which include all of the Class I railroads, account for 95 percent of our Nation's total railroad freight operating revenue.

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

Aside from other responsibilities, I have conducted or directed a wide range of analyses and projects addressing regulatory, legislative and internal issues relevant to the railroad industry. Furthermore, I have testified before federal, state, and local regulatory agencies, and have been an expert witness for the railroad industry on economic, statistical, and financial matters over the past 30 years. A summary of my qualifications and experience appears at the end of this statement.

In this submission, I am responding to the Board's decision of January 17, 2008 that instructed parties to calculate an estimate of the railroad industry's 2006 cost of equity using the Capital Asset Pricing Model (CAPM) — Ex Parte No. 558 (Sub-No. 10), *Railroad Cost of Capital — 2006* ("Ex Parte 558 Decision"). In this statement, I calculate the cost of equity using

the newly prescribed method. To be consistent with the data used in the new cost of equity calculation, I have recalculated the market value of equity and the resulting capital structure weights. I also calculate an overall weighted current cost of capital for the railroad industry using the cost of equity calculated using the CAPM, the current cost of debt as filed in my June 25, 2007 verified statement in Ex Parte 558 (Sub No. 10), and the recalculated capital structure weights. This statement presents recalculated market value of equity, capital structure weights, and details for calculating the cost of equity using the Capital Asset Pricing Model: the risk-free rate, the market risk premium, and calculating the beta. For details in support of the market value for debt, the cost of preferred equity capital, and cost of debt, refer to my June 25, 2007 verified statement.

I conclude that the 2006 cost of capital for the railroad industry was 10.0 percent. This estimate is based on a cost of common equity capital of 11.16 percent, a current cost of debt of 5.97 percent, and market value weights for common equity and debt of 76.9 percent and 23.1 percent, respectively. There were no preferred stock issues outstanding in 2006. Therefore, the cost of preferred equity capital has not been calculated, and the market value weight for preferred equity capital was assigned zero percent.

II. Determining the Cost of Capital

A. Defining the Cost of Capital

The cost of capital is the minimum rate of return on investment which the providers of capital require as a condition for undertaking an investment. In essence, it is the threshold rate of return on investment which makes capital investment attractive. The cost of capital necessarily incorporates investor expectations for a company's performance. If expected performance is low,

however, cost of capital becomes an opportunity cost in that it recognizes what investors sacrifice by not investing their funds elsewhere. Investment funds generally flow to projects and companies where the expected returns are thought to at least equal the expected returns available from other investment opportunities, giving consideration to the relative (or commensurate) risk of investment.

As an example of the cost of capital, assume that an investment in a company is valued at \$1,000 and that the current rate of return on that investment generated by that company is \$100, equating to 10.0 percent. The investors in that company would generally not elect to keep their money in this company if, assuming equal risk, other investment opportunities offer expectations of greater returns. It may be that the cost of capital to this company is 15.0 percent, because that is the rate of return on investment required to attract investors and to keep investors from ultimately transferring their funds to alternative investments. In this case, the 15.0 percent return on investment to be found elsewhere is the opportunity cost, and thus, the cost of capital to the firm. Simply stated, that company's investors "demand" at least the 15.0 percent opportunity rate of return on investment or they will move their funds to alternative choices that provide such expectations. In general, higher interest rates will cause a company's cost of capital to be higher since competing investment opportunities will earn higher returns.

B. The Composite Railroad Approach

The STB has adopted a composite railroad approach to computing an industry-wide cost of capital. This approach relies upon data from a sample of railroads meeting criteria established by the Board in Ex Parte No. 458, *Railroad Cost of Capital — 1984*, 1 I.C.C. 2d 989, 1003–1004 (1985). The composite approach is both statistically and economically sound for several reasons. First, the current cost of investment-grade debt does not vary significantly among major railroads,

because major railroads face similar market pressures from such forces as the economic climate, foreign trade policy, regulation and competition. Second, while there may be estimation errors associated with the direct measurement of the cost of equity for individual railroads, an industry-wide calculation tends to average out such errors. Third, financial theory indicates that, when computing the cost of capital based on current debt costs, increases (or decreases) in the debt/equity ratio cause corresponding increases (or decreases) in the cost of equity that result in a constant current cost of capital. (This relationship stems from the fact that as the percentage of debt in the capital structure increases, the cost of equity increases as a result of the increased risk.) Use of an industry-wide debt/equity ratio and industry-wide costs of debt and equity are, therefore, appropriate.¹

C. Selection of Railroads for Analysis

To qualify under the criteria established by the Board, individual firms satisfy several conditions to be included in the composite railroad sample. (Ex Parte 558 Sub-No. 10 Decision.)

For 2006, there are four railroad corporations in the sample under the Board's criteria: Burlington Northern Santa Fe Corporation, CSX Corporation, Norfolk Southern Corporation, and Union Pacific Corporation (see Table 1). The 2006 sample is composed of the same railroad entities that were included in the 2005 sample.

¹ See, e.g., F. Modigliani and M. Miller, "The Cost of Capital, Corporation Finance and the Theory of Investment," *American Economic Review*, June 1958, p. 7; M. Miller, "Debt and Taxes," *Journal of Finance*, May 1977.

Table No. 1
Evaluation of Class I Railroads
Under Surface Transportation Board Selection Criteria
2006

Class I Railroad	Parent	Stock Symbol	Listed NYSE/ASE	Dividends Throughout 2006	Rail Assets	
					Account For At Least 50% of Parent	Adequate Debt Rating
BNSF	Burlington Northern Santa Fe Corp	BNI	Yes	Yes	Yes	Yes
CSX	CSX Corporation	CSX	Yes	Yes	Yes	Yes
CNGT*	Canadian National Railway Co	CNI	Yes	—	Non-U S company	—
KCS	Kansas City Southern	KSU	Yes	No	Yes	No
NS	Norfolk Southern Corporation	NSC	Yes	Yes	Yes	Yes
SOO*	Canadian Pacific Railway Limited	CP	Yes	—	Non-U S company	—
UP	Union Pacific Corporation	UNP	Yes	Yes	Yes	Yes

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

As in past years, this year's sample includes a substantial percentage of both the revenues and assets of the entire rail industry As shown in Table 2, the four-firm composite accounts for 92.7 percent of the revenues and 89.8 percent of the assets of all Class I railroads in 2006. Accordingly, the sample is representative of the industry.

Table No. 2
Relative Size of the Railroad Composite Sample
Year 2006
from Annual Report Form R-1

Railroad	Revenue (\$000)	Assets (\$000)	Pct of Total Class I RR	
			Revenue	Assets
BNSF	\$14,810,893	\$34,527,358	28.4 %	26.4 %
CSX	8,601,641	22,700,582	16.5	17.4
NS	9,407,242	24,819,053	18.0	19.0
UP	15,546,373	35,330,381	29.8	27.0
Total	\$48,366,149	\$117,377,374	92.7	89.8
Total Class I	\$52,151,588	\$130,750,712	100.0 %	100.0 %

NOTE: Revenue and asset figures are from the Annual Report Form R-1, submitted by Class I railroads to the STB at the end of March 2007 for the year 2006.

D. Types of Railroad Capital

A firm's overall cost of capital is the opportunity cost of the funds available to the firm and to its investors. As an alternative to investing in a new project of average risk, a firm could repurchase a fraction of its outstanding securities at prevailing market prices. Because the expected rate of return on the total market value of a firm's outstanding securities reflects the opportunity cost of funds used in repurchasing such securities, the expected rate of return on the total market value of the firm's outstanding securities is equal to its overall cost of capital. The total capital of a firm generally includes common and preferred stock (equity), as well as debt. Each of these three sources of capital have different expected rates of return, and the overall cost of capital is a market value of the weighted average of the costs of common equity, preferred equity, and debt.

III. Common Equity Capital In 2006

A. The Market Value of Common Equity Capital

The market value for common equity capital was originally determined in my June 25, 2007 testimony using the number of shares outstanding provided by railroads, plus stock prices. I believe that the data collected for the calculation of the Capital Asset Pricing Model's beta (see below) has enabled a more accurate market value calculation. Details of the calculation are presented in Appendix A. Weekly market values were calculated for each railroad using shares outstanding data from railroad 10-Q and 10-K reports² multiplied by stock prices at the close of each week in 2006. (More details on these data sources are provided in the beta discussion.) The

² The 10-Q and 10-K reports are filed with Securities and Exchange Commission (SEC), and are available from

52-week average market capitalization of the composite railroad (the four railroads that comprise the composite sample), listed on page 5 of Appendix A, is \$85,438.6 million

B. The Capital Asset Pricing Model (CAPM)

The cost of equity is a measure of investor expectations, including the opportunity cost of investing in a share of a firm's stock; i.e., the expected rate of return that investors require on the market value (purchase price) of the stock in light of alternative investment opportunities of comparable risk. Because investor expectations are not directly observable, analysts have developed methods of inferring the cost of equity from available financial data. There are several methods available to estimate the cost of equity. The Capital Asset Pricing Model (CAPM) is used in this statement to compute an estimate for the cost of equity — as outlined in STB Ex Parte No. 664³ and STB Ex Parte No. 558 (Sub No. 10). The theory underlying the CAPM is that an investor seeks a risk-free return plus a premium that is dependent upon risk. In formulaic terms, the cost of equity as estimated by the CAPM may be expressed as

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

Where K = the firm's cost of equity,

RF = the risk-free rate,

MRP = the market's risk premium, and

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

Therefore, each firm's cost of equity depends on the non-diversifiable risk of its common stock, represented in the model as beta. The risk-free rate (RF) is typically represented by the rate of a U.S. Government (Treasury) instrument. The market risk premium (MRP) is the expected

railroad web sites or the SEC's web site

³ STB Ex Parte No. 664, Methodology to Be Employed in Determining the Railroad Industry's Cost of Capital, decided January 17, 2008

future difference between returns for the overall stock market and risk-free returns. That future difference is typically estimated using historical differences. Beta is the future market risk of the stock, which depends on its volatility and its correlation with the overall stock market. The beta for the overall stock market is 1.0. Firms with higher risk will have a beta above 1.0, while firms with lower risk will have a beta below 1.0. As with the market risk premium, betas are also typically estimated using historical relationships.

1. Risk-Free Rate (RF)

In its decisions in Ex Parte No. 664 and 588 (Sub No. 10), both served on January 17, 2008, the Board specified a risk-free rate based on an average yield to maturity for a 20-year U.S. Treasury Bond. I have, accordingly, retrieved the average yield to maturity for a 20-year U.S. Treasury Bond from the Federal Reserve web site.⁴ Table 3 (below) lists a fourteen-year history of this bond.

⁴ Federal Reserve's web site is <http://www.federalreserve.gov/releases/H15/data.htm>. Select Treasury Constant Maturities, Nominal, 20-year, Annual.

Table No 3
20-Year U S. Treasury Bonds 1993-2006

Year	Average Annual Rate
1993	6 29 %
1994	7 49
1995	6 95
1996	6 83
1997	6 69
1998	5 72
1999	6 20
2000	6 23
2001	5 63
2002	5 43
2003	4 96
2004	5 04
2005	4 64
2006	5 00

Source Federal Reserve

As can be seen in Table 3, the 5 00 percent average 2006 rate for a 20-Year U S Treasury Bond is higher than the previous (2005) year, but lower than it has been during most of the prior 13 years. Furthermore, based on the observation of interest rates listed in the Economic Report of the President,⁵ many long-term interest rates are near their lowest level since the mid-1960s.

Using the average yield to maturity in 2006 for a 20-year U S Treasury Bond, as directed in STB Ex Parte No 558 (Sub No 10), the CAPM's risk-free rate is 5 00 percent.

⁵ *Economic Report of the President 2007, TABLE B-73 —Bond yields and interest rates, 1929–2006*

2. Market Risk Premium (MRP)

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

Since the Ibbotson Equity Risk Premium is well regarded and widely accepted, I have used the 2006 market risk premium from the *Stocks, Bonds, Bills, and Inflation* (a k a SBBI) *2007 Yearbook Valuation Edition* published by Morningstar ⁶ Page 72 lists the Long-Horizon Equity Risk Premium that is based on the Standard & Poor's 500 as 7 13 percent, which I will use as the rate for the CAPM's market risk premium

3. Beta

The STB Ex Parte No 558 (Sub No 10) decision served January 17, 2008, requires parties to calculate the CAPM's beta using a portfolio of weekly, merger-adjusted stock returns for the prior five years in the following equation

$$R - SRRF = \alpha + \beta (RM - SRRF) + e$$

Where

R	=	merger-adjusted stock returns for the portfolio of railroads, ⁷
SRRF	=	short-run risk-free rate represented by 3-mo U S Treasury Bills,
alpha	=	constant term,
beta	=	future market risk of the stock,
RM	=	return for the market, represented by the S&P 500, and
E	=	random error term

Using these instructions, the value for beta can be solved for using a linear regression The railroad return less the short-term risk free rate is the dependent variable, while the market

⁶ Ibbotson Associates is now a wholly-owned subsidiary of Morningstar, Inc

⁷ Must meet the screening criteria set forth in *Railroad Cost of Capital – 1984*

return less the risk free rate is the independent variable. The regression's random error term is unknown, the intercept is the alpha, and the coefficient for the explanatory variable is the beta.

The regression data set used in the AAR calculation was created using publicly available data from web sites on the internet (for further information, see my work papers). The raw data consisted of weekly observations from the last week of 2001 through the last week of 2006. The last week of 2001, labeled as "week number 0" in our data set, enables a return to be calculated for the first week of 2002. The data set label variables identify the first day of trading during the week (typically Monday), but the close prices were for the last day of trading during the week.

Three categories of data are necessary for the regression. First, weekly stock prices for BNI, CSX, NSC, and UNP⁸ were downloaded. Adjusted close prices were used, which means the price was already adjusted for dividends and splits. In addition, Standard & Poor's provided their S&P 500 (Total Return - 1988) Index. Second, stock shares outstanding, and an effective date, were gathered from each railroad's 10-Q and 10-K reports from third quarter 2001 through third quarter 2006. The shares outstanding data were adjusted for stock splits if necessary. For each railroad, a share outstanding value was assigned to each week based upon the latest available 10-Q or 10-K submissions by that railroad to the Securities and Exchange Commission.⁹ The final piece of raw data was the rate for 3-Month U.S. Treasury Bills. These securities are also known as 13-Week Treasury Bills or 90-Day Treasury Bills. The Treasury Bill rates were acquired from the Federal Reserve web site.

⁸ The Burlington Northern Santa Fe Corporation has a stock symbol of BNI, CSX Corporation is CSX, Norfolk Southern Corporation is NSC, and Union Pacific Corporation is UNP.

⁹ For example, BNSF reported 386,674,903 shares outstanding as of October 19, 2001 in its 2001 10-Q report, and 384,250,986 shares outstanding as of January 31, 2002 in its 2001 10-K report. Therefore, weeks 0 through 5, which began subsequent October 19, 2001 and before January 31, 2002, were assigned 386,674,903 shares outstanding. Because week 6 began February 4, (subsequent to the January 31, 2002 date) it was assigned 386,674,903 shares outstanding.

SAS¹⁰ statistical software was used to run the regression analysis to calculate beta. A railroad portfolio was formed from the adjusted stock price and shares outstanding data. A total value for each week was compared to the previous week to calculate a weekly return for the railroad stock portfolio and the Standard & Poor's 500 (the proxy for the market as a whole). Each week's Three-month Treasury Bill rate, which is the measure employed for the short-run risk-free rate in the beta calculations, was restated from an annual to a weekly rate to make it comparable to the weekly returns. The weekly Treasury Bill rates were then deducted from the railroad portfolio returns and market returns as specified in the two January 17 STB decisions.¹¹ The regression data set had 261 observations, including a first week that began December 31, 2001 and a final week that began December 26, 2006.

The SAS General Linear Model procedure was used to calculate the regression, with railroad returns less the short-run risk-free rate as the dependent variable and the market returns less the short-run risk-free rate as the independent variable. As specified by the STB decisions, our regression included an intercept. A summary of our findings is included in Appendix B. The SAS estimate of beta is 0.864.

We have evaluated the integrity of our calculations through the use of data from other public and private sources, and although the resulting 2006 beta is lower than betas prior to 2000 and lower than the current beta value, we found an extremely narrow and consistent range of outcomes from these various sources. Based on our calculation using the STB's method described in the January 17, 2008 decisions, we used a beta of 0.864 for our CAPM computation.

¹⁰ SAS Institute Inc., Cary, NC

¹¹ STB Ex Parte No. 664 and STB Ex Parte No. 558 (Sub No. 10), served January 17, 2008

C. Conclusion as to Cost of Common Equity Capital

Using the CAPM calculation methodology specified by the STB in Ex Parte Nos. 664 and 558 (Sub No 10), the average 2006 cost of equity estimate for the composite railroad is 11.16 percent. Our Capital Asset Pricing Model used a risk free rate of 5.00 percent, a market risk premium of 7.13 percent, and a beta of 0.864. Given the CAPM equation of $K = RF + (\text{beta} \times \text{MRP})$, then the calculation is $K = 5.00 + (0.864 \times 7.13) = 11.16032 = 11.16 \text{ percent}$

IV. Debt Capital in 2006

Table 10 of my June 25, 2007 verified statement lists a market value of debt of \$25,594.5 million. Table 12 from the same statement lists the current cost of debt as 5.97 percent.

V. Preferred Equity Capital in 2006

Like 2003, 2004, and 2005, no preferred stock issues were outstanding at the end of 2006 for the railroad companies comprising the railroad composite sample. Therefore, no cost for preferred equity capital has been calculated, and the market value for preferred equity capital is zero.

VI. The Overall Cost of Capital in 2006

A. Determination of Market Value Weights

As mentioned earlier in this statement and in my June 25, 2007 statement, the market value of debt is \$25,594.5 million. As shown in Appendix A of this statement, the market value

of common equity is \$85,438.6 million. Based on these figures, the market value weights for debt and common equity are 23.1 percent and 76.9 percent, respectively.

B. The Overall Cost of Capital

Multiplying the cost of debt and the cost of common equity capital by their respective market value proportions, generates a 2006 average overall cost of capital of 10.0 percent, as shown below in Table 4.

**Table No. 4
Weighted Current Cost of Capital**

	Market Value (mil)	Capital Structure Weight	Current Cost
Debt	\$25,594.5	23.1 %	5.97 %
Common Equity	85,438.6	76.9	11.16
Preferred Equity	0.0	0.0	n/a
Total	\$111,033.1	100.0	9.96
Weighted Current Cost of Capital			or 10.0 %

VII. Qualifications Of Craig F. Rockey

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

During my employment with the AAR, I have presented testimony before the Surface Transportation Board/Interstate Commerce Commission, Public Service Commission of Indiana,

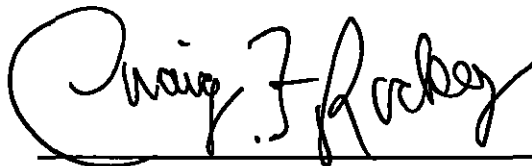
New York Department of Transportation, Ohio Public Utilities Commission, Pennsylvania Public Utility Commission, the West Virginia Public Service Commission, and the Illinois Department of Revenue I routinely prepare and provide rail industry economic, financial and cost data, oversee the creation of databases, publications, and reports; and evaluate regulatory, legislative, and internal issues Preceding my employment with the AAR, I was Senior Associate with the Washington, D C -based economic consulting firm of Snavely, King and Associates, Inc In that capacity I was responsible for various feasibility studies, special reports, and submissions to federal, state, and private organizations

I hold a Bachelor of Science degree in Transportation Economics from the University of Maryland and have undertaken related course work subsequently I have articles published in transportation journals, have co-authored a book entitled *Small Railroads*, am a member of various professional organizations, and have consulted for railroads in Africa, Asia, and North America

VERIFICATION

WASHINGTON, D C)
) SS

I, Craig F Rocky, being duly sworn, state that I have read the
foregoing statement, that I know its contents, and that those contents
are true as stated


CRAIG F ROCKEY

Subscribed and sworn to before me this 1st day of
February 2008.


Notary Public

My Commission expires

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



Market Value for Common Equity

Stock Data for BNI from Yahoo! Finance 1-23-08

<http://chart.finance.yahoo.com/table.csv?s=BNI&a=00&b=1&c=2001&d=00&e=22&f=2008&g=w&ignore=csv>

Beg of Wk	End of Wk				Shares		Capitalization	
Date	Open	High	Low	Close	Volume	Adj Close	Outstanding	(\$000)
1/3/2006	70.4	70.87	68.75	69.06	3127300	67.29	373,424,406	25,788,689
1/9/2006	69.3	69.89	68.09	68.53	2228600	66.77	373,424,406	25,590,775
1/17/2006	68.1	71.9	67.87	70.42	2806000	68.61	373,424,406	26,296,547
1/23/2006	70.97	77.38	70.88	77.14	3586500	75.16	373,424,406	28,805,959
1/30/2006	77.14	80.46	76.61	78.75	3052200	76.73	373,424,406	29,407,172
2/6/2006	78.9	79.64	76.71	79.55	1786400	77.51	372,960,559	29,669,012
2/13/2006	79.52	82.48	78.13	80.35	2250500	78.29	372,960,559	29,967,381
2/21/2006	80.65	81.83	78.4	78.97	1707700	76.95	372,960,559	29,452,695
2/27/2006	79.4	80.93	78.25	79.43	1623600	77.39	372,960,559	29,624,257
3/6/2006	79.63	79.72	73.99	76.51	1682900	74.75	372,960,559	28,535,212
3/13/2006	76.62	81.72	75.82	80.79	1934200	78.93	372,960,559	30,131,484
3/20/2006	80.79	81.92	78.05	80.35	1600100	78.5	372,960,559	29,967,381
3/27/2006	80.6	84.01	80.4	83.33	2614500	81.41	372,960,559	31,078,803
4/3/2006	83.34	87.46	83.25	83.45	2300600	81.53	372,960,559	31,123,559
4/10/2006	83.4	84.36	81.6	83.39	1397200	81.47	372,960,559	31,101,181
4/17/2006	83.95	87.99	82.99	86.4	1531400	84.41	364,660,574	31,506,674
4/24/2006	86.28	86.99	78	79.53	2837700	77.7	364,660,574	29,001,455
5/1/2006	80.3	84.09	76.4	83.19	2687200	81.27	364,660,574	30,336,113
5/8/2006	83.19	84.88	79.25	79.55	1594700	77.72	364,660,574	29,008,749
5/15/2006	79.95	81.1	72.32	73.8	3354500	72.1	364,660,574	26,911,950
5/22/2006	73	77.9	73	77.44	2879700	75.65	364,660,574	28,239,315
5/30/2006	76.98	79.64	74.97	78.57	2213200	76.76	364,660,574	28,651,381
6/5/2006	79.18	79.18	69.49	72.28	3310200	70.8	364,660,574	26,357,666
6/12/2006	73.13	77.88	70.62	77.25	2964800	75.67	364,660,574	28,170,029
6/19/2006	77.9	78.39	74.95	77.22	1932500	75.64	364,660,574	28,159,090
6/26/2006	77.47	80.08	75.17	79.25	2309500	77.63	364,660,574	28,899,350
7/3/2006	79.26	79.49	74.56	75.71	2338800	74.16	364,660,574	27,608,452
7/10/2006	76.6	77.01	71.54	73.1	2497200	71.61	364,660,574	26,856,688
7/17/2006	73.35	76	67.13	69.03	3228900	67.62	361,961,615	24,986,210
7/24/2006	69.25	69.8	64.4	68.88	4736100	67.47	361,961,615	24,931,916
7/31/2006	68.8	72.11	66.73	69.04	2513300	67.63	361,961,615	24,989,830
8/7/2006	68.67	69.42	64.5	64.84	2991000	63.52	361,961,615	23,469,591
8/14/2006	65.57	69.89	63.8	68.45	3456700	67.05	361,961,615	24,776,273
8/21/2006	68.18	68.21	64.45	66.06	2397800	64.71	361,961,615	23,911,184
8/28/2006	66.05	67.42	64.44	67.31	2665700	65.94	361,961,615	24,363,636
9/5/2006	67.05	67.67	64.75	65.93	2667400	64.83	361,961,615	23,864,129
9/11/2006	65.75	71.4	65.11	69.82	3005300	68.65	361,961,615	25,272,160
9/18/2006	69.81	72.36	67.57	68.72	2833100	67.57	361,961,615	24,874,002
9/25/2006	69.16	73.75	67.24	73.44	3345300	72.21	361,961,615	26,582,461
10/2/2006	73.5	77.34	72.3	75.8	2730600	74.53	361,961,615	27,436,690
10/9/2006	75.95	78.61	74.57	78.41	2197800	77.1	361,961,615	28,381,410
10/16/2006	78.3	81.74	77.64	79.6	2728400	78.27	359,206,742	28,592,857
10/23/2006	79.37	81.35	77.54	77.99	2607100	76.69	359,206,742	28,014,534
10/30/2006	77.83	78.3	75.51	76.31	2186200	75.03	359,206,742	27,411,066
11/6/2006	76.8	79.34	76.3	77.19	1978200	75.9	359,206,742	27,727,168
11/13/2006	77.43	77.5	74.13	76.46	3102900	75.18	359,206,742	27,464,947
11/20/2006	76.3	77.23	76.17	76.45	1188300	75.17	359,206,742	27,461,355
11/27/2006	76.1	76.94	73.7	74.92	2390500	73.67	359,206,742	26,911,769
12/4/2006	75.3	78.9	75.24	75.88	2783800	74.86	359,206,742	27,258,608
12/11/2006	75.6	76.35	73.99	75.2	2839400	74.19	359,206,742	27,012,347
12/18/2006	74.28	75.2	71.89	72.68	2900100	71.7	359,206,742	26,107,146
12/26/2006	72.58	74.5	72.52	73.81	1279300	72.82	359,206,742	26,513,050

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

Market Value for Common Equity

Stock Data for CSX from Yahoo! Finance 1-23-08

<http://chart.finance.yahoo.com/table.csv?s=CSX&a=11&b=20&c=2001&d=00&e=22&f=2008&g=w&ignore=.csv>

Beg of Wk	End of Wk				Shares		Capitalization	
Date	Open	High	Low	Close*	Volume	Adj Close	Outstanding	(\$000)
1/3/2006	50 92	50 99	48 58	24 605	3261800	24 04	434,478,238	10,690,337
1/9/2006	49 33	51 43	49 33	25 39	2755200	24 8	434,478,238	11,031,402
1/17/2006	50 7	52 56	50 33	25 805	2790800	25 21	434,478,238	11,211,711
1/23/2006	52 18	54 21	50 75	26 81	4874800	26 19	434,478,238	11,648,362
1/30/2006	53 42	54 19	51 46	25 925	2947600	25 32	438,862,742	11,377,517
2/6/2006	51 81	52 96	51 48	26 37	2209200	25 76	438,862,742	11,572,811
2/13/2006	52 75	54 7	51 61	27 215	3328300	26 58	438,862,742	11,943,650
2/21/2006	54 4	55 5	54 09	27 68	2945500	27 1	438,862,742	12,147,721
2/27/2006	55 33	56 77	55 07	28 18	3036700	27 59	438,862,742	12,367,152
3/6/2006	56 36	56 38	53 36	27 62	2930700	27 04	438,862,742	12,121,389
3/13/2006	55 3	59 88	55 02	29 73	3964900	29 11	438,862,742	13,047,389
3/20/2006	59 6	59 9	57 66	29 505	2924200	28 89	438,862,742	12,948,645
3/27/2006	59 25	60 4	59 04	29 9	3352300	29 28	438,862,742	13,121,996
4/3/2006	61	63 83	60 7	31 7	4265600	31 04	443,172,312	14,048,562
4/10/2006	63	65 4	62 4	32 525	4279200	31 85	443,172,312	14,414,179
4/17/2006	64 7	71 35	64 33	34 04	6962100	33 33	443,172,312	15,085,586
4/24/2006	67 9	69 02	66 5	34 245	5427200	33 53	443,172,312	15,176,436
5/1/2006	69 29	74 65	69	37 095	4948200	36 32	443,172,312	16,439,477
5/8/2006	73 86	74 56	70 35	35 36	4066400	34 62	443,172,312	15,670,573
5/15/2006	70 59	72 48	66 04	33 6	4704800	32 9	443,172,312	14,890,590
5/22/2006	67 1	68 44	64 68	33 665	4126800	33 03	443,172,312	14,919,396
5/30/2006	67	69 02	66 05	34 3	3763300	33 65	443,172,312	15,200,810
6/5/2006	68 45	68 8	60 5	30 95	5342600	30 36	443,172,312	13,716,183
6/12/2006	62 12	65 4	60 1	32 175	4994300	31 57	443,172,312	14,259,069
6/19/2006	64 85	66 26	63	32 73	3214400	32 11	443,172,312	14,505,030
6/26/2006	65 55	70 69	64 66	35 22	4794800	34 55	443,172,312	15,608,529
7/3/2006	70 6	71 15	66 43	33 665	3721600	33 03	443,530,816	14,931,465
7/10/2006	67 58	69 11	62 75	32 24	4196400	31 63	443,530,816	14,299,434
7/17/2006	64 4	67 34	61	30 97	7351700	30 38	443,530,816	13,736,149
7/24/2006	62	63 57	59 07	30 22	8662600	29 65	443,530,816	13,403,501
7/31/2006	60 4	64 2	59 12	30 97	5212000	30 38	443,530,816	13,736,149
8/7/2006	61 9	62 64	58 65	29 465	4057400	28 91	443,530,816	13,068,635
8/14/2006	58 93	61 57	30 6	30 91	3738000	30 33	443,530,816	13,709,538
8/21/2006	30 68	30 75	28 6	29 69	3029600	29 22	443,530,816	13,168,430
8/28/2006	29 75	30 48	29 43	30 39	2602800	29 91	443,530,816	13,478,901
9/5/2006	30 38	30 68	29 62	30 3	3472900	29 83	443,530,816	13,438,984
9/11/2006	30 15	32 67	29 8	31 61	4684900	31 11	443,530,816	14,020,009
9/18/2006	31 68	32 39	30 18	30 57	3643100	30 09	443,530,816	13,558,737
9/25/2006	30 4	33 25	29 81	32 83	4815900	32 32	443,530,816	14,561,117
10/2/2006	32 71	34 19	32 51	33 71	3406900	33 18	435,181,651	14,669,973
10/9/2006	33 7	34 9	33 33	34 77	2779300	34 23	435,181,651	15,131,266
10/16/2006	34 52	36 89	34 37	35 99	4495800	35 43	435,181,651	15,662,188
10/23/2006	35 9	38 3	35 52	36 44	4919600	35 87	435,181,651	15,858,019
10/30/2006	36 37	36 5	35 14	35 73	4260300	35 17	435,181,651	15,549,040
11/6/2006	35 73	37 32	35 73	36 79	4014200	36 21	435,181,651	16,010,333
11/13/2006	36 79	37 4	35 42	36 38	4140700	35 81	435,181,651	15,831,908
11/20/2006	36 3	36 83	35 74	36 22	2654800	35 75	435,181,651	15,762,279
11/27/2006	35 97	36 81	34 69	36 06	5996100	35 59	435,181,651	15,692,650
12/4/2006	36 08	37 89	36	36 77	4641500	36 29	435,181,651	16,001,629
12/11/2006	36 64	36 92	34 78	35 42	5172900	34 98	435,181,651	15,414,134
12/18/2006	35 42	35 42	33 55	33 93	4946300	33 49	435,181,651	14,765,713
12/26/2006	33 9	35 09	33 86	34 43	2381600	33 98	435,181,651	14,983,304

* 1/3 through 8/7 adjusted for split

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

Market Value for Common Equity

Stock Data for NSC from Yahoo! Finance 1-23-08

<http://ichart.finance.yahoo.com/table.csv?s=NSC&a=00&b=1&c=2001&d=00&e=22&f=2008&g=w&ignore=.csv>

Beg of Wk	End of Wk				Shares		Capitalization	
Date	Open	High	Low	Close	Volume	Adj Close	Outstanding	(\$000)
1/3/2006	45	45	41 22	42 16	3860400	40 81	406,420,210	17,134,676
1/9/2006	42	44 23	41 75	42 48	2501400	41 12	406,420,210	17,264,731
1/17/2006	42 05	44 8	42 04	44 27	2603400	42 85	406,420,210	17,992,223
1/23/2006	44 9	49 9	44 79	49 48	4119900	47 89	406,420,210	20,109,672
1/30/2006	49 43	49 94	48 26	49 24	2710200	47 82	406,420,210	20,012,131
2/6/2006	49 19	50 17	47 77	49	2326200	47 58	412,236,777	20,199,602
2/13/2006	49 29	51	48 09	49 35	2413800	47 82	412,236,777	20,343,885
2/21/2006	49 99	51	49 51	49 96	2071500	48 51	412,236,777	20,595,349
2/27/2006	50 44	52 37	50 2	52 12	2310000	50 61	412,236,777	21,485,781
3/6/2006	52 02	52 11	48 12	50 83	2309000	49 36	412,236,777	20,953,995
3/13/2006	51 22	54 36	50 85	53 94	2288400	52 38	412,236,777	22,236,052
3/20/2006	53 95	54 93	52 27	53 3	1533100	51 76	412,236,777	21,972,220
3/27/2006	52 35	54 41	52 35	54 07	1638900	52 51	412,236,777	22,289,643
4/3/2006	54 5	56 6	54 2	54 4	2063200	52 83	414,692,476	22,559,271
4/10/2006	54 35	55 13	53 15	53 84	2311700	52 28	414,692,476	22,327,043
4/17/2006	53 5	57 48	53 45	56 18	2131200	54 55	414,692,476	23,297,423
4/24/2006	56 02	57 1	53 43	54	2760100	52 44	414,692,476	22,393,394
5/1/2006	54 4	57 1	54 28	56 2	1917300	54 73	414,692,476	23,305,717
5/8/2006	56 2	57 71	54 01	54 37	1660800	52 95	414,692,476	22,546,830
5/15/2006	53 94	54 71	49 24	50 52	2690000	49 2	414,692,476	20,950,264
5/22/2006	50 52	53 4	49 95	52 94	2557500	51 56	414,692,476	21,953,820
5/30/2006	52 93	53 99	51 56	53 6	1841900	52 2	414,692,476	22,227,517
6/5/2006	54 54	54 54	46 17	48 54	3461800	47 27	414,692,476	20,129,173
6/12/2006	49 37	50 95	47 5	50 42	2547400	49 1	414,692,476	20,908,795
6/19/2006	50 76	51 69	49 41	50 89	1789000	49 56	414,692,476	21,103,700
6/26/2006	50 98	53 59	49 39	53 22	2246100	51 83	414,692,476	22,089,934
7/3/2006	53 87	54	51 01	51 55	1658700	50 2	413,821,033	21,332,474
7/10/2006	51 9	52 41	48 34	49 3	2201700	48 01	413,821,033	20,401,377
7/17/2006	49 1	51 48	45 27	46 37	3262200	45 16	413,821,033	19,188,881
7/24/2006	46 41	47 25	39 1	43 76	6547600	42 62	413,821,033	18,108,808
7/31/2006	43 75	44 71	41 67	41 93	4355000	41 01	413,821,033	17,351,516
8/7/2006	41 93	42 36	40 32	40 93	3225800	40 03	413,821,033	16,937,695
8/14/2006	41 4	45 41	41 25	44 29	2841800	43 32	413,821,033	18,328,134
8/21/2006	44 28	44 29	41 15	42 4	2369800	41 47	413,821,033	17,546,012
8/28/2006	42 3	42 97	41 49	42 61	1976000	41 67	413,821,033	17,632,914
9/5/2006	42 5	42 51	41	41 31	3788900	40 4	413,821,033	17,094,947
9/11/2006	41 25	44 9	40 65	43 05	2473900	42 11	413,821,033	17,814,995
9/18/2006	43 2	45 27	41 25	41 77	3725400	40 85	413,821,033	17,285,305
9/25/2006	42 11	44 18	41 35	44 05	3562900	43 08	413,821,033	18,228,817
10/2/2006	43 89	47 04	42 8	45 7	4297600	44 7	396,891,872	18,137,959
10/9/2006	45 84	47 15	45 16	46 82	2706200	45 79	396,891,872	18,582,477
10/16/2006	46 61	48 65	46 47	48 2	3621400	47 14	396,891,872	19,130,188
10/23/2006	47 79	55 07	47 61	53 33	4358500	52 16	396,891,872	21,166,244
10/30/2006	53	53 57	51 44	51 83	4703200	50 87	396,891,872	20,570,906
11/6/2006	52 29	53 86	51 13	52 61	3198700	51 63	396,891,872	20,880,481
11/13/2006	52 84	52 79	48 59	51 09	4510700	50 14	396,891,872	20,277,206
11/20/2006	50 69	51 08	49 57	49 77	1887100	48 84	396,891,872	19,753,308
11/27/2006	49 88	50 1	47 56	48 94	4012100	48 03	396,891,872	19,423,888
12/4/2006	49 28	51 58	49 1	50 65	2864100	49 71	396,891,872	20,102,573
12/11/2006	50 72	51 98	49 64	51 13	3163200	50 18	396,891,872	20,293,061
12/18/2006	51 31	51 35	48 62	48 93	2220900	48 02	396,891,872	19,419,919
12/26/2006	48 78	50 78	48 75	50 29	1704800	49 36	396,891,872	19,959,692

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

Market Value for Common Equity

Stock Data for UNP from Yahoo! Finance 1-23-08

<http://chart.finance.yahoo.com/table.csv?s=UNP&a=00&b=1&c=2001&d=00&e=22&f=2008&g=w&ignore=.csv>

Beg of Wk	End of Wk				Shares		Capitalization	
Date	Open	High	Low	Close	Volume	Adj Close	Outstanding	(\$000)
1/3/2006	80 5	80 5	77 62	78 58	1633700	76 5	264,940,105	20,818,993
1/9/2006	78 93	79 86	78 64	78 73	834500	76 65	264,940,105	20,858,734
1/17/2006	78 05	85 12	78	83 82	2449100	81 6	264,940,105	22,207,280
1/23/2006	83 83	88 22	83 83	87 16	2402300	84 85	264,940,105	23,092,180
1/30/2006	86 97	88 64	85 24	85 67	1676700	83 4	264,940,105	22,697,419
2/6/2006	85 5	86 7	84 32	86 31	1079000	84 02	267,584,487	23,095,217
2/13/2006	86 31	89 9	85 05	88 74	1279800	86 39	267,584,487	23,745,447
2/21/2006	88 74	90 14	87 78	88 46	734700	86 12	267,584,487	23,670,524
2/27/2006	88 84	90 34	88 38	89 82	961000	87 44	267,584,487	24,034,439
3/6/2006	89 4	89 55	83 5	85 76	1377300	83 77	267,584,487	22,948,046
3/13/2006	85 95	91 99	84 83	91 07	1905200	88 96	267,584,487	24,368,919
3/20/2006	90 9	92 87	90 14	92 18	1281800	90 04	267,584,487	24,665,938
3/27/2006	92 18	93 73	91 8	93 35	1575500	91 18	267,584,487	24,979,012
4/3/2006	93 95	96 64	93 53	93 63	1304400	91 46	267,584,487	25,053,936
4/10/2006	93 64	93 82	91 41	93 52	923500	91 35	267,584,487	25,024,501
4/17/2006	93 34	97 15	92 1	95 95	1374700	93 72	267,584,487	25,674,732
4/24/2006	95 57	97 49	91 05	91 21	1972600	89 09	267,584,487	24,406,381
5/1/2006	91 45	94 43	91 39	93 25	1815100	91 09	268,954,617	25,080,018
5/8/2006	93 25	97 26	93 05	94 37	1866300	92 18	268,954,617	25,381,247
5/15/2006	94 62	97	89 85	91 7	2188200	89 57	268,954,617	24,663,138
5/22/2006	90 86	94 15	90 15	92 66	1357900	90 8	268,954,617	24,921,335
5/30/2006	92 12	95 2	90 48	94 05	1549900	92 17	268,954,617	25,295,182
6/5/2006	93 8	93 81	83 83	86 46	2147600	84 73	268,954,617	23,253,816
6/12/2006	86 61	90 29	84 71	89 76	1895200	87 96	268,954,617	24,141,366
6/19/2006	90	90 82	87 25	88 8	1445200	87 02	268,954,617	23,883,170
6/26/2006	89	93 01	87 46	92 96	1712000	91 1	268,954,617	25,002,021
7/3/2006	92 96	92 96	89 49	90 12	1185500	88 31	268,954,617	24,238,190
7/10/2006	90 73	90 79	85 15	86 16	1526200	84 43	268,954,617	23,173,130
7/17/2006	85 65	89 89	81 8	83 04	2484900	81 38	268,954,617	22,333,991
7/24/2006	83 56	85 59	81 94	85 22	2417100	83 51	268,954,617	22,920,312
7/31/2006	84 48	87 69	82 67	83 85	1767500	82 17	269,349,582	22,584,962
8/7/2006	83 32	84 31	78 65	79 21	2012300	77 62	269,349,582	21,335,180
8/14/2006	80	85 21	79 29	83 74	1321700	82 06	269,349,582	22,555,334
8/21/2006	83 5	83 51	80 03	80 94	1287400	79 32	269,349,582	21,801,155
8/28/2006	81 1	81 42	79 55	80 54	1474200	79 22	269,349,582	21,693,415
9/5/2006	80 15	81 24	79 35	80 1	1280700	78 79	269,349,582	21,574,902
9/11/2006	79 27	85 79	79 27	83 8	1841700	82 43	269,349,582	22,571,495
9/18/2006	84 37	86 38	82 58	83 42	1591600	82 05	269,349,582	22,469,142
9/25/2006	84 08	88 47	82 71	88	2025600	86 56	269,349,582	23,702,763
10/2/2006	88 25	90 04	86 27	88 86	1626700	87 41	269,349,582	23,934,404
10/9/2006	88 66	91 5	88 13	91 08	1138300	89 59	269,349,582	24,532,360
10/16/2006	90 63	93 79	89 32	90 83	1557500	89 34	269,349,582	24,465,023
10/23/2006	90 83	92 87	90	90 86	1548100	89 37	269,349,582	24,473,103
10/30/2006	91 1	91 83	89 41	90 19	1862200	88 71	269,349,582	24,292,639
11/6/2006	90 55	92 29	90 27	91 14	1420700	89 65	269,719,931	24,582,275
11/13/2006	91 14	92 95	89 85	91 35	2014200	89 85	269,719,931	24,638,916
11/20/2006	91 6	92 79	91 05	91 45	1006000	89 95	269,719,931	24,665,888
11/27/2006	91 3	92 02	89 01	90 48	1718800	89 29	269,719,931	24,404,259
12/4/2006	91 1	96 16	91 05	92 8	1980800	91 58	269,719,931	25,030,010
12/11/2006	92 76	94 99	92	93 93	1722600	92 7	269,719,931	25,334,793
12/18/2006	94 1	94 12	90 08	90 61	1169700	89 42	269,719,931	24,439,323
12/28/2006	90 45	92 37	90 45	92 02	845600	90 81	269,719,931	24,819,628

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

Market Value for Common Equity

Total Market Value for BNI, CSX, NSC, and UNP combined

Based on close price on last trading day of week and shares outstanding from 10-K and 10-Q

Beg of Wk Date	Capitalization (\$000)
1/3/2006	\$74,432,696
1/9/2006	74,745,642
1/17/2006	77,707,760
1/23/2006	83,658,172
1/30/2006	83,494,238
2/6/2006	84,536,642
2/13/2006	86,000,383
2/21/2006	85,866,289
2/27/2006	87,511,629
3/6/2006	84,558,642
3/13/2006	89,783,844
3/20/2006	89,554,184
3/27/2006	91,469,454
4/3/2006	92,785,327
4/10/2006	92,866,905
4/17/2006	95,564,414
4/24/2006	90,977,666
5/1/2006	95,161,325
5/8/2006	92,607,399
5/15/2006	87,415,942
5/22/2006	90,033,865
5/30/2006	91,374,890
6/5/2006	83,456,838
6/12/2006	87,479,260
6/19/2006	87,650,989
6/26/2006	91,579,834
7/3/2006	88,110,581
7/10/2006	84,530,628
7/17/2006	80,245,232
7/24/2006	79,364,538
7/31/2006	78,662,458
8/7/2006	74,811,102
8/14/2006	79,369,278
8/21/2006	76,426,781
8/28/2006	77,168,867
9/5/2006	75,972,961
9/11/2006	79,678,659
9/18/2006	78,187,186
9/25/2006	83,075,157
10/2/2006	84,179,026
10/9/2006	86,627,514
10/16/2006	87,850,255
10/23/2006	89,511,900
10/30/2006	87,823,651
11/6/2006	89,200,257
11/13/2006	88,212,977
11/20/2006	87,642,831
11/27/2006	86,432,567
12/4/2006	88,390,820
12/11/2006	88,054,356
12/18/2006	84,732,102
12/26/2006	86,275,674
Average	\$85,438,646

5-Year Beta using SP 500 Total Return, SR Risk Free Rate is 3-Month T-Bill 57
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The GLM Procedure

Number of Observations Read	261
Number of Observations Used	261

Note The raw data set has 262 observations, which includes a "Week 0" that is used to calculate a return for the first week of 2002. Week 0 was deleted from the regression data set since it was part of 2001, and it also did not have a corresponding return calculated for it. Therefore the regression has 261 observations. Week 1, which is labeled 2001-12-31 (that is the start of the week) contains data for the close of the week which is 2002-1-4 (Friday). The date for Week 261 is 2006-12-26 and the data used for that week are as of 2006-12-29 (Friday).

5-Year Beta using SP 500 Total Return, SR Risk Free Rate is 3-Month T-Bill 58
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The GLM Procedure

Dependent Variable: RTOTRF

Source	DF	Sum of Squares	Mean Square	F Value	Pr > F
Model	1	0.07080569	0.07080569	125.71	<.0001
Error	259	0.14588488	0.00056326		
Corrected Total	260	0.21669057			

R-Square Coeff Var Root MSE RTOTRF Mean
0.326759 745.4036 0.023733 0.003184

Source	DF	Type I SS	Mean Square	F Value	Pr > F
RSP5RF	1	0.07080569	0.07080569	125.71	<.0001
Source	DF	Type III SS	Mean Square	F Value	Pr > F
RSP5RF	1	0.07080569	0.07080569	125.71	< .0001

Note The Dependent Variable, RTOTRF, is the total return for the portfolio of railroads less the short-run risk-free rate
The Independent Variable, RSP5RF is the total return for the Standard & Poor's 500 less the short-run risk-free rate

Dependent Variable: RTOTRF

The GLM Procedure

Parameter	Estimate	Standard Error	t Value	Pr > t
Intercept	0.0024652159	0.00147044	1.68	0.0948
RSP5RF	0.8635021151	0.07701664	11.21	<.0001

Note Using the STB's CAPM beta calculation formula where $R - RF = \alpha + \beta(RM - RF)$
"R - RF" is RTOTRF which is the total return for the railroad portfolio less the short-run risk-free rate,
alpha is the SAS estimate for the regression's intercept, which is 0.0024652159
"RM - RF" is RSP5RF, which is the total return for the S&P 500 less the short-run risk-free rate,
and beta is the SAS estimate for the slope of the regression line (that CAPM theory says can be used
to measure a type of risk), which is 0.8635021151