

November 7 , 1991

AGREED UPON IMPLEMENTATION OF

PUBLIC LAW 102-29

The attached document reflects the joint efforts of the Brotherhood of Locomotive Engineers and the National Carriers' Conference Committee to reduce to contract terms the report and recommendations of Presidential Emergency Board No. 219 dated January 15, 1991, as clarified and modified by Special Board No. 102-29.

This understanding is based upon the provisions of Public Law 102-29, signed by the President on April 18, 1991, which declares that the report and recommendations of Presidential Emergency Board No. 219, as clarified and modified by Special Board 102-29, shall be binding effective July 29, 1991, on the participating carriers listed in Exhibit A, attached hereto and made a part hereof, and represented by the National Carriers' Conference Committee of the National Railway Labor Conference and certain of their employees represented by the Brotherhood of Locomotive Engineers and shall have the same effect as though arrived at by agreement of the parties in accordance with the Railway Labor Act.

SIGNATURES NOT REPRODUCED

R.P. McLaughlin
President BLE

Charles I. Hopkins, Jr.
Chairman NCCC

July 29, 1991

ARTICLE I - WAGES

Section 1 - Lump Sum Payment

Each employee subject to this Implementing Document who rendered compensated service on a sufficient number of days during the calendar year 1990 to qualify for an annual vacation in the calendar year 1991 will be paid \$2,000 within 60 days of the date of this Implementing Document. Those employees who rendered compensated service on an insufficient number of days during the calendar year 1990 to qualify for an annual vacation in the calendar year 1991 will be paid a proportional share of that amount. This Section shall be applicable solely to those employees subject to this Implementing Document who have an employment relationship as of the date of this Implementing Document or who have retired or died subsequent to January 1, 1990. There shall be no duplication of lump sum payments by virtue of employment under an agreement with another organization.

Section 2 - First General Wage Increase

(a) Effective July 1, 1991, all standard basic daily rates of pay of employees represented by the Brotherhood of Locomotive Engineers in effect June 30, 1991 shall be increased by three (3) percent.

(b) In computing the increase under paragraph (a) above, three (3) 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 3 - Second General Wage Increase

Effective July 1, 1993, all standard basic daily rates of pay of employees represented by the Brotherhood of Locomotive Engineers in effect on June 30, 1993 shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 2 above.

Section 4 - Third General Wage Increase

Effective July 1, 1994, all standard basic daily rates of pay of employees represented by the Brotherhood of Locomotive Engineers in effect on June 30, 1994 shall be increased by four (4) percent, computed and applied in the same manner prescribed in Section 2 above.

Section 5 - 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 Implementing Document.

Section 6 - Application of Wage Increases

(a) Duplicate time payments, including arbitraries and special allowances that are expressed in time, miles or fixed amounts of money, and mileage rates of pay for miles run in excess of the number of miles comprising a basic day, will not be subject to the adjustments provided for in this Article.

(b) Miscellaneous rates based upon hourly or daily rates of pay, as provided in the schedules or wage agreements, shall be adjusted under this Implementing Document 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 minimum shall be changed by the amount of the respective daily adjustments.

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

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

(g) Where applicable, the differential of \$4.00 and/or \$6.00 per basic day in freight, passenger and yard service, and 4 cents and/or 6 cents per mile for miles in excess of the number of miles encompassed in the basic day in freight and passenger service, will be maintained for engineers working without firemen on locomotives on which under the former National Diesel Agreement of 1950 firemen would have been required. Such differential will continue to be applied in the same manner as the local freight differential.

(h) In computing the first increase in rates of pay effective July 1, 1991, under Section 2 for firemen employed in local freight service, or on road switchers, roustabout runs, mine runs, or in other miscellaneous service, on runs of miles equal to or less than the number comprising a basic day, which are therefore paid on a daily basis without a mileage component, whose rates had been increased by "an additional \$.40" effective July 1, 1968, the three (3) percent increase shall be applied to daily rates in effect June 30, 1991, exclusive of local freight differentials and any other money differential above existing standard daily rates. For firemen, the rates applicable in the weight-on drivers bracket 950,000 and less than 1,000,000 pounds shall be utilized in computing the amount of increase. The same procedure shall be followed in computing the increases effective July 1, 1993 and July 1, 1994. 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 Implementing Document.

(i) Other than standard rates:

(i) Existing basic daily rates of pay other than standard shall be changed, effective as of the

dates specified in Sections 2, 3 and 4 hereof, by the same respective percentages as set forth therein, computed and applied in the same manner as the standard rates were determined.

(ii) Where applicable, the differential of \$4.00 and/or \$6.00 per basic day in freight, passenger and yard service, and 4 cents and/or 6 cents per mile for miles in excess of the number encompassed in the basic day in freight and passenger service, will be maintained for engineers working without firemen on locomotives on which under the former National Diesel Agreement of 1950 firemen would have been required. Such differential will continue to be applied in the same manner as the local freight differential.

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

ARTICLE II - COST- OF-LIVING PAYMENTS

PART A - Cost-of-Living Lump Sum Payments Through January 1, 1995

Section 1 - First Lump Sum Cost-of-Living Payment

Subject to Sections 6 and 7, employees with 2,000 or more straight time hours paid for (not including any such hours reported to the Interstate Commerce Commission as constructive allowances except vacations, holidays and guarantees in protective agreements or arrangements) during the period April 1, 1991 through March 31, 1992, will receive a lump sum payment on July 1, 1992 of \$1,455.00

Section 2 - Second Lump Sum Cost-of Living Payment

Subject to Sections 6 and 7, employees with 1,000 or more straight time hours paid for (not including any such hours reported to the ICC as constructive allowances except vacations, holidays and guarantees in protective agreements or arrangements) during the period April 1, 1992 through September 30, 1992, will receive a lump sum payment on January 1, 1993 equal to the difference between (i) \$1,444.00, and (ii) the lesser of \$720.00 and one quarter of the amount, if any, by which the carriers' 1993 payment rate for foreign-to-occupation health benefits under the Railroad Employees National Health and Welfare Plan (the "Plan") exceeds the sum of (a) the amount of such payment rate for 1992 and (b) the amount per covered employee that will be taken during 1993 from that certain special account maintained at The Travelers Insurance Company known as the "Special Account Held in Connection with the Amount for the Close-Out Period (the ("Special Account")) to pay or provide for Plan foreign-to-occupation health benefits.

Section 3 - Third Lump Sum Cost-of Living Payment

Subject to Sections 6 and 7, employees with 2,000 or more straight time hours paid for (not including any such hours reported to the ICC as constructive allowances except vacations, holidays and

guarantees in protective agreements or arrangements) during the period October 1, 1992 through September 30, 1993, will receive a lump sum payment on January 1, 1994 equal to the difference between (i) \$1,467.00, and (ii) the lesser of \$733.50 and one quarter of the amount, if any, by which the carriers' 1994 payment rate for foreign-to-occupation health benefits under the Plan exceeds the sum of (a) the amount of such payment rate for 1993 and (b) the amount per covered employee that will be taken during 1994 from the Special Account to pay or provide for Plan foreign-to-occupation health benefits.

Section 4 - Fourth Lump Sum Cost-of Living Payment

Subject to Sections 6 and 7, employees with 2,000 or more straight time hours paid for (not including any such hours reported to the ICC as constructive allowances except vacations, holidays and guarantees in protective agreements or arrangements) during the period October 1, 1993 through September 30, 1994, will receive a lump sum payment on January 1, 1995 equal to the differences between (i) \$1,006.00, and (ii) the lesser of \$503.00 and one quarter of the amount, if any, by which the carriers' 1995 payment rate for foreign-to-occupation health benefits under the Plan exceeds the amount of such payment rate for 1994.

Section 5 - Definition of Payment Rate for Foreign to Occupation Health Benefits

The carrier's payment rate for any year for foreign-to-occupation health benefits under the Plan shall mean twelve times the payment made by the carriers to the Plan per month (in such year) per employee who is fully covered for employee health benefits under the Plan. Carrier payments to the Plan for these purposes shall not 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 hereof.

Section 6 - Employees Working Less Than Full Time

For employees who have fewer straight time hours (as defined) paid for in any of the respective periods described in Sections 1 through 4 than the minimum number set forth therein, the dollar amounts specified in clause (i) thereof shall be adjusted by multiplying such amounts by the number of straight time hours (including vacations, holidays and guarantees in protective agreements or arrangements) for which the employee was paid during the applicable measurement period divided by the defined minimum hours. For any such employee, the dollar amounts described in clause (ii) of such Sections shall not exceed one-half of the dollar amounts specified in clause (i) thereof, as adjusted pursuant to this Section.

Section 7 - Lump Sum Proration

In the case of any employee subject to wage progression or entry rates, the dollar amounts specified in clause (i) of Sections 1 through 4 shall be adjusted by multiplying such amounts by the weighted average entry rate percentage applicable to wages earned during the specified determination period. For any such employee, the dollar amounts described in clause (ii) of such Sections shall not

exceed one-half of the dollar amounts specified in clause (i) thereof, as adjusted pursuant to this Section.

Section 8 - Eligibility for Receipt of Lump Sum Payments

The lump sum cost-of-living payments provided for in this Article will be payable to each employee subject to this Implementing Document who has an employment relationship as of the dates such payments are made or has retired or died subsequent to the beginning of the applicable base period used to determine the amount of such payments. There shall be no duplication of lump sum payments by virtue of employment under an agreement with another organization.

PART B - Cost-of-Living Allowance and Adjustments Thereto After January 1, 1995

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

(a) A cost of living allowance will 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 BLS CPI. The first such cost-of-living allowance shall be payable effective July 1, 1995 based, subject to paragraph (d), on the BLS CPI for September 1994 as compared with the BLS CPI for March 1995. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

<u>Measurement Periods</u>		<u>Effective Date Of Adjustment</u>
<u>Base Month</u>	<u>Measurement Month</u>	
September 1994	March 1995	July 1, 1995
March 1995	September 1995	January 1, 1996

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) While a cost-of-living allowance is in effect, such -cost-of-living allowance will apply to straight time, overtime, vacations, holidays and to special allowances in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to duplicate time payments, including arbitraries and special allowances that are expressed in time, miles or fixed amounts of money or to mileage rates of pay for miles run in excess of the number of miles comprising a basic day.

(c) The amount of the cost-of-living allowance, if any, that will be effective from one

adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.

(d) (i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 1995	3% of September 1994 CPI
January 1, 1996	6% of September 1994 CPI, less the increase from September 1994 to March 1995

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 (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.

(iii) If the increase in the BLS CPI from the base month of September 1994 to the measurement month of March 1995 exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from such base month of September; the increase in the index that will be taken into account will be limited to that portion of the increase that is in excess of 3% of such September base index; and the maximum increase in that portion of the index that may be taken into account will be 6% of such September base index less the 3% mentioned in the preceding clause, to which will be added any residual tenths of points which had been dropped under paragraph (e) below in calculation of the cost-of living adjustment which will have become effective July 1, 1995 during such measurement period.

(iv) Any increase in the BLS CPI from the base month of September 1994 to the measurement month of September 1995 in excess of 6% of the September 1994 base index will not be taken into account in the determination of subsequent cost-of-living adjustments.

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

(e) Formula. The number of points change in the BLS CPI during a measurement period, as limited by paragraph (d), will be converted into cents on the basis 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 will not be counted.) The cost-of-living allowance in effect on December 31, 1995 will be adjusted (increased or decreased) effective January 1, 1996 by the whole number of cents produced by dividing by 0.3 the number of points (including tenths of points) change, as limited by paragraph (d), in the BLS CPI during the applicable measurement period. Any residual tenths of a point resulting from such division will be dropped. The result of such division will be added to the amount of the cost-of-living

allowance in effect on December 31, 1995 if the BLS CPI will have been higher at the end than at the beginning of the measurement period, and subtracted therefrom only if the index will have been lower at the end than at the beginning of the measurement period and then, only, to the extent that the allowance remains at zero or above. The same procedure will be followed in applying subsequent adjustments.

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

Section 2 - Payment of Cost-of-Living Allowances

(a) The cost-of-living allowance payable to each employee effective July 1, 1995 shall be equal to the difference between (i) the cost-of-living allowance in effect on that date pursuant to Section 1 of this Part, and (ii) the cents per hour produced by dividing one-quarter of the increase, if any, in the carriers' 1995 payment rate for foreign-to-occupation health benefits under the Plan over such payment rate for 1994, by the average composite straight-time equivalent hours that are subject to wage increases for the latest year for which statistics are available, but not more than one-half of the amount specified in clause (i) above. For the purpose of the foregoing calculation, the amount of any increase described in clause (ii) that has been taken into account in determining the amount received by the employee as a lump sum payment on January 1, 1995 shall not be taken into account.

(b) The cost-of-living allowance payable to each employee effective January 1, 1996, shall be equal to the difference between (i) the cost-of-living allowance in effect on that date pursuant to Section 1 of this Part, and (ii) the cents per hour produced by dividing one-quarter of the increase, if any, in the carriers' 1996 payment rate for foreign-to-occupation health benefits under the Plan over the amount of such payment rate for 1995, by the average composite straight-time equivalent hours that are subject to wage increases for the latest year for which statistics are available, but not more than one-half of the amount specified in clause (i) above.

(c) The procedure specified in paragraph (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.

(d) The definition of the carriers' payment rate for foreign-to-occupation health benefits under the Plan set forth in Section 5 of Part A shall apply with respect to any year covered by this Section.

(e) In making calculations under this Section, fractions of a cent shall be rounded to the nearest whole cent; fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

Section 3 - Application of Cost-of- Living Allowances

The cost-of-living allowance provided for in this Part will not become part of basic rates of pay. In application of such allowance, each one cent per hour of cost-of-living allowance that is payable will be treated as an increase of 8 cents in the basic daily rates of pay produced by application of Article I. The cost-of-living allowance will otherwise be applied in keeping with the provisions of Section 6 of Article I.

Section 4 - Continuation of Part B

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

ARTICLE III - HEALTH AND WELFARE PLAN AND EARLY RETIREMENT MAJOR MEDICAL BENEFIT PLAN

Part A - Health and Welfare Plan

Section 1 - Continuation of Plan

The Railroad Employees National Health and Welfare Plan (the "Plan"), modified as provided in this Part, will be continued subject to the provisions of the Railway Labor Act, as amended. Contributions to the Plan will be offset by the expeditious use of such amounts as may at any time be in Special Account A or in one or more special accounts or funds maintained by any insurer, third party administrator or other entity in connection with the Plan and by the use of funds held in trust that are not otherwise needed to pay claims, premiums, or administrative expenses that are payable from funds held in trust; provided, however, that such amounts as may at any time be in that certain special account maintained at The Travelers Insurance Company, known as the 'Special Account Held in Connection with the Amount for the Close-Out Period,' relating to the obligations of the Plan to pay, among other things, benefits incurred but not paid at the time of termination of the Plan in the event such termination should occur, shall be used to pay or provide for Plan benefits as follows: one-third of the balance in such special account as of January 1, 1992, shall be used to pay or provide for benefits that become due and payable during 1992. One-half of the balance in such special account as of January 1, 1993, shall be used to pay or provide for benefits that become due and payable during 1993. All of the balance in such special account in excess of \$25 million as of January 1, 1994, shall be used to pay or provide for benefits that become due and payable during 1994. The \$25 million referred to in the preceding sentence shall be maintained by the Plan as a cash reserve to protect against adverse claims experience from year to year.

In the event that a carrier participating in the Plan defaults for any reason, including but not limited to bankruptcy, on its obligation to contribute to the Plan, and the carrier's participation in the Plan terminates, the carriers remaining in the Plan shall be liable for any Plan contribution that was required of the terminating carrier prior to the effective date of its termination, but not paid by it. The remaining carriers shall be obligated to make up in a timely fashion such unpaid contribution of the terminating carrier in pro rated amounts based upon their shares of Plan contributions for the month immediately prior to such default.

Section 2 - Change to Self-Insurance

Except for life insurance, accidental death and dismemberment insurance, and all benefits for residents of Canada, the Plan will be wholly self-insured and administered, under an administrative services only arrangement, by an insurance company or third party administrator.

Section 3 - Joint Plan Committee

The Joint Policyholder Committee shall be renamed the Joint Plan Committee. This change in name shall not in any way change the functions and responsibilities of the Committee.

A neutral shall be retained by and at the expense of the Plan for the duration of this Implementing Document to consider and vote on any matter brought before the Joint Plan Committee (formerly the Joint Policyholder Committee), arising out of the interpretation, application or administration (including investment policy) of the Plan, but only if the Committee is deadlocked with respect to the matter. A deadlock shall occur whenever the carrier members of the Committee, who shall have a total of one vote regardless of their number, and the organization members of the Committee, who shall also have a total of one vote regardless of their number, do not resolve a matter by a vote of two to nil and either side declares a deadlock.

If the members of the Joint Plan Committee cannot agree upon a neutral within 30 days of the date this Implementing Document becomes effective, either side may request the National Mediation Board to provide a list of seven persons from which the neutral shall be selected by the procedure of alternate striking. Joint Plan Committee members and the neutral shall, to the extent required by ERISA, be bonded at the expense of the Plan. The Joint Plan Committee shall have the power to create such subcommittees as it deems appropriate and to choose a neutral chairman for such subcommittees, if desired.

Section 4 - Managed Care

Managed care networks that meet standards developed by the Joint Plan Committee, or a subcommittee thereof, concerning quality of care, access to health care providers, and cost-effectiveness, shall be established wherever feasible as soon as practicable. Until a managed care network is established in a given geographical area, individuals in that area who are covered by the Plan will have the comprehensive health care benefit coverage described in Section 5 of this Part A. Each employee in a given geographical area who is a Plan participant at the time a managed care network is established in that area will be enrolled in the network (along with his or her covered dependents) unless the employee provides timely written notice to his or her employer of an election to have (along with his or her covered dependents) the comprehensive health care benefit coverage rather than to be enrolled in the network. Any such employee who provides such timely written notice shall have an annual opportunity to revoke his or her election by providing a written notice of revocation to his or her employer at least sixty days prior to January 1 of the calendar year for which such revocation shall first become effective. Similarly, each employee in a given geographical area who is a Plan participant at the time a managed care network is established in that area and is thereafter enrolled in the network (along with his or her covered dependents) shall have an annual opportunity to elect to have (along with his or her covered dependents) the comprehensive health care benefit coverage rather than continue to be

enrolled in the network. This election may be made by such an employee by providing written notice thereof to his or her employer at least sixty days prior to January 1 of the calendar year for which the election shall first become effective. Each employee hired after a managed care network is established in his or her geographic area (and his or her covered dependents) will be enrolled in the network and may not thereafter elect to be covered by the comprehensive benefits until the January 1 which falls on or after the first anniversary of his or her initial date of eligibility for Plan coverage. Employees who return to eligibility for Plan coverage within 24 months of loss of eligibility for Plan coverage and whose employment relationship has not terminated at any time prior to such return will be enrolled in the program of Plan benefits in which they were enrolled when their eligibility for Plan coverage was lost, and shall thereafter have the same rights of election as other employees whose eligibility for Plan coverage was not lost.

Covered individuals enrolled in a managed care network will have a point of service option allowing them to choose an out-of-network provider to perform any covered health care service that they need. The benefits provided by the Plan when a service is performed by an in-network provider and the benefits provided by the Plan when the service is performed by an out-of-network provider will be as described in the table below:

<u>PLAN FEATURE</u>	<u>IN-NETWORK</u>	<u>OUT-OF-NETWORK</u>
Primary Care Physician Required	yes	No
Annual Deductible		
Individual	None	\$100
Family	None	\$300
		Deductible applies to all covered expenses
Plan/Employee Coinsurance	100%/0%	75%/25%
Annual Out-of-Pocket Maximum (exclusive of deductible)		
Individual	None	\$1,500
Family	None	\$3,000
Maximum Lifetime Benefit	None	\$1,000,000 (\$5,000 annual restoration)
Special Maximum Lifetime Benefit for Mental Health	None	\$100,000 lifetime (\$500 annual restoration)
Hospital Charges (inpatient)	100%	75%*

and outpatient)

Ambulatory Surgery	100%	75%*
Emergency Room	100% after \$15 employee copayment	75%
Inpatient Mental Health & Substance Abuse		
Benefit		
Hospital	100%	75%#
Alternative Care - Residential Treatment Center Inpatient or Partial Hospitalization/ Day Treatment	100%	75%#
Outpatient Mental Health & Substance Abuse	100% after \$15 employee copayment per visit	75%#
Physician Services		
Surgery/Anesthesia	100%	75%*
Hospital Visits	100%	75%*
Office Visits	100% after \$15 employee copayment	75%**
Diagnostic Tests	100%	75%*
Routine Physical	100% after \$15 employee copayment	Not Covered
Well Baby Care	100% after \$15 employee copayment	Not Covered
Skilled Nursing Facility Care	100%	75%*
Hospices Care	100%	75%*
Home Health Care	100%	75%*

Temporomandibular Joint Syndrome	100%	75%*
Birth Center	100%	75%*
Prescription Drugs (other than by mail order)	100% after \$5 (\$3 for generic)	75%** employee copayment for brand name
Mail Order Prescription Drugs (60-90 day supply of maintenance drugs only)	100% after \$5 employee copayment	100% (not subject to regular deductible) after \$5 employee copayment (not counted toward regular deductible)**
Claim System	Paperless	Forms Required
Approved by Utilization Review/Large Case Management	Physician-initiated included in network management	Required. If approval not given, benefits reduced by 20% (except for mental health and substance abuse care where benefits reduced by 50%) both before and after annual out-of-pocket maximum is reached, and amount of reduction is not counted toward that maximum.

† The medically necessary health care services for which out-of-network benefits will be paid are those listed in subparagraphs 1 through 7 of Part A, Section 5, of this Implementing Document.

* Benefits reduced by 20% if care is not approved by utilization review program.

Benefits reduced by 50% if care is not approved by utilization review program.

** Benefits not generally subject to utilization review program but may be reviewable in specific circumstances with advance notice to the employee; in such cases, benefits reduced by 20% if care not approved by utilization review program.

At any time after the expiration of two years from the effective date of implementation of the first managed care network, either the carriers or the organizations may bring before the Joint Plan Committee for consideration a proposal to change the Plan's in-network or out-of-network benefits for the purpose of promoting an increase in the use of in-network providers by Plan participants.

Section 5 - Comprehensive Health Care Benefits

The comprehensive health care benefits provided under the Plan in geographical areas where managed care networks are not available to Plan participants and their dependents, and in cases where a Plan participant has elected to be covered, along with his or her dependents, by such comprehensive benefits rather than to be enrolled in a managed care network, shall be as described below. Terms used in such description shall have the same meaning as they have in the Plan.

After satisfaction of an annual deductible of \$100 per covered individual or \$300 per family unit of three or more, the Plan will pay 85%, and the covered individual 15%, of certain health care expenses, up to an annual out-of-Pocket maximum which shall not include the deductible) of \$1,500 per covered individual or \$3,000 per family. The expenses counted toward the \$3,000 annual family out-of-pocket maximum will include those, which are otherwise eligible, incurred on behalf of a covered employee and each of his or her covered dependents regardless of whether the employee or dependent has reached the \$1,500 individual annual out-of-pocket maximum. Once the applicable annual out-of-pocket maximum has been reached, the Plan will pay 100% of such reasonable charges up to an overall lifetime maximum of \$1 million per covered individual, restorable at a rate of \$5,000 per year; provided, however, that there shall be a separate lifetime maximum of \$100,000 per covered individual, restorable at a rate of \$500 per year, for Plan benefits for the treatment of mental and/or nervous conditions and substance abuse. (Benefits counted for purposes of determining whether or not a lifetime maximum has been reached are all benefits paid under the Plan as amended by this Implementing Document and all Major Medical Expense Benefits paid under the Plan prior to such amendments.) The Plan will pay 85% of the reasonable charges for medically necessary health care services as follows:

1. All expenses that are "Covered Expenses" (as defined in the Plan) at any time under the current major medical expense benefits provisions of the Plan, and not within any exclusion from or limitation upon them, except that the exclusion for treatment of polio will be removed.
2. Expenses for mammograms described in American Cancer Society guidelines, childhood disease immunization, pap smears and colorectal cancer screening.
3. Donor expense benefits as now defined.
4. Jaw joint disorder benefits as now defined, and subject to the current exclusions from and limitation on them, except that the \$50 separate lifetime cash deductible will be removed.
5. Home health care expense benefits as now defined, subject to the current exclusions from and limitation on them, except that the exclusion that governs if polio benefits are payable will be removed.
6. Treatment center expense benefits, subject to the current exclusions from and limitation on them, except that
 - a. the separate \$100 cash deductible per confinement will be removed in connection with benefits for transportation to a treatment center, and back. the separate \$100 cash deductible per benefit period and the \$40 maximum limitation on benefits per episode of treatment - all with

regard to outpatient benefits - will be removed.

7. Expenses for the services of psychologists if benefits would be paid for such services had they been rendered by a physician.

The Plan will provide the same benefits to all employees eligible for Plan coverage, including those in their first year of such eligibility and those eligible for extended Plan coverage because of disability.

The Plan's comprehensive health care benefits will include, where permissible under applicable law, a mail order prescription drug benefit that will reimburse a covered individual, after he or she pays \$5.00 per prescription, 100% of the cost of prescriptions covering a 60-to-90 day supply of maintenance drugs for such individual. This benefit will not be subject to, and the covered individual's \$5.00 co-payment will not be counted against, the Plan's regular \$10~/\$300 deductible and will be included only upon execution of appropriate contracts with vendors.

Section 6 - Strengthened Utilization Review and Case Management

The Plan's current utilization review/case management contractor, and any successor, shall henceforth require that its prior approval be secured for the following services to the extent that benefits with respect to them are payable under the Plan: (a) all non-emergency confinements, and all lengths of stay, in any facility, (b) all health care, and (c) all in-patient and out-patient procedures and treatment, except for any care where, pursuant to standards developed by the Joint Plan Committee, prior approval is not feasible or would not be cost-efficient. Approval may be withheld if the utilization review/case management contractor determines that a less intensive or more appropriate diagnostic or treatment alternative could be used.

If an individual covered by the Plan incurs expenses without the requisite approval of the Plan's utilization review/case management contractor, such benefits as the Plan would otherwise pay will be reduced by one-fifth; provided, however, that if such unapproved expenses are incurred for the treatment of mental or nervous conditions or substance abuse, such benefits as the Plan would otherwise pay will be reduced by one-half. These reductions will continue to apply after the out-of-pocket maximum is reached, i.e., the 100% benefit will become 80 % (or 50%, as the case may be) if approval by the utilization review/case management contractor is not obtained.

When there is disagreement between an attending physician and the utilization review/case management contractor, the patient and/or attending physician, after all opportunities for appeal have been exhausted within the utilization review/case management contractor's organization, shall be afforded an opportunity to obtain a review (including if necessary, an examination) by an independent specialist physician. This independent physician, who shall be conveniently located and board certified in the appropriate specialty, shall be designated by a physician appointed for this purpose by the Joint Plan Committee. Neither physician may be an employee of or under contract to the utilization review/case management contractor. In the event of an appeal to a specialist described above, the utilization review/case management contractor shall bear the burden of convincing the specialist that the utilization review/case management contractor's determination was correct.

Section 7 - Coordination of Benefits

The Plan's coordination of benefit rules shall be changed so that the Plan will pay no benefit to any covered individual that would cause the sum of the benefits paid by the Plan and by any other plan with which the Plan coordinates benefits to exceed (a) the maximum benefit available under the more generous of the Plan and such other plan, or (b) with respect only to spouses who are both covered as employees under the Plan (and the Dependents of such spouses), and to spouses one of whom is covered as an employee under the Plan and the other as a retired railroad employee under the Railroad Employees National Early Retirement Major Medical Benefit Plan (and the Dependents of such spouses), 100% of the reasonable charges for services the expense of which is covered by the Plan.

Section 8 - Medicare Part B Premiums

Active employees currently covered by Medicare Part B and those who elect to enroll in Medicare Part B when they become eligible shall not be reimbursed for premiums they pay for such Part B Medicare participation unless Medicare is their primary payor of medical benefits.

Section 9 - Solicitation of Bids

As promptly as practicable, the Joint Plan Committee will solicit bids from qualified entities for the performance of (a) all managed care functions under the Plan, including without limitation the establishing and/or arranging for the use by individuals covered by the Plan of managed networks of health care providers in those geographical areas where it is feasible to do so, and (b) all utilization review/case management functions under the Plan, including specialized utilization review/case management functions for mental health and substance abuse to assure expert determination of medical necessity and appropriateness of treatment and provider. The Committee will select one or more contractors, from among those that the Committee determines are likely to provide high-quality, cost-effective services, to perform such functions on behalf of the Plan. In the meantime, the Plan's current utilization review/case management contractor will continue to perform those functions. Hospital associations shall be incorporated into the managed care networks wherever appropriate.

Upon the expiration of three years from the effective date of this Implementing Document, the Joint Plan Committee will solicit bids for all of the services involved in the administration of the Plan, including the utilization review/case management and/or managed care functions, unless the Committee unanimously determines not to seek bids for any one or more of the services involved in the administration of the Plan.

Part B - Early Retirement Major Medical Benefit Plan

Section 1 - Continuation of Plan

The Railroad Employees Early Retirement Major Medical Benefit Plan ("ERMA"), modified as provided in this Part, will be continued subject to the provisions of the Railway Labor Act, as amended. Contributions to ERMA will be offset by the expeditious use of such amounts as may at any time be in one or more special accounts or funds maintained by any insurer, third party administrator or other entity in connection with ERMA and by the use of funds held in trust that are not otherwise needed to pay claims, premiums, or administrative expenses that are payable from funds held in trust; provided, however, that such amounts as may at any time be in the special account maintained at The Travelers Insurance Company in connection with the obligations of ERMA to pay benefits incurred but not paid at the time of termination of ERMA, in the event such termination should occur, shall be used to pay or provide for Plan benefits as follows: one-third of the balance in such special account as of January 1, 1992, shall be used to pay or provide for benefits that become due and payable during 1992. One-half of the balance in such special account as of January 1, 1993, shall be used to pay or provide for benefits that become due and payable during 1993. All of the balance in such special account in excess of \$1 million as of January 1, 1994, shall be used to pay or provide for benefits that become due and payable during 1994. The \$1 million referred to in the preceding sentence shall be maintained by the Plan as a cash reserve to protect against adverse claims experience from year to year.

Section 2 - Change to Self-Insurance

EMRA will be wholly self-insured. It will be administered, under an administrative services only arrangement, by an insurance company or third party administrator.

Section 3 - Coordination of Benefits

ERMA's coordination of benefit rules shall be changed so that ERMA will pay no benefit to any covered individual that would cause the sum of the benefits paid by ERMA and by any other plan with which ERMA coordinates benefits to exceed (a) the maximum benefit available under the more generous of ERMA and such other plan, or (b) with respect only to spouses who are both covered as retired railroad employees under ERMA (and the Dependents of such spouses), and to spouses one of whom is covered as a retired railroad employee under ERMA and the other as an employee under the Railroad Employees National Health and Welfare Plan (and the Dependents of such spouses), 100% of the reasonable charges for services the expense of which is covered by ERMA.

Section 4 - Strengthened Utilization Review and Case Management

ERMA's current utilization review/case management contractor, and any successor, shall henceforth require that its prior approval be secured for the following services to the extent that benefits with respect to them are payable under ERMA: (a) all non-emergency confinements, and all lengths of stay, in any facility, (b) all home health care, and (c) all in-patient and out-patient procedures and treatment, except for any care where prior approval is not feasible or would not be cost-efficient. Approval may be withheld if the utilization review/case management contractor determines that a less intensive or more appropriate diagnostic or treatment alternative could be used.

If an individual covered by ERMA incurs expenses without the requisite approval of ERMA's utilization review/case management contractor, such benefits as ERMA would otherwise pay will be reduced by one-fifth; provided, however, that if such unapproved expenses are incurred for the treatment of mental or nervous conditions or substance abuse, such benefits as ERMA would otherwise pay will be reduced by one-half.

When there is disagreement between an attending physician and the utilization review/case management contractor, the patient and/or attending physician, after all opportunities for appeal have been exhausted within the utilization review/case management contractor's organization, shall be afforded an opportunity to obtain a review (including if necessary, an examination) by an independent specialist physician. This independent physician, who shall be conveniently located and board certified in the appropriate specialty, shall be designated by a physician appointed for this purpose by mutual agreement between the Chairman of the Health and Welfare Committee, Cooperating Railway Labor Organization and of the National Carriers' Conference Committee. Neither physician may be an employee of or under contract to the utilization review/case management contractor. In the event of an appeal to a specialist described above, the utilization review/case management contractor shall bear the burden of convincing the specialist that the utilization review/case management contractor's determination was correct.

The standards developed by the Joint Plan Committee for determining whether or not prior approval is feasible and cost-efficient under the Health and Welfare Plan shall be applied by the National Carriers' Conference Committee under ERMA, and the utilization review/case management contractor(s) selected by the Joint Plan Committee under the Health and Welfare Plan shall be selected by the National Carriers' Conference Committee under ERMA.

Section 5 - Mail Order Prescription Drug Benefit

The Plan's benefits will include, where permissible under applicable law, a mail order prescription drug benefit that will reimburse a covered individual, after he or she pays \$5 per prescription, 100% of the cost of each prescription covering a 60-90 day supply of maintenance drugs for such individual. This benefit will not be subject to, and the covered individual's \$5.00 co payment will not be counted against, the Plan's regular \$100 deductible, and will be included only upon execution of appropriate contracts with vendors.

Section 6 - Solicitation of Bids

As promptly as practicable, the National Carriers' Conference Committee will solicit bids from qualified entities for the performance of all utilization review/case management functions under the Plan, including specialized utilization review/case management functions for mental health and substance abuse to assure expert determination of medical necessity and appropriateness of treatment and provider. The Committee will select one or more contractors, from among those that the Committee determines are likely to provide high-quality, cost-effective services, to perform such functions on behalf of the Plan. In the meantime, the Plan's current utilization review/case management contractor will continue to perform those functions.

Upon the expiration of three years from the date of this Implementing Document, the National Carriers' Conference Committee will solicit bids for all of the services involved in the administration of

the Plan, including the utilization review/case management function, unless the Committee determines not to seek bids for any one or more of the services involved in the administration of the Plan.

ARTICLE IV - PAY RULES

Section 1 - Mileage Rates

(a) Mileage rates of pay for miles run in excess of the number of miles comprising a basic day will not be subject to general, cost-of-living, or other forms of wage increases.

(b) Mileage rates of pay, as defined above, applicable to interdivisional, interseniority district, intradivisional and/or intraseniority district service runs now existing or to be established in the future shall not exceed the applicable rates as of June 30, 1986. Such rates shall be exempted from wage increases as provided in Section 1(a) of this Article. Weight-on-drivers additives will apply to mileage rates calculated in accordance with this provision.

Section 2 - Miles in Basic Day and Overtime Divisor

(a) The miles encompassed in the basic day in through freight and through passenger service and the divisor used to determine when overtime begins will be changed as provided below:

Effective Date of Change	Through Freight Service		Through Passenger Service	
	Miles in Basic Day	Overtime Divisor	Miles in Basic Day	Overtime Divisor
July 29, 1991	114	14.25	114	22.8
January 1, 1992	118	14.75	118	23.6
January 1, 1993	122	15.25	122	24.4
January 1, 1994	126	15.75	126	25.2
January 1, 1995	130	16.25	130	25.0

(b) Mileage rates will be paid only for miles run in excess of the minimum number specified in (a) above.

(c) The number of hours that must lapse before overtime begins on a trip in through freight or through passenger services is calculated by dividing the miles of the trip or the number of miles encompassed in a basic day in that class of service, whichever is greater, by the appropriate overtime divisor. Thus, effective July 29, 1991, overtime on a trip in through freight service of 125 miles will begin after 8 hours and 46 minutes ($125/14.25 = 8.77$ hours). In through freight service, overtime will not be paid prior to the completion of 8 hours of service.

Section 3 - Conversion to Local Rate

When employees in through freight service become entitled to the local rate of pay under applicable conversion rules, the daily local freight differential (56 cents for engineers and 43 cents for firemen under national agreements) will be added to their basic daily rate and the combined rate will be

used as the basis for calculating hourly rates, including overtime. The local freight mileage differential (.56 cents per mile for engineers and .43 cents for firemen under national agreements) will be added to the through freight mileage rates, and miles in excess of the number encompassed in the basic day in through freight service will be paid at the combined rate.

Section 4 - Duplicate Time Payments

(a) Duplicate time payments, including arbitraries and special allowances that are expressed in time or miles or fixed amounts of money, shall not apply to employees whose seniority in engine or train service is established on or after November 1, 1985.

(b) Duplicate time payments, including arbitraries and special allowances that are expressed in time or miles or fixed amounts of money, not previously eliminated, shall not be subject to general, cost-of-living or other forms of wage increases.

Section 5 - Rate Progression - New Hires

In any class of service or job classification, rates of pay, additives, and other applicable elements of compensation for an employee whose seniority in engine or train service is established on or after November 1, 1985, will be 75 % of the rate for present employees and will increase in increments of 5 percentage points for each year of active service in engine and/or train service until the new employee's rate is equal to that of present employees. A year of active service shall consist of a period of 365 calendar days in which the employee performs a total of 80 or more tours of duty.

ARTICLE V - SPECIAL PAY DIFFERENTIAL

Section 1 - Payment

(a) Effective July 29, 1991, a differential of \$12.00 per basic day in freight and yard service, and 12 cents per mile for miles in excess of the number of miles encompassed in the basic day in freight service, will be payable to eligible engineers working assignments without a fireman provided the conditions described below are met.

(b) Effective January 1, 1995, such differential will be increased to \$15.00 per basic day, and to 15 cents per mile for miles in excess of the number of miles encompassed in the basic day.

Section 2 - Conditions

(a) Under the applicable agreement governing the consist of train crews:

(i) a member of the train crew is entitled to receive a productivity fund payment, or per-trip payment in lieu thereof, and

(ii) the carrier is required to make a productivity fund payment for that trip or tour of duty.

(b) The engineer must have:

(i) an engineer's seniority date no later than the date that determines eligibility for "protected employees" receiving productivity fund payments in that territory, or

(ii) been a 'protected employee' under a crew consist agreement, and was subsequently promoted to engineer on the same railroad.

(c) This Article is not applicable on a carrier that has an agreement with the organization adjusting the compensation of engineers in response to the change in compensation relationships between engineers and other members of the crew brought about by crew consist agreements unless the appropriate BLE General Chairman elects to adopt this Article in lieu of the pay adjustments (including personal leave days) provided in such agreement. Such election must be exercised on or before December 20, 1991. If such election is made, the provisions of this Article will become effective on that property on January 1, 1992, however, such local agreements concerning matters other than pay adjustments shall be retained.

ARTICLE VI - EXCLUSIVE REPRESENTATION

- (a) The Brotherhood of Locomotive Engineers shall have the exclusive right to represent all engine service employees (other than those who are represented exclusively by another labor organization) in company-level grievance, claim and disciplinary proceedings on those carriers on which the BLE is the lawfully recognized or certified collective bargaining representative for that craft.
- (b) This Article shall become effective ninety (90) days after service of notice on the carrier by the organization's authorized representative(s) unless implemented sooner pursuant to agreement between the parties.

ARTICLE VII - EXPENSES AWAY FROM HOME

Effective November 1, 1991, the meal allowance provided for in Article II, Section 2, of the June 25, 1964 National Agreement, as amended, is increased from \$4.15 to \$5.00. Effective November 1, 1994, such meal allowance shall be increased to \$6.00.

ARTICLE VIII - ROAD/YARD WORK

Section 1

(a) Pursuant to the new road/yard provisions contained in the recommendations of Presidential Emergency Board No. 219, as clarified, a road crew may perform in connection with its own train without additional compensation one move in addition to those permitted by previous agreements at each of the (a) initial terminal, (b) intermediate points, and (c) final terminal. Each of the moves - those previously allowed plus the new ones - may be any one of those prescribed by the Presidential Emergency Board: pick-ups, set-outs, getting or leaving the train on multiple tracks, interchanging with foreign railroads, transferring cars within a switching limit, and spotting and pulling cars at industries.

(b) The switching allowances referred to in Article VIII, Section 1(d) of the May 19, 1986

Award of Arbitration Board No. 458 shall continue with respect to employees whose seniority in engine or train service precedes May 19, 1986 and such allowances are not subject to general or other wage increases.

(c) The crew of an over-the-road solid run-through train may perform one move as prescribed, in addition to delivering and/or receiving their train in interchange.

Section 2 - Protection

(a) Employees adversely affected by the provisions of Section 1 of this Article shall receive the protection afforded by Article I (except Section 4) of the New York Cock Protective Conditions (Appendix III, F.D. 28250).

(b) Where employees of terminal companies are affected by the additional relief granted carriers by the provisions of Section 1 of this Article, rosters shall be topped and bottomed on the appropriate roster of each owning line, maintaining prior rights. The carrier and employee representatives shall agree upon a method to top and bottom rosters, as provided above, to protect the seniority interests of affected terminal company employees.

ARTICLE IX - SPECIAL RELIEF CUSTOMER SERVICE - YARD CREWS

(a) When an individual carrier can show a bona fide need to obtain or retain a customer by servicing that shipper outside of the existing work rules related to starting times and yard limits for yard crews, such service may be instituted on an experimental basis for a six-month period.

(b) Prior to implementing such service, the carrier will extend at least 14 days' advance written notice to the General Chairman of the employees involved. The notice will include an explanation of the bona fide need to provide the service, a description of the service, and a listing of the work rules related to starting times and yard limits for yard crews which are at variance with existing agreements.

(c) A Joint Committee, comprised of an equal number of carrier representatives and organization representatives, shall be constituted to determine whether a bona fide need exists to provide the service. If the Joint Committee has not made its determination by the end of the 14 day advance notice period referenced in Paragraph (b), it shall be deemed to be deadlocked, and the service will be allowed on an experimental basis for a six-month period. If, after the six months have expired, the organization members of the Joint Committee continue to object, the matter shall be referred to arbitration.

(d) If the parties are unable to agree upon an arbitrator within seven days of the date of the request for arbitration, either party may request the National Mediation Board to appoint an arbitrator. The fees and expenses of the arbitrator will be shared equally by the parties.

(e) The determination of the arbitrator shall be limited to whether the carrier has shown a bona fide need to provide the service requested or can provide the service without a special exception to the existing work rules related to starting times and yard limits for yard crews being made at a comparable cost to the carrier.

Nothing in this Article is intended to restrict any of the existing rights of a carrier.

This Article shall become effective November 17, 1991 except on such carriers as may elect to preserve existing rules or practices and so notify the authorized employee representatives on or before such date.

ARTICLE X - INTERDIVISIONAL SERVICE

Article IX - Interdivisional Service of the May 19, 1986 Award of Arbitration Board No. 458, is amended as follows:

Section 4(b) of Article IX is renumbered Section 4(c) and a new Section 4(b) is hereby adopted:

(b) The carrier and the organization mutually commit themselves to the expedited processing of negotiations concerning interdivisional runs, including those involving running through home terminals, and mutually commit themselves to request the prompt appointment by the National Mediation Board of an arbitrator when agreement cannot be reached.

ARTICLE XI - GENERAL PROVISIONS

Section 1 - Court Approval

This Implementing Document is subject to approval of the courts with respect to participating carriers in the hands of receivers or trustees.

Section 2 - Effect of this Implementing Document

(a) The purpose of this Implementing Document is to fix the general level of compensation during the period of the Implementing Document and is in settlement of the dispute growing out of the notices served upon the carriers listed in Exhibit A by the organization signatory hereto dated on or about January 17, 1984 and June 1, 1988, and the notices served on or about January 23, 1984 and October 7, 1988 by the carriers.

(b) This Implementing Document shall be construed as a separate implementing document 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, 1994 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

(c) The parties to this Implementing Document shall not serve nor progress prior to November 1, 1994 (not to become effective before January 1, 1995) any notice or proposal for changing any matter contained in:

- (1) this Implementing Document,
- (2) the proposals of the parties identified in Section 2(a) of this Article, and
- (3) Section 2(c)(3) of Article VIII of the Agreement of March 6, 1975, and any pending notices which propose such matters are hereby withdrawn.

(d) No party to this Implementing Document shall serve or progress, prior to November 1, 1994 (not to become effective before January 1, 1995), any notice or proposal which might properly have been served when the last moratorium ended on July 1, 1988.

(e) This Article will not bar management and committees on individual railroads from agreeing upon any subject of mutual interest.

SIGNED AT WASHINGTON, D.C., THIS 29th DAY OF JULY, 1991.

FOR THE PARTICIPATING CARRIERS
LISTED IN EXHIBIT A:

FOR THE EMPLOYEES REPRESENTED
BY THE BROTHERHOOD OF LOCOMOTIVE
ENGINEERS:

Chairman

President

SIGNATURES NOT REPRODUCED

SIDE LETTERS TO PEB 219 IMPLEMENTING AGREEMENT

July 29, 1991

#1

Mr. Larry D. McFather
President
Brotherhood of Locomotive Engineers
Standard Building
Cleveland, Ohio 44113-1702

Dear Mr. McFather:

This refers to the \$2,000 lump sum payment provided for in Article I, Section 1 of this Implementing Document.

In the case of an employee who was recalled from reserve status and performed active military service during 1990 as a result of the Persian Gulf crisis, such employee will be credited with 5 days of compensated service for each week of such military service for purposes of calculating eligibility for the lump sum amount provided he would otherwise have been in active service for the carrier.

Very truly yours,

C.I. Hopkins, Jr.

July 29, 1991

#2

Mr. Larry D. McFather
President
Brotherhood of Locomotive Engineers
Standard Building
Cleveland, Ohio 44113-1702

Dear Mr. McFather:

This refers to the Lump Sum Payment provided for in Article I, Section 1 of this Implementing Document.

This confirms our understanding that days during the year 1990 for which employees in a furloughed status received compensation pursuant to guarantees in protective agreements or arrangements shall be included in determining qualifications for the Lump Sum Payment.

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

Very truly yours,

C.I. Hopkins, Jr.

I agree:

Larry D. McFather

July 29, 1991

#3

Mr. Larry D. McFather
President
Brotherhood of Locomotive Engineers
Standard Building
Cleveland, Ohio 44113-1702

Dear Mr. McFather:

This refers to the increase in wages provided for in Section 2 of Article I of this Implementing Document.

It is understood that the retroactive portion of that wage increase will be paid within 60 days from the effective date of this Implementing Document. It is further understood that it shall be applied only to employees who have continued their employment relationship up to the date of this Implementing Document or who have retired or died subsequent to July 1, 1991.

Please indicate your agreement by signing your name in the Space provided below.

Very truly yours,

C.I. Hopkins, Jr.

I agree:

L.D. McFather

July 29, 1991

#4

Mr. Larry D. McFather
President
Brotherhood of Locomotive Engineers
Standard Building
Cleveland, Ohio 44113-1702

Dear Mr. McFather:

This refers to the Lump Sum Payments provided in Articles I and II of this Implementing Document.

All of the lump sum payments provided for in Article II are based in part on the number of straight time hours paid for that are credited to an employee for a particular period. However, the number of straight time hours so credited does not include any such hours reported to the ICC as constructive allowances except vacations, holidays, paid sick leave and guarantees in protective agreements or arrangements.

The inclusion of the term "guarantees in protective agreements or arrangements" in Article II means that an employee receiving such a guarantee will have included in the straight time hours used in calculating his lump sum payments under this Article all such hours paid for under any protective agreement or allowance provided, however, that in order to receive credit for such hours an employee must not be voluntarily absent from work, meaning that hours are not counted if an employee does not accept calls to report for work.

It is understood that any lump sum payment provided in Articles I and II will not be used to offset, construct or increase guarantees in protective agreements or arrangements.

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

Very truly yours,

C. I. Hopkins, Jr.

I agree:

L.D. McFather

July 29, 1991

#5

Mr. Larry D. McFather
President
Brotherhood of Locomotive Engineers
Standard Building
Cleveland, Ohio 44113-1702

Dear Mr. McFather:

This refers to the lump sum payments provided for in Article II of this Implementing Document.

Sections 1 to 4, inclusive, of Part A of Article II - Cost-of-Living Payments are structured so as to provide lump sum payments that are essentially based on the number of straight time hours credited to an employee during a specified 12-month base period. Section 8 provides that all of these lump sum payments are payable to an employee who has an employment relationship as of the dates such payments are made or has retired or died subsequent to the beginning of the applicable base period used to determine the amount of such payment. Thus, for example, under Section 1 of Part A of Article II, except for an employee who has retired or died, the agreement requires that an employee have an employment relationship as of July 1, 1992 in order to receive a lump sum payment which will be based essentially on the number of straight time hours credited to such employee during a period running from April 1, 1991 through March 31, 1992.

The intervals between the close of the measurement periods and the actual payments established in the 1985-86 National Agreements were in large part a convenience to the carriers in order that there be adequate time to make the necessary calculations.

In recognition of this, we again confirm the understanding that an individual having an employment relationship with a carrier on the last day of a particular measurement period will not be disqualified from receiving the lump sum (or portion thereof) provided for in the event his employment relationship is terminated following the last day of the measurement period but prior to the payment due date.

Very truly yours,

C.I. Hopkins, Jr.

July 29, 1991

#6

Mr. Larry D. McFather
President
Brotherhood of Locomotive Engineers
Standard Building
Cleveland, Ohio 44113-1702

Dear Mr. McFather:

This confirms our discussions with respect to the calculations of straight time hours in connection with the lump sum payments provided for in Article II of this Implementing Document.

It is understood that the straight time equivalent number of hours paid for at the overtime rate of pay for employees engaged in yard service or on runs the miles of which are not in excess of the number of miles encompassed in the basic day shall be included in such calculations.

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

Very truly yours,

C.I. Hopkins, Jr.

I agree:

L.D. McFather

July 29, 1991

#7

Mr. Larry D. McFather
President
Brotherhood of Locomotive Engineers
Standard Building
Cleveland, Ohio 44113-1702

Dear Mr. McFather:

This refers to Article III Part A of this Implementing Document dealing with the Railroad Employees National Health and Welfare Plan (the "Plan"), and in particular to one facet of the arrangements for funding the benefits provided for under the Plan.

It is understood that, insofar as carriers represented by the National Carriers' Conference Committee in connection with health and welfare matters but not in connection with wages and cost-of-living adjustments are concerned, the cost-of-living adjustments for 1992 and thereafter that may have already been agreed to by such carriers, or that may be agreed to in the future, shall be adjusted - unless the agreement involved, reached on an individual property basis, provides as a part of the wage settlement that the employees covered by it shall not share in any year-to-year increases in Plan costs- so that the employees covered by such agreements shall receive cost-of-living adjustments that are less (than they would otherwise receive) by an amount equal to the lesser of (i) one-quarter of the year-to-year increases in the carriers' payment rate for the foreign-to-occupation portion of health benefits under the Plan as defined in the Agreement referred to in the first paragraph of this letter and (ii) one-half of the amount, pro-rated where appropriate, they would otherwise receive.

If the parties involved are unable to reach agreement on the specific manner of making the adjustments, or on any other terms and conditions regarding the adjustments, it is understood that such dispute shall be submitted, upon the written notice by either party, to arbitration by a neutral arbitrator within thirty (30) days after such notice is transmitted by one party to the other. Should the parties involved fail to agree on selection of a neutral arbitrator within five (5) calendar days from the date the dispute is submitted to arbitration, either party may request the National Mediation Board to supply a list of at least five (5) potential arbitrators, from which the parties shall choose the arbitrator by alternatively striking names from the list.

Neither party shall oppose or make any objection to the NMB concerning a request for such a panel. The fees and expenses of the neutral arbitrator should be borne equally by the parties, and all other expenses should be paid for by the party incurring them. The arbitrator shall conduct a hearing within thirty (30) calendar days from the date on which the dispute is assigned to him or her. Each party shall deliver all statements of fact, supporting evidence and other relevant information in writing to the arbitrator and to the other party, no later than five (5) working days prior to the date of the hearing. The arbitrator shall not accept oral testimony at the hearing, and no transcript of the hearing shall be made.

Each party, however, may present oral arguments at the hearing through its counsel or other designated representative. The arbitrator must render a written decision, which shall be final and binding, within

thirty (30) calendar days from the date of the hearing.

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

Very truly yours,

C. I. Hopkins, Jr.

I agree:

Larry D. McFather

July 29, 1991

#8

Mr. Larry D. McFather
President
Brotherhood of Locomotive Engineers
Standard Building
Cleveland, Ohio 44113-1702

Dear Mr. McFather:

This confirms our understanding concerning the manner in which Article V - -Special Pay Differential, will be applied.

We agreed that prior to November 1, 1994, the special pay differential will continue to be paid to otherwise eligible engineers, notwithstanding the provisions of any agreement any carrier may enter into with the United Transportation Union subsequent to the date of this letter to eliminate productivity funds for crew consist protected trainmen pursuant to a crew consist agreement or to substitute "up-front" allowances in lieu thereof. We further agreed that on and after November 1, 1994, engineers will be eligible for the special pay differential only if they meet the conditions set forth in Article V.

Please indicate your agreement by signing in the space provided below.

Yours very truly,

C. I. Hopkins, Jr.

I agree:

Larry D. McFather

July 29, 1991

#9

Mr. Larry D. McFather
President
Brotherhood of Locomotive Engineers
Standard Building
Cleveland, Ohio 44113-1702

Dear Mr. McFather:

This confirms our discussions with respect to Article VIII - Road/Yard Work of this Implementing Occument.

It is understood that, except as modified in Section 1 (c) of Article VIII, such Article does not change, alter or amend existing interpretations regarding over-the-road solid run through train operations.

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

Very truly yours,

C.I. Hopkins, Jr.

I agree:

Larry D. McFather

July 29, 1991

#10

Mr. Larry D. McFather
President
Brotherhood of Locomotive Engineers
Standard Building
Cleveland, Ohio 44113-1702

Dear Mr. McFather:

This confirms our discussion concerning Article IX - Special Relief of this Implementing Document, particularly, the 14 day advance notice provision required before implementing any such special relief service.

We agreed that in most situations there will be ample opportunity, between the time that a special service need arises and when it must be implemented in order to retain or obtain a customer, to meet the 14 day notice requirement. In fact, in situations where practicable the carriers should provide more advance notice in order to enhance the opportunity for agreement with the appropriate General Chairmen.

However, we also recognized that situations may arise where it is impossible to provide 14 days' advance notice without losing or substantially risking the loss of a customer or new business. It was understood that in such a case it is not the intent of Article IX to bar a carrier from pursuing business opportunities. Accordingly, the carrier will furnish as much advance notice as possible in such a situation; observe the remaining provisions of Article IX, and bear the additional burden of proving that a notice period of less than 14 days was necessary.

If, in the opinion of the organization, this relaxed notice exception has been abused, the parties agree to confer and consider methods to eliminate such abuse, including the possibility of elimination of this exception.

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

Yours very truly,

C.I. Hopkins, Jr.

I agree:

Larry D. McFather

July 29, 1991

#11

Mr. Larry D. McFather
President
Brotherhood of Locomotive Engineers
Standard Building
Cleveland, Ohio 44113-1702

Dear Mr. McFather:

This confirms our understanding with respect to this Implementing Document.

The parties exchanged various proposals and drafts antecedent to adoption of the various Articles that appear in this Implementing Document. It is our mutual understanding that none of such antecedent proposals and drafts will be used by any party for any purpose and that the provisions of this Implementing Document will be interpreted and applied as though such proposals and drafts had not been used or exchanged in the negotiation.

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

Very truly yours,

C.I. Hopkins, Jr.

I agree:

Larry D. McFather

EXHIBIT "A" (list of railroads represented by the NCCC) is not reproduced

Illustrative Road/Yard Questions and Answers

Q1: A road crew at its final terminal delivers cars in interchange and picks up from the same foreign carrier before yarding his train. How many moves are involved?

A: Two, the delivery is one move and the pick up the second.

Q2: A road crew at its initial terminal is required to get its train from three tracks in the same location, where one track would have held the entire pick up. How many moves are involved?

A: One.

Q3: A road crew arrives at its final terminal with four blocks of cars all for foreign carriers. How many deliveries may the road crew make?

A: Three in addition to yarding their train at final terminal.

Q4: What is meant by "multiple tracks"?

A: "Multiple tracks" are more tracks than the minimum number required to hold the cars in question.

Q5: A road crew at its final terminal picks up twenty cars at Yard A, delivers 40 different cars to a foreign carrier then yards its train including the twenty cars picked up at Yard A on multiple tracks in Yard B. How many moves have been made?

A: Three.

Q6: Can a road crew set out in its final terminal and thereafter effect an interchange?

A: Yes.

Q7: Can a road crew (other than an over-the-road solid run through train) when making an interchange delivery or setting out at other than its final yard use multiple tracks to effectuate the move?

A: No. The application of the multiple track move is limited to where the road crew receives its train at the initial terminal and yards its train at the final terminal.

Q8: Railroad A has Railroad B do its switching at City X. What may Railroad A's road crews do at City X?

A: Railroad A's crews may do the same things as any other road crews.

Q9: A road crew at its initial terminal is required to get its train from three tracks because three tracks were required to hold the entire train. Is this considered a move?

A: No. This is a proper double over and does not count as one of the three additional moves permitted.

Q10: The carrier chooses to have a road crew get or leave its train on multiple tracks where a minimum number of tracks were available to hold the train and could have been used. Does this constitute a move so as to permit the road crew two additional moves at the initial or final terminal yard?

A: Yes. The use of multiple tracks is one of the allowable moves.