

**AGREEMENT BETWEEN
BESSEMER AND LAKE ERIE RAILROAD COMPANY (B&LE)**

AND

TRANSPORTATION COMMUNICATIONS UNION/IAM (TCU)

IT IS AGREED:

ARTICLE I - RATES OF PAY

- A. Effective July 1, 2010, all rates of pay in effect on June 30, 2010 are increased by two percent (2%).
- B. Effective July 1, 2011, all rates of pay in effect on June 30, 2011 are increased by two and one-half percent (2.5%).
- C. Effective July 1, 2012, all rates of pay in effect on June 30, 2012 are increased by four and three-tenths percent (4.3%).
- D. Effective July 1, 2013, all rates of pay in effect on June 30, 2013 are increased by three percent (3%).
- E. Effective July 1, 2014, all rates of pay in effect on June 30, 2014 are increased by three and eight-tenths percent (3.8%).
- F. Effective January 1, 2015, all rates of pay in effect on December 31, 2014 are increased by three percent (3%).
- G. The rates of pay resulting from the application of paragraphs A through F, 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.

ARTICLE II - LUMP SUM PAYMENT

- A. A lump sum payment shall be made to each employee subject to this Agreement who has an employment relationship with the Carrier as of the date such lump sum is paid or who has retired or died subsequent to October 31, 2010. Such lump sum shall be paid no later than ninety (90) days after the date of this Agreement. There shall be no duplication of lump sum payments by virtue of employment under an agreement with another organization.
- B. The lump sum amount payable to an eligible employee shall be a lump sum equivalent to 1% of straight time earnings paid to that employee for the twelve month

period November 1, 2010 through October 31, 2011, after application of the July 1, 2010 and July 1, 2011 General Wage Increases provided for in Article 1.

**ARTICLE III – COST-OF-LIVING ALLOWANCE AND ADJUSTMENTS THERETO
AFTER JANUARY 1, 2016**

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

- (a) A cost-of-living allowance will be payable in the manner set forth in and subject to the provisions of this Article, 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 BLS CPI. The first such cost-of-living allowance shall be payable effective January 1, 2016, based, subject to paragraph (d), on the BLS CPI for March 2015, as compared with the BLS CPI for September 2015. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
March 2015	September 2015	January 1, 2016
September 2015	March 2016	July 1, 2016

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

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
January 1, 2016	3% of March 2015 CPI
July 1, 2016	6% of March 2015 CPI, less the increase from March 2015 to September 2015

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

- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.
- (iii) If the increase in the BLS CPI from the base month of March 2015, to the measurement month of September 2015, exceeds 3% of the March base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following July will be the 12-month period from such base month of March; the increase in the index that will be taken into account will be limited to that portion of the increase that is in excess of 3% of such March base index; and the maximum increase in that portion of the index that may be taken into account will be 6% of such March 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 (e) below in calculation of the cost-of-living adjustment which will have become effective January 1, 2016, during such measurement period.
- (iv) Any increase in the BLS CPI from the base month of March 2015, to the measurement month of March 2016, in excess of 6% of the March 2015, base index will not be taken into account in the determination of subsequent cost-of-living adjustments.
- (v) The procedure specified in subparagraphs (iii) and (iv) will be applicable to all subsequent periods during which this Article is in effect.
- (e) Formula. The number of points change in the BLS CPI during a measurement period, as limited by paragraph (d), will be converted into cents on the basis on 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 will not be counted.) The cost-of-living allowance in effect on June 30, 2016, will be adjusted (increased or decreased) effective July 1, 2016 by the whole number of cents produced by dividing by 0.3 the number of points (including tenths of points) change, as limited by paragraph (d), in the BLS CPI during the applicable measurement period. Any residual tenths of a point resulting from such division will be dropped. The result of such division will be added to the amount of the cost-of-living allowance in effect on June 30, 2016, if the BLS CPI will have been higher at the end than at the beginning of the measurement period, and subtracted there from if the index will have been lower at the end than at the beginning of the measurement period, but only to the extent the allowance remains at zero or above. The same procedure will be followed in applying subsequent adjustments.

- (f) 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 Index 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 Index during such measurement period.

Section 2 - Application of Section 1 Cost-of-Living Allowances

The cost-of-living allowance provided for by Section 1 of this Article will not become part of basic rates of pay. Such allowance and the adjustments thereto 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) Minimum Daily Increases - The increase in rates of pay described in paragraph (a) 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.
- (c) In making calculations under this Article, fraction 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.

Section 3 - Elimination of Previous Cost-of-Living Provisions

This Article replaces any previous cost-of-living provision in effect prior to the effective date of this agreement, and the arrangements set forth in this Article shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act. Any payments due or paid effective July 1, 2010 under previous provisions shall expire as of the effective date of this agreement and shall be counted toward any pay due under the provisions of Article I.

ARTICLE IV - HEALTH & WELFARE

All employees subject to this Agreement and their dependents will continue to be covered by The Railroad Employees National Health and Welfare Plan (subject to life insurance and ADD as provided in the National H&W, including subsequent amendments), The Railroad Employees National Early Retirement Major Medical Benefit Plan, The Railroad Employees National Dental Plan, The Railroad Employees National Vision Plan, and the Supplemental Sickness Benefit Plan covering Railroad Shop Craft and Signal Employees, and the National Off -Track Vehicle Plan, including cost-sharing provisions and including all subsequent amendments, in effect between the National Carriers' Conference Committee and the Transportation Communications Union.

The cost-sharing contributions will be effective July 1, 2012.

ARTICLE V - GENERAL PROVISIONS

- A. The purpose of this Agreement is to completely resolve all outstanding Section 6 Notices served by the Organization and to fix the general level of compensation and rules covering working conditions through December 31, 2014 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.
- B. Neither party to this Agreement shall serve, prior to November 1, 2014 (not to become effective prior to January 1, 2015), any notice or proposal for the purpose of changing, adding to, or deleting the provisions of any Agreement in effect between the parties.
- C. Unless otherwise indicated, this Agreement is effective on this date.

Signed the ____ day of October, 2014.

For: BESSEMER AND LAKE ERIE
RAILROAD COMPANY

For: TRANSPORTATION
COMMUNICATIONS UNION/IAM

By: _____
A.S. Black
Manager, Labor Relations

By: _____
A. M. Siriano
National Representative

By: _____
C. K. Cortez
Senior Manager, Labor Relations

By: _____
T. F. Truhler
National Vice President



Labor Relations Department

17641 S. Ashland Avenue
Homewood, Illinois 60430

SIDE LETTER 1

October , 2014

Mr. Anthony Siriano
National Representative
Transportation Communications Union
53 West Seegers Road
Arlington Heights, IL 60005

Dear Mr. Siriano:

This will confirm our understanding reached during the negotiations leading to the agreement of this date regarding Article I of the Agreement of this date.

The Carrier 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 the Carrier finds it impossible to make such payment 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.

Respectfully,

A. S. Black
Manager, Labor Relations

I AGREE:

A. M. Siriano
National Representative



Labor Relations Department

17641 S. Ashland Avenue
Homewood, Illinois 60430

SIDE LETTER 2

October , 2014

Mr. Anthony Siriano
National Representative
Transportation Communications Union
53 West Seegers Road
Arlington Heights, IL 60005

Dear Mr. Siriano:

This will confirm our understanding reached during the negotiations leading to the agreement of this date regarding the general wage increase provided for in 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 the Carrier on the date of this Agreement or who retired or died subsequent to June 30, 2010.

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

Respectfully,

A. S. Black
Manager, Labor Relations

I AGREE:

A. M. Siriano
National Representative



Labor Relations Department

17641 S. Ashland Avenue
Homewood, Illinois 60430

SIDE LETTER 3

October , 2014

Mr. Anthony Siriano
National Representative
Transportation Communications Union
53 West Seegers Road
Arlington Heights, IL 60005

Dear Mr. Siriano:

This will confirm our understanding reached during the negotiations leading to the agreement of this date regarding the general wage increase provided for in Article I of the Agreement of this date.

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

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

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

Respectfully,

A. S. Black
Manager, Labor Relations

I AGREE:

A. M. Siriano
National Representative



Labor Relations Department

17641 S. Ashland Avenue
Homewood, Illinois 60430

SIDE LETTER 4

October , 2014

Mr. Anthony Siriano
National Representative
Transportation Communications Union
53 West Seegers Road
Arlington Heights, IL 60005

Dear Mr. Siriano:

This will confirm our understanding reached during the negotiations leading to the agreement of this date.

It is understood with respect to the cost-sharing provisions provided for in Article III; the cost-sharing premium deduction will be evenly divided between the A and B payroll periods for the month.

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

Respectfully,

A. S. Black
Manager, Labor Relations

I AGREE:

A. M. Siriano
National Representative