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## **Railroad 4<sup>th</sup> Quarter Revenues Highlight Monopoly Power** *Lower Volumes Point to Monopoly Power Abuse*

Washington, D.C. (Jan. 27, 2009) — Robust quarterly earnings reports released from the nation’s four largest freight railroads highlight their ability to use their unrestrained monopoly power to increase profits despite declining amounts of freight moved, even in the midst of an economic recession that is affecting all other segments of the U.S. economy.

This month the four largest U.S. freight railroads – Union Pacific Corporation, CSX Corporation, Norfolk Southern, and BNSF Railway – reported increased quarterly revenues from the previous year, despite lower volumes and an economic recession that saw the Dow Jones Industrial Average lose 19 percent of its value in the same period.

These four railroads, which together control more than 90 percent of the freight rail traffic in the U.S., released their quarterly earnings from October through December of 2008:

- Union Pacific Corporation
  - o Quarterly revenues were up \$89 million in 2008.
  - o Quarterly volumes were down by 12% from 2007.
- CSX Corporation
  - o Quarterly revenues up by \$97 million from 2007, a 4% increase to \$2.7 billion.
  - o Quarterly volume was down 9%, moving 158,000 fewer units.
- Norfolk Southern
  - o Quarterly revenues reached \$2.5 billion, up 2% from 2007
  - o Quarterly volume down 8%
- Burlington Northern Santa Fe Corporation (BNSF)
  - o Quarterly revenues up by \$124 million from 2007.
  - o Fourth quarter volumes were down by 7%.

In addition, three of these railroads – Union Pacific, CSX Corporation, and BNSF - have indicated to Wall Street analysts that they intend to continue to increase their rates throughout 2009, regardless of any further declines in their volumes.

“The numbers speak for themselves, and they all add up to unrestrained monopoly power,” said Bob Szabo, executive director of Consumers United for Rail Equity (CURE), a freight shipper organization. “Railroad profits are up while their shipping volumes are down. How

does that work? Increasing revenue from declining volumes of freight? The answer is obvious: the railroads are exploiting their monopoly power over American consumers, American agriculture and American manufacturers during the worst economic recession since the 1930s.”

Railroads are the only U.S. industry that is exempt from the federal antitrust law that ensures free-market competition among businesses. This exemption allows railroads to avoid competition and keep their shipping rates artificially and unfairly high, creating higher prices for U.S. consumers on a vast array of goods and services. Railroads routinely charge captive rail customers rates that are 300 to 500 percent higher than the rates charged to rail customers with access to competitive transportation alternatives.

“Americans are losing their jobs, their homes, and are struggling to make ends meet,” said CURE Chairman Glenn English. “Meanwhile, railroads are posting massive quarterly profits by levying a hidden tax on consumer goods that raises costs for American consumers at a time when they can least afford it.”

CURE supports legislation in Congress to apply the nation’s antitrust laws to the railroads and to ensure the effective oversight of the railroads by the responsible federal agency, the Surface Transportation Board. Legislation to apply the nation’s antitrust laws to the railroads, the Railroad Antitrust Enforcement Act (H.R. 233, S 146), was introduced in both the U.S. House and Senate in the first week of the 111<sup>th</sup> Congress, and awaits action in committee.

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*Consumers United for Rail Equity (CURE) represents a wide variety of rail customers including public utilities, rural electric co-ops, agriculture groups, as well as chemical, ethanol, cement, forest and paper companies, and other manufacturers.*

**For more information about CURE visit: [www.railcure.org](http://www.railcure.org)**