

MEDIATION AGREEMENT

THIS AGREEMENT, made this ___ day of _____, 2008, 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 (other than Yardmasters) of such carriers shown thereon and represented by the United Transportation Union, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase (for other than Dining Car Stewards)

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

(b) In computing the increase for enginemen 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 (for other than Dining Car
Stewards)

Effective July 1, 2006, all standard basic daily rates of pay in effect on
June 30, 2006 for employees represented by the United Transportation Union
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 (for other than Dining Car
Stewards)

Effective July 1, 2007, all standard basic daily rates of pay in effect on
June 30, 2007 for employees represented by the United Transportation Union
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 (for other than Dining Car
Stewards)

Effective July 1, 2008, all standard basic daily rates of pay in effect on
June 30, 2008 for employees represented by the United Transportation Union
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 (for other than Dining Car
Stewards)

Effective July 1, 2009, all standard basic daily rates of pay in effect on
June 30, 2009 for employees represented by the United Transportation Union

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 will not apply to duplicate time payments, including arbitraries and special allowances that are expressed in time, miles or fixed amounts of money, but will apply to mileage rates of pay for miles run in excess of the number of miles comprising a basic day.

(b) In engine service and in train and yard ground service, miscellaneous rates based upon hourly or daily rates of pay, as provided in the schedules or wage agreements, shall be adjusted 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) Standard monthly rates and money monthly guarantees applicable in passenger train service shall be thirty times the new standard daily rates. Other than standard monthly rates and money monthly guarantees shall be so adjusted that money differentials existing as of June 30, 2005 shall be preserved.

(f) Existing monthly rates and money monthly guarantees applicable in train service other than passenger will be changed in the same proportion as the daily rate for the class of service involved is adjusted.

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

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

(i) The existing differential of \$6.00 per basic day in passenger, freight, and yard service, and 6¢ per mile for miles in excess of the number of miles encompassed in the basic day, currently payable to engineers working without firemen, shall be maintained and applied in the same manner as the local freight differential.

(j) In computing the first increase in rates of pay effective under Section 1 for engineers, firemen, conductors, brakemen and flagmen 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 car scale additives, 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.

(k) 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) The existing differential of \$6.00 per basic day in passenger, freight, and yard service, and 6¢ per mile for miles in excess of the number of miles encompassed in the basic day, currently payable to engineers working without firemen, shall be maintained and applied in the same manner as the local freight differential.

(iii) Daily rates of pay, other than standard, of engineers, firemen, conductors, brakemen and flagmen 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 (k)(i) above.

(l) 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 August 20, 2002 National UTU Agreement (Document "A") ("2002 UTU Agreement"), as amended, (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.

(m) Trip Rates established pursuant to Article V of the 2002 UTU 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 (l) above.

Section 8 - General Wage Increases for Dining Car Stewards

(a) Effective July 1, 2005, all basic monthly rates of pay in effect on June 30, 2005 for dining car stewards represented by the United Transportation Union shall be increased by two-and-one-half (2-1/2) percent.

(b) Effective July 1, 2006 all basic monthly rates of pay in effect on June 30, 2006 for dining car stewards represented by the United Transportation Union shall be increased by three (3) percent.

(c) Effective July 1, 2007, all basic monthly rates of pay in effect on June 30, 2007 for dining car stewards represented by the United Transportation Union shall be increased by three (3) percent.

(d) Effective July 1, 2008, all basic monthly rates of pay in effect on June 30, 2008 for dining car stewards represented by the United Transportation Union shall be increased by four (4) percent.

(e) Effective July 1, 2009, all basic monthly rates of pay in effect on June 30, 2009 for dining car stewards represented by the United Transportation Union shall be increased by four-and-one-half (4-1/2) percent.

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

Part A - Cost-of-Living Payments Under August 20, 2002 Agreement

Section 1

Article III, Part B, of the August 20, 2002 National UTU Agreement, as amended by the November 6, 2003 National UTU Supplemental Agreement, shall be eliminated effective on the date of this Agreement. All cost-of-living allowance payments made under that 2002 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.

Part B - Cost-of-Living Allowance and Adjustments Thereto on and after January 1, 2011

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

(a) A cost-of-living allowance shall be payable in the manner set forth in and subject to the provisions of this Part, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost-of-living allowance shall be payable effective January 1, 2011 based, subject to paragraph (b), on the CPI for September 2010 as compared with the CPI for March 2010. Such allowance, and further cost-of-living adjustments thereto which shall become effective as described below, shall be based on the change in the CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (b)(iii), according to the formula set forth in paragraph (c).

<u>Measurement Periods</u>		<u>Effective Date of Adjustment</u>
<u>Base Month</u>	<u>Measurement Month</u>	
March 2010	September 2010	January 1, 2011
September 2010	March 2011	July 1, 2011

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

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

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
January 1, 2011	3% of March 2010 CPI
July 1, 2011	6% of March 2010 CPI, less the increase from March 2010 to September 2010

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

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

(iii) If the increase in the CPI from the base month of March 2010 to the measurement month of September 2010 exceeds 3% of the March 2010 base index, the measurement period that shall be used for determining the cost-of-living adjustment to be effective the following July shall be the 12-month period from such base month of March; the increase in the index that shall be taken into account shall be limited to that portion of the increase that is in excess of 3% of such March base index; and the maximum increase in that portion of the index that may

be taken into account shall be 6% of such March base index less the 3% mentioned in the preceding clause, to which shall be added any residual fractional points which had been dropped under paragraph (c) below in calculation of the cost-of-living adjustment which shall have become effective January 1, 2011 during such measurement period.

(iv) Any increase in the CPI from the base month of March 2010 to the measurement month of March 2011 in excess of 6% of the March 2010 base index shall not be taken into account in the determination of subsequent cost-of-living adjustments.

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

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

The cost-of-living allowance effective July 1, 2011 shall be the whole number of cents produced by dividing by 0.3 the number of points change, as limited by paragraph (b), in the CPI during the applicable measurement period. Any residual fractional points resulting from such division shall be dropped. The result of such division shall be rolled in to basic rates of pay in effect on June 30, 2011 if the CPI shall have been higher at the end than at the beginning of the measurement period, and subtracted therefrom only if the index shall have been lower at the end than at the beginning of the measurement period, but in no event shall basic rates of pay be reduced below the levels in effect on December 31, 2010. If the result of such

division requires a subtraction from basic rates of pay in effect on June 30, 2011, the employee cost-sharing contribution amount in effect on that date pursuant to Article IV, Part C, Section 1(a) of this Agreement shall be adjusted effective July 1, 2011 as appropriate to reflect such subtraction. The same procedure shall be followed in applying subsequent adjustments.

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

Section 2 - Payment of Cost-of-Living Allowances

(a) The cost-of-living allowance payable to each employee effective January 1, 2011 pursuant to Section 1 of this Part shall be rolled in to basic rates of pay on that date.

(b) The cost-of-living allowance payable to each employee effective July 1, 2011 pursuant to Section 1 of this Part shall be rolled in to basic rates of pay on that date.

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

Section 3 - Application of Cost-of-Living Allowances

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

(a) For other than dining car stewards, each one cent per hour of cost-of-living allowance will be treated as an increase of 8 cents in the basic daily rates of pay produced by application of Article I of this Agreement. The cost-of-living allowance will otherwise be applied in keeping with the provisions of Section 7 of Article I.

(b) For dining car stewards, each one cent per hour of cost-of-living allowance will be treated as an increase of \$1.80 in the monthly rates of pay produced by application of Sections 7 and 8 of Article I.

Section 4 - Continuation of Part B

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

ARTICLE IV - HEALTH AND WELFARE

Part A - Plan Changes

Section 1 - Continuation of Plans

The National Railway Carriers and United Transportation Union Health and Welfare Plan and the Railroad Employees National Health and Welfare Plan (individually and collectively referred to in this Agreement, depending on the context, as “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) The Basic Health Care Benefit shall be eliminated as an option for employees covered by this Agreement and their dependents.

(e) 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.

(f) Plan coverage for an "Eligible Employee" and his/her "Eligible Dependents" will commence on the first day of the full calendar month that immediately follows the month in which such employee first renders the "Requisite Amount of Compensated Service." For purposes of this subsection, the terms set forth in the quotations shall be defined as provided in the current Plan booklet. This subsection shall become effective on January 1, 2010.

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

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) 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, with the exception of subsection (h) above, shall become effective on the date of this Agreement or as soon thereafter as practicable. Subsection (h) shall become effective as soon as practicable.

Part B - Employee Sharing of Cost of H&W Plans Through 2010

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 the calendar years 2007 and 2008, respectively, has been determined to be \$1,108.34. The Employee Monthly Cost-Sharing Contribution Amount for 2007 and for 2008, respectively, 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.

Part C - Employee Cost Sharing of Plan Cost Increases Beginning January 1, 2011

Section 1 - Employee Cost-Sharing Contributions

(a) Effective January 1, 2011, the per month employee cost-sharing contribution amount in effect pursuant to Article IV, Part B, Section 1(c) above shall be increased by the lesser of (x) one-half of the increase, if any,

in the carriers' 2011 monthly payment rate over such payment rate for 2010, and (y) one-half of the cost-of-living allowance effective January 1, 2011 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2009.

(b) Effective July 1, 2011, the per month employee cost-sharing contribution amount in effect on June 30, 2011 shall be increased by the lesser of (x) the amount (if any) by which the number described in part (x) of subsection (a) of this Section exceeds the product described in part (y) of such subsection (a), and (y) one-half of the cost-of-living allowance effective July 1, 2011 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2009.

(c) Effective January 1, 2012, the per month employee cost-sharing contribution amount in effect on December 31, 2011 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2012 monthly payment rate over such payment rate for 2011, plus (ii) the amount (if any) by which the number described in part (x) of subsection (b) of this Section exceeds the product described in part (y) of such subsection (b), and (y) one-half of the cost-of-living allowance effective January 1, 2012 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2010.

(d) The pattern specified in subsections (a) through (c) above shall be followed with respect to computation of adjustments to the amount of the employee cost sharing contribution in subsequent periods during which this Part is in effect.

(e) For purposes of subsections (a) through (c) above and subsection (g) below, the carriers' payment rate for any year shall mean twelve times the sum of what the carriers' payments to the Plan would have been, in the absence of any employee contributions to the Plan, for foreign-to-occupation

health benefits under the Plan per month (in such year) per employee. The carriers' monthly payment rate for any year shall mean the carriers' payment rate for that year divided by 12. An "employee" for these purposes shall include any employee who has elected to opt-out of foreign-to-occupation health benefits under the Plan and under any Hospital Association plan in which he participates (except for employees who opt-out pursuant to item no. 2 of Side Letter No. 7 to the August 20, 2002 UTU National Agreement (Document "A"), as amended).

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

(f) For the purpose of this Section, the ASTE Hours to be used shall be based on all such hours for individuals in operating employee crafts and classes represented by the United Transportation Union, and who are employed by Class One carriers that are participating in national bargaining in the round of negotiations that commenced January 1, 2010.

(g) If the per month employee cost-sharing contribution amount ("cost-sharing amount") is increased for the period January 2011 through June 2011 or any subsequent periods and if a lower payment rate is established for the calendar year that immediately follows, then the cost-sharing amount shall be adjusted as appropriate to reflect such decreased benefit costs. Such

adjustment shall be made effective January 1 of the calendar year for which such payment rate decrease is applicable and in no event shall take into account any portion of a payment rate below the payment rate level established for calendar year 2010. The cost-sharing amount shall also be subject to adjustment as provided in Article III, Part B, Section 1(c) of this Agreement.

Section 2 - Pre-Tax Contributions

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

Section 3 - Employer Election

At the employer's election, employee cost-sharing contributions may be made for the employee by the employer. If that election is exercised, the employer shall then deduct the amount of such employee contributions from the employee's wages and retain the amounts so deducted as reimbursement for the employee contributions that the employer had made for the employee.

ARTICLE V – EXPENSES AWAY FROM HOME

Effective January 1, 2010, the meal allowance provided for in Article 3 II, Section 2 of the June 25, 1964 National Agreement, as amended, shall be increased by \$2.00.

ARTICLE VI – DUES CHECK-OFF AGREEMENTS

Existing dues check-off agreements between the UTU and each carrier covered by this Agreement shall be amended on the date of this Agreement to

provide that all payments by the carrier thereunder shall be transmitted to the offices of the UTU International General Secretary-Treasurer.

ARTICLE VII – INFORMATION, DATA AND FINANCIAL INTERACTIONS

Section 1

Existing agreements between the parties are amended on the date of this Agreement to provide that the carrier may implement arrangements for the direct deposit of any payments due to its employees covered by this Agreement. The carrier shall notify the authorized UTU representative(s) of such arrangements prior to implementation.

Section 2

Existing agreements between the parties are amended on the date of this Agreement to provide that the carrier may implement modernized (e.g., electronic) processes and procedures for any informational, data, and financial reporting and interaction between the parties pursuant to agreement or established practice. This Section shall be limited to such reporting and interaction between the carrier, the UTU International, and UTU General Committees chaired by a full-time General Chairman.

ARTICLE VIII - 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 _____ THIS ____ DAY OF _____, 2008

**FOR THE PARTICIPATING
CARRIERS LISTED IN EXHIBIT
A REPRESENTED BY THE
NATIONAL CARRIERS'
CONFERENCE COMMITTEE:**

**FOR THE EMPLOYEES
REPRESENTED BY THE
UNITED TRANSPORTION
UNION:**

_____, 2008
#1

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

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

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

_____, 2008
#2

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This refers to the increase in wages provided for in Sections 1, 2, and 3 of Article I of Document "A" 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:

Malcolm B. Futhey, Jr.

_____, 2008
#3

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This confirms our understanding with respect to Document “A” of the Agreement of this date.

The provisions of Article IV, Parts B and C (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:

Malcolm B. Futhey, Jr.

_____, 2008
#4

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This confirms our understanding with respect to Document “A” of 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 NRC/UTU Plan and makes a Plan contribution pursuant to Article IV, Parts B or C, 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 Part C, 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:

Malcolm B. Futhey, Jr.

_____, 2008
#5

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This confirms our understanding with respect to Article IV, Parts B and C of Document "A" 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 or Article IV, or Article IV, Part C, Section 1, 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:

Malcolm B. Futhey, Jr.

_____, 2008
#6

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This confirms our understanding with respect to Document "A" of 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:

Malcolm B. Futhey, Jr.

ATTACHMENT A

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

ASSUMPTIONS:

Effective date of new agreement is April 1, 2008.

Employee's standard basic daily rate as of 6/30/05 is \$172.02.

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%
7/1/07	3.0%

Employee is obligated to make a cost-sharing contribution for each month during period 1/1/07 through 3/31/08.

1. Gross Retroactive Pay

Employee would be due the following in retroactive pay:

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

$$\$4.30^* \times 21.75 \text{ days} \times 12 \text{ months} = \$1,122.30$$

* $\$172.02 \times 1.025 = \176.32 (daily increase of \$4.30)

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

$$\$9.59^* \times 21.75 \times 12 = \$2502.99$$

* $\$176.32 \times 1.03 = \181.61 (cumulative daily increase of \$9.59)

c. For period 7/1/07 through 3/31/08:

$$\$15.04 \times 21.75 \times 9 = \$2944.08$$

* $\$181.61 \times 1.03 = \187.06 (cumulative daily increase of \$15.04)

d. Total gross retroactive pay of \$6,569.37

2. COLA Credit (1/1/05 through 3/31/08)

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 6/30/07:

$\$4.96^* \times 21.75 \times 6 = \647.28

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

e. For period 7/1/07 through 12/31/07:

$\$5.76^* \times 21.75 \times 6 = \751.68

* $\$0.72/\text{hr. COLA} \times 8 \text{ hours} = \$5.76/\text{day}$

f. For period 1/1/08 through 3/31/08:

$\$7.04^* \times 21.75 \times 3 = \459.36

* $\$0.88/\text{hr. COLA} \times 8 \text{ hours} = \$7.04/\text{day}$

g. Total COLA credit of \$2,985.84

3. Retroactive H & W Cost-Sharing (1/1/07 through 3/31/08)

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):

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

$\$17.27^* \times 6 = \103.62

* $\$166.25$ (monthly cost-sharing amount effective 1/1/07) -

\$148.98 (monthly cost-sharing amount actually paid by trainmen effective 1/1/07) = \$17.27/month

b. For period 7/1/07 through 12/31/07:

$$\$5.92^* \times 6 = \$35.52$$

* \$166.25 (monthly cost-sharing amount effective 1/1/07) - \$160.33 (monthly cost-sharing amount actually paid by trainmen effective 7/1/07) = \$5.92/month

c. For period 1/1/08 through 3/31/08:

$$(\$4.19)^* \times 3 = \$(12.57)$$

* \$166.25 (monthly cost-sharing amount effective 1/1/08) - \$170.44 (monthly cost-sharing amount actually paid by trainmen effective 1/1/08) = \$4.19/month credit

d. Total retroactive H&W cost-sharing of \$126.57

4. Net retroactive payment:

Gross Retroactive Pay:	\$6,569.37
Subtract COLA Credit	- <u>2,985.84</u>
	\$3,583.53
Subtract Retroactive H&W Cost-Sharing	- <u>126.57</u>
Net Retroactive Pay:	\$3,456.96

5. Standard Basic Daily Rate Effective 4/1/08:

$$\$172.02^* \times 1.025 \times 1.03 \times 1.03 = \$187.06 \text{ (rounded)}$$

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

_____, 2008
#7

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This confirms our understanding with respect to Article IV of Document "A" of the Agreement of this date.

1. The provisions of Article IV reflect compromises made by both parties, including without limitation compromises involving plan benefits, deductibles, co-payments and co-insurance, other aspects of plan design, employee contributions, cost containment, and tax consequences. The parties intend that these compromises not be materially altered by federal legislation that may be enacted or by federal regulations that may be adopted.

2. In the event that either party believes that federal legislation is enacted, or federal regulations are adopted, that materially adversely affects its settled expectations and interests in the compromises reflected in Article IV, such party shall give written notice to the other describing in detail such material adverse effect.

3. If a notice is given pursuant to Paragraph 2, the parties shall promptly commence discussions for the purpose of reaching a voluntary agreement that, notwithstanding required compliance with such federal

legislation (or regulation), will preserve, to the fullest extent practicable, the same relative economics that resulted from the compromises reflected in Article IV. It is mutually understood that the procedures of Section 6 of the Railway Labor Act shall not apply to these discussions.

4. If the parties are unable to reach a voluntary agreement pursuant to Paragraph 3 to achieve the objective described therein, the controversy shall be resolved through interest arbitration either pursuant to the procedures set forth in Section 7 of the RLA or through such other procedures as may be agreed upon by the parties.

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

Very truly yours,

Robert F. Allen

I agree:

Malcolm B. Futhey, Jr.

_____, 2008
#8

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

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

The parties agree to refer their dispute over the interpretation and application of Side Letter #2 to the August 20, 2002 National UTU Agreement, Document 'A', to final and binding arbitration as set forth below.*

1. The dispute shall be resolved by a Special Board of Adjustment that will be established within thirty (30) days after the date of this Agreement. Such SBA shall consist of three members, one partisan member selected by the UTU, one partisan member selected by the NCCC, and a neutral member jointly selected by the parties who will serve as Chairman. Each party shall bear the fees and expenses of its respective partisan member. All other costs associated with the SBA, including the fees and expenses of the neutral member, shall be borne equally by the parties.

2. The SBA agreement shall provide for written submissions and an oral hearing at which each side may present evidence and argument in support of its position.
3. The SBA shall issue its decision in writing within thirty (30) days after the close of the oral hearing. A majority vote on any issue presented to the SBA for decision shall be a final and binding disposition of that matter.
4. Either party may refer any matter or issue that it deems unresolved or inadequately addressed by the SBA's decision for further handling by the National Wage and Rules Panel established by and functioning pursuant to Article XIII of the Award of Arbitration Board No. 559, Appendix D, Document "A", as amended by Article VIII of the August 20, 2002 National UTU Agreement, Document "A".

* The pertinent language in dispute provides as follows:

"The parties agree that at the earliest opportunity in the next national bargaining round, the matter of relating the existing service scales in effect on each participating road to training and experience will be addressed."

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

Very truly yours,

Robert F. Allen

I agree:

Malcolm B. Futhey, Jr.

_____, 2008
#9

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This confirms our understanding with respect to the implementation of Article VI of Document "A" of the Agreement of this date.

Such Article shall be implemented on each covered carrier upon written notice by the organization that its data and financial systems are ready for such implementation.

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

Very truly yours,

Robert F. Allen

I agree:

Malcolm B. Futhey, Jr.

**EXHIBIT A
UTU**

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 UNITED TRANSPORTATION UNION, AND NOTICES SERVED ON OR AFTER NOVEMBER 1, 2004 BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE UNITED TRANSPORTATION UNION UPON SUCH CARRIERS.

Subject to indicated footnotes, this authorization is co-extensive with notices filed and with provisions of current schedule agreements applicable to employees represented by the United Transportation Union:

Alameda Belt Line
Alton & Southern Railway Company
The Belt Railway Company of Chicago
BNSF Railway Company
Central California Traction Company
Consolidated Rail Corporation
CSX Transportation, Inc.
Atlanta and West Point Railway (former)
The Baltimore and Ohio Railroad Company (former)
The Baltimore and 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)
Nashville, Chattanooga and St. Louis Railway 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
Gateway Western Railway
Mid Louisiana Rail Corporation
SouthRail Corporation
TennRail Corporation
Joint Agency
Longview Switching 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 Co.
Georgia Southern and Florida Railway Company
Tennessee, Alabama and Georgia Railway Company
Tennessee Railway Company
Northeast Illinois Regional Commuter Railroad Corporation 1
Oakland Terminal Railway
Port Terminal Railroad Association
Portland Terminal Railroad Company
South Carolina Public Railways
Terminal Railroad Association of St. Louis 1
Union Pacific Railroad Company
Wichita Terminal Association
Winston-Salem Southbound Railway Company

* * * * *

Notes:

1 - Health & Welfare only

FOR THE CARRIERS:

FOR THE UNITED TRANSPORTATION UNION:

_____, 2008
Washington, D.C.

**Case No. A-13369
Document "B"
(Yardmasters)**

MEDIATION AGREEMENT

THIS AGREEMENT, made this ___ day of _____, 2008, 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 Yardmasters Department, United Transportation Union, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

Effective July 1, 2005, all standard basic daily rates of pay for employees covered by this Agreement in effect on June 30, 2005 shall be increased by two-and-one-half (2-1/2) percent.

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 covered by this Agreement shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 1 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 covered by this Agreement shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 1 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 covered by this Agreement shall be increased by four (4) percent, computed and applied in the same manner prescribed in Section 1 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 covered by this Agreement shall be increased by four-and-one-half (4-1/2) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 6 – Application of Wage Increases

Special allowances not included in fixed daily, weekly or monthly rates of pay for all services rendered, and arbitraries representing duplicate time payments will not be increased.

Section 7 – COLA Payments

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 August 20, 2002 National UTU Agreement (Document “B”), as amended, (or any local

counterpart 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.

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

Part A - Cost-of-Living Payments Under August 20, 2002 Agreement

Section 1

Article III, Part B, of the August 20, 2002 National UTU Agreement (Document “B”), as amended by the November 6, 2003 National UTU Supplemental Agreement, shall be eliminated effective on the date of this

Agreement. All cost-of-living allowance payments made under that 2002 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.

Part B - Cost-of-Living Allowance and Adjustments Thereto on and after January 1, 2011

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

(a) A cost-of-living allowance shall be payable in the manner set forth in and subject to the provisions of this Part, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost-of-living allowance shall be payable effective January 1, 2011 based, subject to paragraph (b), on the CPI for September 2010 as compared with the CPI for March 2010. Such allowance, and further cost-of-living adjustments thereto which shall become effective as described below, shall be based on the change in the CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (b)(iii), according to the formula set forth in paragraph (c).

Measurement Periods

<u>Base Month</u>	<u>Measurement Month</u>	<u>Effective Date of Adjustment</u>
March 2010	September 2010	January 1, 2011
September 2010	March 2011	July 1, 2011

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

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

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
January 1, 2011	3% of March 2010 CPI
July 1, 2011	6% of March 2010 CPI, less the increase from March 2010 to September 2010

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

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

(iii) If the increase in the CPI from the base month of March 2010 to the measurement month of September 2010 exceeds 3% of the March 2010 base index, the measurement period that shall be used for determining the cost-of-living adjustment to be effective the following July shall be the 12-month period from such base month of March; the increase in the index that shall be taken into account shall be limited to that portion of the increase that is in excess of 3% of such March base index; and the maximum increase in that portion of the index that may be taken into account shall be 6% of such March base index less the 3% mentioned in the preceding clause, to which shall be added any residual fractional points which had been dropped under paragraph (c) below in calculation of the cost-of-living adjustment which shall have become effective January 1, 2011 during such measurement period.

(iv) Any increase in the CPI from the base month of March 2010 to the measurement month of March 2011 in excess of 6% of the March 2010 base index shall not be taken into account in the determination of subsequent cost-of-living adjustments.

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

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

The cost-of-living allowance effective July 1, 2011 shall be the whole number of cents produced by dividing by 0.3 the number of points change,

as limited by paragraph (b), in the CPI during the applicable measurement period. Any residual fractional points resulting from such division shall be dropped. The result of such division shall be rolled in to basic rates of pay in effect on June 30, 2011 if the CPI shall have been higher at the end than at the beginning of the measurement period, and subtracted therefrom only if the index shall have been lower at the end than at the beginning of the measurement period, but in no event shall basic rates of pay be reduced below the levels in effect on December 31, 2010. If the result of such division requires a subtraction from basic rates of pay in effect on June 30, 2011, the employee cost-sharing contribution amount in effect on that date pursuant to Article IV, Part C, Section 1(a) of this Agreement shall be adjusted effective July 1, 2011 as appropriate to reflect such subtraction. The same procedure shall be followed in applying subsequent adjustments.

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

Section 2 - Payment of Cost-of-Living Allowances

(a) The cost-of-living allowance payable to each employee effective January 1, 2011 pursuant to Section 1 of this Part shall be rolled in to basic rates of pay on that date.

(b) The cost-of-living allowance payable to each employee effective July 1, 2011 pursuant to Section 1 of this Part shall be rolled in to basic rates of pay on that date.

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

Section 3 - Application of Cost-of-Living Allowances

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

(a) Each one cent per hour of cost-of-living allowance will be treated as an increase of 8 cents in the basic daily rates of pay produced by application of Article I of this Agreement.

(b) Each one cent per hour of cost-of-living allowance will be treated as an increase of \$2.00 in the basic monthly rates of pay produced by application of the general wage increase provisions of Article I of this Agreement.

Section 4 - Continuation of Part B

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

ARTICLE IV - HEALTH AND WELFARE

Part A - Plan Changes

Section 1 - Continuation of Plans

The National Railway Carriers and United Transportation Union Health and Welfare Plan and the Railroad Employees National Health and Welfare Plan (individually and collectively referred to in this Agreement, depending on the context, as “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) The Basic Health Care Benefit shall be eliminated as an option for employees covered by this Agreement and their dependents.

(e) 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.

(f) Plan coverage for an “Eligible Employee” and his/her “Eligible Dependents” will commence on the first day of the full calendar month that immediately follows the month in which such employee first renders the “Requisite Amount of Compensated Service.” For purposes of this subsection, the terms set forth in the quotations shall be defined as provided in the current Plan booklet. This subsection shall become effective on January 1, 2010.

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

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) 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, with the exception of subsection (h) above, shall become effective on the date of this Agreement or as soon thereafter as practicable. Subsection (h) shall become effective as soon as practicable.

Part B - Employee Sharing of Cost of H&W Plans Through 2010

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 the calendar years 2007 and 2008, respectively, has been determined to be \$1,108.34. The Employee Monthly Cost-Sharing Contribution Amount for 2007 and for 2008, respectively, 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.

Part C - Employee Cost Sharing of Plan Cost Increases Beginning January 1, 2011

Section 1 - Employee Cost-Sharing Contributions

(a) Effective January 1, 2011, the per month employee cost-sharing contribution amount in effect pursuant to Article IV, Part B, Section 1(c)

above shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2011 monthly payment rate over such payment rate for 2010, and (y) one-half of the cost-of-living allowance effective January 1, 2011 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2009.

(b) Effective July 1, 2011, the per month employee cost-sharing contribution amount in effect on June 30, 2011 shall be increased by the lesser of (x) the amount (if any) by which the number described in part (x) of subsection (a) of this Section exceeds the product described in part (y) of such subsection (a), and (y) one-half of the cost-of-living allowance effective July 1, 2011 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2009.

(c) Effective January 1, 2012, the per month employee cost-sharing contribution amount in effect on December 31, 2011 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2012 monthly payment rate over such payment rate for 2011, plus (ii) the amount (if any) by which the number described in part (x) of subsection (b) of this Section exceeds the product described in part (y) of such subsection (b), and (y) one-half of the cost-of-living allowance effective January 1, 2012 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2010.

(d) The pattern specified in subsections (a) through (c) above shall be followed with respect to computation of adjustments to the amount of the employee cost sharing contribution in subsequent periods during which this Part is in effect.

(e) For purposes of subsections (a) through (c) above and subsection (g) below, the carriers' payment rate for any year shall mean twelve times the sum of what the carriers' payments to the Plan would have been, in the

absence of any employee contributions to the Plan, for foreign-to-occupation health benefits under the Plan per month (in such year) per employee. The carriers' monthly payment rate for any year shall mean the carriers' payment rate for that year divided by 12. An "employee" for these purposes shall include any employee who has elected to opt-out of foreign-to-occupation health benefits under the Plan and under any Hospital Association plan in which he participates (except for employees who opt-out pursuant to item no. 2 of Side Letter No. 8 to the August 20, 2002 UTU National Agreement (Document "B"), as amended).

Carrier payments to the Plan for these purposes shall be deemed to include amounts paid to employees who elected to opt-out of foreign-to-

occupation health benefits under the Plan and under any Hospital Association plan in which they participate, but shall not be deemed to include the amounts per such employee per month (in such year) taken from the Special Account, or from any other special account, fund or trust maintained in connection with the Plan, to pay or provide for current Plan benefits, or any amounts paid by remaining carriers to make up the unpaid contributions of terminating carriers pursuant to Article III, Part A, Section 1 of the November 1, 1991 Implementing Document (Document "B") applicable to employees represented by the organization signatory hereto and the carriers represented by the National Carriers' Conference Committee.

(f) For the purpose of this Section, the ASTE Hours to be used shall be based on all such hours for individuals in yardmaster crafts and classes represented by the United Transportation Union, and who are employed by Class One carriers that are participating in national bargaining in the round of negotiations that commenced January 1, 2010.

(g) If the per month employee cost-sharing contribution amount ("cost-sharing amount") is increased for the period January 2011 through June 2011 or any subsequent periods and if a lower payment rate is established for the

calendar year that immediately follows, then the cost-sharing amount shall be adjusted as appropriate to reflect such decreased benefit costs. Such adjustment shall be made effective January 1 of the calendar year for which such payment rate decrease is applicable and in no event shall take into account any portion of a payment rate below the payment rate level established for calendar year 2010. The cost-sharing amount shall also be subject to adjustment as provided in Article III, Part B, Section 1(c) of this Agreement.

Section 2 - Pre-Tax Contributions

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

Section 3 - Employer Election

At the employer's election, employee cost-sharing contributions may be made for the employee by the employer. If that election is exercised, the employer shall then deduct the amount of such employee contributions from the employee's wages and retain the amounts so deducted as reimbursement for the employee contributions that the employer had made for the employee.

ARTICLE V – DUES CHECK-OFF AGREEMENTS

Existing dues check-off agreements between the UTU and each carrier covered by this Agreement shall be amended on the date of this Agreement to provide that all payments by the carrier thereunder shall be transmitted to the offices of the UTU International General Secretary-Treasurer.

ARTICLE VI – INFORMATION, DATA AND FINANCIAL INTERACTIONS

Section 1

Existing agreements between the parties are amended on the date of this Agreement to provide that the carrier may implement arrangements for the direct deposit of any payments due to its employees covered by this Agreement. The carrier shall notify the authorized UTU representative(s) of such arrangements prior to implementation.

Section 2

Existing agreements between the parties are amended on the date of this Agreement to provide that the carrier may implement modernized (e.g., electronic) processes and procedures for any informational, data, and financial reporting and interaction between the parties pursuant to agreement or established practice. This Section shall be limited to such reporting and interaction between the carrier, the UTU International, and UTU General Committees chaired by a full-time General Chairman.

ARTICLE VII – SUPPLEMENTAL RETIREE MEDICAL INSURANCE PROGRAM

Section 1

Effective January 1, 2010, each carrier covered by this Agreement shall forward to the insurance company that administers the organization's prepaid retiree medical insurance program, on a monthly basis, an amount equal to two cents (\$0.02) per hour of service worked as a yardmaster by each of its employees under this Agreement.

Section 2

Effective January 1, 2011, each carrier covered by this Agreement shall forward to the insurance company that administers the organization's prepaid retiree medical insurance program, on a monthly basis, an amount equal to five cents (\$0.05) per hour of service worked as a yardmaster by each of its employees under this Agreement, subject to Side Letter #10 to this Agreement.

Section 3

The amounts described in Sections 1 and 2 above shall be in addition to amounts now being remitted pursuant to existing agreements and shall be used solely for the established purposes and designated beneficiaries of that program.

ARTICLE VIII – SUPPLEMENTAL SICKNESS

The October 31, 1978 Supplemental Sickness Benefit Agreement, as subsequently amended (“Sickness Agreement”), shall be further amended as provided in this Article.

Section 1 – Adjustment of Plan Benefits

(a) The benefits provided under the Plan established pursuant to the Sickness Agreement shall be adjusted as provided in paragraph (b) so as to restore the same ratio of benefits to rates of pay as existed on December 31, 2004 under the terms of Article VI, Document “B” of the August 20, 2002 National UTU Agreement.

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

“4. Benefits.

(a) Subject to the provisions of Subparagraph 4(b), the monthly benefit under this Plan for employees eligible to receive sickness benefits under the Railroad Unemployment Insurance Act (RUIA) will be \$1,603.00, and the monthly benefit under this Plan for employees who have exhausted their sickness benefit under the RUIA will be \$2,821.00. For disabilities lasting less than a month, and for any residual days of disability lasting more than an exact number of months, benefits will be paid on a calendar day’s basis at 1/30 of the monthly benefit rate.

(b) If the RUIA should be so amended as to increase daily benefit rates thereunder for days of sickness and the sum of 21.75 times the average daily benefit for Yardmasters under the RUIA as so amended plus the amount of the \$1,603.00 monthly benefit should exceed \$2,962.00, the amount of the monthly benefit shall be reduced to the extent that the sum of the amount of the reduced monthly benefit plus 21.75 times the average daily benefit for yardmasters under the amended RUIA will not exceed \$2,962.00. ‘The average daily benefit for Yardmasters under the RUIA as so amended’ for purposes of this Paragraph 4(b) is the benefit which would be payable to a Yardmaster who had worked full time in his base year and whose monthly rate of pay at the December 31, 2004 wage level was \$4,232.00.’”

Section 2 – Adjustment of Plan Benefits During Agreement Term

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.

ARTICLE IX - 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 _____ THIS ____ DAY OF _____, 2008

**FOR THE PARTICIPATING
CARRIERS LISTED IN
EXHIBIT A REPRESENTED
BY THE NATIONAL CARRIERS'
CONFERENCE COMMITTEE:**

**FOR THE EMPLOYEES
REPRESENTED BY THE
YARDMSTERS DEPART.,
UNITED TRANSPORTATION
UNION:**

_____, 2008
#1

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

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

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

_____, 2008
#2

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This refers to the increase in wages provided for in Sections 1, 2, and 3 of Article I of Document “B” 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:

Malcolm B. Futhey, Jr.

_____, 2008
#3

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

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

The provisions of Article IV, Parts B and C (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:

Malcolm B. Futhey, Jr.

_____, 2008
#4

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This confirms our understanding with respect to Document “B” of 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 NRC/UTU Plan and makes a Plan contribution pursuant to Article IV, Parts B or C, 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 Part C, 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:

Malcolm B. Futhey, Jr.

_____, 2008
#5

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This confirms our understanding with respect to Article IV, Parts B and C of Document "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 or Article IV, Part C, Section 1, 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:

Malcolm B. Futhey, Jr.

_____, 2008
#6

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This confirms our understanding with respect to Document “B” of 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:

Malcolm B. Futhey, Jr.

ATTACHMENT A

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

ASSUMPTIONS:

Effective date of new agreement is April 1, 2008.

Employee's standard basic daily rate as of 6/30/05 is \$205.53.

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%
7/1/07	3.0%

Employee is obligated to make a cost-sharing contribution for each month during period 1/1/07 through 3/31/08.

1. Gross Retroactive Pay

Employee would be due the following in retroactive pay:

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

$$\$5.14^* \times 21.75 \text{ days} \times 12 \text{ months} = \$1,341.54$$

* $\$205.53 \times 1.025 = \210.67 (daily increase of \$5.14)

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

$$\$11.46^* \times 21.75 \times 12 = \$2,991.06$$

* $\$210.67 \times 1.03 = \216.99 (cumulative daily increase of \$11.46)

c. For period 7/1/07 through 3/31/08:

$\$17.97 \times 21.75 \times 9 = \$3,517.63$

* $\$216.99 \times 1.03 = \223.50 (cumulative daily increase of \$17.97)

d. Total gross retroactive pay of \$7,850.23

2. COLA Credit (1/1/05 through 3/31/08)

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 6/30/07:

$\$4.96^* \times 21.75 \times 6 = \647.28

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

e. For period 7/1/07 through 12/31/07:

$\$5.76^* \times 21.75 \times 6 = \751.68

* $\$0.72/\text{hr. COLA} \times 8 \text{ hours} = \$5.76/\text{day}$

f. For period 1/1/08 through 3/31/08:

$\$7.04^* \times 21.75 \times 3 = \459.36

* $\$0.88/\text{hr. COLA} \times 8 \text{ hours} = \$7.04/\text{day}$

g. Total COLA credit of \$2,985.84

3. Retroactive H & W Cost-Sharing (1/1/07 through 3/31/08)

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):

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

$\$19.79^* \times 6 = \118.74

* $\$166.25$ (monthly cost-sharing amount effective 1/1/07) -

\$146.46 (monthly cost-sharing amount actually paid by yardmasters effective 1/1/07) = \$19.79/month

b. For period 7/1/07 through 12/31/07:

$$\$10.12^* \times 6 = \$60.72$$

* \$166.25 (monthly cost-sharing amount effective 1/1/07) - \$156.13 (monthly cost-sharing amount actually paid by yardmasters effective 7/1/07) = \$10.12/month

c. For period 1/1/08 through 3/31/08:

$$(\$4.19)^* \times 3 = \$(12.57)$$

* \$166.25 (monthly cost-sharing amount effective 1/1/08) - \$170.44 (monthly cost-sharing amount actually paid by yardmasters effective 1/1/08) = \$4.19/month credit

d. Total retroactive H&W cost-sharing of \$166.89

4. Net retroactive payment:

Gross Retroactive Pay:	\$7,850.23
Subtract COLA Credit	- <u>2,985.84</u>
	\$4,864.39
Subtract Retroactive H&W Cost-Sharing	- <u>166.89</u>
Net Retroactive Pay:	\$4,697.50

5. Standard Basic Daily Rate Effective 4/1/08:

$$\$205.53^* \times 1.025 \times 1.03 \times 1.03 = \$223.50 \text{ (rounded)}$$

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

_____, 2008
#7

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This confirms our understanding with respect to Article IV of Document "B" of the Agreement of this date.

1. The provisions of Article IV reflect compromises made by both parties, including without limitation compromises involving plan benefits, deductibles, co-payments and co-insurance, other aspects of plan design, employee contributions, cost containment, and tax consequences. The parties intend that these compromises not be materially altered by federal legislation that may be enacted or by federal regulations that may be adopted.

2. In the event that either party believes that federal legislation is enacted, or federal regulations are adopted, that materially adversely affects its settled expectations and interests in the compromises reflected in Article IV, such party shall give written notice to the other describing in detail such material adverse effect.

3. If a notice is given pursuant to Paragraph 2, the parties shall promptly commence discussions for the purpose of reaching a voluntary agreement that, notwithstanding required compliance with such federal

legislation (or regulation), will preserve, to the fullest extent practicable, the same relative economics that resulted from the compromises reflected in Article IV. It is mutually understood that the procedures of Section 6 of the Railway Labor Act shall not apply to these discussions.

4. If the parties are unable to reach a voluntary agreement pursuant to Paragraph 3 to achieve the objective described therein, the controversy shall be resolved through interest arbitration either pursuant to the procedures set forth in Section 7 of the RLA or through such other procedures as may be agreed upon by the parties.

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

Very truly yours,

Robert F. Allen

I agree:

Malcolm B. Futhey, Jr.

_____, 2008
#8

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

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

The parties agree to refer their dispute over the interpretation and application of Side Letter #3 to the August 20, 2002 National UTU Agreement, Document "B", to final and binding arbitration as set forth below.*

1. The dispute shall be resolved by a Special Board of Adjustment that will be established within thirty (30) days after the date of this Agreement. Such SBA shall consist of three members, one partisan member selected by the UTU, one partisan member selected by the NCCC, and a neutral member jointly selected by the parties who will serve as Chairman. Each party shall bear the fees and expenses of its respective partisan member. All other costs associated with the SBA, including the fees and expenses of the neutral member, shall be borne equally by the parties.

2. The SBA agreement shall provide for written submissions and an oral hearing at which each side may present evidence and argument in support of its position.
3. The SBA shall issue its decision in writing within thirty (30) days after the close of the oral hearing. A majority vote on any issue presented to the SBA for decision shall be a final and binding disposition of that matter.
4. Either party may refer any matter or issue that it deems unresolved or inadequately addressed by the SBA's decision for further handling by the National Wage and Rules Panel established by and functioning pursuant to Article XIII of the Award of Arbitration Board No. 559, Appendix D, Document "A", as amended by Article VIII of the August 20, 2002 National UTU Agreement, Document "A".

* The pertinent language in dispute provides as follows:

"The parties agree that at the earliest opportunity in the next national bargaining round, the matter of relating the existing service scales in effect on each participating road to training and experience will be addressed."

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

Very truly yours,

Robert F. Allen

I agree:

Malcolm B. Futhey, Jr.

_____, 2008
#9

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This confirms our understanding with respect to the implementation of Article V of Document "B" of the Agreement of this date.

Such Article shall be implemented on each covered carrier upon written notice by the organization that its data and financial systems are ready for such implementation.

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

Very truly yours,

Robert F. Allen

I agree:

Malcolm B. Futhey, Jr.

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This confirms our understanding with respect to the implementation of Article VII of Document "B" of the Agreement of this date.

This will confirm the parties' intention to divert the first five (5) cents of the cost-of-living allowance(s) otherwise payable to employees under Part B of Article III of the Agreement to fund Section 2 of Article VII. It is further intended that the carriers' funding obligation under Section 2 is based upon the actual amount, and effective date, of such diversion.

Finally, it is mutually understood that in no event shall the monthly employee cost-sharing amount due under this Document "B" be less than such amount applicable on the same date with respect to employees covered by Document "A" of the Agreement of this date.

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

Very truly yours,

Robert F. Allen

I agree:

Malcolm B. Futhey, Jr.

Exhibit A
(UTU - Ymstrs.)

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 UNITED TRANSPORTATION UNION, AND NOTICES SERVED ON OR AFTER NOVEMBER 1, 2004 BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE YARDMASTERS DEPARTMENT - UNITED TRANSPORTATION UNION UPON SUCH CARRIERS.

Subject to indicated footnotes, this authorization is co-extensive with notices filed and with provisions of current schedule agreements applicable to employees represented by the Yardmasters Department - United Transportation Union:

BNSF Railway Company
Consolidated Rail Corporation
CSX Transportation, Inc.
Indiana Harbor Belt Railroad Company
The Kansas City Southern Railway Company
 Kansas City Southern Railway
 Louisiana and Arkansas Railway
 MidSouth Rail Corporation
 Gateway Western Railway
 Mid Louisiana Rail Corporation
 SouthRail Corporation
 TennRail Corporation
 Joint Agency
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 Co.
 Georgia Southern and Florida Railway Company
 Tennessee, Alabama and Georgia Railway Company
 Tennessee Railway Company
 Northeast Illinois Regional Commuter Railroad Corporation 2
 Port Terminal Railroad Association
 Portland Terminal Railroad Company
 Terminal Railroad Association of St. Louis

* * * * *

Notes:

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

FOR THE CARRIERS:

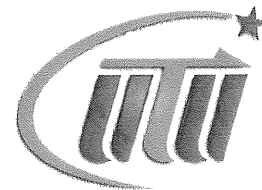
**FOR THE UNITED TRANS-
PORTATION UNION:**

_____, 2008
Washington, D.C.

united transportation union

District 1 - Association of General Chairpersons

R.S. Knutson *Chairperson*
P.E. Emert *Vice Chairperson*
G.T. Casey *Secretary*
L.P. King, Jr. *Treasurer*



April 1, 2008

Mr. M.B. Futhey, Jr.
International President, UTU
14600 Detroit Avenue
Cleveland, OH 44107-4250

Re: Endorsement Of Tentative UTU National Agreement

Dear Sir and Brother,

On behalf of the above Association, we would like to extend our appreciation for the presentation given by you and the members of the UTU national negotiating team concerning the tentative national agreement at our meeting on March 25, 2008. As you observed, the General Chairmen in attendance expressed by a unanimous show of hands their desire to submit the agreement to the membership for ratification.

It should further be noted that following the presentation, the Association entered Executive Session at which time an unopposed motion was entertained wherein "endorsing" the tentative agreement. Therefore, please accept this as the Association's endorsement and our recommendation for ratification.

Fraternally,

A handwritten signature in cursive script, appearing to read 'R.S. Knutson', is written over a horizontal line.

R.S. Knutson
Chairperson

cc: A.Martin III, UTU Assistant President
K.N. Thompson, UTU GS&T
District 1 Association Members

M. B. FUTHEY JR.
International President

ARTHUR MARTIN III
Assistant President

KIM N. THOMPSON
General Secretary and Treasurer



14600 DETROIT AVENUE
CLEVELAND, OHIO 44107-4250
PHONE: 216-228-9400
FAX: 216-228-5755
www.utu.org

April 2, 2008

U. S. Chairpersons
General Committees of Adjustment
Involved in National Handling

Re: Agreed upon Questions & Answers

Dear Chairpersons:

Enclosed is the final series of the Questions and Answers interpretation of the Tentative National Rail Agreement.

These Questions and Answers are agreed upon between the UTU Negotiating Committee and representatives of the National Carriers Conference Committee.

Fraternally yours,

A handwritten signature in cursive script that reads "M. B. Futhey Jr." with a small flourish at the end.

M. B. Futhey Jr.
International President

cc: A. Martin, Assistant President
K. N. Thompson, General Secretary & Treasurer
U.S. Rail Vice Presidents

Questions On 2008 Proposed UTU National Agreement

(Note: These questions apply to both Document A and Document B, except Article V – Expenses Away From Home – does not apply to Document B.)

ARTICLE I – WAGES

Section 7

Q1. Will the retroactive wage increases be applied to the basic daily and overmile rates of pay, overtime, trip rates, penalty claim payments and arbitraries or special allowances expressed in time or miles that are subject to increase?

A1. Yes.

Q2. Will the retroactive wage payments made to employees include previous vacation payments, PL days and all other contractual pay entitlements?

A2. Yes.

Q3. Will General Wage Increases be applied to current entry rates?

A3. Yes. The pay rates and any other applicable elements of compensation to which entry rates are applied will be subject to the application of the General Wage Increases as provided in Article I.

Q4. Will an employee who has been dismissed/suspended between July 1, 2005 and the effective date of this Agreement, who is subsequently reinstated/suspension removed or overturned, with all rights unimpaired and pay for all time and benefits lost, have the retroactive pay increases applied to his/her payment for time lost?

A4. Yes.

Q5. Will GWI's, including retroactive back payments, be applied to training payments made to employees in locomotive engineer training programs where the UTU holds the applicable agreement on the property and such application is not specifically excluded by such agreement?

A5. Yes.

Q6. Will GWI's, including retroactive back payments, be applied to training payments made to employees in yardmaster training programs on properties where the UTU represents yardmasters?

A6. This will be addressed in the same manner as in the past on each individual carrier.

Q7. If an employee has worked subsequent to June 30, 2005 under another national agreement (and received retroactive pay for such work) and as a trainman under this Agreement, is that employee entitled to retroactive pay under this Agreement for his/her trainmen work?

A7. Yes, if otherwise eligible and provided there is no duplication.

Q8. Will RR Tier I & RR Tier II taxes, as well as applicable federal, state and local taxes, be applied to the retroactive pay received in 2008?

A8. Yes, as required by applicable law.

Q9. Since employees have paid tax on COLA money received, how will the tax on retroactive back pay be calculated?

A9. In a manner that will ensure that the same income is not subject to duplicate taxation.

ARTICLE II - OPTIONAL ALTERNATIVE COMPENSATION PROGRAM

Section 1

Q1. Are alternative compensation arrangements an option on each individual rail carrier?

A1. Yes. Either party may propose alternative compensation arrangements for consideration by the other party. Neither party may be compelled to agree to any proposal made under this Article.

ARTICLE III – COST-OF-LIVING PAYMENTS

Part A, Section 1

Q1. Are COLAs under the 2002 National UTU Agreement being replaced by higher General Wage Increases under this Agreement?

A1. Yes.

Q2. Will each Carrier afford their employees individual full disclosure statements reflecting GWI increases credited as well as retroactive COLA payments and Health & Welfare cost sharing amounts offset against their retroactive back pay?

A2. In the past, carriers have generally not provided individual statements or this level of detail. The carriers have agreed, however, to the following arrangements: any employee may make a written request for information, through his/her General Chairperson, regarding his/her retroactive pay computation within thirty (30) days after receipt of such pay. A carrier representative will respond to such requests.

Q3. Will protective payments be offset in the same manner as COLA and H&W payments when calculating retroactive back pay, or will retroactive back pay be calculated the same as the example, but paid as a signing bonus thereby having no offset for prior protective payments?

A3. Both protective payments and earnings are raised in connection with retroactive pay application. Those protective payments are not paid as a signing bonus.

Q4. If retroactive pay is reduced/offset by protection payments, would the offset be figured on a monthly basis or averaged over the entire retroactive pay period?

A4. On a monthly basis.

Part A, Section 2

Q1. What does "any local counterpart" reference?

A1. Any local version of the national UTU COLA arrangements described in Article III, Part A, Section 1.

Part B, Section 1

Q1. When referencing retaining our COLA, is that referring to future COLA adjustments beginning in 2011?

A1. Yes.

Q2. Once COLAs resume on January 1, 2011, will they be applied every six (6) months until a new contract is implemented?

A2. Yes.

Q3. If the CPI is above 3 percent, how is the COLA calculated? Please give an example.

A3. This computation is set forth in Part B, Section 1(b)(iii) and (iv) of this Agreement. Example:

If the CPI increase from the base month of March 2011 was 4%, in the determination of the COLA effective July 1, 2012, (i) the measurement period would be the 12-month period from March 2011, and (ii) the amount of CPI increase taken into account would be the portion of such increase in excess of 3% of the March 2011 index (subject to a 6% cap).

Q4. Is the COLA methodology in Part B, Section 1 the same as the methodology in the 2002 UTU National Agreement?

A4. Yes.

ARTICLE IV – HEALTH & WELFARE

Part A

Q1. How will the Health and Welfare package affect hospital association members?

A1. The national Health and Welfare package makes no changes to existing hospital association arrangements.

Part A, Section 2 (a)

Q1. What is meant by “white space”?

A1. This Section defines that term as “any geographic area where the MMCP is not currently offered and United Healthcare, Aetna, or Highmark BlueCross Blue Shield has a medical care network.”

Q2. Will employees residing in “white space” locations have the opportunity to receive MMCP coverage?

A2. Yes.

Q3. Do employees who do not reside in a network area nonetheless have an option to enroll in MMCP?

A3. Yes.

Part A, Section 2 (b)

Q1. If I live in a “white space”, will it be mandatory that I enroll in the MMCP or will I be able to choose my health care provider as I do now?

A1. Employees who live in a white space may choose between MMCP or CHCB coverage, subject to any agreement the parties may make pursuant to Section 2(b).

Q2. Are we to understand that everyone will be enrolled in a MMCP health plan and lose the option of a CHCB unless MMCP is not available in their area?

A2. See A1 at Part A, Section 2(b) above.

Part A, Section 2(c)

Q1. If an MMCP-covered employee travels from his city of residence, will he be entitled to receive in-network benefits from his MMCP provider’s point-of-service network in another location?

A1. Yes.

Part A, Section 2 (d)

Q1. Is the Basic Health Care benefit option under Article IV, Section 3 of the November 6, 2003 UTU National Health & Welfare Agreement eliminated?

A1. Yes.

Q2. Are employees still entitled to opt out of coverage pursuant to Article IV, Section 2 (k) of the November 6, 2003 UTU National Health & Welfare Agreement and receive \$100 per month?

A2. Yes.

Q3. If an employee was formerly covered under the Basic Health Care benefit option, will they be permitted to "opt out" of coverage under Article IV, Section 2 (k) of the November 6, 2003 UTU National Health & Welfare Agreement upon elimination of the Basic Health Care benefit program?

A3. Not at that time. Employees eligible for that option will be given the opportunity to opt out during the Fall open enrollment period for calendar year 2009.

Q4. Will those employees who have opted out of their insurance be required to again opt out, or will their current election remain in place?

A4. The current election will remain in effect for 2008.

Part A, Section 2 (e)

Q1. A member's spouse has been deaf since birth. Will she be covered for a cochlear implant or will she be excluded because her hearing loss happened in the womb?

A1. Preexisting conditions are not excluded.

Part A, Section 2 (f)

Q1. Does this Agreement change in any way qualifying requirements for dental and vision coverage?

A1. Yes, but only to the limited extent provided in Article IV, Section 3(f).

Part A, Section 3 (a)(1)

Q1. Will subsequent visits to the same obstetrician or gynecologist, for treatment of the same pregnancy, now require a payment for each visit?

A1. No.

Q2. What will the co-pay be for an office visit to an in-network Urologist or Cardiologist?

A2. \$35.00 per office visit.

Q3. Will there be a list generated of specialized providers requiring the \$35.00 co-pay?

A3. No. If a provider is not one of the five types listed, the higher office visit co-pay will apply. Those five are: general practice, pediatrics, obstetrics-gynecology, family practice, and internal medicine.

Part A, Section 3 (a)(2)

Q1. What is considered to be an "Urgent Care Center"?

A1. In general, a medical facility designed to offer immediate evaluation and treatment of health conditions that do not require hospital or hospital emergency room treatment.

Part A, Section 3 (c) (1), (2), (3), (4), (5)

Q1. Under the UTU/NCCC H&W Agreement will the 21 day limit on pharmacy prescriptions be extended to 30 days?

A1. No, applicable existing rules are not changed by this Agreement.

Part A, Section 3 (c) (d)

Q1. What is meant by "Administrator's Formulary?"

A1. A listing of prescription drugs maintained by the Program Administrator that have been determined to be safe and effective to address various medical conditions. The list includes preferred and non-preferred brand name drugs.

Q2. Where will the Program Administrator's Formulary be published and available for reference?

A2. Employees and their dependents may search the Program Administrator's Formulary for specific drugs by accessing the Administrator's website, which is www.medco.com. Members may also contact the Administrator's customer service representatives for information and to order a member guide to the Plan's drug benefit program. That number is: 1-800-842-0070.

Q3. How many Program Administrators will there be?

A3. The Agreement does not alter applicable existing arrangements, under which there is a single Program Administrator. Medco Health Solutions, Inc. ("Medco") administers the Plan's Managed Pharmacy Services Benefit.

Q4. Will employees have a choice of selecting a Program Administrator which lists their required medications on the formulary?

A4. No. Medco is the designated Program Administrator.

Q5. Who decides which drugs are included in the Administrator's Formulary?

A5. An Advisory Group to the Program Administrator that is independent of Medco (Pharmacy & Therapeutics Committee "P&T Committee") and is comprised of eight nationally recognized medical and pharmacy-practice experts.

Q6. Can drugs be added to the Formulary?

A6. Yes, but only pursuant to determinations made by the P&T Committee.

Q7. When drugs are added to the Formulary, how will the members be notified?

A7. No specific communications are given to members when a drug is added to the Formulary pursuant to actions by the P&T Committee. See Q&A 2 above.

Part A, Section 3 (c) (4)

Q1. If my physician orders a brand name (non-generic) Program Administrator's Formulary drug, and specifies that it should be "dispensed as written", will I be required to pay the difference between the cost of the generic equivalent of that drug and the brand name price?

A1. No. At retail, the difference in cost between generic and brand name drugs applies only when the patient requests a brand name drug. At mail order, there is a difference in co-pay for brand name drugs, but the patient is not responsible for the difference in cost.

Part B, Section 1

Q1. Will the Health & Welfare cost sharing contributions made by employees that are members of hospital associations be any different from those of other employees under this Agreement?

A1. The Agreement does not change applicable existing rules, which do not make any distinction on that basis. See also Side Letter #4.

Part B, Section 1(a)

Q1. Will employees who opted out of Health and Welfare under the 2002 National Agreement be offset for Health & Welfare cost sharing against retroactive wages?

A1. There will be no such offset for any month for which an employee was not obligated to make a cost-sharing contribution.

Part B, Section 1 (c)

Q1. Under Article 4, Part B, Section 1 subparagraph C the 15% of the Carrier's monthly payment rate for 2010 is \$220, and the January 1, 2009 rate was \$210 (15% of the Carrier's monthly payment rate for 2009). What would the employee cost-sharing contribution amount be for 2010?

A1. \$210.00

Q2. Under Article 4, Part B, Section 1 subparagraph C the 15% of the Carrier's monthly payment rate for 2010 is \$220, and the January 1, 2009 rate was \$190. What would the employee cost-sharing contribution amount be for 2010?

A2. \$200.00

Q3. Under Article 4, Part B, Section 1 subparagraph C, the 15% of the Carrier's monthly payment rate for 2010 is \$195, and the January 1, 2009 rate was \$190. What would the employee cost-sharing contribution amount be for 2010?

A3. \$195.00

Q4. Will the caps set forth in Article IV – H&W, Part B, Section 1(c) be eliminated on January 1, 2011 according to Part C of the same article?

A4. The employee cost-sharing amount in effect at that time will be subject to adjustment as provided in Part C, Section 1, pursuant to the same methodology contained in the 2002 UTU National Agreement.

Part B, Section 1 (d)

Q1. Is the "15% of the Carrier's Monthly Payment Rate" schedule set up to address each employee's individual Health Plan premium or is it based on an aggregate of the total amount paid by the employer per month and then divided by the number of employees covered under the plan?

A1. The methodology utilizes aggregate data.

Q2. If the "15% of the Carrier's Monthly Payment Rate" schedule is based on an aggregate of the total amount paid by the employer per month and then divided by the number of employees covered under the plan, wouldn't a single member with no dependents actually be paying more than 15% of his plan and a member with five (5) dependents be paying less than 15% of their plan?

A2 The employee cost-sharing contribution amount is the same for each covered employee. The employer's contribution to the Plan is also the same for each Plan-covered employee.

Part B, Section 1 (e)

Q1. Will there actually be a reduction for the Employee Monthly Cost-Sharing Contribution for 2007 and 2008?

A1. Such amount will be \$166.25 per month for both 2007 and 2008, which constitutes a decrease for 2008.

Q2. What will the employee be required to pay in H&W Cost-Sharing at implementation of this agreement?

A2. \$166.25 per month.

Part B, Section 3

Q1 Does the Agreement alter existing rules governing when an employee is required to make a cost-sharing contribution or when a carrier is obligated to make a Plan contribution on his/her behalf?

A1. No.

Q2. When is an employee required to make a monthly cost-sharing contribution?

A2. For each month that his/her employer is required to make a contribution to the Plan on his/her behalf for foreign-to-occupation (off-duty) health benefits coverage for the employee and/or his/her dependents.

Q3. Was the Carrier allowed to double-dip by recovering all the COLA that was paid out in previous years, including the amounts offset against previous COLA payments and applied towards Health and Welfare that employees never saw in their pay check?

A3. No.

Part C, Section 1 (a)

Q1. After the Agreement moratorium expires, and employees begin to receive COLA increases once again, will the H&W Cost-Sharing payments increase also?

A1. Yes, see Q&A 4 under Part B, Section 1(c), but only if the carriers' payment rate increases.

Q2. Article IV, Part C, Section 1(a) states that after January 1, 2011, we will once again see increases in our Employee Monthly Cost-Sharing Contribution Amount. Is there a cap on these employee cost sharing payments subsequent to January 1, 2011?

A2. Yes, the same cap that is now applicable under the current UTU National Agreement.

Part C, Section 3

Q1. Does Article IV, Part C, Section 3 mean the carrier will institute programs that will pay the employee's share of H&W costs?

A1. No.

ARTICLE V – EXPENSES AWAY FROM HOME

Q1. Will the \$2.00 meal allowance increase apply to each meal allowance payment if the employee is entitled to two or more meal allowances?

A1. Yes. This Article provides for a \$2.00 increase to the amount of the meal allowance payment due under Article II, Section 2 of the June 25, 1964 National Agreement (as amended). It is not intended to otherwise alter the manner or circumstances in which such meal allowance is to be paid.

ARTICLE VI (Document A) – Article V (Document B) – DUES CHECK-OFF AGREEMENTS

NONE

ARTICLE VII (Document A) Article VI (Document B) – INFORMATION, DATA AND FINANCIAL INTERACTIONS

Section 1

Q1. Will direct deposit become mandatory with ratification of this Agreement?

A1. Yes.

Q2. Would all compensation and payments received from the Carrier be subject to automatic payment by direct deposit?

A2. Yes.

Q3. If an employee does not utilize a bank account for his/her financial transactions, is he/she required to obtain a bank account to which funds due from the Carrier may be directly deposited?

A3. Yes.

Q4. Does the Carrier have the right to recover an overpayment from the employee's bank account after the pay date without the employee's authorization?

A4. No.

Section 2

Q1. Can part time General Committees voluntarily be included in modernized interaction with the Carrier?

A1. Yes.

Q2. Does Article VII, Section 2 include appeals and claims docketing?

A2. No, unless otherwise mutually agreed between the parties.

ARTICLE VIII (Document A only) – GENERAL PROVISIONS

NONE

SIDE LETTER #2

Q1. Are retroactive pay increases only applicable to employees who hired before June 30, 2005?

A1. No.

Q2. Will employees who retired subsequent to June 30, 2005 be entitled to back pay as provided for in Article I, Sections 1, 2 and 3 of both Documents A and B of this Agreement?

A2. Yes.

Q3. Will retirees be notified of the retroactive payment, or will a direct deposit take place without announcement?

A3. There will be no special notification to retirees.

SIDE LETTER #6

Q1. Will the retroactive pay due an employee be combined with a regular payroll period payment or paid by a separate payment?

A1. It is anticipated that this will be addressed on each affected carrier in the same manner as in the past.

Q2. According to figures on page 36 we owe \$126.57 (average employee) in back H&W payments, how can this be? We have had increases in H&W from both our pay and COLA increases.

A2. The employee monthly cost-sharing contribution amount actually paid, during certain of the periods involved, is less than the new monthly cost-sharing contribution amount established under the new agreement.

Q3. In the Attachment A example, why does the COLA credit in Section 2 reference .46 cents of COLA per hour when we actually received only .31 cents per hour COLA?

A3. The example shows the cumulative amount of the COLA paid to that point for the period indicated.

Q4. How will retroactive contributions for Health & Welfare be backed out and applied against General Wage Increases?

A4. The retroactive pay received by an employee will be net of the pay increases less the retroactive H&W cost-sharing contributions and COLA payment offsets.

SIDE LETTER #8

Q1. Would it be safe to say that “worst case scenario” for the UTU would be for the arbitrator to rule in favor of past National Agreement practices such as Article VI in AA #559 (adjust current employees to next higher level on effective date) or Article VI of 2002 Agreement (full rate to any employee hired before effective date)?

A1. The arbitrator is charged with resolving the parties’ dispute over the interpretation and application of the contractual language at issue.

Q2. Will there be any change in how entry rates are applied if this agreement is ratified?

A2. See A1 above.

Q3. How does Side Letter #8 address Side Letter #2 of the August 20, 2002 National Agreement?

A3. See A1 above.

Q4. How soon can the membership expect movement on the entry rate issue?

A4. The Side Letter provides that the Special Board of Adjustment that will decide this dispute will be established within thirty days after the date of the new agreement.

Q5. Does arbitration of the service scale issue on the International level preclude individual General Committees from reaching mutual agreements on their property, either before or after the arbitration, that exceed the national standard?

A5. No.

Q6. Will the results of the arbitration pursuant to this Side Letter be final and binding on both parties?

A6. Yes.

Document B (yardmaster) only questions:

Article I

Q1. Will Yardmasters have the option to have their retroactive portion of the GWI's placed into their 401K Plan?

A1. Where applicable, this will be addressed on each affected carrier in the same manner as in the past, subject to applicable law and Plan rules.