

**ARBITRATED AGREEMENT**

THIS ARBITRATED AGREEMENT, effective January 23, 2003 pursuant to the Award of Arbitration Board No. 579, by and between the participating carriers listed in Exhibit A attached hereto and represented by the National Carriers' Conference Committee, and the employees shown thereon and represented by the Brotherhood Railway Carmen - Division of Transportation Communications International Union, witnesseth:

**IT IS HEREBY AGREED:**

**ARTICLE I - WAGES**

**Section 1 - First General Wage Increase**

On June 30, 2002, all hourly, daily, weekly, and monthly rates of pay of employees covered by this Agreement other than freight carmen in effect on the preceding day shall be increased in the amount of two-and-one-half (2-1/2) percent applied so as to give effect to this increase in pay irrespective of the method of payment. Rates of pay of freight carmen shall be increased by the money amount of increase in the rates of pay of passenger carmen, so that the money differential existing as of the first increase date between the rates of passenger carmen and the rates of freight carmen will be preserved. The increase provided for in this Section 1 shall be applied as follows:

(a) **Hourly Rates** -

Add 2-1/2 percent to the existing hourly rates of pay.

(b) **Daily Rates** -

Add 2-1/2 percent to the existing daily rates of pay.

(c) **Weekly Rates** -

Add 2-1/2 percent to the existing weekly rates of pay.

(d) **Monthly Rates** -

Add 2-1/2 percent to the existing monthly rates of pay.

(e) **Disposition of Fractions** -

Rates of pay resulting from application of paragraphs (a) to (d), 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.

(f) **Application of Wage Increase** -

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, 2002, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2002 for employees covered by this Agreement shall be increased by three-and-one-half (3-1/2) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment. Rates of freight carmen shall be increased in the same manner as provided in Section 1 hereof. 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, 2003, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2003 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. Rates of freight carmen shall be increased in the same manner as provided in Section 1 hereof. 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, 2004, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2004 for employees covered by this Agreement shall be increased in the amount of three-and-one-quarter (3-1/4) percent applied so as to give effect to this increase irrespective of the method of payment. Rates of freight carmen shall be increased in the same manner as provided in Section 1 hereof. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 hereof.

## **ARTICLE II - COST-OF-LIVING PAYMENTS**

### **Part A - Cost-of-Living Payments Under National Agreement Dated September 9, 1996**

On October 1, 2001, twenty-seven (27) cents-per-hour of the cost-of-living allowance payable pursuant to Article II, Part C of the National Agreement dated September 9, 1996 ("Article II, Part C") shall be rolled in to basic rates of pay. Article II, Part C shall be eliminated effective June 30, 2002. Cost-of-living allowance payments made to employees for periods on or before June 30, 2002 shall be retained. Any cost-of-living allowance

payments made to employees for periods on and after July 1, 2002 shall be recovered from any retroactive wage increase payments made under Article I.

**Part B - Cost-of-Living Allowance and Adjustments Thereto After January 1, 2005**

**Section 1 - Cost-of-Living Allowance and Effective Dates of Adjustments**

(a) A cost-of-living allowance shall be payable in the manner set forth in and subject to the provisions of this Part, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost-of-living allowance shall be payable effective July 1, 2005 based, subject to paragraph (b), on the CPI for March 2005 as compared with the CPI for September 2004. Such allowance, and further cost-of-living adjustments thereto which shall become effective as described below, shall be based on the change in the CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (b)(iii), according to the formula set forth in paragraph (c).

| <u>Measurement Periods</u> |                          |                                     |
|----------------------------|--------------------------|-------------------------------------|
| <u>Base Month</u>          | <u>Measurement Month</u> | <u>Effective Date of Adjustment</u> |
| September 2004             | March 2005               | July 1, 2005                        |
| March 2005                 | September 2005           | January 1, 2006                     |

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable to periods subsequent to those specified above during which this Article is in effect.

(b)(i) Cap. In calculations under paragraph (c), the maximum increase in the CPI that shall be taken into account shall be as follows:

| <u>Effective Date<br/>of Adjustment</u> | <u>Maximum CPI Increase That<br/>May Be Taken Into Account</u>                 |
|---|--|
| July 1, 2005                            | 3% of September 2004 CPI   |
| January 1, 2006                         | 6% of September 2004 less<br>the increase from September<br>2004 to March 2005 |

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule shall be applicable to the periods subsequent to those specified above during which this Article is in effect.

(ii) Limitation. In calculations under paragraph (c), only fifty (50) percent of the increase in the CPI in any measurement period shall be considered.

(iii) If the increase in the CPI from the base month of September 2004 to the measurement month of March 2005 exceeds 3% of the September 2004 base index, the measurement period that shall be used for determining the cost-of-living adjustment to be effective the following January shall be the 12-month period from such base month of September; the increase in the index that shall be taken into account shall be limited to that portion of the increase that is in excess of 3% of such September base index; and the maximum increase in that portion of the index that may be taken into account shall be 6% of such September base index less the 3% mentioned in the preceding clause, to which shall be added any residual tenths of points which had been dropped under paragraph (c) below in calculation of the cost-of-living adjustment which shall have become effective July 1, 2005 during such measurement period.

(iv) Any increase in the CPI from the base month of September 2004 to the measurement month of September 2005 in excess of 6% of the

September 2004 base index shall not be taken into account in the determination of subsequent cost-of-living adjustments.

(v) The procedure specified in subparagraphs (iii) and (iv) shall be applicable to all subsequent periods during which this Article is in effect.

(c) Formula. The number of points change in the CPI during a measurement period, as limited by paragraph (b), shall be converted into cents on the basis of one cent equals 0.3 full points. (By "0.3 full points" it is intended that any remainder of 0.1 point or 0.2 point of change after the conversion shall not be counted.)

The cost-of-living allowance effective January 1, 2006 shall be the whole number of cents produced by dividing by 0.3 the number of points (including tenths of points) change, as limited by paragraph (b), in the CPI during the applicable measurement period. Any residual tenths of a point resulting from such division shall be dropped. The result of such division shall be rolled in to basic rates of pay in effect on December 31, 2005 if the CPI shall have been higher at the end than at the beginning of the measurement period, and subtracted therefrom only if the index shall have been lower at the end than at the beginning of the measurement period, but in no event shall basic rates of pay be reduced below the levels in effect on June 30, 2005. If the result of such division requires a subtraction from basic rates of pay in effect on December 31, 2005, the employee cost-sharing contribution amount in effect on that date pursuant to Article III, Part B, Section 1(e) of this Agreement shall be adjusted effective January 1, 2006 as appropriate to reflect such subtraction. The same procedure shall be followed in applying subsequent adjustments.

(d) Continuance of the cost-of-living allowance and the adjustments thereto provided herein is dependent upon the availability of the official monthly BLS Consumer Price Index (CPI-W) calculated on the same basis as such Index, except that, if the Bureau of Labor Statistics, U.S. Department of Labor should, during the effective period of this Article, revise or change the methods or basic data used in calculating such Index in such a way as to affect the direct comparability of such

revised or changed index with the CPI-W during a measurement period, then that Bureau shall be requested to furnish a conversion factor designed to adjust the newly revised index to the basis of the CPI-W during such measurement period.

## **Section 2 - Payment of Cost-of-Living Allowances**

(a) The cost-of-living allowance payable to each employee effective July 1, 2005 pursuant to Section 1 of this Part shall be rolled in to basic rates of pay on that date.

(b) The cost-of-living allowance payable to each employee effective January 1, 2006 pursuant to Section 1 of this Part shall be rolled in to basic rates of pay on that date.

(c) The cost-of-living allowance payable to each employee effective July 1, 2006 pursuant to Section 1 of this Part shall be rolled in to basic rates of pay on that date.

(d) The procedure specified in paragraphs (b) and (c) shall be followed with respect to computation of the cost-of-living allowances payable in subsequent years during which this Article is in effect.

## **Section 3 - Application of Cost-of-Living Allowances**

The cost-of-living allowance provided for by Section 1 of this Part B will be payable as provided in Section 2 and will be applied as follows:

(a) **Hourly Rates** - Add the amount of the cost-of-living allowance to the hourly rate of pay produced by application of Article I.

(b) **Daily Rates** - Determine the equivalent hourly rate by dividing the established daily rate by the number of hours comprehended by the daily rate. The amount of the cost-of-living allowance multiplied by the number of hours comprehended by the

daily rate shall be added to the daily rate produced by application of Article I.

(c) **Weekly Rates** - Determine the equivalent hourly rate by dividing the established weekly rate by the number of hours comprehended by the weekly rate. The amount of the cost-of-living allowance multiplied by the number of hours comprehended by the weekly rate shall be added to the weekly rate produced by application of Article I.

(d) **Monthly Rates** - Determine the equivalent hourly rate by dividing the established monthly rate by the number of hours comprehended by the monthly rate. The amount of the cost-of-living allowance multiplied by the number of hours comprehended by the monthly rate shall be added to the monthly rate produced by application of Article I.

(e) **Minimum Daily Increases** - The increase in rates of pay described in paragraphs (a) through (d), inclusive, shall be not less than eight times the applicable increase per hour for each full time day of eight hours, required to be paid for by the rules agreement. In instances where under the existing rules agreement an employee is worked less than eight hours per day, the increase will be determined by the number of hours required to be paid for by the rules agreement.

(f) **Application of Wage Increases** - The increases in wages produced by application of the cost-of-living allowances shall be computed in accordance with the wage or working conditions agreement in effect between each carrier and its employees represented by the organization signatory to this Agreement. Special allowances not included in said rates and arbitraries representing duplicate time payments will not be increased.



#### **Section 4 - Continuation of Part B**

The arrangements set forth in Part B of this Article shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act

### **ARTICLE III - HEALTH AND WELFARE**

#### **Part A - Plan Changes**

##### **Section 1 - Continuation of Health and Welfare Plan**

The Railroad Employees National Health and Welfare Plan (“the 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 Benefit Changes**

(a) The Plan’s Comprehensive Health Care Benefit (“CHCB”) is amended to include one routine physical examination (including diagnostic testing and immunizations in connection with such examination) each calendar year for covered employees and their eligible dependents. Such CHCB benefit shall cover 100% of the Eligible Expenses involved up to \$150, and 75% of such Eligible Expenses in excess of \$150.

(b) Routine childhood (up to age 18) immunizations, including boosters, for Diphtheria, Pertussis or Tetanus (DPT), measles, mumps, rubella, and polio shall be provided under the CHCB. This benefit is subject to the applicable deductible and percentage of Eligible Expenses payable.

(c) In addition to the Plan’s existing coverage for speech therapy, such therapy will be a Covered Health Service under the CHCB and the Plan’s Managed Medical Care Program (“MMCP”), when given to children under three years of age as part of a treatment for infantile autism, development delay,

cerebral palsy, hearing impairment, or major congenital anomalies that affect speech.

(d) Phenylketonurial blood tests ("PKU") will be a Covered Health Service under the MMCP and the CHCB when given to infants under the age of one in a hospital or on an out-patient basis.

(e) The MMCP will continue to require a co-payment with respect to the first office visit by a participant or beneficiary to her obstetrician or gynecologist for treatment of a pregnancy but will not require a co-payment with respect to any subsequent visit to that obstetrician or gynecologist for treatment of the same pregnancy.

(f) The MMCP will not require a co-payment on behalf of a participant or beneficiary with respect to any visit to a physician's office solely for the administration of an allergy shot.

(g) The Plan's Prescription Drug Card Program co-payments per prescription are revised as follows: (i) Generic Drug - \$5.00; (ii) Brand Name Drug - \$10.00. The Plan's Mail Order Prescription Drug Program co-payment is revised as follows: (i) Generic Drug - \$10.00; (ii) Brand Name Drug - \$15.00.

(h) All of the benefits as changed herein will be subject to the Plan's generally applicable limitations, conditions, and exclusions. Existing Plan provisions not specifically amended by this Article shall continue in effect without change.

(i) This Section shall become effective with respect to employees covered by this Agreement on April 1, 2003 or as soon thereafter as practicable.

### **Section 3 - Plan Design Changes To Contain Costs**

(a) The parties will promptly solicit bids from interested companies to provide those services to the Plan involving the Managed Medical Care Program ("MMCP") that are currently provided by Aetna U.S. Healthcare. The parties will evaluate the bids received and the capabilities of the companies making

those bids and will accept such of them (or enter into negotiations with the bidding company or companies) as the parties deem appropriate.

(b) The parties will promptly research the existence, costs, benefits and services provided, outcomes and other relevant statistics of regional health maintenance organizations, and shall make participation in such of those organizations as the parties deem appropriate available as an option to individuals covered by the Plan.

(c) With respect to geographic areas where the Plan's MMCP is not currently available but where companies capable of administering the MMCP provide such services, the parties will solicit proposals from such companies to administer the MMCP, and will evaluate the proposals they receive and accept such of them (or enter into negotiations with the proposing company or companies) as the parties deem appropriate.

(d) The parties will solicit proposals from pharmacy benefit managers who specialize in filling prescriptions for injectable medications and will accept one or more of such proposals (or enter into negotiations with the proposing company or companies) as the parties deem appropriate.

(e) With respect to Plan participants and their beneficiaries who live in an area where they may choose between CHCB and MMCP coverage, the percentage of Eligible Expenses payable by the Plan with respect to an individual covered under the CHCB will be 75% until the Out-of-Pocket Maximum is reached, but only 60% if a required notice to Care Coordination/Patient Management is not given or if Care Coordination/Patient Management determines that the service or supply involved, although a Covered Health Service, is not Medically Appropriate.

(f) The Individual and Family Out-of-Network Deductibles under the Plan's MMCP will be increased to \$200 and \$600, respectively.

(g) During a prescribed election period preceding July 1, 2003 and preceding each January 1 thereafter, employees may certify to the Plan or its designee in writing that they have health care coverage (which includes medical,

prescription drug, and mental health/substance abuse benefits) under another group health plan or health insurance policy that they identify by name and, where applicable, by group number, and for that reason they elect to forego coverage for foreign-to-occupation health benefits for themselves and their dependents under the Plan and under any Hospital Association plan in which they participate. Such election is hereafter referred to an "Opt-Out Election" and, where exercised, will eliminate an employer's obligation to make a contribution to the Plan and/or dues offset payment to a Hospital Association for foreign-to-occupation health benefits for the employee and his dependents.

Each employee who makes an Opt-Out Election will be paid by his employer \$100 for each month that his employer is required to make a contribution to the Plan on his behalf for life insurance and accidental death and dismemberment benefits as a result of compensated service rendered, or vacation pay received, by the employee during the prior month; provided, however, that the employee's Opt-Out Election is in effect for the entire month.

If an event described below in the final paragraph of this subsection (g) occurs subsequent to an employee's Opt-Out Election, the employee may, upon providing the Plan or its designee with proof satisfactory to it of the occurrence of such event, revoke his or her Opt-Out Election. An employee may also revoke his or her Opt-Out Election by providing the Plan or its designee with proof satisfactory to it that, after the employee made the Opt-Out Election, a person became a dependent of the employee through a marriage, birth, or adoption or placement for adoption. An employee who revokes an Opt-Out Election will, along with his or her dependents, be once again covered (effective the first day of the first month following such revocation that the employee and/or his dependents would have been covered but for the Opt-Out Election the employee had previously made) for foreign-to-occupation health benefits under the Plan or, in the case of an employee who is a member of a Hospital Association, by the Plan (for dependent coverage) and by the Hospital Association (for employee coverage). See Side Letter No. 8.

The following events are the events referred to in the immediately preceding paragraph:

- (i) the employee loses eligibility under, or there is a termination of employer contributions for, the other coverage that allowed the employee to make the Opt-Out Election, or
- (ii) if COBRA was the source of such other coverage, that COBRA coverage is exhausted.

(h) The Plan design changes contained in this Section shall become effective April 1, 2003 or as soon thereafter as practicable.

## **Part B - Employee Cost Sharing of Plan Cost Increases**

### **Section 1 - Employee Cost-Sharing Contributions**

(a) Effective July 1, 2001, each employee covered by this Agreement shall contribute \$33.39 per month 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.

(b) Effective July 1, 2002, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$81.18.

(c) Effective July 1, 2003, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be changed to \$79.74.

(d) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (c) shall be increased by the lesser of (x) thirty (30) percent of the increase, if any, in the carriers' 2004 monthly payment rate over such payment rate for 2003, and (y) \$20.26.

(e) Effective July 1, 2005, the per month employee cost-sharing contribution amount set forth in subsection (d) shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate

over such payment rate for 2004, and (y) one-half of the cost-of-living allowance effective July 1, 2005 pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the average straight-time equivalent hours (“ASTE Hours”) for calendar year 2003.

(f) Effective January 1, 2006, the per month employee cost-sharing contribution amount in effect on December 31, 2005 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers’ 2006 monthly payment rate over such payment rate for 2005, plus (ii) the amount (if any) by which the number described in part (x) of subsection (e) of this Section exceeds the product described in part (y) of such subsection (e), and (y) one-half of the cost-of-living allowance effective January 1, 2006 pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.

(g) Effective July 1, 2006, the per month employee cost-sharing contribution amount in effect on June 30, 2006 shall be increased by the lesser of (x) the amount (if any) by which the number described in part (x) of subsection (f) of this Section exceeds the product described in part (y) of such subsection (f), and (y) one-half of the cost-of-living allowance effective July 1, 2006 pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.

(h) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers’ 2007 monthly payment rate over such payment rate for 2006, plus (ii) the amount (if any) by which the number described in part (x) of subsection (g) of this Section exceeds the product described in part (y) of such subsection (g), and (y) one-half of the cost-of-living allowance effective January 1, 2007 pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2005.

(i) The pattern specified in subsections (g), and (h) above shall be followed with respect to computation of adjustments to the amount of the

employee cost sharing contribution in subsequent periods during which this Part is in effect.

(j) For purposes of subsections (d) through (i) above and subsection (l) below, the carriers' payment rate for any year shall mean twelve times the sum of what the carriers' payments to the Plan would have been, in the absence of any employee contributions to the Plan, for foreign-to-occupation health benefits under the Plan per month (in such year) per employee. The carriers' monthly payment rate for any year shall mean the carriers' payment rate for that year divided by 12. An "employee" for these purposes shall include any employee who has elected to opt-out of foreign-to-occupation health benefits under the Plan and under any Hospital Association plan in which he participates (except for employees who opt-out pursuant to item no. 2 of Side Letter No. 7).

Carrier payments to the Plan for these purposes shall be deemed to include amounts paid pursuant to Section 3(g) of Part A of this Article III to employees who elected to opt-out of foreign-to-occupation health benefits under the Plan and under any Hospital Association plan in which they participate, but shall not be deemed to include the amounts per such employee per month (in such year) taken from the Special Account, or from any other special account, fund or trust maintained in connection with the Plan, to pay or provide for current Plan benefits, or any amounts paid by remaining carriers to make up the unpaid contributions of terminating carriers pursuant to Article III, Part A, Section 1 of the June 1, 1991 National Agreement between the organization signatory hereto and the carriers represented by the National Carriers' Conference Committee.

(k) For the purpose of this Section, the ASTE Hours to be used shall be based on all such hours for individuals who are represented by the Brotherhood Railway Carmen - Division of Transportation-Communications International Union, and who are employed in carmen crafts and classes by Class One carriers that are participating in national bargaining in the round of negotiations that commenced January 1, 2000.

(l) If the per month employee cost-sharing contribution amount ("cost-sharing amount") is increased for the period July 2005 through December 2005 or any subsequent periods and if a lower payment rate is established for the calendar year that immediately follows, then the cost-sharing amount shall be

adjusted as appropriate to reflect such decreased benefit costs. Such adjustment shall be made effective January 1 of the calendar year for which such payment rate decrease is applicable and in no event shall take into account any portion of a payment rate below the payment rate level established for calendar year 2004. The cost-sharing amount shall also be subject to adjustment as provided in Article II, Part B, Section 1(c) of this Agreement.

### **Section 2 - Pre-Tax Contributions**

Employee cost-sharing contributions made pursuant to this Part shall be on a pre-tax basis, and in that connection a Section 125 cafeteria plan will be established pursuant to this Agreement.

### **Section 3 - Retroactive Contributions**

Retroactive employee cost-sharing contributions payable for the period on and after July 1, 2001 shall be offset against any retroactive wage payments provided to the employee under Article I, Sections 1 and 2 of this Agreement.

### **Section 4 - Prospective Contributions**

For months subsequent to the retroactive period covered by Section 3, at the employer's election, employee cost-sharing contributions may be made for the employee by the employee's employer. If that election is exercised, the employer shall then 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 - OFF-TRACK VEHICLE ACCIDENT BENEFITS**

Article IV of the October 7, 1971 RED National Agreement, as amended by Article VII of the December 6, 1978 RED National Agreement, is further amended as follows effective April 1, 2003.



**Section 1**

Paragraph(b)(1) - Accidental Death or Dismemberment of the above-referenced Agreement provisions is amended to read as follows:

"(1) Accidental Death or Dismemberment

The carrier will provide for loss of life or dismemberment occurring within 120 days after date of an accident covered in paragraph (a):

|  |           |
|--|-----------|
| Loss of Life                                     | \$300,000 |
| Loss of Both Hands                               | \$300,000 |
| Loss of Both Feet                                | \$300,000 |
| Loss of Sight of Both Eyes                       | \$300,000 |
| Loss of One Hand and One Foot                    | \$300,000 |
| Loss of One Hand and Sight of One Eye            | \$300,000 |
| Loss of One Foot and Sight of One Eye            | \$300,000 |
| Loss of One Hand or One Foot or Sight of One Eye | \$150,000 |

"Loss" shall mean, with regard to hands and feet, dismemberment by severance through or above wrist or ankle joints; with regard to eyes, entire and irrecoverable loss of sight.

No more than \$300,000 will be paid under this paragraph to any one employee or his personal representative as a result of any one accident."

**Section 2**

Paragraph (b)(3) - Time Loss of the above-referenced Agreement provisions is amended to read as follows:

“(3) Time Loss

The carrier will provide an employee who is injured as a result of an accident covered under paragraph (a) commencing within 30 days after such accident 80% of the employee’s basic full-time weekly compensation from the carrier for time actually lost, subject to a maximum payment of \$1,000.00 per week for time lost during a period of 156 continuous weeks following such accident provided, however, that such weekly payment shall be reduced by such amounts as the employee is entitled to receive as sickness benefits under provisions of the Railroad Unemployment Insurance Act.”

**Section 3**

Paragraph(b)(4) - Aggregate Limit of the above-referenced Agreement provisions is amended by raising such limit to \$10,000,000.

**ARTICLE V - SUPPLEMENTAL SICKNESS**

The March 29, 1979 Supplemental Sickness Benefit Agreement, as amended by Article VII of the September 9, 1996 National Agreement (Sickness Agreement), shall be further amended as provided in this Article.

**Section 1 - Adjustment of Plan Benefits**

(a) The benefits provided under the Plan established pursuant to the Sickness Agreement shall be adjusted as provided in paragraph (b) so as to restore the same ratio of benefits to rates of pay as existed on December 31, 1999 under the terms of that Agreement.

(b) Section 4 of the Sickness Agreement shall be revised as follows:

|  | <u>Per Hour</u>                             | <u>Per Month</u>                            |
|--|---|---|
| Class I Employees Earning<br>(as of December 31, 1999)   | \$17.77 or more                             | \$3,092 or more                             |
| Class II Employees Earning<br>(as of December 31, 1999)  | \$14.53 or more<br>but less than<br>\$17.77 | \$2,528 or more<br>but less than<br>\$3,092 |
| Class III Employees Earning<br>(as of December 31, 1999) | Less than \$14.53                           | Less than \$2,528                           |

Basic and Maximum Amount Per Month

| <u>Classification</u> | <u>Basic</u> | <u>RUIA</u> | <u>Maximum</u> |
|-----------------------|--------------|-------------|----------------|
| Class I               | \$1,101.50   | \$1,000.50  | \$2,102        |
| Class II              | \$ 875.50    | \$1,000.50  | \$1,876        |
| Class III             | \$ 679.50    | \$1,000.50  | \$1,680        |

Combined Benefit Limit

| <u>Classification</u> | <u>Maximum Monthly Amount</u> |
|-----------------------|-------------------------------|
| Class I               | \$2,255                       |
| Class II              | \$2,009                       |
| Class III             | \$1,801                       |

## **Section 2 - Adjustment of Plan Benefits During Agreement Term**

Effective December 31, 2004, the benefits provided under the Plan shall be adjusted so as to restore the same ratio of benefits to rates of pay as existed on the effective date of this Article.

## **ARTICLE VI - SENIORITY**

### **Section 1**

Any employee covered by this Agreement who has completed a carman apprenticeship or who has had 732 days (three years) of practical experience at carmen's work (including as upgraded helpers or upgraded apprentices), and who with the aid of tools, with or without drawings, can lay out, build, or perform the work of his craft or occupation in a mechanical manner, shall constitute a carman. Existing rules and practices on the carrier regarding how days are counted for the foregoing purposes will continue to be applicable.

### **Section 2**

This Article shall apply to employees described in Section 1 who commence such service on or after April 1, 2003.

## **ARTICLE VII - 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 fix the general level of compensation during the period of the Agreement, and to settle the disputes

on or subsequent to November 1, 1999 served by the organization signatory hereto upon such carriers. 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, 2004 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

(b) No party to this Agreement shall serve, prior to November 1, 2004 (not to become effective before January 1, 2005) any notice or proposal for the purpose of changing the subject matter of the provisions of this Agreement or which proposes matters covered by the proposals of the parties cited in paragraph (a) of this Section, and any proposals in pending notices relating to such subject matters are hereby withdrawn.

(c) No party to this Agreement shall serve or progress, prior to November 1, 2004 (not to become effective before January 1, 2005), any notice or proposal.

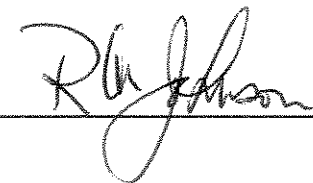
(d) This Article will not bar management and committees on individual railroads from agreeing upon any subject of mutual interest.

**SIGNED AT WASHINGTON, D.C. THIS 21 DAY OF March, 2003.**

**FOR THE PARTICIPATING  
CARRIERS LISTED IN  
EXHIBIT A:**

  
\_\_\_\_\_

**FOR THE EMPLOYEES  
REPRESENTED BY THE  
BROTHERHOOD RAILWAY  
CARMEN - DIVISION OF TCU:**

  
\_\_\_\_\_

G. McBeck

Marvin H. Napier

John J. Flanagan  
MRM

A. A. Cardello

**FOR THE EMPLOYEES  
REPRESENTED BY THE  
TRANSPORT WORKERS  
UNION:**

John J. ...

Kenneth R. Pifer

Bo ...

January 23, 2003

#1

Mr. Richard A. Johnson  
General President  
Brotherhood Railway Carmen Division  
Transportation Communications Union  
3 Research Place  
Rockville, MD 20850

Dear Mr. Johnson:

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 no later than May 1, 2003.

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 handwritten signature in black ink, appearing to read "R. F. Allen", written in a cursive style.

Robert F. Allen

January 23, 2003

#2

Mr. Richard A. Johnson  
General President  
Brotherhood Railway Carmen Division  
Transportation Communications Union  
3 Research Place  
Rockville, MD 20850

Dear Mr. Johnson:

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 April 1, 2003 or who retired or died subsequent to June 30, 2002.


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

Yours very truly,



Robert F. Allen

I agree:



---

R. A. Johnson



January 23, 2003

#3

Mr. Richard A. Johnson  
General President  
Brotherhood Railway Carmen Division  
Transportation Communications Union  
3 Research Place  
Rockville, MD 20850

Dear Mr. Johnson:

This confirms our understanding with respect to the Agreement of this date.

An employee's obligation for (i) retroactive cost-sharing contributions for periods on and after July 1, 2001 pursuant to Article III, Part B, Section 3, plus (ii) repayment of cost-of-living amounts received in excess of 27 cents-per-hour for the period on and after July 1, 2002 pursuant to Article II, Part A, shall in no event exceed the retroactive portion of the general wage increases payable to such employee under Article I, Sections 1 and 2. This understanding is non-precedential and without prejudice to any position that the carriers may take subsequently with respect to similar or related issues.


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

Very truly yours,



Robert F. Allen

I agree:



---

R. A. Johnson

January 23, 2003

#4

Mr. Richard A. Johnson  
General President  
Brotherhood Railway Carmen Division  
Transportation Communications Union  
3 Research Place  
Rockville, MD 20850

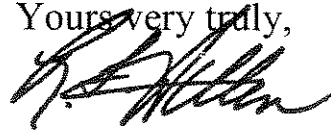
Dear Mr. Johnson:

This will confirm our understanding with respect to the Agreement of this date (Agreement).

For the purpose of computation and application of the employee cost-sharing provisions contained in Article III, Part B of the Agreement for the period July 2004 through June 2005 and all subsequent periods, the payment rates used shall (i) be based on the costs of the Plan with respect to the employees covered by this Agreement (and employees who are (a) entitled to the same benefits (at the same levels), and (b) subject to the Plan design changes set forth in Article III of this Agreement), and (ii) be established for a calendar year on or before December 31 of the immediately preceding year and may be changed during such calendar year only if additional contributions are needed to fund Plan benefits and expenses with respect to TCU-represented employees that must be paid during such year.

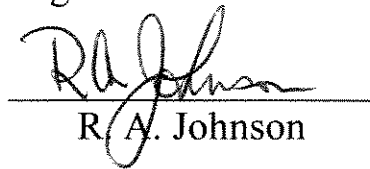
Please acknowledge your agreement by signing your name in the space provided below.

Yours very truly,



Robert F. Allen

I agree:



---

R. A. Johnson

January 23, 2003  
#5

Mr. Richard A. Johnson  
General President  
Brotherhood Railway Carmen Division  
Transportation Communications Union  
3 Research Place  
Rockville, MD 20850

Dear Mr. Johnson:

This will confirm our understanding with respect to the Agreement of this date (Agreement).

For purposes of applying the Plan cost-sharing provisions set forth in the Agreement, the carriers' payment rate shall not include the excess, if any, of (a) the amount attributable to the first full calendar year of participation in the Plan by employees covered by this Agreement who as a group move from being employees whose employee benefits are provided by a hospital association to employees whose employee benefits are provided by the Plan, over (b) the hospital association dues offset that would have been paid by the carriers for the same period of time with respect to such employees had they not moved from hospital association employee coverage to Plan employee coverage; provided that such move becomes effective on or after the date of this Agreement and directly results from implementation of the cost-sharing provisions of this Agreement.

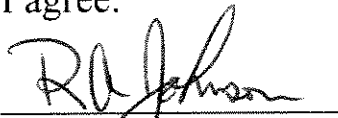
Please acknowledge your agreement by signing your name in the space provided below.

Yours very truly,



Robert F. Allen

I agree:



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R. A. Johnson

January 23, 2003  
#6

Mr. Richard A. Johnson  
General President  
Brotherhood Railway Carmen Division  
Transportation Communications Union  
3 Research Place  
Rockville, MD 20850

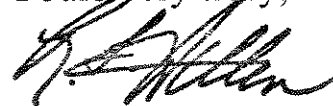
Dear Mr. Johnson:

This will confirm our understanding with respect to the Agreement of this date (Agreement).

The provisions of Article III, Part A, Section 3(g) (Opt-Outs) and Part B (Employee Cost Sharing of Plan Cost Increases) are not applicable to employees covered by the Agreement who reside in Canada.


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

Yours very truly,



Robert F. Allen

I agree:



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R. A. Johnson

January 23, 2003

#7

Mr. Richard A. Johnson  
General President  
Brotherhood Railway Carmen Division  
Transportation Communications Union  
3 Research Place  
Rockville, MD 20850

Dear Mr. Johnson:

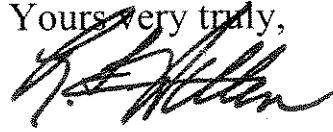
Article III, Part A, Section 3(g) of the Agreement of this date (Agreement) provides employees with an option to opt out of coverage for foreign-to-occupation health benefits for themselves and their dependents under the Plan and under any Hospital Association plan in which they participate. This will confirm our understanding with respect to the intended application of that provision.

1. An employee who opts out will be opting out of FO health coverage only and (if he otherwise satisfies eligibility and coverage requirements) will continue to have on-duty injury coverage, coverage under the Dental and Vision Plans, and life and AD&D insurance coverage.

2. If a husband and wife are each covered by the Plan (or the NRC/UTU Plan or a Hospital Association) by virtue of railroad employment and either or both hold positions covered by this Agreement, a TCU-represented spouse may elect to opt out as provided in Section 3(g). If that election is made (and provided the other spouse remains so covered), (i) such TCU-represented spouse shall not receive the \$100/month payment provided in Section 3(g) and shall not be required to make the employee cost-sharing contributions required under Article III, Part B, and (ii) the Plan's coordination of benefits rules in effect on the date of this Agreement that are applied when a husband and wife are covered under the Plan both as an Eligible Employee and as an Eligible Dependent shall continue to be applicable.

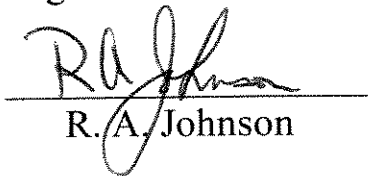
Please acknowledge your agreement by signing your name in the space provided below.

Yours very truly,



Robert F. Allen

I agree:



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R. A. Johnson



January 23, 2003

#8

Mr. Richard A. Johnson  
General President  
Brotherhood Railway Carmen Division  
Transportation Communications Union  
3 Research Place  
Rockville, MD 20850

Dear Mr. Johnson:

This confirms our understanding with respect to the opt-out provision, Article III, Part A, Section 3(g) of our Agreement of this date.

It is understood that for purposes of Section 9801(f) of the Internal Revenue Code, (i) any opt-out election shall be treated as a declination of coverage, or a failure to enroll, for foreign-to-occupation health benefits under the Plan and under any Hospital Association plan in which the employee making the election may participate, (ii) that the provisions of Section 9801(f) and the regulations thereunder shall govern how any individual covered by an election to opt-out may nonetheless become covered for foreign-to-occupation health benefits under the Plan or any Hospital Association plan prior to the next regular opt-out election period, (iii) that the terms of Article III, Part A, Section 3(g) of our Agreement shall be interpreted and applied so as to be in compliance with Section 9801(f), and (iv) that the employer's payment of \$100 per month to an employee who has elected to opt-out shall cease immediately upon the employee and/or his dependents or any one of his dependents becoming covered, pursuant to Section 9801(f), for foreign-to-occupation health benefits under the Plan or any Hospital Association plan.

Furthermore, and notwithstanding the above, the parties recognize that an employee may lose coverage under the health plan or health insurance policy that he or she relied upon in electing to forego coverage for foreign-to-

occupation health benefits under the Plan, and that such loss of coverage may be attributable to an event that is not listed in Section 9801(f) of the Internal Revenue Code and is beyond the control of the employee or of any member of his or her family. In such a case, and only to the extent permissible under Section 125 of the Internal Revenue Code: (a) the employee may ask his/her employer that his or her opt-out election be revoked; (b) the employer involved may in its discretion grant the request in the interest of fairness and equity; and (c) if the request is granted, the employee's opt-out election shall be treated as revoked as of the day the employer received the request.


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

Yours very truly,



Robert F. Allen

I agree:



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R. A. Johnson

January 23, 2003  
#9

Mr. Richard A. Johnson  
General President  
Brotherhood Railway Carmen Division  
Transportation Communications Union  
3 Research Place  
Rockville, MD 20850

Mr. Charles Money Penny  
IVP and Director Railroad Division  
Transport Workers Union of America  
1700 Broadway - Second Floor  
New York, NY 10019-5905

Gentlemen:

This confirms our understanding with respect to Article VI - Seniority of the Arbitrated Agreement ("Agreement") of this date and its application with respect to employees of the Consolidated Rail Corporation represented by your respective organizations.

Apprentice or tentative carmen hired on or after April 1, 2003 who have not completed 732 days of practical experience at carmen's work will nonetheless be permitted to exercise seniority to carmen positions and perform carmen work in the same manner as that performed prior to the date of the Agreement. It is further understood that, apart from the changes specifically contained in Article VI, such provision is not intended to amend any other rules or practices on Conrail, including but not limited to the existing rule governing rate progression for carmen employees on Conrail. Nor will such provision be applied to alter the Conrail carmen rosters as they exist on the effective date of Article VI.


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

Yours very truly,



Robert F. Allen

I agree:



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R. A. Johnson



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Charles Moneyppenny

**EXHIBIT A  
(TCU-CARMEN)**

RAILROADS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES DATED NOVEMBER 1, 1999 OF DESIRE TO REVISE AND SUPPLEMENT EXISTING AGREEMENTS IN ACCORDANCE THEREWITH, SERVED BY AND ON BEHALF OF SUCH CARRIERS UPON THE BROTHERHOOD RAILWAY CARMEN - DIVISION OF TRANSPORTATION-COMMUNICATIONS INTER-NATIONAL UNION, AND NOTICES DATED ON OR SUBSEQUENT TO NOVEMBER 1, 1999 AND SERVED ON SUCH CARRIERS BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE BROTHERHOOD RAILWAY CARMEN-DIVISION OF TRANSPORTATION · COMMUNICATIONS INTERNATIONAL UNION FOR CONCURRENT HANDLING THEREWITH.

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 Brotherhood Railway Carmen - Division of TCIU

Alton and Southern Railway Company  
The Belt Railway Company of Chicago 3  
The Burlington Northern and Santa Fe Railway Company  
Bessemer and Lake Erie Railroad Company 6  
Consolidated Rail Corporation 5  
CSX Transportation, Inc.  
The Baltimore and Ohio Railroad Company (former)  
The Chesapeake and Ohio Railway Company (former)  
Clinchfield Railroad (former)  
Louisville and Nashville Railroad Company (former)  
Monon Railroad (former)  
Pere Marquette Railway Company (former)  
Seaboard Coast Line Railroad Company (former)  
The Baltimore and Ohio Chicago Terminal Railroad Company

|   |   |
|---|---|
| Duluth, Missabe & Iron Range Railway Company                      | 1 |
| Elgin, Joliet and Eastern Railway Company                         | 4 |
| Indiana Harbor Belt Railroad Company                              |   |
| The Kansas City Southern Railway Company                          |   |
| Lake Superior & Ishpeming Railroad Company                        | 6 |
| Los Angeles Junction Railway Company                              |   |
| Manufacturers Railway Company                                     |   |
| New Orleans Public Belt Railroad                                  |   |
| Norfolk Southern Railway Company                                  |   |
| The Alabama Great Southern Railroad Company                       |   |
| Atlantic and East Carolina Railway Company                        |   |
| Central of Georgia Railroad Company                               |   |
| The Cincinnati, New Orleans & Texas Pacific Railway Company       |   |
| Georgia Southern and Florida Railway Company                      |   |
| Interstate Railroad Company                                       |   |
| Tennessee, Alabama and Georgia Railway Company                    |   |
| Tennessee Railway Company   |   |
| Northeast Illinois Regional Commuter Railroad Corporation (METRA) | 3 |
| Northern Indiana Commuter Transportation District                 | 3 |
| Oakland Terminal Railway  |   |
| Peoria and Pekin Union Railway Company                            |   |
| Port Terminal Railroad Association                                |   |
| Terminal Railroad Association of St. Louis                        |   |
| The Texas Mexican Railway Company                                 |   |
| Union Pacific Fruit Express                                       |   |
| Union Pacific Railroad Company                                    |   |
| Utah Railway Company  |   |
| Western Fruit Express Company                                     |   |

\* \* \* \* \*

Notes:

- 1 - Wages & Rules only
- 2 - Health & Welfare only
- 3 - Health & Welfare and Supplemental Sickness only

- 4 - Wages & Rules and Health & Welfare only
- 5 - Includes TWU represented employees
- 6 - Wages & Rules and Supplemental Sickness only

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FOR THE CARRIERS:

FOR THE BROTHERHOOD RAIL-  
WAY CARMEN - DIVISION OF  
TCIU:



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January 23, 2003  
Washington, D.C.