

Document “A”

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT, made this 6th day of November, 2003 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:

SECTION 1 - PURPOSE

This Agreement is made pursuant to Article IV - Health and Welfare of the parties' August 20, 2002 Agreement - Document "A" ("2002 National Agreement") and is intended to be a full and final disposition of the parties' respective pending bargaining notices concerning health and welfare issues. Its terms are incorporated into and will be a part of the 2002 National Agreement as provided herein.

SECTION 2 - AMENDED EFFECTIVE DATE

For the purpose of defraying health and welfare costs, Section 4 - Third General Wage Increase of the 2002 National Agreement is amended to provide that the effective date of such General Wage Increase shall be December 1, 2004 instead of July 1, 2004.

SECTION 3 - COST-OF-LIVING ALLOWANCE AMENDMENTS

Part B of Article III - Cost-Of-Living Payments of the 2002 National Agreement is amended to read as follows:

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

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

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

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

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

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

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

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

(iv) Any increase in the CPI from the base month of September 2004 to the measurement month of September 2005 in excess of 6% of the September 2004 base index shall not be taken into account in the determination of subsequent cost-of-living adjustments.

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

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

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

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

Section 2 - Payment of Cost-of-Living Allowances

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

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

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

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

Section 3 - Application of Cost-of-Living:Allowances

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

(a) 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 6 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 6 and 7 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.”

SECTION 4 - HEALTH AND WELFARE

Article IV - Health and Welfare of the 2002 National Agreement is amended to read as follows:

“ARTICLE IV - HEALTH AND WELFARE”

Part A - Plan Changes

Section 1 - Continuation of Health and Welfare Plan

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”), modified as provided in this Article with respect to employees represented by the organization and their eligible

dependents, will be continued subject to the provisions of the Railway Labor Act.

Section 2 - Plan Benefit Changes

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

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

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

(d) In addition to the Plan's existing coverage for speech therapy, such therapy will be a Covered Expense (Covered Health Service) under the CHCB and the Plan's Managed Medical Care Program ("MMCP"), when given to children under three years of age as part of a treatment for infantile autism, development delay, cerebral palsy, hearing impairment, or major congenital anomalies that affect speech.

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

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

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

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

Section 3 - Plan Design Changes To Contain Costs

(a) The parties to this Agreement, hereinafter referred to as the "parties," will promptly solicit bids from interested companies to provide those services to the Plan involving the MMCP that are currently provided by Aetna Inc. The parties will evaluate the bids received and the capabilities of the companies making those bids and will accept such of them (or enter into negotiations with the bidding company or companies) as the parties deem appropriate.

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

(c) With respect to geographic areas where the Plan's MMCP is not currently available but where companies capable of administering the MMCP provide such services, the parties will solicit proposals from such companies

to administer the MMCP, and will evaluate the proposals they receive and accept such of them (or enter into negotiations with the proposing company or Companies) as the parties deem appropriate.

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

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

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

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

(h) Plan coverage for an "Eligible Employee" and his/her "Eligible Dependents" will commence on the first day of the fourth calendar month after such employee first renders the "Requisite Amount of Compensated Service." For purposes of this subsection, the terms set forth in quotations shall be defined as provided in the current Plan booklet.

(i) The parties shall establish a new benefit package denominated as the Basic Health Care Benefit (“BHCB”) effective January 1, 2004 that will be administered by one or more vendors. Participation in that arrangement shall be made available as an option to individuals covered by the Plan. The plan design for the BHCB shall be as provided in Attachment A hereto.

(j) The parties will promptly research the costs, benefits, outcomes and other relevant aspects of consumer driven health care benefit arrangements offered by various vendors and shall make participation in such of those arrangements as the parties deem appropriate available, through a pilot program not exceeding two (2) years in duration, as an option to individuals covered by the Plan. If the parties agree, they may extend and expand such arrangements to other covered individuals.

(k) During a prescribed election period preceding January 1, 2004 and preceding each January 1 thereafter, employees may certify to the Plan or its designee in writing that they have health care coverage (which includes medical, prescription drug, and mental health/substance abuse benefits) under another group health plan or health insurance policy that they identify by name and, where applicable, by group number, and for that reason they elect to forego coverage for foreign-to-occupation health benefits for themselves and their dependents under the Plan and under any Hospital Association plan in which they participate. Such election is hereafter referred to as an “Opt-Out Election” and, where exercised, will eliminate an employer’s obligation to make a contribution to the Plan and/or dues offset payment to a Hospital Association for foreign-to-occupation health benefits for the employee and his dependents.

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

however, that the employee's Opt-Out Election is in effect for the entire month.

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

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

- (i) the employee loses eligibility under, or there is a termination of employer contributions for, the other coverage that allowed the employee to make the Opt-Out Election, or
 - (ii) if COBRA was the source of such other coverage, that COBRA coverage is exhausted.
- (1) The Plan design changes contained in this Section shall become effective as soon as practicable except as otherwise provided.

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

(a) Effective November 1, 2003, each employee covered by this Agreement shall contribute \$119.61 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

(b) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$100.00.

(c) Effective July 1, 2005, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the cost-of-living allowance effective July 1, 2005 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003.

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

(e) Effective July 1, 2006, the per month employee cost-sharing contribution amount in effect on June 30, 2006 shall be increased by the

lesser of (x) the amount (if any) by which the number described in part (x) of subsection (d) of this Section exceeds the product described in part (y) of such subsection (d), and (y) one-half of the cost-of-living allowance effective July 1, 2006 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.

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

(g) The pattern specified in subsections (e), and (f) 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.

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

Carrier payments to the Plan for these purposes shall be deemed to include amounts paid pursuant to Section 3(k) of Part A of this Article IV 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 applicable to employees represented by the organization signatory hereto and the carriers represented by the National Carriers' Conference Committee.

- (i) 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, 2000.
- (j) If the per month employee cost-sharing contribution amount ("cost-sharing amount") is increased for the period July 2005 through December 2005 or any subsequent periods and if a lower payment rate is established for the calendar year that immediately follows, then the cost-sharing amount shall be adjusted as appropriate to reflect such decreased benefit costs. Such adjustment shall be made effective January 1 of the calendar year for which such payment rate decrease is applicable and in no event shall take into account any portion of a payment rate below the payment rate level established for calendar year 2004. The cost-sharing amount shall also be subject to adjustment as provided in Article 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 employee's employer. If that election is exercised, the employer shall then deduct the amount of such employee contributions from the employee's wages and retain the amounts so deducted as reimbursement for the employee contributions that the employer had made for the employee."

SECTION 5 - SIDE LETTERS

The 2002 National Agreement is amended by adding Side Letter Nos. 4 through 10, attached hereto.

SIGNED AT WASHINGTON, D.C. THIS 6TH DAY OF NOVEMBER, 2003.

FOR THE PARTICIPATING
CARRIERS REPRESENTED BY
THE NATIONAL CARRIERS'
CONFERENCE COMMITTEE:



Robert F. Allen
Chairman

FOR THE EMPLOYEES
REPRESENTED BY THE
UNITED TRANSPORTATION
UNION:



Byron A. Boyd, Jr.
President

Emerson Bouchard
 Emerson Bouchard
 Kansas City Southern

John J. Fleps
 John J. Fleps
 The Burlington Northern and
 Santa Fe Railway Co.

Mark R. MacMahon
 Mark R. MacMahon
 Norfolk Southern Railway Co.

John J. Marchant
 John J. Marchant
 Union Pacific Railroad

Kenneth R. Peifer
 Kenneth R. Peifer
 CSX Transportation, Inc.

Paul C. Thompson
 Paul C. Thompson
 Assistant President

Daniel E. Johnson III
 Daniel E. Johnson, III
 General Secretary and Treasurer

James R. Curnby
 James R. Curnby
 Asst. to President – Yardmasters

Richard L. Marceau
 Richard L. Marceau
 Vice-president

Arthur Martin III
 Arthur Martin, III
 Vice-president

John T. Reed
 John T. Reed
 General Chairperson, CSXT

November 6,2003
#4

Mr. Byron A. Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

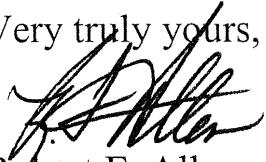
Dear Mr. Boyd:

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

For the purpose of computation and application of the employee cost-sharing provisions contained in Article IV, Part B of the Agreement, for periods beginning on or after July 1, 2005, the payment rate used shall (i) be based on the costs of the National Railway Carriers and United Transportation Union Health and Welfare Plan ("NRC/UTU Plan"), and (ii) be established for a calendar year on or before December 31 of the immediately preceding year and may be changed during such calendar year only if additional contributions are needed to fund NRC/UTU Plan benefits and expenses that must be paid during such year.

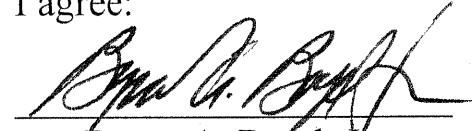
Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,



Robert F. Allen

I agree:



Byron A. Boyd, Jr.

November 6,2003
#5

Mr. Byron **A.** Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Pear Mr. Boyd:

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

In any month beginning November 1, 2003 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, Part B, Section 1, then, at the carrier’s option, either:

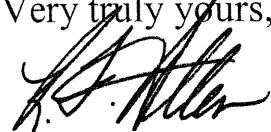
- (1) Such employee’s monthly “cost-sharing contribution amount” referred to in Article IV, Part B Section 1 shall be reduced by the Reduction Factor; or
- (2) The carrier shall pay the Hospital Association each month an amount equal to the Reduction Factor, provided that the Hospital Association that receives such payment has agreed to decrease the employee’s dues by the same amount.

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

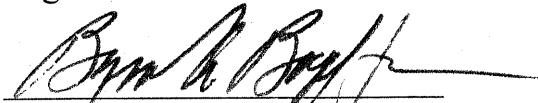
- (i) the monthly dues amount in effect on January 1, 2003 that was established by the Hospital Association for payment by an active employee,
- (ii) the “cost-sharing contribution amount” for the month referred to in Article IV, Part B, Section 1, or
- (iii) the monthly dues amount established by the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

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

Very truly yours,


Robert F. Allen

I agree:



Byron A. Boyd, Jr.

November 6,2003
#6

Mr. Byron **A.** Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

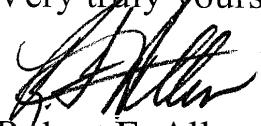
Dear Mr. Boyd:

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

The provisions of Article IV, Part **A**, Section 3(k) (Opt-Outs) and Part B (Employee Cost Sharing of Plan Cost Increases) are not applicable to employees covered by the Agreement who reside in Canada (“Canadian Employees”), provided, however, that any local agreements that use the Plan “Payment Rate” to compute amounts payable to active Canadian Employees in connection with health care arrangements are amended as necessary to provide that, for such purposes, the Payment Rate shall be reduced by the Employee Cost-Sharing Contribution Amount in effect at the time pursuant to Article IV, Part B.

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

Very truly yours,



Robert F. Allen

I agree:



Byron A. Boyd, Jr.

November 6,2003
#7

Mr. Byron A. Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Boyd:

This confirms our understanding with respect to Article IV, Part A, Section 3(k) of Document "A" of the Agreement of this date (Agreement).

That provision provides employees with an option to opt out of coverage for foreign-to-occupation health benefits for themselves and their dependents under the Plan and under any Hospital Association plan in which they participate. This will confirm our understanding with respect to the intended application of that provision.

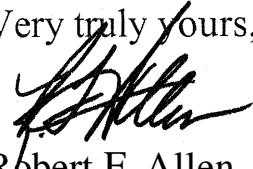
1. An employee who opts out will be opting out of FO health coverage only and (if he otherwise satisfies eligibility and coverage requirements) will continue to have on-duty injury coverage, coverage under the Dental and Vision Plans, and life and AD&D insurance coverage.

2. If a husband and wife are each covered by the Plan (or a Hospital Association) by virtue of railroad employment and either or both hold positions covered by this Agreement, a UTU-represented spouse may elect to opt out as provided in Section 3(k). If that election is made (and provided the other spouse remains so covered), (i) such UTU-represented spouse shall not receive the \$100/month payment provided in Section 3(k) and shall not

be required to make the employee cost-sharing contributions required under Article IV, Part B, and (ii) the Plan's coordination of benefits rules in effect on the date of this Agreement that are applied when a husband and wife are covered under the Plan both as an Eligible Employee and as an Eligible Dependent shall continue to be applicable.

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

Very truly yours,


Robert F. Allen

I agree:



Byron A. Boyd, Jr.

November 6, 2003
#8

Mr. Byron A. Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Boyd:

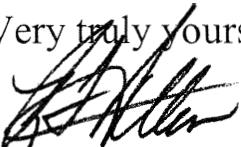
This confirms our understanding with respect to the opt-out provision, Article IV, Part A, Section 3(k) of Document "A" of the Agreement of this date (Agreement).

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

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

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

Very truly yours,


Robert F. Allen

I agree:



Byron A. Boyd, Jr.

November 6, 2003
#9

Mr. Byron A. Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Boyd:

Article IV, Section 3 – Employer Election of Document “A” of the Agreement of this date provides in pertinent part that a carrier, at its election, may make cost-sharing contributions on an employee’s behalf and subsequently deduct the amount of such contributions from the employee’s wages as reimbursement. This will confirm that each of the carriers comprising the National Carriers’ Conference Committee will exercise that election with respect to the employees covered by this Agreement.

Very truly yours,



Robert F. Allen

November 6,2003
#10

Mr. Byron A. Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

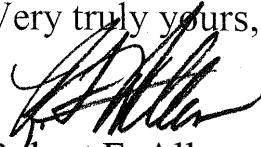
Dear Mr. Boyd:

This confirms our understanding regarding Article IV, Part C of Document "A" of the Agreement of this date.

1. If a deduction from an employee's wages for his monthly cost-sharing contribution pursuant to Article IV, Part B 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.
2. Each carrier shall examine the feasibility of including in the standard payroll documents provided to its employees information concerning the cost of the Plan and the employee's cost-sharing contributions. The results of that examination will be shared with the authorized organization representative and, if feasible, the parties shall use their best efforts to implement such arrangements.

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

Very truly yours,



Robert F. Allen

I agree:



Byron A. Boyd, Jr.

EXHIBIT A

CARRIERS REPRESENTED BY THE NATIONAL CARRIERS CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES DATED NOVEMBER 1, 1999 OF DESIRE TO REVISE AND SUPPLEMENT EXISTING AGREEMENTS WITH RESPECT TO HEALTH AND WELFARE ISSUES IN ACCORDANCE THEREWITH, SERVED BY AND ON BEHALF OF SUCH CARRIERS UPON THE UNITED TRANSPORTATION UNION, AND NOTICES DATED ON OR SUBSEQUENT TO NOVEMBER 1, 1999 AND SERVED ON SUCH CARRIERS BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE UNITED TRANSPORTATION UNION WITH RESPECT TO SUCH ISSUES FOR CONCURRENT HANDLING THEREWITH.

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

Alameda Belt Line

Alton & Southern Railway Company

The Belt Railway Company of Chicago

The Burlington Northern and Santa Fe Railway Company

Central California Traction Company

Columbia & Cowlitz Railway

Consolidated Rail Corporation

CSX Transportation, Inc.

Atlanta & West Point Railroad (former)

The Baltimore & Ohio Chicago Terminal Railroad Co.

The Baltimore and Ohio Railroad Company (former)

The Chesapeake and Ohio Railway Company (former)

CSXT Northern (former Conrail)

Gainesville Midland Railroad Company
Louisville & Nashville Railroad Company (former)
Nashville, Chattanooga & St. Louis Railway Co. (former)
Seaboard Coast Line Railroad Company (former)
Western Railway of Alabama
Kansas City Southern
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
Atlantic and East Carolina Railway 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 Corp. (METRA)
Northern Indiana Commuter Transportation District
Oakland Terminal Railway
Peoria and Pekin Union Railway Company
Port Terminal Railroad Association
Portland Terminal Railroad Company
Terminal Railroad Association of St. Louis
The Texas Mexican Railway Company*
Union Pacific Railroad Company
Utah Railway Company
Wichita Terminal Association
Winston Salem Southbound Railway Company

- * UTU's representation of employees on this carrier terminated effective July 15,2002.
-

FOR THE CARRIERS:



J. Miller

FOR THE UNITED TRANS-
PORTATION UNION:



Fred A. Bell Jr.

November 6,2003
Washington, D.C.

NRC/UTU Plan Design
Basic PPO Design

Attachment A

Medical / MHSA

Annual Deductible
 individual
 family

Office Visits, ER, Urgent Care
Coinsurance
Annual Out-of-pocket Max

 individual
 family

Prescription Drugs

Retail

 .. generic
 .. brand on formulary
 .. off formulary

Mail Order

 .. generic
 .. brand on formulary
 .. off formulary

Monthly Contributions

Nov 2003-June 2004
July 2004-June 2005

Basic PPO			
	<i>In-network</i>	<i>Out-Network</i>	
Annual Deductible			
individual	\$300		
family	\$900		
Office Visits, ER, Urgent Care	70%	50%	
Coinsurance	70%	50%	
Annual Out-of-pocket Max			
individual	\$2,500		
family	\$5,000		
Prescription Drugs			
Retail			
.. generic	70%"	50%	
.. brand on formulary	65%*	50%	
.. off formulary	60%*	50%	
Mail Order			
.. generic	70%"		
.. brand on formulary	65%*		
.. off formulary	60%*		
Monthly Contributions			
Nov 2003-June 2004			
July 2004-June 2005	\$0.00 (eff. 1/1/2004)		
	\$0.00		

Note: Deductibles do not apply toward Annual Out-of-pocket Max

* Basic PPO prescription drug benefit has an annual out-of-pocket maximum of \$2,000 per individual and \$4,000 per family.

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT, made this 6th day of November, 2003 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:

SECTION 1 - PURPOSE

This Agreement is made pursuant to Article IV - Health and Welfare of the parties' August 20, 2002 Agreement - Document "B" ("2002 National Agreement") and is intended to be a full and final disposition of the parties' respective pending bargaining notices concerning health and welfare issues. Its terms are incorporated into and will be a part of the 2002 National Agreement as provided herein.

SECTION 2 - AMENDED EFFECTIVE DATE

For the purpose of defraying health and welfare costs, Section 4 - Third General Wage Increase of the 2002 National Agreement is amended to provide that the effective date of such General Wage Increase shall be December 1, 2004 instead of July 1, 2004.

SECTION 3 - COST-OF-LIVING ALLOWANCE AMENDMENTS

Part B of Article III - Cost-Of-Living Payments of the 2002 National Agreement is amended to read as follows:

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

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

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

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

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

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

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

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

- (iv) Any increase in the CPI from the base month of September 2004 to the measurement month of September 2005 in excess of 6% of the September 2004 base index shall not be taken into account in the determination of subsequent cost-of-living adjustments.
- (v) The procedure specified in subparagraphs (iii) and (iv) shall be applicable to all subsequent periods during which this Article is in effect.

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

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

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

Section 2 - Payment of Cost-of-Living Allowances

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

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

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

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

Section 3 - Application of Cost-of-Living; Allowances

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

herein. Each one cent per hour of cost-of-living allowance will be applied to basic monthly rates of pay produced by application of the general wage increase provisions of Article I on each railroad in the same manner as used in applying the cost-of-living adjustment provisions of the June 15, 1987 National 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.”

SECTION 4 - HEALTH AND WELFARE

Article IV - Health and Welfare of the 2002 National Agreement is amended to read as follows:

“ARTICLE IV - HEALTH AND WELFARE

Part A - Plan Changes

Section 1 - Continuation of Health and Welfare Plan

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”), modified as provided in this Article with respect to employees represented by the organization and their eligible dependents, will be continued subject to the provisions of the Railway Labor Act.

Section 2 - Plan Benefit Changes

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

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

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

(d) In addition to the Plan's existing coverage for speech therapy, such therapy will be a Covered Expense (Covered Health Service) under the CHCB and the Plan's Managed Medical Care Program ("MMCP"), when given to children under three years of age as part of a treatment for infantile autism, development delay, cerebral palsy, hearing impairment, or major congenital anomalies that affect speech.

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

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

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

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

Section 3 - Plan Design Changes To Contain Costs

(a) The parties to this Agreement, hereinafter referred to as the "parties," will promptly solicit bids from interested companies to provide those services to the Plan involving the MMCP that are currently provided by Aetna Inc. The parties will evaluate the bids received and the capabilities of the companies making those bids and will accept such of them (or enter into negotiations with the bidding company or companies) as the parties deem appropriate.

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

(c) With respect to geographic areas where the Plan's MMCP is not currently available but where companies capable of administering the MMCP provide such services, the parties will solicit proposals from such companies

to administer the MMCP, and will evaluate the proposals they receive and accept such of them (or enter into negotiations with the proposing company or companies) as the parties deem appropriate.

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

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

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

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

(h) Plan coverage for an "Eligible Employee" and his/her "Eligible Dependents" will commence on the first day of the fourth calendar month after such employee first renders the "Requisite Amount of Compensated Service." For purposes of this subsection, the terms set forth in quotations shall be defined as provided in the current Plan booklet.

(i) The parties shall establish a new benefit package denominated as the Basic Wealth Care Benefit (“BHCB”) effective January 1, 2004 that will be administered by one or more vendors. Participation in that arrangement shall be made available as an option to individuals covered by the Plan. The plan design for the BHCB shall be as provided in Attachment **A** hereto.

(j) The parties will promptly research the costs, benefits, outcomes and other relevant aspects of consumer driven health care benefit arrangements offered by various vendors and shall make participation in such of those arrangements as the parties deem appropriate available, through a pilot program not exceeding two (2) years in duration, as an option to individuals covered by the Plan. If the parties agree, they may extend and expand such arrangements to other covered individuals.

(k) During a prescribed election period preceding January 1, 2004 and preceding each January 1 thereafter, employees may certify to the Plan or its designee in writing that they have health care coverage (which includes medical, prescription drug, and mental health/substance abuse benefits) under another group health plan or health insurance policy that they identify by name and, where applicable, by group number, and for that reason they elect to forego coverage for foreign-to-occupation health benefits for themselves and their dependents under the Plan and under any Hospital Association plan in which they participate. Such election is hereafter referred to as an “Opt-Out Election” and, where exercised, will eliminate an employer’s obligation to make a contribution to the Plan and/or dues offset payment to a Hospital Association for foreign-to-occupation health benefits for the employee and his dependents.

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

however, that the employee's Opt-Out Election is in effect for the entire month.

If an event described below in the final paragraph of this subsection (k) occurs subsequent to an employee's Opt-Out Election, the employee may, upon providing the Plan or its designee with proof satisfactory to it of the occurrence of such event, revoke his or her Opt-Out Election. An employee may also revoke his or her Opt-Out Election by providing the Plan or its designee with proof satisfactory to it that, after the employee made the Opt-Out Election, a person became a dependent of the employee through a marriage, birth, or adoption or placement for adoption. An employee who revokes an Opt-Out Election will, along with his or her dependents, be once again covered (effective the first day of the first month following such revocation that the employee and/or his dependents would have been covered but for the Opt-Out Election the employee had previously made) for foreign-to-occupation health benefits under the Plan or, in the case of an employee who is a member of a Hospital Association, by the Plan (for dependent coverage) and by the Hospital Association (for employee coverage). See Side Letter No. 9.

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

- (i) the employee loses eligibility under, or there is a termination of employer contributions for, the other coverage that allowed the employee to make the Opt-Out Election, or
 - (ii) if COBRA was the source of such other coverage, that COBRA coverage is exhausted.
- (l) The Plan design changes contained in this Section shall become effective as soon as practicable except as otherwise provided.

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

(a) Effective November 1, 2003, each employee covered by this Agreement shall contribute \$119.61 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents.

(b) Effective July 1, 2004, the per month employee cost-sharing contribution amount set forth in subsection (a) shall be changed to \$100.00.

(c) Effective July 1, 2005, the per month employee cost-sharing contribution amount set forth in subsection (b) shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2005 monthly payment rate over such payment rate for 2004, and (y) one-half of the cost-of-living allowance effective July 1, 2005 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2003.

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

(e) Effective July 1, 2006, the per month employee cost-sharing contribution amount in effect on June 30, 2006 shall be increased by the

lesser of (x) the amount (if any) by which the number described in part (x) of subsection (d) of this Section exceeds the product described in part (y) of such subsection (d), and (y) one-half of the cost-of-living allowance effective July 1, 2006 pursuant to Article 111, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.

(f) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2007 monthly payment rate over such payment rate for 2006, plus (ii) the amount (if any) by which the number described in part (x) of subsection (e) of this Section exceeds the product described in part (y) of such subsection (e), and (y) one-half of the cost-of-living allowance effective January 1, 2007 pursuant to Article 111, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2005.

(g) The pattern specified in subsections (e), and (f) 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.

(h) For purposes of subsections (c) through (f) above and subsection (j) 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).

Carrier payments to the Plan for these purposes shall be deemed to include amounts paid pursuant to Section 3(k) of Part A of this Article IV 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 applicable to employees represented by the organization signatory hereto and the carriers represented by the National Carriers' Conference Committee.

- (i) 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, 2000.
- (j) If the per month employee cost-sharing contribution amount ("cost-sharing amount") is increased for the period July 2005 through December 2005 or any subsequent periods and if a lower payment rate is established for the calendar year that immediately follows, then the cost-sharing amount shall be adjusted as appropriate to reflect such decreased benefit costs. Such adjustment shall be made effective January 1 of the calendar year for which such payment rate decrease is applicable and in no event shall take into account any portion of a payment rate below the payment rate level established for calendar year 2004. The cost-sharing amount shall also be subject to adjustment as provided in Article 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 employee's employer. If that election is exercised, the employer shall then deduct the amount of such employee contributions from the employee's wages and retain the amounts so deducted as reimbursement for the employee contributions that the employer had made for the employee."

SECTION 5 - SIDE LETTERS

The 2002 National Agreement is amended by adding Side Letter Nos. 5 through 11, attached hereto.

SIGNED AT WASHINGTON, D.C. THIS 6TH DAY OF NOVEMBER, 2003.

FOR THE PARTICIPATING
CARRIERS REPRESENTED BY
THE NATIONAL CARRIERS'
CONFERENCE COMMITTEE:



Robert F. Allen
Chairman

FOR THE EMPLOYEES
REPRESENTED BY THE
YARDMASTERS DEPART-
MENT, UNITED TRANSPOR-
TATION UNION:



Byron A. Boyd, Jr.
President

Emerson Bouchard

Emerson Bouchard
Kansas City Southern

Paul C. Thompson

Paul C. Thompson
Assistant President

John V. Fleps

John V. Fleps
The Burlington Northern and
Santa Fe Railway Co.

Daniel E. Johnson, III

Daniel E. Johnson, III
General Secretary and Treasurer

mrm

Mark R. MacMahon
Norfolk Southern Railway Co.

James R. Curnby

James R. Curnby
Asst. to President – Yardmasters

John J. Marchant

John J. Marchant
Union Pacific Railroad

R. L. Marceau

Richard L. Marceau
Vice-president

Kenneth R. Peifer

Kenneth R. Peifer
CSX Transportation, Inc.

Arthur Martin, III

Arthur Martin, III
Vice-president

J. T. Reed

John T. Reed
General Chairperson, CSXT

November 6, 2003
#5

Mr. Byron A. Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Boyd:

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

For the purpose of computation and application of the employee cost-sharing provisions contained in Article IV, Part B of the Agreement, for periods beginning on or after July 1, 2005, the payment rate used shall (i) be based on the costs of the National Railway Carriers and United Transportation Union Health and Welfare Plan ("NRC/UTU Plan"), and (ii) be established for a calendar year on or before December 31 of the immediately preceding year and may be changed during such calendar year only if additional contributions are needed to fund NRC/UTU Plan benefits and expenses that must be paid during such year.

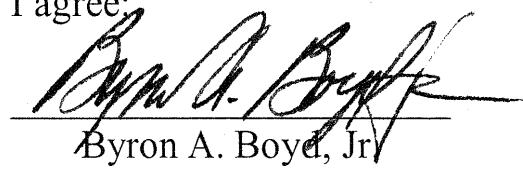
Please acknowledge your agreement by signing your name in the space provided below.

Yours very truly,



Robert F. Allen

I agree:



Byron A. Boyce, Jr.

November 6,2003
#6

Mr. Byron A. Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Boyd:

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

In any month beginning November 1, 2003 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, Part B, Section 1, then, at the carrier's option, either:

- (1) Such employee's monthly "cost-sharing contribution amount" referred to in Article IV, Part B Section 1 shall be reduced by the Reduction Factor; or
- (2) The carrier shall pay the Hospital Association each month an amount equal to the Reduction Factor, provided that the Hospital Association that receives such payment has agreed to decrease the employee's dues by the same amount.

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

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

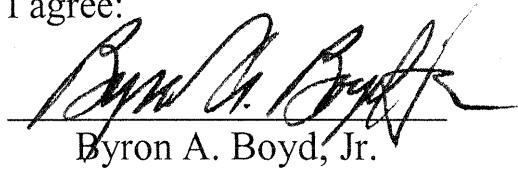
Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert F. Allen".

Robert F. Allen

I agree:

A handwritten signature in black ink, appearing to read "Byron A. Boyd, Jr.". Below the signature, the name "Byron A. Boyd, Jr." is printed in a smaller, sans-serif font.

Byron A. Boyd, Jr.

November 6,2003
#7

Mr. Byron A. Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

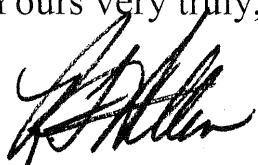
Dear Mr. Boyd:

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

The provisions of Article IV, Part A, Section 3(k) (Opt-Outs) and Part B (Employee Cost Sharing of Plan Cost Increases) are not applicable to employees covered by the Agreement who reside in Canada ("Canadian Employees"), provided, however, that any local agreements that use the Plan "Payment Rate" to compute amounts payable to active Canadian Employees in connection with health care arrangements are amended as necessary to provide that, for such purposes, the Payment Rate shall be reduced by the Employee Cost-Sharing Contribution Amount in effect at the time pursuant to Article IV, Part B.

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

Yours very truly,

A handwritten signature in black ink, appearing to read "Robert F. Allen".

Robert F. Allen

I agree:

A handwritten signature in black ink, appearing to read "Byron A. Boyd, Jr.". It is signed over a horizontal line.

Byron A. Boyd, Jr.

November 6,2003
#8

Mr. Byron A. Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Boyd:

This confirms our understanding with respect to Article IV, Part A, Section 3(k) of Document "B" of the Agreement of this date (Agreement).

That provision provides employees with an option to opt out of coverage for foreign-to-occupation health benefits for themselves and their dependents under the Plan and under any Hospital Association plan in which they participate. This will confirm our understanding with respect to the intended application of that provision.

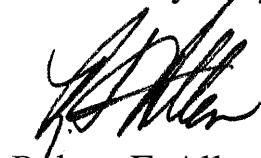
1. An employee who opts out will be opting out of FO health coverage only and (if he otherwise satisfies eligibility and coverage requirements) will continue to have on-duty injury coverage, coverage under the Dental and Vision Plans, and life and AD&D insurance coverage.

2. If a husband and wife are each covered by the Plan (or a Hospital Association) by virtue of railroad employment and either or both hold positions covered by this Agreement, a UTU-represented spouse may elect to opt out as provided in Section 3(k). If that election is made (and provided the other spouse remains so covered), (i) such UTU-represented spouse shall not receive the \$100/month payment provided in Section 3(k) and shall not be required to make the employee cost-sharing contributions required under

Article IV, Part B, and (ii) the Plan's coordination of benefits rules in effect on the date of this Agreement that are applied when a husband and wife are covered under the Plan both as an Eligible Employee and as an Eligible Dependent shall continue to be applicable.

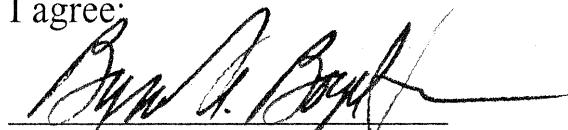
Please acknowledge your agreement by signing your name in the space provided below.

Yours very truly,



Robert F. Allen

I agree:



Byron A. Boyd, Jr.

November 6,2003
#9

Mr. Byron A. Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Boyd:

This confirms our understanding with respect to the opt-out provision, Article IV, Part A, Section 3(k) of Document "B" of the Agreement of this date (Agreement).

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

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

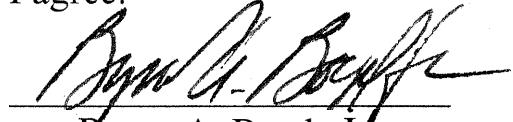
Please acknowledge your agreement by signing your name in the space provided below.

Yours very truly,



Robert F. Allen

I agree:



Byron A. Boyd Jr.

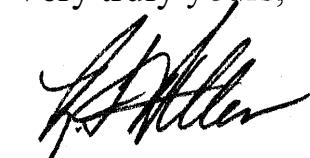
November 6, 2003
#10

Mr. Byron A. Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Boyd:

Article IV, Section 3 – Employer Election of Document “B” of the Agreement of this date provides in pertinent part that a carrier, at its election, may make cost-sharing contributions on an employee’s behalf and subsequently deduct the amount of such contributions from the employee’s wages as reimbursement. This will confirm that each of the carriers comprising the National Carriers’ Conference Committee will exercise that election with respect to the employees covered by this Agreement.

Very truly yours,



Robert F. Allen

November 6, 2003
#11

Mr. Byron A. Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

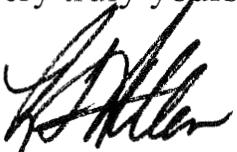
Dear Mr. Boyd:

This confirms our understanding regarding Article IV, Part B of Document "B" of the Agreement of this date.

1. If a deduction from an employee's wages for his monthly cost-sharing contribution pursuant to Article IV, Part B 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.
2. Each carrier shall examine the feasibility of including in the standard payroll documents provided to its employees information concerning the cost of the Plan and the employee's cost-sharing contributions. The results of that examination will be shared with the authorized organization representative and, if feasible, the parties shall use their best efforts to implement such arrangements.

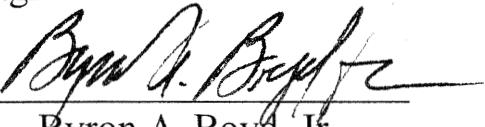
Please acknowledge your agreement by signing your name in the space provide below.

Very truly yours,



Robert F. Allen

I agree:



Byron A. Boyd, Jr.

EXHIBIT A

CARRIERS REPRESENTED BY THE NATIONAL CARRIERS CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES DATED NOVEMBER 1, 1999 OF DESIRE TO REVISE AND SUPPLEMENT EXISTING AGREEMENTS WITH RESPECT TO HEALTH AND WELFARE ISSUES IN ACCORDANCE THEREWITH, SERVED BY AND ON BEHALF OF SUCH CARRIERS UPON THE YARDMASTERS DEPARTMENT-UNITED TRANSPORTATION UNION, AND NOTICES DATED ON OR SUBSEQUENT TO NOVEMBER 1, 1999 AND SERVED ON SUCH CARRIERS BY THE GENERAL CHAIARMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE YARDMASTERS DEPARTMENT-UNITED TRANSPORTATION UNION WITH RESPECT TO SUCH ISSUES FOR CONCURRENT HANDLING THEREWITH.

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

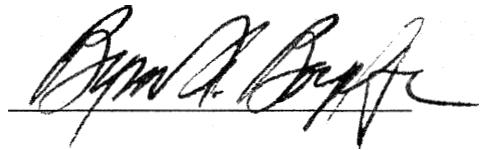
Alton & Southern Railway Company
The Burlington Northern and Santa Fe Railway Company
Consolidated Rail Corporation
Kansas City Southern
New Orleans Public Belt Railroad
Norfolk & Portsmouth Belt Line Railroad Company
Norfolk Southern Railway Company
The Alabama Great Southern Railroad Company
Atlantic and East Carolina Railway Company
Central of Georgia Railroad Company
The Cincinnati, New Orleans & Texas Pacific Railway Co.
Georgia Southern and Florida Railway Company
Tennessee, Alabama and Georgia Railway Company
Tennessee Railway Company

Northeast Illinois Regional Commuter Railroad Corp. (METRA)
Peoria and Pekin Union Railway Company
Port Terminal Railroad Association
Portland Terminal Railroad Company
Terminal Railroad Association of St. Louis

FOR THE CARRIERS:


F. D. Miller

FOR THE UNITED TRANS-
PORTATION UNION:


B. A. Buff

November 6, 2003
Washington, D.C.

NRC/UTU Plan Design

Attachment A

Basic PPO Design

Medical / MHSA

Annual Deductible

- individual
- family

Basic PPO

In-network Out-Of-Network

\$300
\$900

Office Visits, ER, Urgent Care

70% 50%
70% 50%

Coinsurance

Annual Out-of-Pocket Max

- individual
- family

\$2,500
\$5,000

Prescription Drugs

Retail

- generic
- brand on formulary
- off formulary

70%* 50%
65%" 50%
60%* 50%

Mail Order

- generic
- brand on formulary
- off formulary

70%"
65%*
60%*

Monthly Contributions

Nov 2003-June 2004

\$0.00 (eff. 1/1/2004)

July 2004-June 2005

\$0.00

Jete: Deductibles do not apply toward Annual Out-of-Pocket Max

* Basic PPO prescription drug benefit has an annual out-of-pocket maximum of \$2,000 per individual and \$4,000 per family.