



MONTANA
DEPARTMENT OF
REVENUE

**2025 Capitalization Rate Study
Railroads**

Final

Completed: April 18, 2025

MONTANA DEPARTMENT OF REVENUE

Yield Capitalization Rate Conclusion

Industry: Railroads

2025 Assessment Year

Capital Structure ^[1]

Equity	80.00%
Debt	20.00%

Equity Cost of Capital

		Weighting
Capital Asset Pricing Model - Ex Post ^[2]	12.54%	56%
Capital Asset Pricing Model - Ex Ante ^[2]	9.61%	14%
3 Stage Dividend Discount Model - Dividends ^[3]	7.43%	15%
3 Stage Dividend Discount Model - Earnings ^[3]	8.53%	15%
Weighted Average	<u>10.76%</u>	100%
Selected Cost of Equity	<u>10.76%</u>	

Debt Cost of Capital

		Weighting
Aa - Mergent's - Avg. YTM of Aa Rated Corporate Bonds ^[4]	5.37%	0%
A - Mergent's - Avg. YTM of A Rated Corporate Bonds ^[4]	5.53%	67%
Baa - Mergent's - Avg. YTM of Baa Rated Corporate Bonds ^[4]	5.80%	33%
Ba - MTDOR Debt Study ^[5]	6.84%	0%
B - MTDOR Debt Study ^[5]	7.33%	0%
Weighted Average	<u>5.62%</u>	100%
Selected Cost of Debt	<u>5.62%</u>	

Weighted Average Cost of Capital (WACC)

Source of Capital	Capital Structure	Cost of Capital	Marginal Tax Rate	After-tax Unweighted	Pre-tax Weighted	After-tax Weighted
Equity	80.00%	10.76%		10.76%	8.61%	8.61%
Debt	20.00%	5.62%	24.00%	4.27%	1.12%	0.85%
WACC	100.00%				9.73%	9.46%
WACC (Rounded)						9.50%

Notes

- [1] From worksheet: Capital Structure
- [2] From worksheet: Capital Asset Pricing Model Summary
- [3] From worksheet: Yield Equity Summary
- [4] January 2025, Mergent Bond Record
- [5] Montana Department of Revenue High Yield Debt Study

MONTANA DEPARTMENT OF REVENUE

Direct Capitalization Rate Conclusion

Industry: Railroads

2025 Assessment Year

Capital Structure ^[1]

Equity	80.00%
Debt	20.00%

Equity Capitalization Rate ^[2]

NOI After-tax	4.95%
GCF	7.55%

Debt Capitalization Rate ^[3]

Calculated Current Yield	4.87%
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NOI After-tax Direct Capitalization Rate

Source of Capital	Capital Structure	Capitalization Rate	Marginal Tax Rate	After-tax Unweighted	Pre-tax Weighted	After-tax Weighted
Equity	80.00%	4.95%		4.95%	3.96%	3.96%
Debt	20.00%	4.87%	24.00%	3.70%	0.97%	0.74%
Total	100.00%				4.93%	4.70%
Total (Rounded)						4.70%

GCF Direct Capitalization Rate

Source of Capital	Capital Structure	Capitalization Rate	Marginal Tax Rate	After-tax Unweighted	Pre-tax Weighted	After-tax Weighted
Equity	80.00%	7.55%		7.55%	6.04%	6.04%
Debt	20.00%	4.87%	24.00%	3.70%	0.97%	0.74%
Total	100.00%				7.01%	6.78%
Total (Rounded)						6.80%

Notes:

[1] From worksheet: Capital Structure

[2] From worksheet: Direct Equity Summary

[3] From worksheet: Calculated Current Yield

MONTANA DEPARTMENT OF REVENUE

Selection of Guideline Companies

Industry: Railroads

2025 Assessment Year

Screening Requirements:

The universe of companies is all companies listed in Value Line under the Railroad industry.

Companies were then selected using the following screening criteria:

1. Primarily provides rail, intermodal transportation, and rail-to-truck transload services.
2. Actively traded on an American exchange.
3. Headquartered / incorporated in the United States
4. No significant merger & acquisition activity during the year.

Company Ticker	Primarily provide rail services	Actively Traded on an American Exchange	Headquartered/ Incorporated in the U.S.	Consider as Potential Guideline Company	Not Engaged in Material M&A Activity	Use as Guideline Company	Note
CNI			No	No			
CP			No	No			
CSX	Yes	Yes	Yes	Yes	Yes	Yes	
GATX	No						
GBX	No						
NSC	Yes	Yes	Yes	Yes	Yes	Yes	
RAIL	No						
TRN	No						
UNP	Yes	Yes	Yes	Yes	Yes	Yes	
WAB	No						

MONTANA DEPARTMENT OF REVENUE

Support for Capital Structure

Industry: Railroads

2025 Assessment Year

(\$ and Shares Outstanding In Millions, Except Per Share Amounts)

A	B	C	D	E	F	G	H	I	J	K	L	M	N			
Ticker	Company	Industry Group	Financial Strength	Shares Outstanding	End of Year Closing Stock Price	MV Common Stock	MV Preferred Stock	MV Long Term Debt	PV of Operating Leases	Total Common, Preferred, LT Debt, & Op Leases	% Common	% Preferred	% Debt & Op Leases			
		<i>Value Line</i>	<i>Value Line</i>	<i>10-K</i>	<i>Yahoo</i>	<i>ExF</i>			<i>10-K</i>	<i>10-K</i>	<i>10-K</i>	<i>G+H+I+J</i>	<i>G/K</i>	<i>H/K</i>	<i>(I+J)/K</i>	
							<i>[Note 1]</i>	<i>[Note 2]</i>								
CSX	CSX Corp.	RAILROAD	A	1,900	32.27	61,319	0	16,481	559	78,359	78%	0%	22%			
NSC	Norfolk Southern	RAILROAD	A+	226	234.70	53,118	0	15,656	272	69,046	77%	0%	23%			
UNP	Union Pacific	RAILROAD	A+	604	228.04	137,791	0	25,292	0	163,083	84%	0%	16%			
All Companies						252,228	0	57,429	831	310,488	81%	0%	19%			
Average											80%	0%	20%			
Median											78%	0%	22%			
High											84%	0%	23%			
Low											77%	0%	16%			
Selected											80%		20%			

Notes

[1] Market value of preferred stock assumed to equal book value

[2] Market value of debt is fair value of long term debt from 10-K notes

MCA 15-1-210, rationale for changes to guideline companies:

2025 - No changes to guideline companies.

		<u>Median</u>	
Current Year	78%	0%	22%
Prior Year	79%	0%	21%
2 Years Prior	80%	0%	20%
3 Year Average	79%	0%	21%

MONTANA DEPARTMENT OF REVENUE

Capital Asset Pricing Model (CAPM)

Industry: Railroads

2025 Assessment Year

$$k_e = R_f + \beta \times ERP$$

		<i>Ex Post</i>	<i>Ex Ante</i>
$k_e =$	Cost of Equity	12.54%	9.61%
$R_f =$	Risk Free Rate	4.86%	4.86%
$\beta =$	Beta	1.05	1.05
$ERP =$	Equity Risk Premium ($R_m - R_f$)	7.31%	4.52%
$R_m =$	Market Rate of Return	12.17%	9.38%

Risk Free Rate Measures (R_f):

The Value Line Investment Survey: Selection & Opinion^[1]

January 3, 2025 Page 218

Selected Yields on Taxable U.S. Treasury Securities as of 12/20/24

10-year	4.52%
30-year	4.72%

Federal Reserve Statistical Release^[2]

U.S. government securities, Treasury constant maturities, Nominal, December 31, 2024

10-year	4.58%
20-year	4.86%
30-year	4.78%

Risk Free Rate Selected 4.86%

Notes

[1] "Value Line Selection & Opinion", Value Line (January 3, 2025)

[2] <https://www.federalreserve.gov/releases/h15/>

Ex Post - Equity Risk Premium Measures ($ERP = R_m - R_f$)

Kroll, 2025 Cost of Capital Navigator

		<u>R_m</u>	<u>R_f</u>	<u>ERP</u>
ERP "Historical" - <i>Ex Post</i>	<i>Arithmetic Avg.</i>	12.17%	4.86%	7.31%
ERP "Supply-side" - <i>Ex Post</i>	<i>Arithmetic Avg.</i>	11.12%	4.86%	6.26%
Ex Post Equity Risk Premium Selected		<u><u>12.17%</u></u>	<u><u>4.86%</u></u>	<u><u>7.31%</u></u>

MONTANA DEPARTMENT OF REVENUE

Capital Asset Pricing Model (CAPM)

Industry: Railroads

2025 Assessment Year

$$k_e = R_f + \beta \times ERP$$

Ex Ante - Equity Risk Premium Measures (ERP = Rm - Rf)

DOR 3 Stage Dividend Growth Model, S & P 500, See Exhibit

	<u>R_m</u>	<u>R_f</u>	<u>ERP</u>
ERP - <i>Ex Ante</i>	7.19%	4.86%	2.33%

Kroll, 2025 Cost of Capital Navigator

	<u>R_m</u>	<u>R_f</u>	<u>ERP</u>
ERP "Conditional" - <i>Ex Ante</i>	8.50%	3.50%	5.00%

Damodaran Implied ERP (Jan 5, 2025)

	<u>R_m</u>	<u>R_f</u>	<u>ERP</u>
Implied Premium - <i>Ex Ante</i> - Trailing 12 month, with adjusted payout	8.58%	4.58%	4.00%
Implied Premium - <i>Ex Ante</i> - Trailing 12 month cash yields	8.91%	4.58%	4.33%
Implied Premium - <i>Ex Ante</i> - Average CF yield last 10 years	10.73%	4.58%	6.15%
Implied Premium - <i>Ex Ante</i> - Net cash yield	8.73%	4.58%	4.15%
Implied Premium - <i>Ex Ante</i> - Normalized earnings and payout	<u>8.39%</u>	<u>4.58%</u>	<u>3.81%</u>
Damodaran Average	9.07%	4.58%	4.49%

	<u>R_m</u>	<u>R_f</u>	<u>ERP</u>
<u>Average</u>	8.72%		4.25%
<u>Median</u>	8.58%		4.15%
<u>High</u>	10.73%		6.15%
<u>Low</u>	7.19%		2.33%

Ex Ante Equity Risk Premium Selected

9.38%	4.86%	4.52%
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MONTANA DEPARTMENT OF REVENUE

Support for Beta Selection in CAPM

Industry: Railroads

2025 Assessment Year

A	B	C	D	E
Ticker	Company	Industry Group	Financial Strength	Beta
		<i>Value Line</i>	<i>Value Line</i>	<i>Value Line</i>
CSX	CSX Corp.	RAILROAD	A	1.00
NSC	Norfolk Southern	RAILROAD	A+	1.05
UNP	Union Pacific	RAILROAD	A+	1.05
Average				1.03
Median				1.05
High				1.05
Low				1.00
Selected				1.05

MONTANA DEPARTMENT OF REVENUE

Inflation & Real Growth

Industry: Railroads

2025 Assessment Year

A	B	C	D	Nominal Growth	
				E	F
Source Description	Inflation (CPI)	Real Growth (GDP)	Nominal Growth	Low	High
Livingston Survey ^[1]	2.29%	2.11%	4.40%		
Survey of Professional Forecasters ^[2]	2.38%	2.10%	4.48%		
Congressional Budget Office ^[3]	2.30%	1.80%	4.10%		
Average	2.32%	2.00%	4.33%		
Median	2.30%	2.10%	4.40%		
High	2.38%	2.11%	4.49%		
Low	2.29%	1.80%	4.09%		
Selected	2.30%	2.10%	4.40%	4.09%	4.49%

Inflationary Trend Factors						
Year	Dec. CPI-U Index	Percent Change From Previous	Dec. to Dec. Conversion Factor	Annual Avg. CPI-U Index	Percent Change From Previous	Annual Conversion Factor
	<i>Note [5]</i>	<i>Note [6]</i>	<i>Note [7]</i>	<i>Note [5]</i>	<i>Note [6]</i>	<i>Note [7]</i>
2013	233.049	1.5%	1.3542	232.957	1.4%	1.3466
2014	234.812	0.8%	1.3441	236.736	1.6%	1.3251
2015	236.525	0.7%	1.3343	237.017	0.1%	1.3235
2016	241.432	2.0%	1.3072	240.007	1.2%	1.3070
2017	246.524	2.1%	1.2802	245.120	2.1%	1.2797
2018	251.233	1.9%	1.2562	251.107	2.4%	1.2492
2019	256.974	2.2%	1.2282	255.657	1.8%	1.2270
2020	260.474	1.3%	1.2117	258.811	1.2%	1.2120
2021	278.802	6.6%	1.1320	270.970	4.5%	1.1577
2022	296.797	6.1%	1.0634	292.655	7.4%	1.0719
2023	306.746	3.2%	1.0289	304.702	4.0%	1.0295
2024	315.605	2.8%	1.0000	313.689	2.9%	1.0000

Notes

[1] Federal Reserve Bank of Philadelphia The Livingston Survey December 20, 2024 Table 3 Inflation Rate and Real GDP mean

<https://www.philadelphiafed.org/research-and-data/real-time-center/livingston-survey>

[2] Federal Reserve Bank of Philadelphia Survey of Professional Forecasters February 14, 2025 Table 8 and Table 9 Average over next 10-Year mean

<https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/survey-of-professional-forecasters>

[3] The Budget and Economic Outlook: 2025 To 2035

<https://www.cbo.gov/data/budget-economic-data#4>

[5] Historical Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, all items, index averages (1982-84=100, unless otherwise noted)

<https://www.bls.gov/cpi/tables/supplemental-files/>

[6] (Row year - Previous Year) / Row Year

[7] Most current year / Row year

MONTANA DEPARTMENT OF REVENUE

3 Stage Dividend Discount Model (DDM)

Industry: Railroads

2025 Assessment Year

$$k_e = (D_1 / P_0) + g$$

k_e = Cost of Equity

D_1 = Expected Dividend

P_0 = Current Price Per Share

g = Sustainable Long-Term Growth

A	B	C	D	E	F	G	H	I
Ticker	Company	2024 Year End Stock Price	2025 Est Div'ds Decl'd per sh	Expected Equity Payout Yield	Sustainable Long-Term Growth Rate ^[1]	Sustainable Long-Term Growth Rate ^[1]	Cost of Equity Dividend Growth	Cost of Equity Earnings Growth
		<i>Yahoo</i>	<i>Value Line</i>	<i>D/C</i>	<i>Dividends</i>	<i>Earnings</i>	<i>E+F</i>	<i>E+G</i>
		P_0	D_1	D_1/P_0	g	g	k_e	k_e
CSX	CSX Corp.	32.27	0.52	1.61%	6.79%	6.67%	8.40%	8.28%
NSC	Norfolk Southern	234.70	5.60	2.39%	4.18%	7.59%	6.57%	9.97%
UNP	Union Pacific	228.04	5.48	2.40%	4.92%	4.92%	7.32%	7.32%
Average							7.43%	8.53%
Median							7.32%	8.28%
High							8.40%	9.97%
Low							6.57%	7.32%
Selected							7.43%	8.53%

Notes

[1] From worksheet: DDM Sustainable Long-Term Growth

Implied Sustainable LTG:

5.30%

6.39%

MONTANA DEPARTMENT OF REVENUE

Support for DDM - Short Term Growth Rate Calculations

Industry: Railroads

2025 Assessment Year

A	B	C	D	E	F	G
Ticker	Company	End of Year Closing Stock Price	Div'ds Decl'd per sh 2025 Est	Expected Dividend Yield	Div'ds Decl'd per sh 2027-2029 Est	Short-Term Growth Rate
		<i>Yahoo</i>	<i>Value Line</i>	<i>D / C</i>	<i>Value Line</i>	<i>Note [1]</i>
CSX	CSX Corp.	32.27	0.52	1.61%	0.72	11.46%
NSC	Norfolk Southern	234.70	5.60	2.39%	6.25	3.73%
UNP	Union Pacific	228.04	5.48	2.40%	6.50	5.85%

A	B	C	D	E
Ticker	Company	Earnings per share 2025 Est	Earnings per share 2027-2029 Est	Short-Term Growth Rate
		<i>Value Line</i>	<i>Value Line</i>	<i>Note [1]</i>
CSX	CSX Corp.	2.00	2.75	11.20%
NSC	Norfolk Southern	14.00	19.50	11.68%
UNP	Union Pacific	5.48	6.50	5.85%

Notes

[1] 4 year compound annual growth rate (CAGR) - 3 periods

MONTANA DEPARTMENT OF REVENUE

Support for DDM - Sustainable Long Term Growth

Industry: Railroads

2025 Assessment Year

Dividend Growth Rate									Stage 1				
Ticker	Company	Year End Stock Price	Expected Short-Term Dividend Growth Rate	Expected Long-Term Growth Rate	Expected Dividend Yield	Internal Rate of Return	Implied Sustainable Long-Term Growth Rate (g)	Initial Investment	D ₁	D ₂	D ₃	D ₄	D ₅
		Yahoo	Note [1]	Note [2]	D_1/P_0	$K_e = IRR \text{ of } D_1:D_{500}$	$g = IRR - Div. Yield$						
CSX	CSX Corp.	32.27	11.46%	4.40%	1.61%	8.40%	6.79%	(32.27)	0.52	0.58	0.65	0.72	0.80
NSC	Norfolk Southern	234.70	3.73%	4.40%	2.39%	6.57%	4.18%	(234.70)	5.60	5.81	6.03	6.25	6.48
UNP	Union Pacific	228.04	5.85%	4.40%	2.40%	7.32%	4.92%	(228.04)	5.48	5.80	6.14	6.50	6.88

Earnings Growth Rate									Stage 1				
Ticker	Company	Year End Stock Price	Expected Short-Term Earnings Growth Rate	Expected Long-Term Growth Rate	Expected Dividend Yield	Internal Rate of Return	Implied Sustainable Long-Term Growth Rate (g)	Initial Investment	D ₁	D ₂	D ₃	D ₄	D ₅
		Yahoo	Note [1]	Note [2]	D_1/P_0	$K_e = IRR \text{ of } D_1:D_{500}$	$g = IRR - Div. Yield$						
CSX	CSX Corp.	32.27	11.20%	4.40%	1.61%	8.28%	6.67%	(32.27)	0.52	0.58	0.64	0.72	0.80
NSC	Norfolk Southern	234.70	11.68%	4.40%	2.39%	9.97%	7.59%	(234.70)	5.60	6.25	6.98	7.80	8.71
UNP	Union Pacific	228.04	5.85%	4.40%	2.40%	7.32%	4.92%	(228.04)	5.48	5.80	6.14	6.50	6.88

Notes

[1] From worksheet: DDM Short Term Growth Rate Calculations

[2] From worksheet: Inflation & Real Growth

MONTANA DEPARTMENT OF REVENUE

Support for DDM - Sustainable Long Term Growth

Industry: Railroads

2025 Assessment Year

Dividend	Stage 2															Stage 3		
Ticker	D ₆	D ₇	D ₈	D ₉	D ₁₀	D ₁₁	D ₁₂	D ₁₃	D ₁₄	D ₁₅	D ₁₆	D ₁₇	D ₁₈	D ₁₉	D ₂₀	D ₂₁	D ₂₂	D ₅₀₀
CSX	0.89	0.99	1.10	1.22	1.35	1.50	1.66	1.85	2.05	2.28	2.53	2.80	3.11	3.45	3.83	4.00	4.18	3,628,851,250
NSC	6.73	6.98	7.24	7.52	7.80	8.10	8.40	8.72	9.05	9.39	9.74	10.11	10.49	10.89	11.30	11.80	12.32	10,697,647,585
UNP	7.28	7.70	8.14	8.61	9.10	9.63	10.18	10.77	11.39	12.04	12.74	13.47	14.25	15.07	15.93	16.63	17.37	15,085,366,617

Earnings	Stage 2															Stage 3		
Ticker	D ₆	D ₇	D ₈	D ₉	D ₁₀	D ₁₁	D ₁₂	D ₁₃	D ₁₄	D ₁₅	D ₁₆	D ₁₇	D ₁₈	D ₁₉	D ₂₀	D ₂₁	D ₂₂	D ₅₀₀
CSX	0.88	0.98	1.08	1.20	1.32	1.47	1.62	1.80	1.99	2.21	2.44	2.71	3.00	3.32	3.68	3.84	4.01	3,479,778,488
NSC	9.69	10.77	11.98	13.32	14.81	16.46	18.31	20.36	22.63	25.17	27.98	31.12	34.60	38.47	42.78	44.66	46.63	40,501,408,442
UNP	7.28	7.70	8.14	8.61	9.10	9.63	10.18	10.77	11.39	12.04	12.74	13.47	14.25	15.07	15.93	16.63	17.37	15,085,366,617

MONTANA DEPARTMENT OF REVENUE

Support for Yield Capitalization Rate - Debt Rating

Industry: Railroads

2025 Assessment Year

A	B	C	D	E	F
Ticker	Company	Industry Group	Financial Strength	Moody's Long Term Rating	Yield to Maturity
		<i>Value Line</i>	<i>Value Line</i>	<i>Moody's.com</i>	
CSX	CSX Corp.	RAILROAD	A	A3	5.53%
NSC	Norfolk Southern	RAILROAD	A+	Baa1	5.80%
UNP	Union Pacific	RAILROAD	A+	A3	5.53%
Average					5.62%
Median					5.53%
High					5.80%
Low					5.53%
Selected					5.62%

MONTANA DEPARTMENT OF REVENUE

Support for Direct Capitalization - Equity Capitalization Rates

Industry: Railroads

2025 Assessment Year

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Ticker	Company	End of Year Closing Stock Price	VL Historic EPS	VL Est EPS	VL Historic P/E Ratio	VL Est P/E Ratio	Ke Estimate - Earnings (Hist. P/E)	Ke Estimate - Earnings (Est. P/E)	VL Historic Cash Flow Per Share	VL Est Cash Flow Per Share	VL Historic P/CF Ratio	VL Est P/CF Ratio	Ke Estimate - Cash Flow (Hist. P/CF)	Ke Estimate - Cash Flow (Est. P/CF)	Market Value of Equity	Book Value of Equity	MTBR
		Yahoo	Value Line	Value Line	C/D	C/E	1/F	1/G	Value Line	Value Line	C/J	C/K	1/L	1/M	Price x Shrs	Value Line	P/Q
CSX	CSX Corp.	32.27	1.79	2.00	18.03	16.14	5.55%	6.20%	2.72	2.80	11.86	11.53	8.43%	8.68%	61,319	12,128	5.06
NSC	Norfolk Southern	234.70	11.37	14.00	20.64	16.76	4.84%	5.97%	13.85	19.30	16.95	12.16	5.90%	8.22%	53,118	12,781	4.16
UNP	Union Pacific	228.04	11.09	5.48	20.56	41.61	4.86%	2.40%	14.26	16.25	15.99	14.03	6.25%	7.13%	137,791	14,788	9.32
Average					19.74	24.84	5.08%	4.86%			14.93	12.57	6.86%	8.01%			6.18
Median					20.56	16.76	4.86%	5.97%			15.99	12.16	6.25%	8.22%			5.06
High					20.64	41.61	5.55%	6.20%			16.95	14.03	8.43%	8.68%			9.32
Low					18.03	16.14	4.84%	2.40%			11.86	11.53	5.90%	7.13%			4.16
Selected					20.21		4.95%				13.25		7.55%				7.29

MONTANA DEPARTMENT OF REVENUE

Support for Direct Capitalization - Debt Capitalization Rate

Industry: Railroads

2025 Assessment Year

(\$ in Millions)

A	B	C	D	E	F	G	H	I	J
Ticker	Company	Current Year Interest Exp.	Previous Year MV LT Debt	Previous Year BV LT Debt	Current Year MV LT Debt	Current Year BV LT Debt	Average MV LT Debt	Current Yield	MTBR
	Source	10-K	10-K	10-K	10-K	10-K	(D+F)/2	(C/H)	(F/G)
CSX	CSX Corp.	832	17,528	18,533	16,481	18,503	17,005	4.89%	0.89
NSC	Norfolk Southern	807	16,631	17,179	15,656	17,206	16,144	5.00%	0.91
UNP	Union Pacific	1,269	28,479	32,579	25,292	31,192	26,886	4.72%	0.81
All Companies		2,908			57,429	66,901	60,034	4.84%	0.86
Average								4.87%	0.87
Median								4.89%	0.89
High								5.00%	0.91
Low								4.72%	0.81
Selected								4.87%	0.87

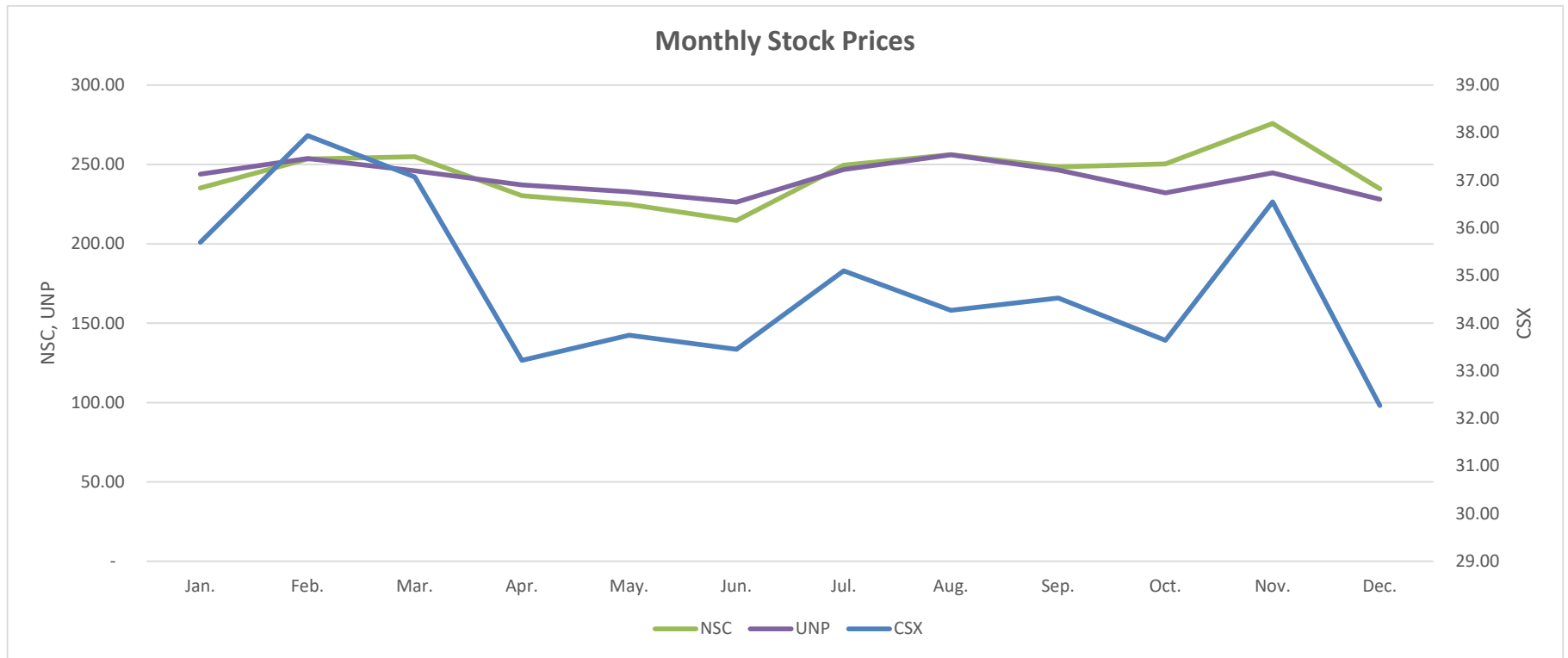
MONTANA DEPARTMENT OF REVENUE

Support of Stock Price - From YAHOO Finance

Industry: Railroads

2025 Assessment Year

		End of Period Closing Stock Price											
1	2	3	4	5	6	7	8	9	10	11	12	13	14
A	B	C	D	E	F	G	H	I	J	K	L	M	N
Ticker	Company	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
CSX	CSX Corp.	35.70	37.94	37.07	33.22	33.75	33.45	35.10	34.27	34.53	33.64	36.55	32.27
NSC	Norfolk Southern	235.24	253.38	254.87	230.32	224.80	214.69	249.56	256.16	248.50	250.43	275.85	234.70
UNP	Union Pacific	243.93	253.69	245.93	237.16	232.82	226.26	246.73	256.09	246.48	232.07	244.66	228.04



MONTANA DEPARTMENT OF REVENUE

Maintenance Capital Expenditures Estimate Based on Guideline Companies

Industry: Railroads

2025 Assessment Year

(\$ In Millions)

1	2	3	4	5	6	7	8	9	10	11	
A	B	C	D	E	F	G	H	I	J	K	L
Ticker	Company	Inflation	PP&E, Gross	PP&E, Gross	Average PP&E	Depreciation Expense	Average Life of Assets			Replacement Cost (RC)	RC as % of Depreciation
			Current Year	Previous Year		Current Year		Note [1]	Note [1]	Note [1]	
		MTDOR (CPI)	10-K, Notes	10-K, Notes	(D+E)/2	10-K	F/G	C*H	1/(1+C)^H	G*I/(1-J)	K/G
CSX	CSX Corp.	2.30%	52,191	50,281	51,236	1,658	31	0.71	0.50	2,335	140.81%
NSC	Norfolk Southern	2.30%	49,788	46,591	48,190	1,353	36	0.82	0.44	1,997	147.57%
UNP	Union Pacific	2.30%	83,840	81,733	82,787	2,398	35	0.79	0.46	3,501	145.99%
Average											144.79%
Median											145.99%
High											147.57%
Low											140.81%
Selected											144.79%

Notes:

[1] Cornell, B. & Gerger, R. (2017). Estimating Terminal Values with Inflation: The Inputs Matter-It Is Not a Formulaic Exercise. *Business Valuation Review*, Volume 36, Number 4, 117-123.