

CARMEN SUMMARY AND AGREEMENT

TO ALL CARMEN MEMBERS ON
PROPERTIES IN NATIONAL HANDLING:

On July 17, 2007, TCU reached a tentative Carmen agreement with the National Carriers Conference Committee. That agreement is now before you for ratification.

This letter summarizes the agreement. Also included in this packet is an exact copy of the agreement and a ballot for your vote. Returned ballots must be received no later than August 31, 2007.

Similar agreements were initialed on July 17 by TCU Clerks, the International Association of Machinists, the International Brotherhood of Electrical Workers and the Transport Workers Union. Those agreements are also now out for membership ratification.

Railroads covered by the tentative agreement include the Burlington Northern Santa Fe, CSX, Kansas City Southern, Norfolk Southern, and Union Pacific.

CONTRACT SUMMARY

WAGES and RULES:

The tentative agreement provides for 17% in general wage increases over the five year contract period – January 1, 2005 through December 31, 2009. On a compounded basis, the wage increases total 18.2%.

Wage increases are as follows:

July 1, 2005:	2.5%
July 1, 2006:	3.0%
July 1, 2007:	3.0%
July 1, 2008:	4.0%
July 1, 2009:	4.5%

The average hourly Carmen wage at the beginning of the contract period of \$21.25 will rise to \$25.10 by July 1, 2009. Over the life of the contract the agreement will generate on average an additional \$18,500 per member, even after the increases in employee health and welfare contributions are subtracted out.

Employee health and welfare contributions will be set at 15% of the carriers' insurance costs. The 2007 employee monthly contribution will be \$166.25, retroactive to January 1, 2007. Based on current medical plan inflation trends, the employee monthly contribution is estimated to be \$177 in 2008 and \$192 in 2009. It can rise no higher than \$200 in 2010, and it will stay there unless changed by the next agreement.

COLAs previously paid since January 1, 2005 will be deducted from retroactive pay. There will be no post-contract COLAs beginning in 2010; as a result, there will be no increases in employee health and welfare contributions beginning in 2010.

There are no concessions on work rules.

HEALTH & WELFARE CHANGES:

* The Managed Medical Care Program (MMCP) will be expanded to new areas so that the vast majority of our members will have access to the richer benefits of the MMCP plan. Members currently residing in MMCP network areas will be required to enroll in MMCP.

* Co-pays for office visits to in-network doctors (General Practice, Family Practice, Internal Medicine, Pediatrics or OB-GYN) will change from \$15 to \$20 and to \$35 for visits to specialists. Co-pays for in-network urgent care will be \$25. Emergency room co-pays are \$50, but the participant will be reimbursed \$25 for genuine emergencies.

* Under the MMCP, the individual out-of-network deductible will change from \$200 to \$300 per year. The family out-of-network deductible will change from \$600 to \$900. Under the Comprehensive Health Care Benefit (CHCB), the individual deductible will change from \$100 to \$200 and the family deductible will change from \$300 to \$400.

* Under both the MMCP (out-of-network) and the CHCB, the out-of-pocket maximums will change from \$1,500 per person per year to \$2,000. The family out-of-pocket maximum will change from \$3,000 to \$4,000. Any amounts already applied towards the deductible and/or out-of-pocket maximums in 2007 will be applied towards the new maximums.

* Prescription drug co-pays will change to \$10 generic; \$20 brand name; and \$30 non-formulary brand at retail pharmacies. A 90-day mail order supply will cost \$20 generic; \$30 brand name; and \$60 non-formulary brand.

* Life insurance benefits increase from \$10,000 to \$20,000. Accidental Death and Dismemberment benefits increase from \$8,000 to \$16,000.

* Vision Care plan networks will be expanded significantly.

* Hearing benefits up to a maximum of \$600 per calendar year are added for tests and examinations to diagnose hearing loss, and charges for a hearing aid.

- * The medical plan will cover cochlear implants for treatment of hearing loss.
- * Supplemental sickness benefits will be adjusted upward, and the time limit for submitting benefit claims will be extended to sixty days from twenty.

CONCLUSION

This contract produces solid wage increases and income gains. The net money generated by this agreement is significantly higher than what's been produced by recent national contracts, and compares favorably to union contracts being reached today in other industries.

The average member will realize about \$18,500 over the life of the agreement, even after allowing for the higher monthly health and welfare contributions.

It's also important that the rate of employee health and welfare contribution is fixed at 15%. Under the existing agreement, the rate of employee contribution rose every time there was a cost of living allowance. If no new agreement had been reached, it is estimated that employees would be paying 21% of carrier costs, or \$282 per month, by July, 2009.

Also on the positive side is the expansion of the managed care benefits to members who live in areas where it was previously unavailable. Even with the increased co-pays provided for in this agreement, the Managed Medical Care Program (MMCP) remains an excellent health care plan, with 100% coverage for inpatient hospital care, outpatient care and many other services. For a description of the MMCP plan, [click here](#).

This contract contains no work rule concessions, despite carrier demands during two years of bargaining for sweeping rollbacks in employee protection and expansion of contracting out.

Nor do I see the elimination of COLAs in the post-contract period as a negative. There is now a longstanding precedent that the COLAs are intended as an advance on future wage increases, so they are offset against retroactive pay when a new contract is reached. And even worse, with half the COLAs going toward increased employee contributions, we have seen the percentage of health care cost borne by employees rise readily under the last agreement, from 9% to 15% today. This tentative agreement succeeds in capping employee contributions at 15% -- we don't need to see that percentage go up in the post-contract period because of COLAs that we'd have to give back anyway when a new agreement was reached.

This contract culminates two and one-half years of hard bargaining. Emboldened by Republican control of Congress and the White House, the carriers pursued a hard line bargaining strategy, marked by their insistence on sweeping work rule concessions and demands to drastically increase employee health and welfare contributions to 33% of overall medical costs.

Our coalition stood fast. Finally, after the Democratic congressional victory in November, 2006, we made progress. We came very close to a wage settlement, and the carriers dropped their work rule demands. But they would not agree to cap employee contributions at an acceptable level.

We shared this information with all of rail labor, and every union agreed to demand that employee contributions be capped at no higher than 15%. Faced with that resolve, the carriers' relented and reached agreement with the Rail Labor Bargaining Coalition, comprised of the American Train Dispatchers Association, the Brotherhood of Locomotive Engineers/Teamsters, the Brotherhood of Maintenance of Way Employees/Teamsters, the Brotherhood of Railroad Signalmen, the International Brotherhood of Boilermakers, the National Conference of Firemen and Oilers/SEIU, and the Sheet Metal Workers' International Association.

The agreement that was recently ratified by the members of six of the seven RLBC unions is almost identical to the one before you now. I do not believe we will gain better terms by waiting. With six unions in national handling already ratified, representing about half of union railroad workers, the carriers will not agree to give us more. I do not see any realistic prospect of improving this deal. As information, the Train Dispatchers failed to ratify by a small margin and are now re-voting.

If you have questions about any provision of the contract, we have set up a special e-mail address: TCUVote@tcunion.org. Your questions will be promptly answered.

Please return your ballot as soon as possible. To be counted it must be received no later than August 31, 2007.

All in all, this contract delivers significant economic gains. I recommend its ratification. With best wishes, I remain

Fraternally yours,

Richard A. Johnson
General President

MEDIATION AGREEMENT

THIS AGREEMENT, made this _____ day of _____, 2007, 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 July 1, 2005, 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.

(g) **COLA Payments**

Any cost-of-living allowance amounts rolled in to basic rates of pay on or after July 1, 2005 pursuant to Article II, Part B of the National Arbitrated BRC- Division of TCU Agreement effective January 23, 2003, pursuant to the Award of Arbitration Board No. 579 (or any local counterpart agreement) shall be excluded before application of the general wage increases provided for in this Section 1 and eliminated from basic rates of pay after application of such increases.

Section 2 - Second General Wage Increase

Effective July 1, 2006, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2006, for employees covered by this Agreement shall be increased by three (3) 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, 2007, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2007, 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, 2008, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2008, for employees covered by this Agreement shall be increased in the amount of four (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.

Section 5 - Fifth General Wage Increase

Effective July 1, 2009, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2009, for employees covered by this Agreement shall be increased in the amount of four-and-one-half (4-1/2) 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 5 shall be applied in the same manner as provided for in Section 1 hereof.

ARTICLE II - OPTIONAL ALTERNATIVE COMPENSATION PROGRAM

Section 1

A carrier or organization may propose alternative compensation arrangements for consideration by the other party. Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401(k) plans. The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate representatives.

Section 2

The parties understand that neither the carrier nor the organization may be compelled to offer any alternative compensation arrangement, and, conversely, neither the carrier nor the organization may be compelled to agree to any proposal made under this Article.

ARTICLE III - COST-OF-LIVING PAYMENTS

Cost-of-Living Payments Under National Arbitrated Agreement Effective January 23, 2003

Section 1

Article II, Part B, of the National BRC - Division of TCU Arbitrated Agreement effective January 23, 2003, pursuant to the Award of Arbitration Board No. 579 shall be

eliminated effective on the date of this Agreement. All cost-of-living allowance payments made under that 2003 Arbitrated Agreement to employees for periods on and after July 1, 2005, shall be recovered from any retroactive wage increase payments made under Article I of this Agreement.

Section 2

Any local counterpart to the above-referenced Article II, Part B that is in effect on a carrier party to this Agreement shall be amended in the same manner as provided in Section 1.

ARTICLE IV - 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"), 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 Benefit Changes

(a) The Plan's Managed Medical Care Program ("MMCP") will be offered to all employees in any geographic area where the MMCP is not currently offered and United Healthcare, Aetna, or Highmark BlueCross Blue Shield has a medical care network ("white space"). For purposes of this subsection, such "network" shall mean a "point-of-service" network in the case of United Healthcare and Aetna, and a preferred provider network in the case of Highmark BlueCross BlueShield. Employees who live in a white space may choose between coverage under MMCP or the Comprehensive Health Care Benefit, subject to subsection (b) below.

(b) The parties may, by mutual agreement and subject to such evaluation and conditions as they may deem appropriate, designate specific geographic areas within the white space as mandatory MMCP locations. Employees who live in mandatory MMCP locations shall not have a choice between CHCB and MMCP coverage, but shall be enrolled in the MMCP.

(c) United Healthcare and Aetna, respectively, shall apply "nationwide market reciprocity" to employees and their dependents who are enrolled in MMCP. The term "nationwide market reciprocity" is intended to mean, by way of example, that a person enrolled in MMCP with UHC in market A is permitted to get in-network MMCP benefits from a UHC point-of-service network provider in market B.

(d) The current Hearing Benefit provided under the Plan shall be made available to employees covered by this Agreement (and their Eligible Dependents).

(e) The Plan life insurance benefit for active employees shall be increased to \$20,000, and the Plan's maximum accidental death and dismemberment benefit for active employees shall be increased to \$16,000.

(f) In addition to the Plan's existing coverage for cochlear implants, such implants for diagnosis or treatment of hearing loss will be a Covered Health Service under the CHCB and MMCP.

(g) This Section shall become effective with respect to employees covered by this Agreement as soon as practicable.

Section 3 - Vision Care

The benefits provided under the Vision Care Plan shall be changed from the Select to the Standard arrangement as soon as practicable.

Section 4 - Design Changes To Contain Costs

(a) The Plan's MMCP shall be revised as follows:

- (1) The Office Visit Co-Payment for In-Network Services shall be increased to \$20.00 for each office visit to a provider in general practice or who specializes in pediatrics, obstetrics-gynecology, family practice or internal medicine, and \$35.00 for each office visit to any other provider;
- (2) The Urgent Care Center Co-Payment for In-Network Services shall be increased to \$25.00 for each visit;
- (3) The Emergency Room Co-Payment for In-Network Services shall be increased to at least \$50.00 for each visit, but if the care received meets the applicable Plan definition of an Emergency, the Plan will reimburse the employee for the full amount paid for such care, except for \$25.00 if the visit does not result in hospital admission. For purposes of this Paragraph, the phrase "at least" shall be interpreted and applied consistent with practice under the Plan preceding the date of this Agreement.

- (4) The Annual Deductible for Out-of-Network Services shall be increased to \$300.00 per individual and \$900.00 per family;
 - (5) The Annual Out-of-Pocket Maximum for Out-of-Network Services shall be increased to \$2,000 per individual and \$4,000 per family.
- (b) The Plan's Comprehensive Health Care Benefit shall be revised as follows:
- (1) The Annual Deductible shall be increased to \$200.00 per individual and \$400.00 per family;
 - (2) The Annual Out-of-Pocket Maximum shall be increased to \$2,000 per individual and \$4,000 per family.
- (c) The Plan's Prescription Drug Card Program co-payments to In-Network Pharmacies per prescription are revised as follows:
- (1) Generic Drug - increase to \$10.00;
 - (2) Brand Name (Non-Generic) Drug On Program Administrator's Formulary - increase to \$20.00;
 - (3) Brand Name (Non-Generic) Drug Not On Program Administrator's Formulary - increase to \$30.00;
 - (4) Brand Name (Non-Generic) Drug on Program Administrator's Formulary that is not ordered by the patient's physician by writing "Dispense as Written" on the prescription and there is an equivalent Generic Drug-increase to \$20.00 plus the difference between the Generic Drug and the Brand Name (Non-Generic) Drug;
 - (5) Brand Name (Non-Generic) Drug Not On Program Administrator's Formulary that is not ordered by the patient's physician by writing "Dispense as Written" on the prescription and there is an equivalent Generic Drug-increase to \$30.00 plus the difference between the Generic Drug and the Brand Name (Non-Generic) Drug.
- (d) The Plan's Mail Order Prescription Drug Program co-payments per prescription are revised as follows:
- (1) Generic Drug - increase to \$20.00;

- (2) Brand Name (Non-Generic) Drug On Program Administrator's Formulary - increase to \$30.00;
 - (3) Brand Name (Non-Generic) Drug Not on Program Administrator's Formulary - increase to \$60.00.
- (e) For purposes of the Plan, the term "children" as used in connection with determining "Eligible Dependents" under the Plan, shall be defined as follows:

"Children include:

- o natural children,
- o stepchildren,
- o adopted children (including children placed with you for adoption), and
- o your grandchildren, provided they have their legal residence with you and are dependent for care and support mainly upon you and wholly, in the aggregate, upon themselves, you, your spouse, scholarships and the like, and governmental disability benefits and the like."

(f) The definition of the term "children", as used in connection with determinations of "Eligible Dependents" under the terms of the Dental Plan and the Vision Plan, respectively, shall be revised as provided in subsection (e) above.

(g) Blue Cross Blue Shield programs that are currently available under the Plan will be made available for selection by employees covered by this Agreement who choose coverage under the MMCP in all areas where the MMCP is made available under the Plan and throughout the United States for selection by such employees who choose coverage under the CHCB.

(h) Plan Participants and their beneficiaries who live in an area where, as of the date of this Agreement, they may choose between MMCP and CHCB coverage shall no longer have a choice, but shall be enrolled in the MMCP. This subsection is not intended to have any application to employees covered by this Agreement who reside in any geographic area where MMCP is not offered as of the date of such Agreement. Mandatory enrollment in MMCP for such employees shall be governed exclusively by Part A, Section 2(b) of this Article.

(i) The design changes contained in this Section shall become effective as soon as practicable and, with the exception of subsection (h) above, in no event later than October 1, 2007.

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

Section 1 - Monthly Employee Cost-Sharing Contributions

(a) Effective January 1, 2007, 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 15% of the Carriers' Monthly Payment Rate for 2007.

(b) The employee monthly cost-sharing contribution amount shall be adjusted, effective January 1, 2008, so as to equal 15% of the Carriers' Monthly Payment Rate for 2008 and, effective January 1, 2009, so as to equal 15% of the Carriers' Monthly Payment Rate for 2009.

(c) Effective January 1, 2010, the employee monthly cost-sharing contribution amount shall be adjusted to be the lesser of:

- (1) 15% of the Carrier's Monthly Payment Rate for 2010, or
- (2) \$200.00 or the January 1, 2009 employee monthly cost-sharing contribution amount, whichever is greater.

(d) For purposes of subsections (a) through (c) above, the "Carriers' Monthly Payment Rate" for any year shall mean 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.

(e) The Carriers' Monthly Payment Rate for 2007 has been determined to be \$1,108.34 and the Employee Monthly Cost-Sharing Contribution Amount for 2007 has been determined to be \$166.25.

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 - Retroactive Contributions

Retroactive employee cost-sharing contributions payable for the period on and after January 1, 2007 shall be offset against any retroactive wage payments provided to the affected employee under Article I, Sections 1, 2 and 3 of this Agreement, provided, however, there shall be no such offset for any month for which the affected employee was not obligated to make a cost-sharing contribution.

Section 4 - Prospective Contributions

For months subsequent to the retroactive period covered by Section 3, 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 V - SUPPLEMENTAL SICKNESS

The March 29, 1979 Supplemental Sickness Benefit Agreement, as amended by Article V of the January 23, 2003 Arbitrated BRC- Division of TCU Agreement pursuant to the Award of Arbitration Board No. 579 (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 ("SSB Plan") 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, 2004 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 (as of 12/31/04)	\$20.99 or more	\$3,652 or more
Class II Employees Earning (as of 12/31/04)	\$17.33 or more but less than \$20.99	\$3,015 or more but less than \$3,652
Class III Employees Earning (as of 12/31/04)	Less than \$17.33	Less than \$3,015

Basic and Maximum Benefit Amount Per Month

<u>Classification</u>	<u>Basic</u>	<u>RUIA</u>	<u>Maximum</u>
Class I	\$1,189.00	\$1,218.00	\$2,407
Class II	\$ 932.00	\$1,218.00	\$2,150
Class III	\$ 712.00	\$1,218.00	\$1,930

Combined Benefit Limit

<u>Classification</u>	<u>Maximum Monthly Amount</u>
Class I	\$2,582
Class II	\$2,304
Class III	\$2,068

Section 2 - Further Adjustment of Plan Benefits

Effective December 31, 2009, 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.

Part B - Notice of Disability

Existing agreements and practices regarding the time within which notices of disability must be filed under the SSB Plan, and the consequences of failure to file within that time period, shall be modified as set forth below.

Section 1 - Notification

A SSB Plan participant shall give the vendor administering claims under the Plan notice of disability, solely with respect to disabilities beginning on or after the date of this Agreement, within sixty (60) days after the start of the disability, unless failure to do so is due to a serious physical or mental injury or illness suffered by the participant, in which case the notice of disability must be given to the vendor as soon as amelioration of such serious physical or mental illness or injury reasonably permits. All claims with regard to which a notice of disability is not given in compliance with this time limitation shall be denied whether or not the SSB Plan has been prejudiced by such noncompliance or the claim is otherwise valid and payable.

Section 2 - Appeals

All final (second-level) appeals from claim denials under the SSB Plan that are pending on the date of this Agreement or are thereafter filed, where disposition of the claim required medical judgment that involved the participant's eligibility for SSB Plan benefits, his or her physical condition, the cause of his or her disability, or the date his or her disability started, will be considered and determined by a Disputes Committee consisting of one or more individuals selected by MCMC, LLC, an independent review entity, or such successor as may be mutually selected by the parties. In the event of a disagreement between the parties regarding selection of a successor, such dispute shall be resolved in the same manner as provided for in the existing arrangements governing disposition of deadlocks on matters brought before the Joint Plan Committee of the National H&W Plan.

ARTICLE VI - 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, 2004 (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, 2004 (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, 2009 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, 2009 (not to become effective before January 1, 2010), 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 ___ DAY OF _____, 2007.

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

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

_____, 2007
#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, 2 and 3 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,

Robert F. Allen

_____, 2007
#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, 2 and 3 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, 2005.

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

Very truly yours,

Robert F. Allen

I agree:

R. A. Johnson

_____, 2007
#3

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 IV, Part B (Employee Sharing of Cost of H&W Plans) are not applicable to employees covered by the Agreement who reside in Canada.

This will also confirm that existing contractual arrangements concerning Opt-Outs 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.

Very truly yours,

Robert F. Allen

I agree:

R. A. Johnson

_____, 2007
#4

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 regarding the Agreement of this date.

In any month in which an active employee receives his or her FO healthcare benefits from a Hospital Association and not from the National Health & Welfare Plan and makes a Plan contribution pursuant to Article IV, Part B, the carrier shall pay the Hospital Association each month an amount equal to the Reduction Factor, provided that the Hospital Association that receives such payment has agreed to decrease the employee's dues by the same amount.

For purposes of this Side Letter, the term "Reduction Factor" means with respect to any given month, the smallest of:

- (i) the monthly dues amount in effect on January 1, 2003 that was established by the Hospital Association for payment by an active employee,
- (ii) the "cost-sharing contribution amount" for the month referred to in Article IV, Part B, Section 1, or
- (iii) the monthly dues amount established by the Hospital Association for payment by an active employee in that month.

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

Very truly yours,
Robert F. Allen

I agree:

R. A. Johnson

_____, 2007
#5

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 regarding Article IV, Part B of the Agreement of this date.

If the initial deduction from an employee's wages for his monthly cost-sharing contribution pursuant to Article IV, Part B, Section 4 is scheduled to be made at the same time as the payroll deduction for the employee's union dues, the union dues deduction may be made on a subsequent date mutually agreeable to the parties.

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

Very truly yours,

Robert F. Allen

I agree:

R. A. Johnson

_____, 2007
#5A

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 regarding Article IV, Part B of the Agreement of this date.

The joint Health and Welfare Subcommittee shall meet promptly to consider and evaluate all issues related to the feasibility of arrangements whereby an employee's monthly cost-sharing contribution would be paid through two equal payroll deductions from the employee's wages. If the Subcommittee jointly determines that such arrangements are feasible, it shall mutually develop all terms and conditions reasonably necessary for implementation. The Subcommittee shall complete its tasks under this Letter by no later than December 31, 2007.

The Subcommittee's joint recommendations shall be implemented by each carrier party to this Agreement within a reasonable period and subject to such modifications as may be mutually agreed by the affected parties to facilitate implementation.

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

Very truly yours,

Robert F. Allen

I agree:

R. A. Johnson

_____, 2007
#6

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 regarding Article V, Part B of the Agreement of this date.

All claims for SSB Plan benefits (a) for disabilities beginning before the date of this Agreement, (b) that were denied for failure to provide timely notice of disability, and (c) appeal from the denial of which is now pending, shall be promptly reevaluated.

1. If the vendor administering claims under the Plan determines through that reevaluation that, apart from when the notice of disability was given, the claim is otherwise valid and payable, the claim shall be allowed and processed.

2. If the vendor determines that the claim should be denied for reasons other than a failure to give timely notice of disability, the claim shall be denied, which denial shall be treated as an initial denial of the claim that may be appealed in accordance with Plan procedures.

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

Very truly yours,

Robert F. Allen

I agree:

R. A. Johnson

_____, 2007
#7

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 regarding the Agreement of this date.

The parties concur that the hypothetical example set forth in Attachment A to this letter describes the methodology concerning the (i) computation of gross retroactive pay and retroactive H&W cost-sharing that shall be utilized by the railroads in determining the net retroactive amount payable to a covered employee under the terms of this Agreement, and (ii) determination of the hourly rate of pay produced by application of the general wage increases provided for in Article I of this Agreement.

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

Very truly yours,

Robert F. Allen

I agree:

R. A. Johnson

ATTACHMENT A

TCU-Carmen Retroactive Pay, H&W Cost-Sharing, Hourly Rate

ASSUMPTIONS:

Effective date of new agreement is October 1, 2007.

Employee's hourly rate as of 6/30/05 is \$21.25.

Employee works 198 hours per month (2376/year), all at straight time

Following GWI's are applicable:

7/1/05 2.5%

7/1/06 3.0%

7/1/07 3.0%

Employee is obligated to make a cost-sharing contribution for each month during period 1/1/07 through 9/30/07.

1. Gross Retroactive Pay

Employee would be due the following in retroactive pay:

a. For period 7/1/05 through 6/30/06:

$$\$0.53^* \times 2376 \text{ hours} = \$1,259.28$$

$$* \quad \$21.25/\text{hr} \times 1.025 = \$21.78$$

b. For period 7/1/06 through 6/30/07:

$$\$1.18^* \times 2376 \text{ hours} = \$2,803.68$$

$$* \quad \$21.78 \times 1.03 = \$22.43$$

c. For period 7/1/07 through 9/30/07:

$$\$1.85^* \times 594 \text{ hours} = \$1098.90$$

$$* \quad \$22.43 \times 1.03 = \$23.10$$

d. Total gross retroactive pay of \$5,161.86

2. COLA Credit (1/1/05 through 9/30/07)

a. For period 7/1/05 through 12/31/05:

$$\$0.15 \times 198 \times 6 = \$178.20$$

b. For period 1/1/06 through 6/30/06:

$$\$0.46 \times 198 \times 6 = \$546.48$$

c. For period 7/1/06 through 12/31/06:

$$\$0.47 \times 198 \times 6 = \$558.36$$

d. For period 1/1/07 through 6/30/07:

$$\$0.62 \times 198 \times 6 = \$736.56$$

e. For period 7/1/07 through 9/30/07:

$$\$0.72 \times 198 \times 3 = \$427.68$$

f. Total COLA credit = \$2,447.28

3. Retroactive H &W Cost-Sharing (1/1/07 through 8/31/07)

Employee would owe the following in retroactive H&W cost-sharing (to recover employee share of yearly Plan cost increases for period in excess of cost-sharing amounts already paid):

a. For period 1/1/07 through 6/30/07:

$$\$28.30^* \times 6 = \$169.80$$

$$\begin{aligned} * \quad & \$166.25 \text{ (cost-sharing amount effective 1/1/07)} - \$137.95 \\ & \text{(cost-sharing amount actually paid effective 1/1/07)} = \$28.30 \end{aligned}$$

b. For period 7/1/07 through 9/30/07:

$$\$18.52^* \times 3 = \$55.56$$

$$* \quad \$166.25 - \$147.73 \text{ (cost-sharing amount effective 7/1/07)} = \$18.52$$

c. Total Retroactive H&W Cost Sharing: \$225.36

4. Net retroactive payment

Gross Retroactive Pay:	\$5,161.86
Subtract COLA Credit:	<u>2,447.28</u>
	\$2,714.58

Subtract Retroactive H&W Cost-Sharing	\$ <u>225.36</u>
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Net Retroactive Pay:	\$2,489.22
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5. Hourly Rate Effective 10/1/07

$\$21.25^* \times 1.025 \times 1.03 \times 1.03 = \23.10 (rounded)

* Hourly Rate on 6/30/05

_____, 2007
#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 regarding Article VI - General Provisions of the Agreement of this date.

Notwithstanding any provisions to the contrary set forth in Article VI, notices served by the organization on or after November 1, 2004 on carriers party to this Agreement that concern "local" issues (matters unique and specific to the carrier involved, generally identified as Attachment C to the organization's national notice), and which are pending on the date of this Agreement, may continue to be progressed within the peaceful procedures of the Railway Labor Act through December 31, 2007. Any such notice that is not resolved by mutual agreement by that date, unless otherwise mutually agreed by the parties, shall be deemed withdrawn.

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

Very truly yours,

Robert F. Allen

I agree:

R. A. Johnson

[SUBJECT TO JOINT CONFIRMATION]

**EXHIBIT A
(CARMEN)**

RAILROADS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES SERVED ON OR SUBSEQUENT TO NOVEMBER 1, 2004 BY AND ON BEHALF OF SUCH CARRIERS UPON THE BROTHERHOOD RAILWAY CARMEN - DIVISION OF TRANSPORTATION-COMMUNICATIONS INTERNATIONAL UNION, AND NOTICES SERVED ON OR SUBSEQUENT TO NOVEMBER 1, 2004 BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE BRC-TCIU 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 Brotherhood Railway Carmen - Division of Transportation-Communications International Union.

Alton & Southern Railway Company
The Belt Railway Company of Chicago
Brownsville and Matamoros Bridge Company
The Burlington Northern and Santa Fe Railway Company
Consolidated Rail Corporation - 3
CSX Transportation, Inc.
Elgin, Joliet and Eastern Railway Company - 1
Indiana Harbor Belt Railroad Company
The Kansas City Southern Railway Company
 Kansas City Southern Railway
 Gateway Western Railway
 Joint Agency
 Louisiana and Arkansas Railway
 Mid Louisiana Rail Corporation
 MidSouth Rail Corporation
 SouthRail Corporation
 TennRail Corporation
 The Texas and Mexican Railway Company
Los Angeles Junction Railway Company
Manufacturers Railway Company

New Orleans Public Belt Railroad
 Norfolk & Portsmouth Belt Line Railroad Company
 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
 Interstate Railroad Company
 Tennessee, Alabama and Georgia Railway Company
 Tennessee Railway Company
 Northeast Illinois Regional Commuter Railroad Corporation (METRA) - 2
 Northern Indiana Commuter Transportation District - 2
 Oakland Terminal Railway
 Port Terminal Railroad Association
 Terminal Railroad Association of St. Louis
 Union Pacific Fruit Express
 Union Pacific Railroad Company
 Western Fruit Express Company

* * * * *

Notes:

- 1 - Wages and Rules and Health and Welfare only
- 2 - Health and Welfare and Supplemental Sickness only
- 3 - Includes employees represented by the Transport Workers Union of America

- - - - -

FOR THE CARRIERS:

**FOR THE BROTHERHOOD RAILWAY
CARMEN- DIVISION OF TCIU:**

_____, 2007
Washington, D.C

**REMEMBER:
Your Ballot
Must Be
Received
by
Friday,
August 31
To Be Counted.**

