



To
Clerical Members
of the
Transportation
Communications
Union/IAM

**RATIFICATION MATERIALS
FOR THE 2011
TENTATIVE
AGREEMENT WITH THE
NATION'S FREIGHT
RAILROADS**

Inside:

- Message from National President Robert A. Scardelletti
- Summary Highlights of the 2011 Tentative Agreement
- Complete Text of the Tentative Agreement
- Ratification Ballot

Transportation Communications Union/IAM

International Association of Machinists and Aerospace Workers



Robert A. Scardelletti
National President



November 28, 2011

TO ALL CLERICAL MEMBERS ON PROPERTIES IN NATIONAL HANDLING

Dear Sisters and Brothers:

Presidential Emergency Board 243 issued its Report to the President on November 5, 2011. Immediately following the issuance of the PEB Report, your Negotiating Committee, together with the other unions in our bargaining coalition, began negotiating with the National Carriers' Conference Committee to try to reach an agreement based upon the PEB's recommendations. (A complete copy of the PEB Report can be found on TCU's website - www.tcunion.org.)

On November 14, 2011, we reached a tentative Agreement with the national freight railroads that followed the recommendations of the PEB. This is a review of that Agreement which is now before you for ratification.

Wages and Rules

The tentative agreement provides for 20.1% in compounded general wage increases over the six year contract period – January 1, 2010 through December 31, 2015. The wage increases are as follows:

July 1, 2010	2.0%
July 1, 2011	2.5%
July 1, 2012	4.3%
July 1, 2013	3.0%
July 1, 2014	3.8%
January 1, 2015	3.0%

The average hourly Clerical wage at the beginning of the contract period of \$25.57 will rise to \$30.70 by January 1, 2015.

In addition to the general wage increases, the agreement provides for a lump sum payment equal to 1% of your straight time earnings for the 12 month period from November 1, 2010 through October 31, 2011. The 1% will be calculated after the July 1, 2010 and July 1, 2011 general wage increases have been applied.

Over the life of the contract the agreement will generate on average an additional \$29,905 from the general wage increases and \$556 from the 1% lump sum for a total of \$30,461. This figure does not take into account any overtime hours you may work.

Under this agreement you will receive full retroactive pay from July 1, 2010. The average retroactive payment will be \$2,468, based on the average starting rate of \$25.57 and an employee working straight time hours only. Of course, your actual retroactive payment will depend on your rate of pay and will be greater if you worked overtime. The average employee will receive a total of \$3,024 upon the agreement being signed – the average retroactive payment plus the average lump sum payment.

Health and Welfare Changes

Health and Welfare contributions will remain fixed at \$200 per month until July 1, 2016, at which time they will be capped at \$230 until the next agreement is negotiated.

While we held to our position before the PEB that there should be no changes to our Health and Drug Plans, the PEB recommended adoption of the changes negotiated and ratified by the UTU earlier this year.

However, the Board did recommend that the implementation of in network managed care deductibles and out-of-pocket maximums be delayed and staggered, as follows:

<u>Effective Date and Percentage</u>	<u>Managed Care Deductibles</u>	<u>Out-Of-Pocket Maximums</u>
7/1/12 – 50%	\$100 Single/\$200 Family	\$500 Single/\$1000 Family
1/1/13 – 75%	\$150 Single/\$300 Family	\$750 Single/\$1500 Family
1/1/14 – 100%	\$200 Single/\$400 Family	\$1000 Single/\$2000 Family

All other changes, including 5% coinsurance charges for in network managed care services that do not currently require a copay, will be implemented on July 1, 2012.

The above changes break down to an average cost per month of \$34.17 when they are fully implemented in 2014. One hour of overtime per month will cover the cost of the increases.

On drugs, copays for generics will be reduced for both retail and mail order prescriptions, while payments for brand name drugs will go up.

Other changes include a lower copay for visits to urgent and convenient care clinics and a higher copay for emergency room visits if the patient is not admitted. There are also several new programs, many of them voluntary, designed to steer people to generic drugs, hospitals with better treatment outcomes, and to discourage unnecessary and duplicative testing procedures.

All of the changes are listed in detail on the contract summary which follows this letter.

WHY THIS CONTRACT SHOULD BE RATIFIED

In today's economy, this contract's wage gains – 20.1% over six years and a 1% bonus, together producing more than \$30,000 in additional straight time compensation – are truly outstanding.

And, unlike last contract, these wage gains are not back loaded. The largest increase – 4.3% -- comes next July. The 3% increase for 2016 comes on January 1, not the customary July 1. The 1% bonus for a year's straight time earnings is calculated after the first two wage increases are added to rates, totaling 4.5%. There is full retroactive pay – 2% for the period July 1, 2010 through June 30, 2011, and 4.5% from July 1, 2011 through date of payment.

Equally outstanding is the freeze on employee contributions at \$200 a month all the way through July 1, 2016. By that time, employees will be paying a significantly lower percentage of costs than the 15% in cost sharing that was previously agreed to.

No, we are not happy that the Board recommended the full implementation of the UTU health plan design changes. We are glad, however, that the implementation of the major cost shifting elements is staggered – 50% in 2012, 75% in 2013, and that full implementation is delayed all the way to January 1, 2014.

The contract mirrors the Presidential Emergency Board's recommendations exactly. There is no possibility of additional improvements. The carriers are not happy that the wage recommendations significantly exceed the wages in the UTU agreement, or that the plan design changes are delayed.

Looking back, we would do nothing differently. The carriers would never have offered more than the UTU deal at the bargaining table. It was our adamant refusal to accept those terms that led to the creation of the PEB, and ultimately to a contract that has much more economic value than what was offered at the table.

We argued as strongly as possible at the PEB that there should be no changes to our health plan. The PEB rejected that argument, finding, "Even with the recommended Plan design changes, the National Plan will be far more generous to employees in terms of deductibles, coinsurance, out-of-pocket maximums, and rates of contribution towards premiums, than most other plans."

The PEB made it clear that the plan design changes were a quid pro quo for keeping the employee monthly contribution at \$200. In terms of total impact, the economic benefit of freezing the \$200 contribution far outweighs any increased costs to employees from the plan design changes.

Without the freeze, the estimated annual employee contribution in 2016 ranges from a low of \$3,360 to a high of \$4,260, depending on projected health care inflation. That would be roughly 9 to 10 times more cost to the average employee than what the plan design changes will bring.

Even trying to put a dollar amount on the cost impact of the plan design changes can be misleading. As the PEB said, many employees will actually save money, primarily because of the lower copays for generic drugs and urgent care. Some employees will pay a little more, as they incur deductible and coinsurance costs for hospital visits and other services. And then there's the estimated 1-2% of the population who, because of a serious illness or hospitalization, will hit the out-of-pocket maximums in a given year. (Even they may be better off in the other years.)

For the overwhelming majority of employees, there is simply no question that freezing employee contributions is much more valuable than keeping the current plan design with its 15% contribution.

The PEB emphasized that it believed the Plan changes to be "moderate, balanced, consistent with health care trends generally, and changes that will continue the Plan as a generous one." It further justified the changes because the compensation recommendations "include significant wage gains and increases far in excess of most negotiated settlements, both inside and outside the rail industry".

While the Board accepted our testimony about the extraordinary economic health of the carriers, it wrote that was the reason why its overall recommendations far exceeded recent average industrial settlements of less than 2% a year, and that many recent agreements called for wage freezes or pay cuts.

Of course, we would have liked more. But we do not see any way to improve it. Talk of a national rail strike in this economy to achieve more than 21% in compensation improvements over six years would surely bring about congressional intervention. It would risk provoking conservative elements in Congress to escalate their attacks on rail collective bargaining and perhaps create a new arbitration panel, with a Tea Party flavor, to impose far inferior terms.

For all the above reasons, our coalition partners – the International Association of Machinists, the International Brotherhood of Electrical Workers, and the Transport Workers Union – have all initialed identical agreements. In addition, the Brotherhood of Railroad Signalmen; the International Brotherhood of Boilermakers, Blacksmiths, Iron Ship Builders,

Forgers and Helpers; Sheet Metal Workers' International Association; and the National Conference of Firemen & Oilers have all reached agreements consistent with the PEB report.

In the end, in a recessionary economic environment and with a health plan already far superior to almost all others, we succeeded in achieving an outstanding wage settlement, freezing employee contributions, and delaying implementation of plan design changes we did not want.

CONCLUSION

This agreement provides for real wage increases and income gains. The net money generated by this agreement is significantly higher than what's been produced by union contracts in other industries as well as the UTU freight agreement. The average member will realize more than \$30,000 over the life of the agreement.

Employee contributions to health and welfare remain capped at \$200 until July, 2016. The increases to managed care deductibles and out-of-pocket maximums recommended by the PEB will be phased in over 3 years beginning in 2012.

The contract summary included in the packet will give you a concise view of the provisions of this agreement with a side-by-side view of the current health and welfare plan design and the proposed changes. A complete copy of the new agreement is also included in this packet along with your ballot.

If you have any questions regarding the proposed agreement, you can email them to TCUVOTE@tcunion.org. Your questions will be answered by return email as soon as possible.

I strongly recommend that you vote **FOR** ratification.

In solidarity,



Robert A. Scardelletti
National President

Enclosures

**Remember, to be counted your ballot must be received no later than
December 22, 2011**

**Your Ballot is at the back of this packet
and must be returned by December 22, 2011**

CONTRACT SUMMARY

Wages

**Change in Hourly Rate of Pay Over 6-Yr. Term
PEB Recommendation
Applied to ASTHR of TCU Classifications**

<u>Effective Date</u>	<u>Wage Increase</u>	<u>Gross Wage</u>
Jan.1, 2010	Amendable	\$25.57
July 1, 2010	2.00%	\$26.08
July 1, 2011	2.50%	\$26.73
July 1, 2012	4.30%	\$27.88
July 1, 2013	3.00%	\$28.72
July 1, 2014	3.80%	\$29.81
Jan.1, 2015	3.00%	\$30.70
Jan.1, 2016	Amendable	\$30.70

Increase Over Term: **20.1%**

Increase Per Year: **3.1%**

Total GWI Value Over 6 Years: **\$29,905**

Lump Sum: 1.00% **\$556**

Total Value Over 6 Years: **\$30,461**

Note: Total values based on 40-hours per week.

Estimated Back Pay at Signing

Retro pay for person working straight-time hours only from July 1, 2010 through February 1, 2012:	\$2,468
Lump Sum:	<u>556</u>
Total:	\$3,024

Lump Sum

1% lump sum equal to 1% of straight time earnings from November 1, 2010 through October 31, 2011. The 1% will be calculated after the July 1, 2010 and July 1, 2011 general wage increases have been applied.

Health and Welfare Changes:

Employee Contributions

-\$200 per month through June 2016

-\$230 per month from July 1, 2016 until next agreement

Plan Design Changes

Previous Plan Benefits

Drug Co-pays

<u>Retail:</u> Generic	\$5	\$10
Formulary	\$25	\$20
Non-Formulary	\$45	\$30
 <u>Mail:</u> Generic	\$5	\$20
Formulary	\$50	\$30
Non-Formulary	\$90	\$60

MMCP Co-pays: (MMCP = Managed Care)

Emergency Room	\$75 (if not admitted)	\$25
Urgent Care	\$20	\$25
Convenient Care	\$10	\$20

MMCP Deductibles (applicable when there is no fixed copay)

Effective	
<u>Date and %</u>	<u>MMCP Deductibles</u>
7/1/12 – 50%	\$100 Single/\$200 Family
1/1/13 – 75%	\$150 Single/\$300 Family
1/1/14 – 100%	\$200 Single/\$400 Family

MMCP Out-of-Pocket Maximums (applicable when there is no fixed copay)

Coinsurance of 5% will apply up to the phased-in maximums.

Effective	
<u>Date and %</u>	<u>Out-of-Pocket Maximums</u>
7/1/12 – 50%	\$500 Single/\$1000 Family
1/1/13 – 75%	\$750 Single/\$1500 Family
1/1/14 – 100%	\$1000 Single/\$2000 Family

Prescription Drug Plan Changes*

Prior Authorization-

Patients taking certain medications are subject to prior authorization.** Only a fraction of participants covered under the Plan will be impacted by the prior authorization rule. Of over 400,000 covered lives, approximately 917 participants (less than two tenths of a percent) could potentially be impacted. Prior authorization targets the very expensive oral and injectible specialty drugs for the most complex and serious illnesses. In some instances, the cost of a single specialty drug can cost the Plan over \$500,000 per year.

Duration/Quantity Limitations-

If a medication dosage or duration exceeds guidelines, the prescribing physician will have to provide information to pharmacy benefit manager for review. Only about 3% of plan participants will be affected.

Drug Step Therapy-

When a non-generic or non-preferred medication is prescribed the physician will be contacted to request a change in the medication to generic or preferred.** Only about 3% of plan participants will be affected.

Radiology Notification Program****

Network physicians, health care professionals, and facilities must provide notification for outpatient imaging procedures such as CT, MRI, PET, and Nuclear Medicine.***

The following four programs are entirely voluntary and up to you whether you use them:

Centers of Excellence (COE) Resource Services – COEs, including the three listed below are wholly voluntary. It is up to you if you want to participate.****

This program will deliver better outcomes with cost savings to members. Centers of Excellence networks have been established for:

Bariatric Resource Services***

Cancer Resource Services***

Kidney Resource Services***

Treatment Decision Support

This service provides enhanced one-to-one coaching for individuals facing procedures which have varied treatment practices.

Personalized Medicine****

Those prescribed Warfarin (blood thinner) and/or Tamoxifen (breast cancer drug) can be tested to determine their appropriate usage based upon how a person's body metabolizes the drug.

Generic Rx Advantage Program

Members and their dependents can receive a full copay waiver of a 3 month supply of new generic mail-in prescriptions.

For more detailed explanations of all the new programs and changes visit the TCU web page – www.tcunion.org

*These plans also apply to the Early Retirees Plan GA-46000 for those who Retire on or after July 1, 2012

**The list is attached to the Agreement as Exhibit C

***Plan descriptions are attached to the Agreement as Exhibit B

**** These services place the responsibility of compliance on your doctor. If the doctor fails to give prior notification and payment is refused, you are not responsible for the cost.

MEDIATION AGREEMENT

THIS AGREEMENT, made this ___ day of _____, 201_ by and between the participating carriers listed in Exhibit A attached hereto and made a part hereof, and represented by the National Carriers' Conference Committee, and the employees of such carriers shown thereon and represented by the Transportation Communications Union/IAM, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

On July 1, 2010, all hourly, daily, weekly, and monthly 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. The increase provided for in this Section 1 shall be applied as follows:

(a) **Hourly Rates** -

Add 2 percent to the existing hourly rates of pay.

(b) **Daily Rates** -

Add 2 percent to the existing daily rates of pay.

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(c) **Weekly Rates** -

Add 2 percent to the existing weekly rates of pay.

(d) **Monthly Rates** -

Add 2 percent to the existing monthly rates of pay.

(e) **Red Caps** -

Hourly rates of pay, or guarantees, for Red Caps shall be increased by two (2) percent.

(f) **Disposition of Fractions** -

Rates of pay resulting from application of paragraphs (a) to (e) inclusive, above, 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) **Application of Wage Increases** -

The increase in wages provided for in this Section 1 shall be applied in accordance with the wage or working conditions agreement in effect between each carrier and the labor organization party hereto. Special allowances not included in fixed hourly, daily, weekly, or monthly 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.

Section 2 - Second General Wage Increase

Effective July 1, 2011, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2011 for employees covered by this Agreement shall be increased in the amount of two-and-one-half (2.5) 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, 2012, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2012 for employees covered by this Agreement shall be increased in the amount of four-and-three-tenths (4.3) 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, 2013, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2013 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 4 shall be applied in the same manner as provided for in Section 1 hereof.

Section 5 - Fifth General Wage Increase

Effective July 1, 2014, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2014 for employees covered by this Agreement shall be increased in the amount of three-and-eight-tenths (3.8) 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.

Section 6 - Sixth General Wage Increase

Effective January 1, 2015, all hourly, daily, weekly, and monthly rates of pay in effect on December 31, 2014 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 6 shall be applied in the same manner as provided for in Section 1 hereof.

ARTICLE II – LUMP SUM PAYMENT

(a) A lump sum payment shall be made to each employee subject to this Agreement who has an employment relationship with the carrier as of the date such lump sum is paid or who has retired or died subsequent to October 31, 2010. Such lump sum shall be paid no later than ninety (90) days after the date of this Agreement. There shall be no duplication of lump sum payments by virtue of employment under an agreement with another organization.

(b) The lump sum amount payable to an eligible employee shall be a lump sum equivalent to 1% of straight time earnings paid to that employee for the twelve month period November 1, 2010 through October 31, 2011, after application of the July 1, 2010 and July 1, 2011 general wage increases provided for in Article I.

ARTICLE III - 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"), the Railroad Employees National Early Retirement Major Medical Benefit Plan ("ERMA"), 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 Design Changes

(a) The Plan's Managed Medical Care Program ("MMCP") shall be revised as follows:

- (1) There shall be a separate, stand-alone, Annual Deductible for In-Network Services for which a fixed-dollar copayment does not apply. For the six-month period from July 1 through December 31, 2012, inclusive, this Annual Deductible shall be \$100 per individual and \$200 per family. For calendar year 2013, this Annual Deductible shall be \$150 per individual and \$300 per family. Beginning January 1, 2014, this Annual Deductible shall be \$200 per individual per year and \$400 per family per year.
- (2) The percentage of Eligible Expenses paid by the Plan for any In-Network Services for which a fixed-dollar copayment does not apply (as defined by procedure code) shall be 95% of the Eligible Expenses that exceed the applicable Annual Deductible provided for in clause (1) above; the amount payable by the employee as a result of this "coinsurance" shall be capped at (i) \$500 per

individual and \$1000 per family for the six-month period from July 1 through December 31, 2012, inclusive, and at \$750 per individual and \$1500 per family for calendar year 2013. Beginning January 1, 2014, the amount payable by the employee as the result of this “coinsurance” shall be capped at \$1000 per individual per year and \$2000 per family per year.

- (3) The Emergency Room Co-Payment for In-Network Services shall be increased to \$75.00 for each visit, but shall not apply if the visit results in admission to the hospital.
- (4) The Urgent Care Center Co-Payment for In-Network Services shall be decreased to \$20.00 for each visit.
- (5) In cases where a fixed-dollar copayment of \$20 currently applies to an office visit, the copayment shall be reduced to \$10 if the office is in a “convenient care clinic.” A “convenient care clinic” means, for purposes of this Section, a health care facility typically located in a high-traffic retail store, supermarket or pharmacy that provides affordable treatment for uncomplicated minor illness and/or preventative care to consumers.
- (6) The Plan shall not cover radiological services performed at a convenient care clinic.

(b) The Plan’s Managed Medical Care Program (“MMCP”) and its Comprehensive Health Care Benefit (“CHCB”) shall both be revised to include:

- (1) Participation in a “Radiology Notification Program” (as described in Exhibit B hereto);

- (2) Arrangements for covered employees and their covered dependents to receive, on a wholly voluntary basis and without any copayment or coinsurance, the following additional “Centers of Excellence Resource Services” (as described in Exhibit B hereto): Bariatric Resource Services, Cancer Resource Services, and Kidney Resource Services;
- (3) Arrangements for covered employees and their covered dependents to receive, on a wholly voluntary basis and without any copayment or coinsurance, the resource services made available under a “Treatment Decision Support Program” (as described in Exhibit B hereto).

(c) The Plan’s Prescription Drug Card and Mail Order Prescription Drug Programs shall be revised as follows:

- (1) Prior Authorization by the Plan’s current pharmacy benefit manager (or any successor pharmacy benefit manager) (“PBM”) shall be required, in accordance with such PBM’s Prior Authorization Program then in effect, before any prescription drugs in the therapeutic drug categories shown on Exhibit C hereto as subject to such Program shall be dispensed; provided, however, that no more than a three to five-day supply of such a drug may be dispensed at retail in accordance with the PBM’s Temporary Override Program without Prior Authorization.
- (2) Employees and their covered dependents shall be required to adhere to Step Therapy and Quantity/Duration Limits Programs then in effect of the Plan’s PBM with respect to the prescription drugs in the therapeutic drug categories shown on Exhibit C hereto as subject to such Step Therapy Program and/or Quantity/Duration Limits Program, as the case may be.

- (3) Employees and their covered dependents may, on a wholly voluntary basis and in accordance with program criteria, participate in the PBM's Personalized Medicine and/or Generic Rx Advantage Program then in effect.

(d) The Plan's Prescription Drug Card Program Co-Payments to In-Network Retail Pharmacies per prescription are revised as follows:

- (1) Generic Drug - decrease to \$5.00;
- (2) Brand Name (Non-Generic) Drug On Program Administrator's Formulary - increase to \$25.00;
- (3) Brand Name (Non-Generic) Drug Not On Program Administrator's Formulary - increase to \$45.00;

(e) The Plan's Mail Order Prescription Drug Program Co-Payments per prescription are revised as follows:

- (1) Generic Drug - decrease to \$5.00
- (2) Brand Name (Non-Generic) Drug on Program Administrator's Formulary - increase to \$50.00;
- (3) Brand Name (Non-Generic) Drug not on Program Administrator's Formulary - increase to \$90.00.

(f) The design changes contained in this Section shall become effective on July 1, 2012.

Section 3 - Plan Design Changes - ERMA

(a) ERMA's Prescription Drug Card and Mail Order Prescription Drug Programs shall be revised as follows:

- (1) Prior Authorization by ERMA's current pharmacy benefit manager (or any successor pharmacy benefit manager) ("PBM") shall be required, in accordance with such PBM's

Prior Authorization Program then in effect, before any prescription drugs in the therapeutic drug categories shown on Exhibit C hereto as subject to such Program shall be dispensed; provided, however, that no more than a three to five-day supply of such a drug may be dispensed at retail in accordance with the PBM's Temporary Override Program without Prior Authorization.

- (2) Retirees and their covered dependents shall be required to adhere to Step Therapy and Quantity/Duration Limits Programs then in effect of ERMA's PBM with respect to the prescription drugs in the therapeutic drug categories shown on Exhibit C hereto as subject to such Step Therapy Program and/or Quantity/Duration Limits Program, as the case may be.
- (3) Retirees and their covered dependents may, on a wholly voluntary basis and in accordance with program criteria, participate in the PBM's Personalized Medicine and/or Generic Rx Advantage Program then in effect.

(b) The design changes contained in this Section shall become effective on July 1, 2012, and shall apply only to individuals who become eligible for ERMA coverage on or after July 1, 2012.

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

Section 1 - Monthly Employee Cost-Sharing Contributions

(a) Effective January 1, 2010 through December 31, 2011, the employee monthly cost-sharing contribution amount shall be \$200.00.

(b) Effective January 1, 2012, each employee covered by this Agreement shall contribute to the Plan, for each month that his employer is required to make a 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 the lesser of 15% of the Carriers' Monthly Payment Rate for 2012 or \$200.00.

(c) The employee monthly cost-sharing contributions amount shall be adjusted, effective July 1, 2016, so as to equal the lesser of 15% of the Carrier's Monthly Payment Rate for 2016 or \$230.00, unless otherwise mutually agreed by the parties during negotiations commencing when this Agreement becomes amendable pursuant to Article IV.

(d) For purposes of subsections (b) and (c) above, the "Carriers' Monthly Payment Rate" for any year shall mean one twelfth of the sum of what the carriers' 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.

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 - Method of Making Employee Cost-Sharing Contributions

Employee cost-sharing contributions will be made for the employee by the employee's employer. The employer shall deduct the amount of such

employee contributions from the employee's wages and retain the amounts so deducted as reimbursement for the employee contributions that the employer had made for the employee.

ARTICLE IV - GENERAL PROVISIONS

Section 1 - Court Approval

This Agreement is subject to approval of the courts with respect to participating carriers in the hands of receivers or trustees.

Section 2 - Effect of this Agreement

(a) The purpose of this Agreement is to settle the disputes growing out of the notices served upon the organization by the carriers listed in Exhibit A on or subsequent to November 1, 2009 (including any notices outstanding as of that date), and the notices served by the organization signatory hereto upon such carriers on or subsequent to November 1, 2009 (including any notices outstanding as of that date).

(b) This Agreement shall be construed as a separate agreement by and on behalf of each of said carriers and their employees represented by the organization signatory hereto, and shall remain in effect through December 31, 2014 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

(c) No party to this Agreement shall serve or progress, prior to November 1, 2014 (not to become effective before January 1, 2015), any notice or proposal.

(d) This Article will not bar management and the organization on individual railroads from agreeing upon any subject of mutual interest.

SIGNED AT WASHINGTON, DC, THIS __ TH DAY OF _____, 201_.

FOR THE PARTICIPATING
CARRIERS LISTED IN
EXHIBIT A:

11/14/11

AKG

FOR THE TRANSPORTATION
COMMUNICATIONS INTER-
NATIONAL UNION:



_____, 201
#1

Mr. Robert A. Scardelletti
National President
Transportation · Communications
Union/IAM
3 Research Place
Rockville, MD 20850

Dear Mr. Scardelletti:

This confirms our understanding with respect to the general wage increases provided for in Article I, Sections 1 and 2 of the Agreement of this date.

The carriers will make all reasonable efforts to pay the retroactive portion of such general wage increases as soon as possible and no later than sixty (60) days after the date of this Agreement.

If a carrier finds it impossible to make such payments by that date, such carrier shall notify you in writing explaining why such payments have not been made and indicating when the payments will be made.

Very truly yours,

A. Kenneth Gradia

_____, 201
#2

Mr. Robert A. Scardelletti
National President
Transportation · Communications
Union/IAM
3 Research Place
Rockville, MD 20850

Dear Mr. Scardelletti:

This refers to the increase in wages provided for in Sections 1 and 2 of Article I of the Agreement of this date.

It is understood that the retroactive portion of those wage increases shall be applied only to employees who have an employment relationship with a carrier on the date of this Agreement or who retired or died subsequent to June 30, 2010.

Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,

A. Kenneth Gradia

I agree:

R. A. Scardelletti

Mr. Robert A. Scardelletti
National President
Transportation · Communications
Union/IAM
3 Research Place
Rockville, MD 20850

Dear Mr. Scardelletti:

This confirms our understanding with respect to Article I, Section 6 of the Agreement of this date.

Article I, Section 6 of the Agreement provides for a three (3) percent general wage increase effective January 1, 2015. Article IV, Section 2(c) of the Agreement provides that the parties to the Agreement may serve and progress notices or proposals to amend the Agreement and other existing agreements on or after November 1, 2014 (not effective before January 1, 2015) (“2015 Bargaining Notices”).

This will confirm our understanding that if disposition of the 2015 Bargaining Notices is referred to any third party (including but not limited to a Presidential Emergency Board or arbitration board), this Letter may be provided to such body to confirm the parties’ mutual understanding that Article I, Section 6 was intended to constitute a complete resolution of the compensation adjustment issue for calendar year 2015.

Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,

A. Kenneth Gradia

I agree:

R. A. Scardelletti

Mr. Robert A. Scardelletti
National President
Transportation · Communications
Union/IAM
3 Research Place
Rockville, MD 20850

Dear Mr. Scardelletti:

This confirms our understanding with respect to Article III, Part A, Sections 2(c)(1) & (2) of the Agreement of this date. The prescription drug management rules identified in the aforementioned provisions of the Agreement are those that have been recommended by the Plan's current pharmacy benefit manager, Medco Health Solutions. The same is true of the therapeutic drug categories listed on Exhibit C to the Agreement; they are the therapeutic drug categories that Medco Health Solutions has recommended be subject to one or more of those rules.

The parties intend that new prescription drug management rules for which there are no existing therapeutic drug categories listed in Exhibit C shall not apply to the Plan unless such application has been (a) recommended by an independent committee of experts generally relied upon by the Plan's pharmacy benefit manager, (b) such recommendation is also made by the pharmacy benefit manager itself, and (c) the recommendation is accepted and approved by the Plan's Joint Committee.

Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,

A. Kenneth Gradia

I agree:

R. A. Scardelletti

_____, 201
#5

Mr. Robert A. Scardelletti
National President
Transportation · Communications
Union/IAM
3 Research Place
Rockville, MD 20850

Dear Mr. Scardelletti:

This confirms our understanding regarding the Agreement of this date regarding local discussions between the organization and CSX Transportation, Inc. (“CSXT”) regarding certain asserted pay and benefit disparities involving TCU-represented communications technicians.

Upon written request by the organization’s designated representative to CSXT, the parties shall commence local discussions regarding those matters on a voluntary and informal basis (i.e., not under Section 6 of the Railway Labor Act). Such discussions shall conclude by the earlier of the date on which a voluntary agreement is reached or December 31, 2012, unless extended by mutual agreement.

Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,

A. Kenneth Gradia

I agree:

R. A. Scardelletti

**EXHIBIT A
(CLERKS)**

RAILROADS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES SERVED ON OR SUBSEQUENT TO NOVEMBER 1, 2009 BY AND ON BEHALF OF SUCH CARRIERS UPON THE TRANSPORTATION-COMMUNICATIONS INTERNATIONAL UNION, AND NOTICES SERVED ON OR SUBSEQUENT TO NOVEMBER 1, 2009 BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE TRANSPORTATION-COMMUNICATIONS INTERNATIONAL UNION 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 Transportation-Communications International Union.

Alton & Southern Railway Company - 3
The Belt Railway Company of Chicago - 3
Brownsville and Matamoros Bridge Company
BNSF Railway Company – 1, 3
 Allouez Taconite Facility
Central California Traction Company
Consolidated Rail Corporation
CSX Transportation, Inc.
 The Chesapeake and Ohio Railway Company (former)
 CSXT North (former Conrail)
 Louisville and Nashville Railroad Company (former)
 Seaboard Coast Line Railroad Company (former)
Indiana Harbor Belt Railroad Company
The Kansas City Southern Railway Company
Kansas City Terminal Railway Company

Los Angeles Junction Railway Company
New Orleans Public Belt Railroad
Norfolk & Portsmouth Belt Line Railroad Company
Norfolk Southern Corporation
 Norfolk Southern Railway Company
 The Alabama Great Southern Railroad Company
 Central of Georgia Railroad Company
 The Cincinnati, New Orleans & Texas Pacific Railway Company
 Georgia Southern and Florida Railway Company
 Tennessee, Alabama and Georgia Railway Company
Northeast Illinois Regional Commuter Railroad Corporation (METRA) - 2
Port Terminal Railroad Association - 3
Portland Terminal Railroad Company
Soo Line Railroad Company d.b.a. Canadian Pacific
Terminal Railroad Association of St. Louis – 3
Texas City Terminal Railway Company
Union Pacific Railroad Company
Western Fruit Express Company
Wichita Terminal Association

* * * * *

Notes:

- 1 - Excludes any Section 6 Notices covering intermodal employees working under or covered by the Agreements effective January 5, 2007; January 1, 2009 or January 1, 2010 or any similar subsequent agreements.
- 2 - Health & Welfare only

3 - Includes Patrolmen (former RPIU)

- - - - -

FOR THE CARRIERS:

**FOR THE TRANSPORTA-
TION COMMUNICATIONS
UNION/IAM:**

_____, 201_
Washington, D.C.

EXHIBIT B

Clinical Support Services¹

Radiology Notification Program (RNS) – Under this program, a radiology notification process is required for participating (network) physicians, health care professionals, facilities and ancillary providers for certain advanced outpatient imaging procedures, prior to performance, with administrative claim denial for failure to provide notification. The program is a prior notification requirement only, not a precertification, preauthorization or medical necessity determination program, and currently applies to the following outpatient advanced imaging procedures: CT, MRI, PET and Nuclear Medicine, including Nuclear Cardiology. These services that take place in an emergency room, observation unit, urgent care center, or during an inpatient stay do not require notification.

The process may require a physician-to-physician discussion, the purpose of which is to engage the ordering physician in a discussion about the use of evidence-based clinical guidelines. However, the final decision authority rests with the ordering physician. This program is invisible to the covered member – non-compliance (i.e., non-notification) will result in an administrative denial of the claim with no balance billing to the patient.

Centers of Excellence (COE) Resource Services – this service are based on the foundation that certain facilities treat patients who consistently achieve favorable clinical outcomes, as demonstrated by reduced hospital lengths of stay and readmission rates, lower infection rates, etc. Programs are typically designed around specific disease states or conditions in which COEs can be clearly identified. The following programs develop national COE networks and specialty nurse resources that provide specific case management interventions:

¹ The actual program names, specific services/processes, and administration will vary by medical vendor.

- Bariatric Resource Services (BRS) - BRS provides a national Center of Excellence network of bariatric surgery centers and hospitals with an upfront case management component.

- Cancer Resource Services (CRS)/Cancer Support Program (CSP) - This clinical consulting with cancer specialists, combined with an extensive nationwide COE network will deliver clinical and financial value.

- Kidney Resource Services (KRS) – KRS provides a large network of dialysis facilities meeting strict quality outcomes with kidney nurse specialists assisting patients.

Treatment Decision Support (TDS) – These services include enhanced one-to-one coaching for individuals facing potential procedures that have been carefully targeted as having varied treatment practices and inconsistent patient outcomes. TDS normally targets back pain, knee/hip replacement, benign prostate disease, prostate cancer, benign uterine conditions, hysterectomy, breast cancer, coronary artery disease and bariatric surgery.

Exhibit C - Drugs for Coverage Authorization and Step Therapy Rules 1/

Therapeutic Drug Category	Drugs
Specialty Drugs	
Gout Therapy	Uloric® Krystexxa™
Rheumatological (RA Agents)	Actemra® Arava® Cimzia® Enbrel® Humira® Kineret® Orencia® Remicade® Rituxan® Simponi™
Misc Agents	Benlysta® Savella®
Erythroid Stimulants	Aranesp® Epogen® Procrit®
Growth Hormones	Egrifta™ Genotropin® Geref® Humatrope® Increlex® IPlex™ Norditropin® Nutropin® Omnitrope® Saizen® Serostim® Tev-Tropin,® Zorbtive®
Interferons	Actimmune® Alferon-N® Infergen® Intron-A® Pegasys® Peg-Intron® Roferon®
Interleukins	Arcalyst™ Ilaris®
Multiple Sclerosis Therapy	Amypra™ Avonex® Betaseron® Copaxone® Extavia® Gilenya™ Novantrone® Rebif® Tysabri®
Myeloid Stimulants and Hemostatics	Leukine® Neulasta® Neumega® Neupogen® Nplate® Promacta®
Vaccines & Misc Immunologicals	Botox® Dysport™ Myobloc™ Xeomin®
Vaccines & Misc Immunologicals (Immune Globulins)	Carimune NF® Flebogamma DIF® Gammagard® Gammagard S-D® Gammaplex® Gamimune-N® Gamunex® Gamunex-C® Hizentra™ Privigen™ Vivaglobin®
Dermatologicals - Psoriasis	Amevive® Stelara®

Therapeutic Drug Category	Drugs
Cancer Therapy	Afinitor [®] Avastin [®] Dacogen [™] Erbitux [®] Gleevec [®] Halaven [™] Herceptin [®] Istodax [®] Jevtana [®] Nexavar [®] Sprycel [®] Sutent [®] Tarceva [™] Tasisign [™] Temodar [®] Torisel [™] Tykerb [®] Vectibix [™] Vidaza [®] Votrient [™] Zolinza [™] Zytiga [™]
Cancer Therapy (Misc.)	Mozobil [™]
Cancer Therapy (Misc.)	Xgeva [™]
Misc Antineoplastic Agents	Arimidex [®] Aromasin [®] Femara [®]
Misc Antineoplastic Agents	Revlimid [®] Thalomid [®]
Antivirals (Ribavirin Therapy)	Copegus [®] Rebetol [®] Ribatab [®]
HIV/AIDS Therapy	Selzentry [™]
RSV Agents	Synagis [®]
Parkinson's	Apokyn
Hormone Therapy (Misc.)	Acthar [®] Gel Sensipar [®]
Misc Agents	Soliris [™]
Misc Neurological Therapy	Nuedexta [™] Xenazine [®]
Hormone Therapy (Misc.)	Zavesca [®]
Hormone Therapy (Misc.)	Vpriv [™] Cerezyme [®]
Hormone Therapy (Misc.)	Samsca [™]
Hormone Therapy (Misc.)	Kuvan [™] Somavert [®]
Non-Narcotic Pain Relief (Hyaluronic Acid Derivatives)	Euflexxa [®] Hyalgan [®] Orthovisc [®] Supartz [®] Synvisc [®]
Lupus	Benlysta
Hepatitis C	Boceprevir, Telaprevir
Misc. Pulmonary Agents	Berinert [®] Cinryze [™] Kalbitor [®] Xolair [®]

Therapeutic Drug Category	Drugs
Misc. Pulmonary Agents	Cayston [®] TOBI [®]
Misc. Pulmonary Agents	Pulmozyme [®]
Pulmonary Arterial Hypertension	Flolan [®] Letairis [™] Remodulin [®] Revatio [™] Tracleer [®] Ventavis [®] Adcirca [®] Tyvaso [®] Veletri [®]
Non Specialty/Traditional Drugs	
Hypnotics	Ambien [™] Ambien CR [™] Butisol [®] chloral hydrate Dalmane [®] Doral [®] Eduar [™] Halcion [®] Lunesta [®] Nembutal [®] Prosom [®] Restoril [®] Rozerem [®] Silenor [®] Sonata [®] Zolpimist [™]
Migraine	Alsuma [™] Amerge [®] Axert [™] Frova [®] Imitrex [®] Imitrex Inj [™] ImitrexNS [®] Maxalt [®] MaxaltMLT [®] Migranal NS [®] Relpax [®] Sumavel [®] Treximet [™] Zomig [®] Zomig ZMT [®]
Narcolepsy	Nuvigil [®] Provigil [®] Xyrem [®]
Narcotic Pain Relief	Abstral [®] Actiq [™] Fentora [™] Onsolis [™]
Non-Narcotic Pain Relief (Misc.)	Cambia [™] Lidoderm [®] Stadol NS [®] Vimovo [™]
Dermatologicals - Acne	Solodyn [®]
Anorexiants/Weight loss	Adipex-P [®] Bontril [®] Didrex [®] Fastin [®] Tenuate [®] Xenical [®]
Hormone Therapy (Select Androgens & Anabolic Steroids)	Androderm [®] AndroGel [®] Axiron [®] Fortesta [™] Striant [®] Testim Gel [®] , Various anabolic steroids
Nausea	Anzemet [®] Cesamet [®] Emend [®] Emend Trifold Pack [®] Kytril [®] Sancuso [®] Zofran [®] Zofran ODT [®] Zuplenz [®]

1/ The Coverage Authorization Program consists of traditional prior authorization, smart prior authorization, step therapy and quantity/dose rules which are based on FDA-approved prescribing and

safety information, clinical guidelines, and uses that are considered reasonable, safe, and effective. These rules are recommended by an outside, independent organization based on information and data specific to the Railroad membership. Each Therapeutic Drug Category has a rule(s) specific to that category.

Preferred Drug Step Therapy 2/		
Therapeutic Drug Category	Preferred Drugs	Targeted Drugs
Proton Pump Inhibitors	Nexium, lansoprazole/ODT, omeprazole, omeprazole sodium bicarbonate, pantoprazole	Aciphex, Dexilant (Kapidex), Prevacid/Susp, Prilosec Oral Susp (brand), Protonix 40mg Susp, Zegerid Packet
Sleep Agents/Hypnotics	zolpidem/ER, zaleplon	Edular, Lunesta, Rozerem, Silenor
Depression	citalopram & other generics	Lexapro, Luvox CR, Pexeva (New users only)
Osteoporosis	Boniva, Fosamax D, alendronate	Actonel (w/CA)
Intranasal Steroids	Nasonex, flunisolide, fluticasone	Beconase AQ, Nasacort/AQ, Omnaris, Rhinocort/AQUA, Veramyst
Angiotensin II Receptor Blockers	Diovan/HCT, Micardis/HCT, losartan/HCTZ	Atacand/HCT, Avapro/Avalide, Benicar/HCT, Teveten/HCT
Migraine	Maxalt/MLT, Relpax, naratriptan, sumatriptan	Alsuma, Axert, Frova, Sumavel, Treximet, Zomig/ZMT
Glaucoma	Lumigan, Xalatan (generic)	Travatan, Travatan Z
Growth Hormones (specialty drug)	Genotropin, Humatrope, Norditropin	Nutropin, Nutropin AQ, Saizen
Tumor Necrosis Factor (specialty drug)	Enbrel, Humira	Cimzia, Simponi

2/ Preferred Drug Step Therapy identifies users of non-preferred/non-covered medications and communicates less expensive generic and preferred brand alternatives (when appropriate).

RATIFICATION BALLOT

To TCU/IAM Executive Council:
I have read the 2011 tentative National Railroad
Agreement and cast my ballot as follows:

SAMPLE BALLOT

For Ratification

Against Ratification

Signature

Must be received at TCU/IAM by December 22, 2011.

First Middle and Last Name



Tear along perforated lines

FROM _____



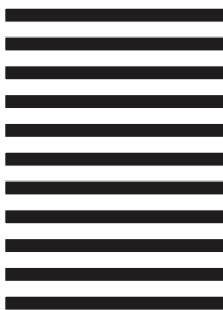
NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

BUSINESS REPLY MAIL
FIRST-CLASS MAIL PERMIT NO.164 ROCKVILLE, MD

POSTAGE WILL BE PAID BY ADDRESSEE

SAMPLE BALLOT

**TRANSPORTATION COMMUNICATIONS
UNION/IAM
3 RESEARCH PLACE
ROCKVILLE, MD 20850-3279**



F.Y.I —

If you have any questions about the tentative agreement, e-mail them to TCU/IAM at TCUVote@TCUnion.org. Inquiries sent to this address will be reviewed and answered promptly.

Key Instructions for Completing Your Ballot

- Carefully cut or tear along the postcard's perforated lines to separate it for mailing.
- Clearly mark your ballot with an X or a ✓ or by filling in the entire box.
- You MUST sign your ballot in order to have it counted.
- Your signed ballot must reach TCU/IAM no later than December 22, 2011, in order to have it tabulated.