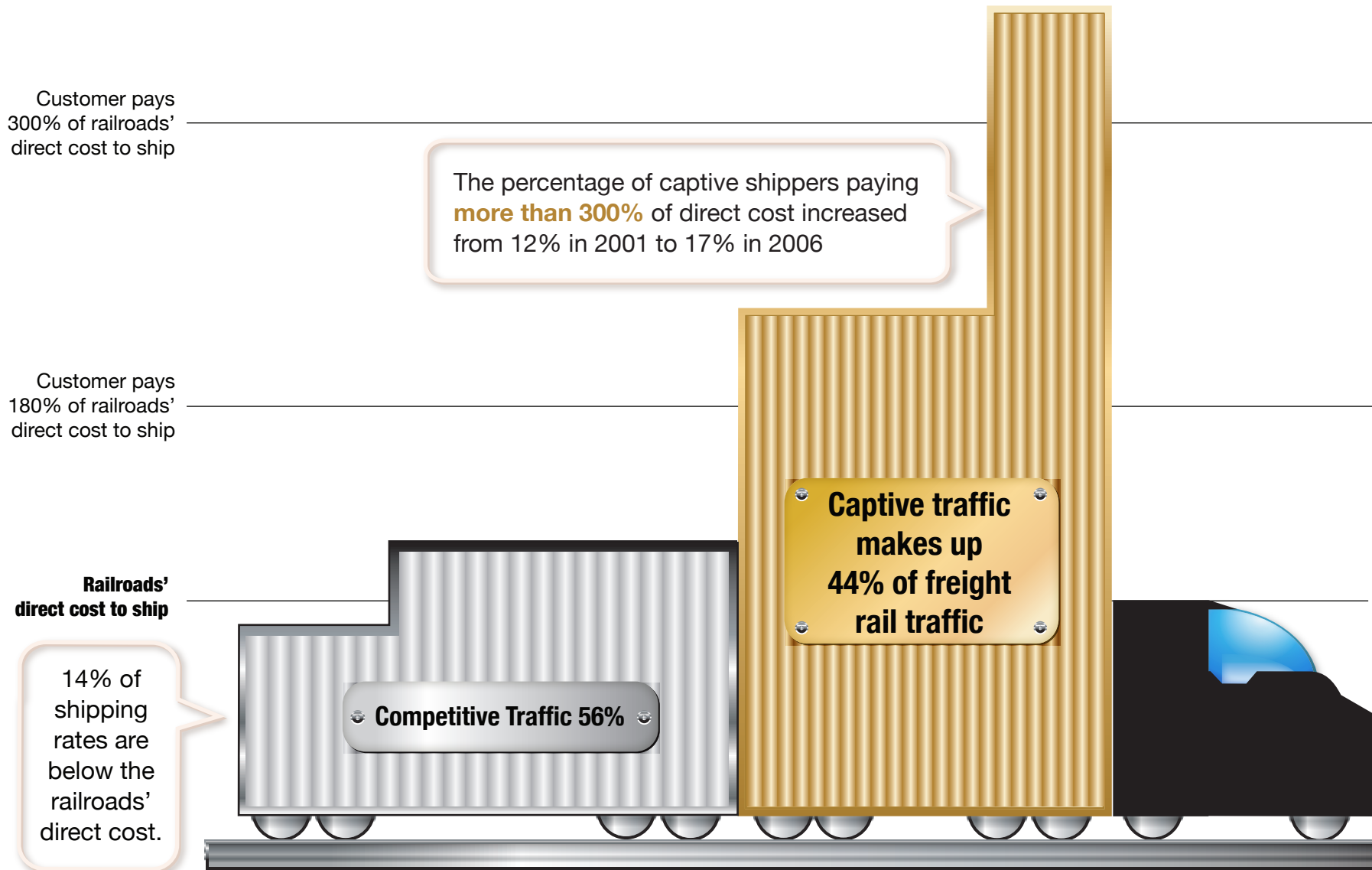


Railroad Profits: Who's Paying the Freight?



The Surface Transportation Board defines railroads' cost of transport using the Revenue to Variable Cost ratio, or R/VC. Revenue (R) is the rate charged by the railroad. Variable cost (VC) is the cost to the railroad of moving the freight, including fuel, labor, locomotives, and rail cars.

Source: Study commissioned by the Surface Transportation Board, *A Study of Competition in the U.S. Freight Railroad Industry and Analysis of Proposals that Might Enhance Competition*, Christensen Associates, Nov. 3, 2008, pg. ES-11.