

**MEDIATION AGREEMENT**

THIS AGREEMENT, made this \_\_\_ day of \_\_\_\_\_, 2007 by and between the participating carriers listed in Exhibit A, attached hereto and made a part hereof, and represented by the National Carriers' Conference Committee, and the employees of such carriers shown thereon and represented by the Brotherhood of Locomotive Engineers and Trainmen, witnesseth:

**IT IS HEREBY AGREED:**

**ARTICLE I - WAGES**

**Section 1 - First General Wage Increase**

(a) Effective July 1, 2005, all standard basic daily rates of pay for employees represented by the Brotherhood of Locomotive Engineers and Trainmen ("BLET") in effect on June 30, 2005 shall be increased by two-and-one-half (2-1/2) percent.

(b) In computing the increase under paragraph (a) above, two-and-one-half (2-1/2) percent shall be applied to the standard basic daily rates of pay applicable in the following weight-on-drivers brackets, and the amounts so produced shall be added to each standard basic daily rate of pay:

Passenger	- 600,000 and less than 650,000 pounds
Freight	- 950,000 and less than 1,000,000 pounds (through freight rates)
Yard Engineers	- Less than 500,000 pounds
Yard Firemen	- Less than 500,000 pounds (separate computation covering five-day rates and other than five-day rates)

**Section 2 - Second General Wage Increase**

Effective July 1, 2006, all standard basic daily rates of pay in effect on June 30, 2006 for employees represented by the BLET shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 1(b) above.

**Section 3 - Third General Wage Increase**

Effective July 1, 2007, all standard basic daily rates of pay in effect on June 30, 2007 for employees represented by the BLET shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 1(b) above.

**Section 4 – Fourth General Wage Increase**

Effective July 1, 2008, all standard basic daily rates of pay in effect on June 30, 2008 for employees represented by the BLET shall be increased by four (4) percent, computed and applied in the same manner prescribed in Section 1(b) above.

**Section 5 – Fifth General Wage Increase**

Effective July 1, 2009, all standard basic daily rates of pay in effect on June 30, 2009 for employees represented by the BLET shall be increased by four-and-one-half (4-1/2) percent, computed and applied in the same manner prescribed in Section 1(b) above.

## **Section 6 - Standard Rates**

The standard basic daily rates of pay produced by application of the increases provided for in this Article are set forth in Appendix 1, which is a part of this Agreement.

## **Section 7- Application of Wage Increases**

(a) The adjustments provided for in this Article (i) will apply to mileage rates of pay for overmiles, and (ii) will not apply to duplicate time payments, including arbitraries and special allowances that are expressed in time, miles or fixed amounts of money.

(b) Miscellaneous rates based upon hourly or daily rates of pay, as provided in the schedules or wage agreements, shall be adjusted under this Agreement in the same manner as heretofore increased under previous wage agreements.

(c) In determining new hourly rates, fractions of a cent will be disposed of by applying the next higher quarter of a cent.

(d) Daily earnings minima shall be changed by the amount of the respective daily adjustments.

(e) Existing money differentials above existing standard daily rates shall be maintained.

(f) In local freight service, the same differential in excess of through freight rates shall be maintained.

(g) Where applicable, the differential of \$4.00 and/or \$6.00 per basic day in freight, passenger and yard service, and 4¢ and/or 6¢ per mile for miles in excess of the number of miles encompassed in the basic day in freight and passenger service, will be maintained for engineers working

without firemen on locomotives on which under the former National Diesel Agreement of 1950 firemen would have been required. Such differential will continue to be applied in the same manner as the local freight differential.

(h) In computing the first increase in rates of pay effective under Section 1 for firemen employed in local freight service, or on road switchers, roustabout runs, mine runs, or in other miscellaneous service, on runs of miles equal to or less than the number comprising a basic day, which are therefore paid on a daily basis without a mileage component, whose rates had been increased by "an additional \$.40" effective July 1, 1968, the two-and-one-half (2-1/2) percent increase shall be applied to daily rates in effect on the day preceding the effective date of the general wage increase provided for in Section 1, exclusive of local freight differentials and any other money differential above existing standard daily rates. For firemen, the rates applicable in the weight-on-drivers bracket 950,000 and less than 1,000,000 pounds shall be utilized in computing the amount of increase. The same procedure shall be followed in computing the increases effective July 1, 2006, July 1, 2007, July 1, 2008, and July 1, 2009. The rates produced by application of the standard local freight differentials and the above-referred-to special increase of "an additional \$.40" to standard basic through freight rates of pay are set forth in Appendix 1 which is a part of this Agreement.

(i) Other than standard rates:

(i) Existing basic daily rates of pay other than standard shall be changed, effective as of the dates specified in Sections 1, 2, 3, 4 and 5 hereof, by the same respective percentages as set forth therein, computed and applied in the same manner as the standard rates were determined.

(ii) Where applicable, the differential of \$4.00 and/or \$6.00 per basic day in freight, passenger and yard service, and 4¢ and/or 6¢ per mile for miles in excess of the number encompassed in the basic day in freight and passenger service, will be maintained for engineers working

without firemen on locomotives on which under the former National Diesel Agreement of 1950 firemen would have been required. Such differential will continue to be applied in the same manner as the local freight differential.

(iii) Daily rates of pay, other than standard, of firemen employed in local freight service, or on road switchers, roustabout runs, mine runs, or in other miscellaneous service, on runs of miles equal to or less than the number encompassed in the basic day, which are therefore paid on a daily basis without a mileage component, shall be increased as of the effective dates specified in Sections 1, 2, 3, 4, and 5 hereof by the same respective percentages as set forth therein, computed and applied in the same manner as provided in paragraph (i)(i) above.

(j) Any cost-of-living allowance amounts rolled in to basic rates of pay on or after July 1, 2005 pursuant to Article III, Part B, of the December 16, 2003 National BLET Agreement (“2003 BLET Agreement”) (or any local counterpart agreement provision) shall be excluded before application of the general wage increases provided for in this Article I and eliminated from basic rates of pay after application of such increases.

(k) Trip Rates established pursuant to Article V of the 2003 BLET Agreement shall be adjusted by application of the general wage increases provided for in this Article I, in the manner set forth in Article V, Part B, Section 4(c)(1) of that Agreement, subject to subsection (j) above.

## **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 December 16, 2003 Agreement**

#### **Section 1**

Article III, Part B, of the December 16, 2003 National BLET Agreement, shall be eliminated effective on the date of this Agreement. All cost-of-living allowance payments made under that 2003 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 III, 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 - MMCP**

(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) This Section shall become effective with respect to employees covered by this Agreement on July 1, 2007 or as soon thereafter as practicable.

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

(a) The Plan’s Managed Medical Care Program (“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) The design changes contained in this Section shall become effective on July 1, 2007 or as soon thereafter as practicable.

## **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 and 2 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 - 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 the organization 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 EX-  
HIBIT A REPRESENTED  
BY THE NATIONAL CAR-  
RIERS' CONFERENCE  
COMMITTEE:**

**FOR THE EMPLOYEES  
REPRESENTED BY THE  
BROTHERHOOD OF  
LOCOMOTIVE ENGI-  
NEERS AND TRAINMEN:**

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\_\_\_\_\_, 2007  
#1

Mr. Don M. Hahs  
President  
Brotherhood of Locomotive Engineers and Trainmen  
1370 Ontario Street  
Cleveland, Ohio 44113-1702

Dear Mr. Hahs:

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

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

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

Very truly yours,

Robert F. Allen



\_\_\_\_\_, 2007  
#2

Mr. Don M. Hahs  
President  
Brotherhood of Locomotive Engineers and Trainmen  
1370 Ontario Street  
Cleveland, Ohio 44113-1702

Dear Mr. Hahs:

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

It is understood that the retroactive portion of those wage increases shall be applied only to employees who have an employment relationship with a carrier on the date of this Agreement or who retired or died subsequent to June 30, 2005.

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

Yours very truly,

Robert F. Allen

I agree:

\_\_\_\_\_  
Don M. Hahs

\_\_\_\_\_, 2007  
#3

Mr. Don M. Hahs  
President  
Brotherhood of Locomotive Engineers and Trainmen  
1370 Ontario Street  
Cleveland, Ohio 44113-1702

Dear Mr. Hahs:

This confirms our understanding regarding Article IV – Health And Welfare of the Agreement of this date.

Notwithstanding any provision to the contrary, it is mutually understood and agreed that:

1. The Plan Design Changes contained in Article IV, Part A, Section 3 will be made effective as soon as feasible after the date of the Agreement and in no event later than August 1, 2007.
2. The Plan Benefit Change set forth in Article IV, Part A, Section 2(c) will be made effective on the same date as the changes in Paragraph 1 above.
3. The Plan Benefit Change set forth in Article IV, Part A, Section 2(a) will be made effective as soon as feasible after the date of the Agreement.

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

Very truly yours,

Robert F. Allen

I agree:

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Don M. Hahs

\_\_\_\_\_, 2007  
#4

Mr. Don M. Hahs  
President  
Brotherhood of Locomotive Engineers and Trainmen  
1370 Ontario Street  
Cleveland, Ohio 44113-1702

Dear Mr. Hahs:

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.

Yours very truly,

Robert F. Allen

I agree:

\_\_\_\_\_  
Don M. Hahs

\_\_\_\_\_, 2007  
#5

Mr. Don M. Hahs  
President  
Brotherhood of Locomotive Engineers and Trainmen  
1370 Ontario Street  
Cleveland, Ohio 44113-1702

Dear Mr. Hahs:

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 for such 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:

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Don M. Hahs

\_\_\_\_\_, 2007  
#6

Mr. Don M. Hahs  
President  
Brotherhood of Locomotive Engineers and Trainmen  
1370 Ontario Street  
Cleveland, Ohio 44113-1702

Dear Mr. Hahs:

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:

\_\_\_\_\_  
Don M. Hahs

\_\_\_\_\_, 2007  
#7

Mr. Don M. Hahs  
President  
Brotherhood of Locomotive Engineers and Trainmen  
1370 Ontario Street  
Cleveland, Ohio 44113-1702

Dear Mr. Hahs:

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 appropriate 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 standard basic daily rates 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:

\_\_\_\_\_  
Don M. Hahs



ATTACHMENT A

BLET Retroactive Pay, H&W Cost-Sharing, Standard Basic Daily Rate

ASSUMPTIONS:

Effective date of new agreement is June 1, 2007.

Employee's standard basic daily rate as of 1/1/05 is \$179.80.

Employee works on average 21.75 days per month (261/year), all time paid at standard basic daily rate

Following GWI's are applicable:

7/1/05                      2.5%

7/1/06                      3.0%

Employee is obligated to make a cost-sharing contribution for each month during period 1/1/07 through 5/31/07.

1. Gross Retroactive Pay

Employee would be due the following in retroactive pay:

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

$$\$4.50^* \times 21.75 \text{ days} \times 12 \text{ months} = \$1,174.50$$

$$* \quad \$179.80 \times 1.025 = \$184.30 \text{ (daily increase of } \$4.50)$$

b. For period 7/1/06 through May 31, 2007:

$$\$10.03^* \times 21.75 \times 11 = \$2399.68$$

\*  $\$184.30 \times 1.03 = \$189.83$  (cumulative daily increase of \$10.03)

c. Total gross retroactive pay of \$3,574.18

2. COLA Credit (1/1/05 through 5/31/07)

Railroad entitled to following credit against gross retroactive pay for COLA allowances already paid:

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

$$\$1.20^* \times 21.75 \text{ days} \times 6 \text{ months} = \$156.60$$

\*  $\$0.15/\text{hr COLA} \times 8 \text{ hours} = \$1.20/\text{day}$

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

$$\$3.68^* \times 21.75 \times 6 = \$480.24$$

\*  $\$0.46/\text{hr COLA} \times 8 \text{ hours} = \$3.68/\text{day}$

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

$$\$3.76^* \times 21.75 \times 6 = \$490.68$$

\*  $\$0.47/\text{hr COLA} \times 8 \text{ hours} = \$3.76/\text{day}$

d. For period 1/1/07 through 5/31/07:

$$\$4.96^* \times 21.75 \times 5 = \$539.40$$

\*  $\$0.62/\text{hr. COLA} \times 8 \text{ hours} = \$4.96/\text{day}$

e. Total COLA credit of \$1666.92

3. Retroactive H & W Cost-Sharing (1/1/07 through 5/31/07)

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

$\$19.63^* \times 5 \text{ months} = \$98.15$

\*  $\$166.25 \text{ (monthly cost-sharing amount effective 1/1/07)} -$   
 $\$146.62 \text{ (monthly cost-sharing amount actually paid by}$   
 $\text{locomotive engineers effective 1/1/07)} = \$19.63/\text{month}$

4. Net retroactive payment:

Gross Retroactive Pay:	\$3,574.18
Subtract COLA Credit	- <u>1,666.92</u>
	\$1,907.26
Subtract Retroactive H&W Cost-Sharing	- <u>98.15</u>
Net Retroactive Pay:	<u>\$1809.11</u>

5. Standard Basic Daily Rate Effective 6/1/07:

$\$179.80^* \times 1.025 \times 1.03 = \$189.83 \text{ (rounded)}$

\* (Standard Basic Daily Rate on 6/30/05)

\_\_\_\_\_, 2007  
#8

Mr. Don M. Hahs  
President  
Brotherhood of Locomotive Engineers and Trainmen  
1370 Ontario Street  
Cleveland, Ohio 44113-1702

Dear Mr. Hahs:

This confirms our understanding regarding the Agreement of this date.

If the number of employees represented by the BLET who elect participation in the Railroad Employees National Flexible Benefits Program (the "Program") for calendar year 2009 does not equal or exceed five (5) percent of all employees represented by the BLET eligible to make such election, the Program shall be terminated effective with respect to employees represented by the BLET midnight on December 31, 2009.

It is further understood that the flexible benefits arrangement applicable to the BLET on the BNSF Railway Company is not established under or covered by the Program and therefore will not be affected by this Side Letter.

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

Very truly yours,

Robert F. Allen

I agree:

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Don M. Hahs

\_\_\_\_\_, 2007  
#9

Mr. Don M. Hahs  
President  
Brotherhood of Locomotive Engineers and Trainmen  
1370 Ontario Street  
Cleveland, Ohio 44113-1702

Dear Mr. Hahs:

This confirms our understanding regarding the Agreement of this date.

Where and to the extent that certification allowance payments are currently being made by a carrier covered by this Agreement to its locomotive engineers pursuant to the Award of Arbitration Board No. 564 and agreed-upon national Questions and Answers interpreting that Award, this will confirm that such payments shall continue to be made until changed or modified in accordance with the Railway Labor Act, as amended.

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

Very truly yours,

Robert F. Allen

I agree:

\_\_\_\_\_  
Don M. Hahs

**Exhibit A**  
**BLET**

**CARRIERS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES SERVED ON OR AFTER NOVEMBER 1, 2004 BY AND ON BEHALF OF SUCH CARRIERS UPON THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS AND TRAINMEN, AND NOTICES SERVED ON OR AFTER NOVEMBER 1, 2004 BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS AND TRAINMEN 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 of Locomotive Engineers and Trainmen:

The Belt Railway Company of Chicago

BNSF Railway Company

Consolidated Rail Corporation

CSX Transportation, Inc. - 1

The Baltimore and Ohio Railroad Company (former)

The Baltimore & Ohio Chicago Terminal Railroad Company

The Chesapeake and Ohio Railway Company (former)

Consolidated Rail Corporation (former)

Gainesville Midland Railroad Company

Louisville and Nashville Railroad Company (former)

Seaboard Coast Line Railroad Company (former)

Western Railway of Alabama (former)

Indiana Harbor Belt Railroad Company

The Kansas City Southern Railway Company

Kansas City Southern Railway

Louisiana and Arkansas Railway

MidSouth Rail Corporation

SouthRail Corporation

TennRail Corporation

Joint Agency

Longview Switching Company

Northeast Illinois Regional Commuter Railroad Corporation (METRA) - 1

Portland Terminal Railroad Company

The Texas Mexican Railway Company

Union Pacific Railroad Company

Winston Salem Southbound Railway Company

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**Notes:**

1 - Health & Welfare only

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FOR THE CARRIERS:

FOR THE BROTHERHOOD OF  
LOCOMOTIVE ENGINEERS  
AND TRAINMEN:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_, 2007  
Washington, D.C.



## **SYNOPSIS OF TENTATIVE RLBC/NCCC AGREEMENT**

The following is a synopsis of the major elements of the tentative national agreement reached February 28, 2007, between the Rail Labor Bargaining Coalition and the National Carriers' Conference Committee. The synopsis has been prepared by the National Office of the Brotherhood of Locomotive Engineers and Trainmen in accordance with Section 41(a) – General Committee Rules, of the BLET Bylaws as an informational aid for its members. A complete tentative agreement is available from your local chairman or the BLET web site at [www.ble-t.org](http://www.ble-t.org).

The BLET recently held a meeting with the General Chairmen to review the terms and conditions of this proposal. They approved the submission of this tentative agreement to the affected membership for ratification under the provisions of General Committee Rules, Section 41(a).

It is expected that the agreement, if ratified by the membership, will become effective July 1, 2007.

### **ARTICLE I - WAGES:**

General wage increases on the following schedule:

July 1, 2005 – 2.5% (Retroactive)

July 1, 2006 – 3.0% (Retroactive)

July 1, 2007 – 3.0%

July 1, 2008 – 4.0%

July 1, 2009 – 4.5%

### **ARTICLE II - OPTIONAL ALTERNATIVE COMPENSATION PROGRAM:**

Allows the parties to mutually agree to implement alternative compensation programs, based on railroads performance in lieu of (in whole or in part) the general wage increases provided in Article I.

### **ARTICLE III – COST-OF-LIVING PAYMENTS**

Allows the railroads to recapture all payments made under the Harris COLA provisions of the December 16, 2003 National Agreement.

### **ARTICLE IV - HEALTH & WELFARE:**

Expansion of Managed Care (MMCP) Networks which will provide in-network benefits and co-pays to employees who cannot obtain them today.

MMCP In-network availability for over 95% of all employees, up from 75% today

#### **Changes to in-network co-pays to pay for network expansion as follows:**

Visit to family doctor will increase from \$15 to \$20

Visit to specialist will increase from \$15 to \$35

ER visit (when not admitted as patient) will increase from \$30 to \$50

#### **Prescription drugs co-pay:**

Retail - \$10 generic; \$20 brand name; \$30 non-formulary

Mail order - \$20 generic; \$30 brand name; \$60 non-formulary

Employee cost-sharing payments will now be based on 15% of monthly premium (employees currently pay about 14.8% through employee contributions starting on January 1, 2007 to pay for enhanced network coverage.

Cost share adjustments will be made on January 1, 2008; January 1, 2009 and January 1, 2010.

“Effective January 1, 2010, the employees monthly cost-sharing contribution shall be adjusted to be the lesser of:

- 15% of the Carriers monthly payment rate for 2010, **or**
- \$200 **or** January 1, 2009 employees’ monthly cost-sharing contribution, whichever is greater.”

For illustration listed below is an example of what the employees’ monthly cost-sharing contribution could be based on the above referenced formula:

- 1) The January 1, 2009 employees’ monthly cost-sharing contribution if \$200 or more;
- 2) 15% of the Carrier monthly payment rate for 2010
- 3) \$200

There will be no increase during the period unions and railroads bargain over next contract

**SIDE LETTER #8 - NATIONAL FLEXIBLE BENEFITS PROGRAM:**

Preserves the National Flexible Benefits Program through December 31, 2009 and will continue the program beyond that time only if a minimum of 5% of eligible employees represented by the BLET sign up for participation in the program.

**ELIMINATION OF HARRIS COLA**

Elimination of the “Harris COLA” which has resulted in the railroads ONLY loaning the 50% COLA to members and then requesting any payment allowed under the “Harris COLA” to be deducted from the back bay under a new agreement. This resulted in employees seeing their health and welfare contributions during the “Harris Cola” period increase from 7.5% to 14.8%, at the same time the railroads were requiring the payments received under the “Harris COLA” be returned to them when a new agreement was reached. With the elimination of the “Harris COLA” members will not see their Health and Welfare contributions increase during the moratorium period nor will they have to pay back COLA loans they received from the railroads.

**REMAINING RAILROADS SECTION 6 NOTICE DEMANDS**

Carriers withdraw all work rules proposals regarding: staffing/consolidation; manpower utilization and productivity improvements; FELA and job actions

**STANDBY AGREEMENT - CP RAIL US**

BLET members on CP RAIL US, will participate in the ratification process in accordance with the Stand-by Agreement entered into April 23, 2007 between the CP Rail US and the BLET.