

B.M.W.E.  
OCTOBER 17, 1986

AGREEMENT

DATED OCTOBER 17, 1986

between railroads represented by the  
NATIONAL CARRIERS' CONFERENCE COMMITTEE

and

employees of such railroads represented by the  
BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES

MEDIATION AGREEMENT

THIS AGREEMENT, made this 17th day of October, 1986, by and between the participating carriers listed in Exhibit A attached hereto and hereby made a part hereof, and represented by the National Carriers' Conference Committee, and the employees of such carriers shown thereon and represented by the Brotherhood of Maintenance of Way Employees, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - WAGES

*See Side Letter # 13.*

Lump sum payments provided for in Sections 1, 3, 5 and 7 of this Article, calculated as described therein, will be paid to each employee subject to this Agreement 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.

Section 1 - First Lump Sum Payment

*See Letter # 1*

Employees with 2,150 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 paid sick leave) during the period July 1, 1984 through July 31, 1985 will be paid \$565.00 within 60 days from the date of this Agreement. Those employees with fewer straight time hours paid for will be paid an amount derived by multiplying \$565.00 by the number of straight time hours (including vacations, holidays and paid sick leave, as described above) paid for during that period divided by 2,150.

Section 2 - First General Wage Increase

Effective December 1, 1985, all hourly, daily, weekly, monthly and piece-work rates of pay in effect on November 30, 1985 for employees covered by this Agreement shall be increased in the amount of one and fifty-five hundredths (1.55) percent applied so as to give effect to this increase in pay irrespective of the method of payment. The cost-of-living allowance of 13 cents per hour in effect on November 30, 1985 will not be included with the basic rates in computing the amount of this increase. The increase provided for in this Section 2 shall be applied as follows:

(a) Hourly Rates -

Add 1.55 percent to the existing hourly rates of pay.

(b) Daily Rates -

Add 1.55 percent to the existing daily rates of pay.

(c) Weekly Rates -

Add 1.55 percent to the existing weekly rates of pay.

(d) Monthly Rates -

Add 1.55 percent to the existing monthly rates of pay.

(e) Disposition of Fractions -

Rates of pay resulting from the application of paragraphs (a) to (d), inclusive, above which end in fractions of a cent shall be rounded to the nearest whole cent, fractions less than one-half cent shall be dropped, and fractions of one-half cent or more shall be increased to the nearest full cent.

(f) Piece Work -

Adjustment of piece-work rates of pay shall be based on the amount of increase applicable to the basic hourly rates for the class of work performed. Where piece-work rates of pay are in effect on carriers having special rules as to the application of any increase, or decrease, in such rates, such rules shall apply.

(g) Deductions -

Insofar as concerns deductions, which may be made from the rates resulting from the increase herein granted, under Section 3(m) of the Fair Labor Standards Act of 1938, they may continue to be made to the extent that such deductions were being legally made as of August 31, 1941.

(h) Application of Wage Increase -

The increase in wages provided for in this Section 2 shall be applied in accordance with the wage or working conditions agreement in effect between each carrier and the labor organization party hereto. Special allowances not included in fixed hourly, daily, weekly or monthly rates of pay for all services rendered, and arbitraries representing duplicate time payments, will not be increased. Overtime hours will be computed in accordance with individual schedules for all overtime hours paid for.

(1) Coverage -

The increase in wages provided for in this Section 2 shall be applied only to employees who have a current employment relationship under an agreement with the organization signatory hereto or who have retired or died subsequent to December 1, 1985.

Section 3 - Second Lump Sum Payment

Except as provided in Section 8 of this Article, 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, paid sick leave and guarantees in protective agreements or arrangements) during the period October 1, 1985 through September 30, 1986 will be paid \$450.00, during the first half of December 1986. Those employees with fewer straight time hours paid for will be paid an amount derived by multiplying \$450.00 by the number of straight time hours (including vacations, holidays, paid sick leave and guarantees in protective agreements or arrangements, as described above) paid for during that period divided by 2,000.

Section 4 - Second General Wage Increase

Effective December 1, 1986, all hourly, daily, weekly, monthly and piece-work rates of pay in effect on November 30, 1986 for employees covered by this Agreement shall be increased in the amount of two and one-quarter (2.25) percent applied so as to give effect to this increase in pay irrespective of the method of payment. The cost-of-living allowance in effect on November 30, 1986 will not be included with the basic rates in computing the amount of this increase. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 2 hereof.

Section 5 - Third Lump Sum Payment

Except as provided in Section 8 of this Article, 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, paid sick leave and guarantees in protective agreements or arrangements) during the period October 1, 1986 through September 30, 1987 will be paid \$535.00, during the first half of December 1987. Those employees with fewer straight time hours paid for will be paid an amount derived by multiplying \$535.00 by the number of straight time hours (including vacations, holidays, paid sick leave and guarantees in protective agreements or arrangements, as described above) paid for during that period divided by 2,000.

Section 6 - Third General Wage Increase

Effective December 1, 1987, all hourly, daily, weekly, monthly and piece-work rates of pay in effect on November 30, 1987 for employees covered by this Agreement shall be increased in the amount of

two and one-quarter (2.25) percent applied so as to give effect to this increase in pay irrespective of the method of payment. The cost-of-living allowance in effect on November 30, 1987 will not be included with the basic rates in computing the amount of this increase. The increase provided for in this Section 6 shall be applied in the same manner as provided for in Section 2 hereof.

#### Section 7 - Fourth Lump Sum Payment

Except as provided in Section 8 of this Article, employees with 1,000 or more straight time hours paid for (not including any such hours reported to the Interstate Commerce Commission as constructive allowances except vacations, holidays, paid sick leave and guarantees in protective agreements or arrangements) during the period October 1, 1987 through March 31, 1988 will be paid \$283.00, during the first half of June 1988. Those employees with fewer straight time hours paid for will be paid an amount derived by multiplying \$283.00 by the number of straight time hours (including vacations, holidays, paid sick leave and guarantees in protective agreements or arrangements, as described above) paid for during that period divided by 1,000.

#### Section 8 - Lump Sum Proration

Where lump sums are due employees subject to Article III, Rate Progression - New Hires of this Agreement, Article XI, Entry Rates of the December 11, 1981 Agreement, or local rules governing entry rates, such lump sums shall be the amount of the lump sum produced by Section 3, Section 5 or Section 7 multiplied by the weighted average entry rate percentage applicable to wages earned during the lump sum determination period.

#### Section 9 - Reduction

Wage rates resulting from the increases provided in Sections 2, 4 and 6 of this Article will not be reduced under Article II.

### ARTICLE II - COST-OF-LIVING ADJUSTMENTS

#### Section 1 - Amount and Effective Dates of Cost-of-Living Adjustments

(a) The cost-of-living allowance which, on June 30, 1986 will be 13 cents per hour, will subsequently be adjusted, in the manner set forth in and subject to all the provisions of paragraphs (e) and (g) below, 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 Consumer Price Index. The first such cost-of-living adjustment shall be made effective July 1, 1986, based (subject to paragraph (e)(i) below) on the BLS Consumer Price Index for March 1986 as compared with the index for September 1985. Such adjustment, and further cost-of-living adjustments which will be made effective as described

below, will be based on the change in the BLS Consumer Price Index during the respective measurement periods shown in the following table subject to the exception in paragraph (e)(ii) below, according to the formula set forth in paragraph (f) below as limited by paragraph (g) below:

<u>Measurement Periods</u>		<u>Effective Date of Adjustment</u> (3)
<u>Base Month</u> (1)	<u>Measurement Month</u> (2)	
September 1985	March 1986	
March 1986	September 1986	July 1, 1986
September 1986	March 1987	January 1, 1987
March 1987	September 1987	July 1, 1987
		January 1, 1988

(b) While a cost-of-living allowance is in effect, such cost-of-living allowance will apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that any part of such allowance generated after June 30, 1986 shall not apply to special allowances and arbitraries representing duplicate time payments.

(c) The amount of the cost-of-living allowance, if any, which 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) On June 30, 1988 all of the cost-of-living allowance then in effect shall be rolled into basic rates of pay and the cost-of-living allowance in effect will be reduced to zero. Accordingly, the amount rolled in will not apply to special allowances and arbitraries representing duplicate time payments except to the extent it includes part or all of the 13 cents per hour in effect on June 30, 1986.

(e) Cap. (i) In calculations under paragraph (f) below, the maximum increase in the BLS Consumer Price Index (C.P.I.) which will be taken into account will be as follows:

<u>Effective Date of Adjustment</u> (1)	<u>Maximum C.P.I. Increase Which May Be Taken into Account</u> (2)
July 1, 1986	4% of September 1985 CPI
January 1, 1987	8% of September 1985 CPI, less the increase from September 1985 to March 1986
July 1, 1987	4% of September 1986 CPI
January 1, 1988	8% of September 1986 CPI, less the increase from September 1986 to March 1987

(ii) If the increase in the BLS Consumer Price Index from the base month of September 1985 to the measurement month of March 1986, exceeds 4% of the September base index, the measurement period which will be used for determining the cost-of-living adjustment to be effective the following January will be the twelve-month period from such base month of September; the increase in the index which will be taken into account will be limited to that portion of increase which is in excess of 4% of such September base index, and the maximum increase in that portion of the index which may be taken into account will be 8% of such September base index less the 4% mentioned in the preceding clause, to which will be added any residual tenths of points which had been dropped under paragraph (f) below in calculation of the cost-of-living adjustment which will have become effective July 1 during such measurement period.

(iii) Any increase in the BLS Consumer Price Index from the base month of September of one year to the measurement month of September of the following year in excess of 8% of the September base month index, will not be taken into account in the determination of subsequent cost-of-living adjustments.

(f) Formula. The number of points change in the BLS Consumer Price Index during a measurement period, as limited by paragraph (e) above, 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 June 30, 1986 will be adjusted (increased or decreased) effective July 1, 1986 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 (e) above, in the BLS Consumer Price Index during the measurement period from the base month of September 1985 to the measurement month of March 1986. Any residual tenths of a point resulting from such division will be dropped. The result of such division will be added to the amount of the cost-of-living allowance in effect on June 30, 1986 if the Consumer Price Index 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 above zero.

The same procedure will be followed in applying subsequent adjustments.

(g) Offsets. The cost-of-living increases, if any, are subject to the limitations herein described:

(1) Any increase to be paid effective July 1, 1986 is limited to that in excess of 19 cents per hour.

(ii) The combined increases, if any, to be paid as a result of the adjustments effective July 1, 1986 and January 1, 1987 are limited to those in excess of 48 cents per hour.

(iii) Any increase to be paid effective July 1, 1987 is limited to that in excess of 20 cents per hour.

(iv) The combined increases, if any, to be paid as a result of the adjustments effective July 1, 1987 and January 1, 1988 are limited to those in excess of 51 cents per hour.

(h) Continuance of the cost-of-living adjustments 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 Agreement revise or change the methods or basic data used in calculating the BLS Consumer Price Index in such a way as to affect the direct comparability of such revised or changed index with the CPI-W Index during a measurement period, then that Bureau shall be requested to furnish a conversion factor designed to adjust the newly revised index to the basis of the CPI-W Index during such measurement period.

## Section 2 - Application of Cost-of-Living Adjustments

In application of the cost-of-living adjustments provided for by Section 1 of this Article II, the cost-of-living allowance will not become part of basic rates of pay except as provided in Section 1(d). Such allowance will be applied as follows:

(a) Hourly Rates - Add the amount of the cost-of-living allowance to the hourly rate of pay produced by application of Article I and by Section 1(d) of this Article II.

(b) Daily Rates - Determine the equivalent hourly rate by dividing the established daily rate by the number of hours comprehended by the daily rate. The amount of the cost-of-living allowance multiplied by the number of hours comprehended by the daily rate shall be added to the daily rate produced by application of Article I and by Section 1(d) of this Article II.

(c) Weekly Rates - Determine the equivalent hourly rate by dividing the established weekly rate by the number of hours comprehended by the weekly rate. The amount of the cost-of-living allowance multiplied by the number of hours comprehended by the weekly rate shall be added to the weekly rate produced by application of Article I and by Section 1(d) of this Article II.

(d) Monthly Rates - Determine the equivalent hourly rate by dividing the established monthly rate by the number of hours comprehended by the monthly rate. The amount of the cost-of-living allowance multiplied by the number of hours comprehended by the monthly rate shall be added to the monthly rate produced by application of Article I and by Section 1(d) of this Article II.



(e) Piece Work - Adjustment of piece-work rates of pay shall be based on the amount of increase applicable to the basic hourly rate for the class of work performed. Where piece-work rates of pay are in effect on carriers having special rules as to the application of any increase, or decrease, in such rates, such rules shall apply. In the absence of any definite rule governing, the equivalent of the hourly amount of the cost-of-living allowance shall be added to the established unit piece-work price.

(f) Minimum Daily Increases - The increase in rates of pay described in paragraphs (a) through (e), inclusive, shall be not less than eight times the applicable increase per hour for each full time day of eight hours, required to be paid for by the rules agreement. In instances where under the existing rules agreement an employee is worked less than eight hours per day, the increase will be determined by the number of hours required to be paid for by the rules agreement.

(g) Coverage - The cost-of-living allowances provided for in Section 1(a) of this Article II shall be applied only to employees who have a current employment relationship under an agreement with the organization signatory hereto or who have retired or died subsequent to the effective dates of the specified allowances.

### ARTICLE III - RATE PROGRESSION - NEW HIRES

*See Letter #2*

Article XI of the December 11, 1981 National Agreement and all other local rules governing entry rates are eliminated and the following provisions are applicable:

#### Section 1 - Service First 60-Months

Employees entering service on and after the effective date of this Article on positions covered by an agreement with the organization signatory hereto shall be paid as follows for all service performed within the first sixty (60) calendar months of service:

(a) For the first twelve (12) calendar months of employment, new employees shall be paid 75% of the applicable rates of pay (including COLA).

(b) For the second twelve (12) calendar months of employment, such employees shall be paid 80% of the applicable rates of pay (including COLA).

(c) For the third twelve (12) calendar months of employment, such employees shall be paid 85% of the applicable rates of pay (including COLA).

(d) For the fourth twelve (12) calendar months of employment, such employees shall be paid 90% of the applicable rates of pay (including COLA).

*See exemptions in 1991 contract*

(e) For the fifth twelve (12) calendar months of employment, such employees shall be paid 95% of the applicable rates of pay (including COLA).

(f) Employees who have had an employment relationship with the carrier and are rehired will be paid at established rates after completion of a total of sixty (60) months' combined service.

(g) Service in a craft not represented by the organization signatory hereto shall not be considered in determining periods of employment under this rule.

(h) Employees who have had a previous employment relationship with a carrier in a craft represented by the organization signatory hereto and are subsequently hired by another carrier shall be covered by this Article, as amended. However, such employees will receive credit toward completion of the sixty (60) month period for any month in which compensated service was performed in such craft provided that such compensated service last occurred within one year from the date of subsequent employment.

(i) Any calendar month in which an employee does not render compensated service due to furlough, voluntary absence, suspension, or dismissal shall not count toward completion of the sixty (60) month period.

#### Section 2 - Preservation of Lower Rates

Agreements which provide for training or other reduced rates that are lower than those provided for in Section 1 are preserved. If such agreements provide for payment at the lower rate for less than the first sixty (60) months of actual service, Section 1 of this Article will be applicable during any portion of that period in which such lower rate is not applicable.

#### Section 3 - Savings Provision

This Article shall become effective 15 days after the date of this Agreement except on such carriers as may elect to preserve existing rules or practices and so notify the authorized employee representative on or before such effective date.

#### ARTICLE IV - TERMINATION OF SENIORITY

*See Letter # 4.*

The seniority of any employee whose seniority under an agreement with BMWE is established after the date of this Agreement and who is furloughed for 365 consecutive days will be terminated if such employee has less than three (3) years of seniority.

The "365 consecutive days" shall exclude any period during which a furloughed employee receives compensation pursuant to an I.C.C. employee protection order or an employee protection agreement or arrangement.

This Article shall become effective 15 days after the date of this Agreement except on such carriers as may elect to preserve existing rules or practices and so notify the authorized employee representative on or before such effective date.

ARTICLE V - BENEFITS PROVIDED UNDER THE RAILROAD EMPLOYEES NATIONAL HEALTH AND WELFARE PLAN

Section 1 - Continuation of Plan

Except as provided in this Article, the benefits and other provisions under the Railroad Employees National Health and Welfare Plan 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 the insurer in connection with Group Policy Contract GA-23000, and by the use of funds held in trust that are not otherwise needed to pay claims, premiums or administrative expenses which are payable from trust.

Detailed contract language effectuating all changes in the Plan called for by this Agreement will be worked out by the Joint Policyholder Committee with the insurer.

Section 2 - Benefit Changes

The following changes in benefits provided under the Plan and in matters related to such benefits will be made:

(a) Hospital Pre-Admission & Utilization Review Program - This program shall include a comprehensive guidance and support structure for employees and other beneficiaries covered by the Plan and their physicians beginning prior to planned hospitalization and continuing through recovery period. The program shall include, among other things, review of the propriety of hospital admission (including the feasibility of ambulatory center or out-patient treatment), the plan of treatment including the length of confinement, the appropriateness of a second surgical opinion, discharge planning and the use of effective alternative facilities during convalescence. This program shall become effective as soon as practicable in order to provide adequate time to set up and communicate the program. *See Letter, #5 and 6.*

(b) Extension of Benefits - Effective as of the date of this Agreement, vacation pay received by a furloughed employee shall qualify such employee for benefits under the Plan and will generate premium payments on his behalf. This provision will be cancelled effective January 1, 1988.

(c) Reinsurance - Reinsurance will be discontinued as soon as practicable.

Section 3 - Special Committee

*See Letters #7, 8.*

(a) A Special Committee selected by the parties will be established for the purpose of reviewing and making recommendations concerning ways to contain health care costs consistent with maintaining the quality of medical care; and reviewing the existing Plan structure and financing and making recommendations in connection therewith. In addition, the Committee may review and make recommendations with respect to any other matter included in the parties' notices with respect to the health care plan.

(b) The Committee shall retain the services of a recognized expert on health care systems to serve as a neutral chairman. The fees and expenses of the chairman shall be paid by the parties.

(c) The Committee shall be convened as promptly as possible and meet periodically until all of the matters that it considers are resolved. However, if the Committee has not resolved all issues by June 1, 1987, the neutral chairman will make recommendations on such unresolved issues no later than July 1, 1987. Upon voluntary resolution of all issues or upon issuance of recommendations by the neutral chairman, whichever is later, the Committee shall be dissolved.

(d) The proposals of the parties concerning health benefits (specifically, the organization's proposals dated April 2, 1984, entitled "Revise Contract Policy GA-23000" and "Revise Contract Policy GA-46000" and the carriers' proposals dated on or about April 9, 1984, entitled "Part V - Insured Benefits") shall not be subject to the moratorium provisions of this Agreement, but, rather, shall be held in abeyance pending efforts to resolve these issues through the procedure established above. If, after 60 days from the date the neutral chairman makes his recommendations, the parties have not reached agreement on all unresolved issues, the notices may be progressed under the procedures of the Railway Labor Act, as amended.

(e) Agreement reached by the parties on these issues will provide for a contract duration consistent with the provisions of Article IX of the Agreement, regardless of whether such agreement occurs during the time that the proposals of the parties are held in abeyance or subsequent to the time that they may be progressed in accordance with the procedures of the Railway Labor Act, as amended, as provided for above.

ARTICLE VI - EXPENSES AWAY FROM HOME

*See Letter #9.*

Effective January 1, 1987, the allowances specified in the Award of Arbitration Board No. 298 (rendered September 30, 1967), as adjusted by the provisions of Article IX of the October 30, 1978 National Agreement and Article XII of the December 11, 1981 National Agreement, shall be further adjusted as follows:

(a) The maximum reimbursement for actual reasonable lodging expense provided for in Article I, Section A(3) is increased from \$12.75 per day to \$13.75 per day:

(b) The meal allowances provided for in Article I, Sections B(1), B(2) and B(3) are increased from \$3.00, \$6.00 and \$9.00 per day, respectively, to \$3.25, \$6.50 and \$9.75, per day, respectively; and

(c) The maximum reimbursement for actual meals and lodging costs provided for in Article II, Section B is increased from \$21.75 per day to \$23.50 per day.

#### ARTICLE VII - SENIORITY RETENTION

##### Section 1

Effective October 17, 1986, all employees promoted subsequent thereto to official, supervisory, or excepted positions from crafts or classes represented by BMWE shall be required to pay an appropriate monthly fee, not to exceed monthly union dues, in order to retain and continue to accumulate seniority. A supervisor whose payments are delinquent shall be given a written notice by the appropriate General Chairman of the amount owed and ninety (90) days from the date of such notice to cure the delinquency in order to avoid seniority forfeiture.

##### Section 2

Employees promoted prior to October 17, 1986, to official, supervisory, or excepted positions from crafts or classes represented by BMWE shall retain their current seniority but shall be required to pay an appropriate monthly fee, not to exceed monthly union dues, in order to accumulate additional seniority.

##### Section 3

This Article shall become effective on the date of this Agreement except on such carriers where the organization representative may elect to preserve existing rules pertaining to employees retaining seniority after promotion to an official, supervisory, or excepted position and so notifies the authorized carrier representative within thirty (30) days following the date of this Agreement.

#### ARTICLE VIII - PROCEDURES FOR HANDLING NOTICES RELATED TO SUBCONTRACTING

Notices related to subcontracting served pursuant to the Railway Labor Act, as amended, on individual carriers which are pending on the date of this Agreement and any such new notices served on individual carriers subsequent to the date of this Agreement shall be handled in accordance with the terms of the Railway Labor Act, as amended, subject to the procedures outlined below. Where the

*See Letter # 15.*

organization has served or serves such a notice, the carrier may continue to progress or serve proposals pursuant to the provisions of the Railway Labor Act, as amended, for concurrent handling therewith that would achieve offsetting productivity improvements and/or cost savings.

(i) Such notices will not be progressed to mediation for a minimum of 90 calendar days following the date of initial conference on the notice(s) or the date of this Agreement whichever is later, so as to afford the parties an opportunity to reach an agreement in direct negotiations.

(ii) With respect to any such notice progressed to mediation, the parties will urge the National Mediation Board to conduct mediation for a minimum of 90 calendar days from the date such notice is docketed by the National Mediation Board.

(iii)(a) At any time after the National Mediation Board has advised the parties that it is considering a proffer of arbitration on any such notice, the National Carriers' Conference Committee, or a subcommittee thereof, shall meet with the President and appropriate officers of the organization, for the purpose of seeking to assist the parties in composing their differences. Unless otherwise agreed, an initial meeting shall be held within thirty days of receipt of such notification from the Board. Separate and/or joint meetings may be called with the responsible officials of the organization and the carrier.

(b) The authority and responsibility for handling such notices, and the position of the parties with respect to such notices will not be disturbed by this procedure and will remain vested in the responsible officials of the carrier and the organization.

(iv) At any time after 90 days from the date the parties first meet under the arrangements described in (iii) above if no agreement has been reached, the notices involved in that dispute may be submitted at the request of either party to an Advisory Fact-Finding Panel consisting of six (6) members, two (2) to be selected by the organization, two (2) to be selected by the carrier and two (2) public members to be selected by mutual agreement of the parties and appointed by the National Mediation Board. The appointment of the public members shall be made within ten (10) calendar days of the date of request. If the parties cannot agree upon the selection of the two (2) public members, the Mediation Board shall make such selection. The Advisory Fact Finding Panel shall investigate promptly the facts as to the dispute and make a written report to the parties, setting forth advisory recommendations for resolution of the dispute. Such report shall be issued within sixty (60) calendar days from the date of the appointment of the two (2) public members. The time limit for issuing the report may be extended by agreement between the organization and carrier members of the Panel. However, in the event the carrier and organization members are unable to agree on an extension of time, the public members may extend the time limit on their own motion for one (1) additional thirty (30) calendar day period. The procedures and manner of investigation of the Advisory Fact-Finding Panel shall be established by the Panel.

(v) Following the issuance of the report of the Advisory Fact-Finding Panel, mediation will resume.

ARTICLE IX - GENERAL PROVISIONS

*See Letter #10.*

Section 1 - Court Approval

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

Section 2 - Effect of this Agreement

(a) The purpose of this Agreement is to fix the general level of compensation during the period of the Agreement, and to settle the disputes growing out of the notices served upon the carriers listed in Exhibit A by the organization signatory hereto dated on or about April 2, 1984, covering wages and rules, health and welfare and supplemental sickness benefits and proposals served on or about April 9, 1984, by the carriers for concurrent handling therewith. This Agreement shall be construed as a separate agreement by and on behalf of each of said carriers and their employees represented by the organization signatory hereto, and shall remain in effect through June 30, 1988 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

(b) Except as provided in Sections 2(c) and (d) of this Article and Article VIII, no party to this Agreement shall serve, prior to April 1, 1988 (not to become effective before July 1, 1988), any notice or proposal for the purpose of changing the subject matter of the provisions of this Agreement or which proposes matters covered by the proposals of the parties cited in Section 2(a) of this Article, and any proposals in pending notices relating to such subject matters are hereby withdrawn.

(c) During the term of this Agreement, pending proposals not barred by local agreements covering the following subject matters need not be withdrawn and new proposals not barred by local agreements covering such subject matters may be served; however, such pending or new proposals shall be handled on a local basis in accordance with the provisions of Article VIII of the National Agreement:

subcontracting; establishment of regional and system gangs; travel time; incidental work, and work week, starting time and rest days for travelling or production gangs.

Notwithstanding the provisions of any other Article of this Agreement, such proposals may be progressed within, but not beyond, the specific procedures for peacefully resolving disputes which are provided for in the Railway Labor Act, as amended.

(d) The notices of the parties referred to in Article V may be progressed in accordance with the provisions of that Article.

(e) This Article will not bar transactions under Article III of the Agreement of October 7, 1959, Mediation Case No. A-5987, covering employees represented by the Brotherhood of Maintenance of Way Employees.

(f) 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 17th DAY OF OCTOBER, 1986.

FOR THE PARTICIPATING CARRIERS  
LISTED IN EXHIBIT A:

Paul J. Nipf  
Chairman

James B. Dagnon

John P. Frestel, Jr.

R. Gussman

J. Lange

W. R. Pifer

Robert Schmiege

J. C. Heller

R. C. Steele, Jr.

FOR THE EMPLOYEES REPRESENTED BY  
THE BROTHERHOOD OF MAINTENANCE OF  
WAY EMPLOYEES:

E. J. Tooke

E. J. Tooke



FOR THE PARTICIPATING CARRIERS  
LISTED IN EXHIBIT A: (Cont'd)

G. E. Sweet

Robert E. Epton

L. H. Watts

# NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET N.W. WASHINGTON, D.C. 20036/AREA CODE 202-862-7200

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CHARLES L. HOPKINS, Jr.

Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

G. F. DANTELS  
Vice Chairman

R. T. Kelly  
Director of Labor Relations

October 17, 1986

#1

Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employees  
12050 Woodward Avenue  
Detroit, Michigan 48203

Dear Mr. Zeh:

This refers to the Lump Sum Payments provided in Article I of the Agreement of this date, and particularly the calculation of the amounts of such payments for employees receiving guarantees under protective agreements or arrangements.

All of the lump sum payments provided for in Article I are based in part on the number of straight time hours paid for that are credited to an employee for a particular period. However, under Article I, Section 1, the number of straight time hours credited to an employee does not include any such hours reported to the Interstate Commerce Commission as constructive allowances except vacations, holidays and paid sick leave. Under Article I, Sections 3, 5, and 7, 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.

Thus, under Article I, Section 1, the number of straight time hours used to determine a lump sum payment would not include any straight time hours paid to a protected employee under a guarantee arrangement where such employee performed no work. However, such an employee will be considered as having performed work if he is required to report or actively stand by for duty. Therefore, any such hours would be included in the lump sum calculation even though the employee was receiving a guarantee.

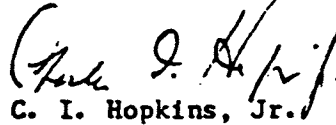
Furthermore, a protected employee is always entitled to have included as part of the number of straight time hours used in calculating a lump sum payment under Section 1, those straight time hours paid for any work actually performed, vacations, holidays and paid sick leave.

The inclusion of the term "guarantees in protective agreements or arrangements" in Article I, Sections 3, 5 and 7 means that an employee receiving such a guarantee will have included in the straight time hours used in calculating his lump sum payments under these Sections, not only all of the straight time hours that would be included in Section 1, but also all such additional 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.

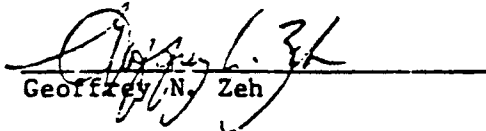
It is further understood that any lump sum payment provided in the Agreement of this date will not be used to offset, construct or increase guarantees in protective agreements or arrangements.

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

Very truly yours,

  
C. I. Hopkins, Jr.

I agree:

  
Geoffrey N. Zeh

# NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET N.W. WASHINGTON, D.C. 20036/AREA CODE 202-862-7200

CHARLES I. HOPKINS, Jr.

Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

G. F. DANIELS  
Vice Chairman

R. T. Kelly  
Director of Labor Relations

October 17, 1986

#2

Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employees  
12050 Woodward Avenue  
Detroit, Michigan 48203

Dear Mr. Zeh:

This refers to Article III of the Agreement of this date. During the negotiations you expressed a serious concern with respect to the length of time it would take an employee represented by the Brotherhood of Maintenance of Way Employees to complete the entire rate progression period because a significant number of such employees are furloughed during the course of the year as various seasonal projects are completed. In order to resolve this matter, we are in agreement that for the period of time an employee is covered by the rate progression provision, such employee would be credited with two months of employment for each month in which he performs compensated service provided (1) not more than twelve months of service will be credited in any twelve consecutive month period, (2) such employee renders compensated service for a minimum of 80 days before such employee can advance into the next rate progression category and (3) an employee cannot advance into the next rate progression category until at least 12 months after establishing seniority or after receiving a rate progression increase under this Article. The following example is intended to clarify this understanding:

Example: Employee A is hired on March 1, 1987. He works 6 months and then is furloughed at the end of August. Employee A is recalled in February 1988, works through April 1988 and is furloughed for the remainder of the year. Employee A is recalled in March, 1989 and continues to be employed for the duration of that year. How would this Article III apply?

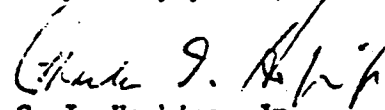
Employee A is compensated at 75% of the applicable rate of pay (including COLA) for work during the period March 1, 1987 to March 1, 1988. While he has received 12 months of credit at the end of August, 1987 and has worked more than 80 days he cannot proceed to the 80% level until a minimum of 12 months from date of employment.

Employee A is compensated at the 75% rate for the month of February 1988. He receives 80% for the months of March and April, 1988. At this point, he has 4 months of credit at the 80% level and has a credit of approximately 45 days to his 80 day minimum for that level.

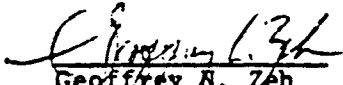
Employee A is compensated at the 80% rate for the months of March through June 1989 and at the 85% rate for months of July through December 1989. At the end of June 1989, Employee A has accumulated 12 months of credit, has met the minimum requirement of 80 days of compensated service, and that date is more than twelve months since he advanced into the previous rate progression level. If Employee A continues to work in each month thereafter he would be eligible to be compensated at the 90% rate as of July 1, 1990 because on that date he would have 12 months of credit; have met the minimum requirement of 80 days of compensated service; and it would be twelve months since he received a rate progression increase under this Article.

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

Very truly yours,

  
C. I. Hopkins, Jr.

I agree:

  
Geoffrey A. Zeh

# NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET, N.W. WASHINGTON, D.C. 20036/AREA CODE 202-862-7200

---

CHARLES I. HOPKINS, Jr.

Chairman

G. F. DANTELS  
Vice Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

R. T. Kelly  
Director of Labor Relations

October 17, 1986

#3

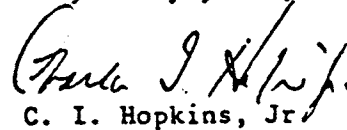
Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employees  
12050 Woodward Avenue  
Detroit, MI 48203

Dear Mr. Zeh:

This confirms our understanding that the provisions of Article XI - Entry Rates of the December 11, 1981 National Agreement or local rules or practices pertaining to this subject shall continue to apply to employees covered by such rules hired before the date of this Agreement.

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

Very truly yours,

  
C. I. Hopkins, Jr.

I agree

  
Geoffrey N. Zeh

# NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET, N.W. WASHINGTON D.C. 20036/AREA CODE 202-862-7200

CHARLES I. HOPKINS, Jr.

Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

G. F. DANIELS  
Vice Chairman

R. T. Kelly  
Director of Labor Relations

October 17, 1986

#4

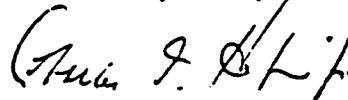
Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employees  
12050 Woodward Avenue  
Detroit, Michigan 48203

Dear Mr. Zeh:

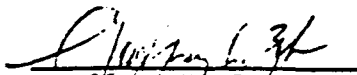
This will confirm our understanding that each individual railroad party to the Agreement of this date, subject to that railroad's legal obligations, when hiring Maintenance of Way employees after the effective date of Article IV, Termination of Seniority, will give preference to Maintenance of Way employees of that railroad who have been furloughed and who apply for employment during such period of furlough and prior to termination of seniority at any location on that railroad, provided that such furloughed employees are able to meet the physical and other re-employment requirements of the railroad.

In order to be entitled to this preference, such employees must maintain an application at a location designated by the carrier and keep their current address on record at such location. Failure to comply with these requirements shall constitute relinquishment of this right.

Yours very truly,

  
C. I. Hopkins, Jr.

I agree:

  
Geoffrey N. Zeh

# NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET N.W. WASHINGTON, D.C. 20036/AREA CODE 202-862-7200

---

CHARLES I. HOPKINS, Jr.

Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

G. F. DANTELS  
Vice Chairman

R. T. Kelly  
Director of Labor Relations

October 17, 1986

#5

Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employes  
12050 Woodward Avenue  
Detroit, MI 48203

Dear Mr. Zeh:

This confirms our understanding with respect to incorporating a Hospital Pre-Admission and Utilization Review Program as part of the benefits provided under the Railroad Employees National Health and Welfare Plan in accordance with Article V, Section 2(a) of the Agreement of this date.

By agreeing to this benefit program, our principal objectives are to reduce in-patient hospital utilization thereby minimizing exposure to risks of hospitalization or unduly prolonged hospitalization and the risks of unnecessary surgery by encouraging both employee and physician to make the most patient-sensitive and at the same time cost-effective decisions about treatment alternatives.

The program accomplishes these objectives by providing to employees and other beneficiaries ready access to knowledgeable professional personnel when making decisions about their health care. A number of patient-centered services are provided and designed in a manner so as not to impose significant added burdens on individual employees. The comprehensive guidance and support structure begins prior to planned hospitalization and continues through any recovery period.

Specifically, the program shall include review of the propriety of hospital admission (including consideration of health care alternatives such as the use of ambulatory centers or out-patient treatment) benefit counseling, the plan of treatment including the length of confinement, the appropriateness of a second surgical opinion, discharge planning and the use of effective alternative facilities during convalescence.



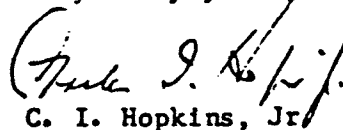
We have attached to this letter descriptions of programs currently offered by three leaders in this field that describe in greater detail the operations of these programs and what specifically is involved. These attachments are intended as informational only, describing the kind of program we will establish, and do not suggest that the program we ultimately adopt is limited to what is described or is to be administered by these particular parties.

In order that the program achieves its intended objectives, we have agreed to institute appropriate incentives. For those employees who use the program, plan benefits will be paid as provided and the employee and family will receive the full protection and security of professionals managing their hospital confinement and recovery. For employees who do not use the program, plan benefits will be paid only under the Major Medical Expense Benefit portion of the Plan with the Plan paying 65% of covered expenses. However, a maximum total employee expense limitation - "stop-loss" - will be maintained.

We recognize that the program described cannot be implemented overnight but will require careful review and examination on the part of us all and will include, as well, time to inform the employees and other beneficiaries covered under the Plan. The Joint Policyholder will develop and implement an educational program for the purpose of fully informing plan participants of the pre-certification program and their responsibilities thereunder. Furthermore, it is anticipated that the program will include use of alternative facilities, such as home health care options, hospices, office surgery, ambulatory surgi-centers and birthing centers, some of which are either not covered under the Plan now or are not available in the manner envisioned under this new program. Thus, for these reasons we have agreed that implementation of the program will not occur until practicable and that the intervening time will be used to assure that its adoption shall be a constructive and useful addition to the benefits currently provided under the Plan.

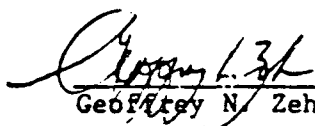
Please indicate your agreement by signing your name in the space provided below.

Very truly yours,

  
C. I. Hopkins, Jr.

Attachments (Descriptive material furnished BMWE)

I agree:

  
Geoffrey N. Zeh

October 17, 1986

#6

Mr. Charles I. Hopkins, Jr.  
Chairman  
National Railway Labor Conference  
1901 L Street, N.W., Suite 500  
Washington, DC 20036

Dear Mr. Hopkins:

This is to advise you that I am agreeable to the provisions of Article V, Health and Welfare Plan except that in Section 2(a), "Hospital Pre-Admission and Utilization Review Program", I will agree to the concept of the "Pre-Admission and Utilization Review Program" and will agree to its implementation after the Policyholders have met jointly with representatives of Travelers and have agreed on the changes and understandings that will be necessary to implement the program. There must be ample lead time to insure that all covered employees can be notified of the implementation date and will have adequate information about the plan so that they can comply with their responsibilities in the event they qualify for benefits under the plan.

I take no exceptions to the use of surplus funds, the Reinsurance proposal, the Special Committee and/or the moratorium proposals.

Very truly yours,



Geoffrey N. Zeh

# NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET, N.W. WASHINGTON, D.C. 20036/AREA CODE 202-862-7200

CHARLES I. HOPKINS, Jr.

Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

G. F. DANIELS  
Vice Chairman

R. T. Kelly  
Director of Labor Relations

October 17, 1986

#7

Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employees  
12050 Woodward Avenue  
Detroit, MI 48203

Dear Mr. Zeh:

This refers to Article V, concerning health and welfare benefits. This confirms our understanding that the parties will meet as soon as practicable with representatives of Aetna and Travelers as well as knowledgeable professionals to determine an appropriate manner for covering claims involving temporomandibular joint dysfunction (TMJ) on an interim basis.

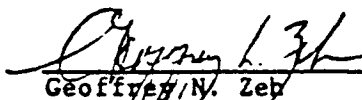
It is further agreed that this subject is a proper subject for review and recommendation of the Special Committee established under Section 3 of Article V and that the interim arrangement provided for above will continue only until such time as the issues submitted to the Special Committee are fully resolved.

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

Very truly yours,

  
C. I. Hopkins, Jr.

I agree:

  
Geoffrey N. Zeh

# NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET, N.W., WASHINGTON, D.C. 20036/AREA CODE 202-862-7200

---

CHARLES I. HOPKINS, Jr.

Chairman

G. F. DANIELS

Vice Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

R. T. Kelly  
Director of Labor Relations

October 17, 1986

#8

Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employees  
12050 Woodward Avenue  
Detroit, MI 48203

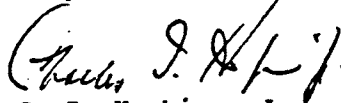
Dear Mr. Zeh:

This confirms our understanding with respect to the appointment of a neutral person to serve as chairman of the Special Committee established pursuant to Article V, Section 3, of the Agreement of this date.

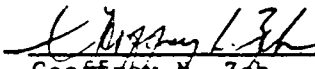
In the event we are unable to agree on such a person, the parties will seek the assistance of an appropriate third party for the purpose of providing assistance in identifying individuals qualified to serve in this capacity.

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

Very truly yours,

  
C. I. Hopkins, Jr.

I agree:

  
\_\_\_\_\_  
Geoffrey N. Zeh

# NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET N.W. WASHINGTON D.C. 20036/AREA CODE 202-862-7200

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CHARLES I. HOPKINS, Jr.

Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

G. F. DANTELS  
Vice Chairman

R. T. Kelly  
Director of Labor Relations

October 17, 1986

#9

Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employees  
12050 Woodward Avenue  
Detroit, MI 48203

Dear Mr. Zeh:

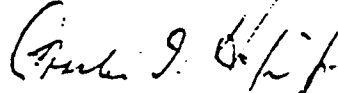
This confirms our understanding reached in current negotiations with respect to the provisions of Article VI - Expenses Away From Home.

There was discussion of individual railroad situations where existing rules provide certain allowances in accordance with Arbitration Board Award No. 298 and other allowance(s) different from those provided for in the Award. For example, a railroad pays the allowances provided for in Article I, Sections B(1), and B(2) but, where neither a cook nor cooking facilities is furnished, actual expenses are allowed. The provisions of Article VI of this Agreement provide for increases in those allowances under the Award of Board 298 that are applicable on a railroad but do not disturb those arrangements which have become effective under a local agreement, so that in this particular example the Article I B(1) and B(2) allowances would be increased under the National Agreement but the provision for actual expenses would continue in effect.

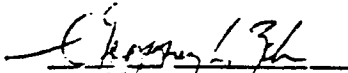
We also discussed situations where agreements have been reached, prior to this Agreement, on individual railroads to increase the allowances under Article I, Sections A(3), B(1), B(2) and B(3) and Article II, Section B, of the Award of Arbitration Board No. 298 and in such situations the employee representatives are to be afforded an option, to be exercised within fifteen days after the date of this Agreement, to retain all allowances specified in such agreements or to accept all allowances specified in this agreement in lieu thereof.

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

Very truly yours,

  
C. I. Hopkins, Jr.

I agree:

  
Geoffrey N. Zeh

# NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET, N.W. WASHINGTON, D.C. 20036/AREA CODE 202-862-7200

CHARLES I. HOPKINS, Jr.

Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

G. F. DANIELS  
Vice Chairman

R. T. Kelly  
Director of Labor Relations

October 17, 1986

#10

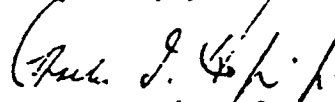
Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employees  
12050 Woodward Avenue  
Detroit, MI 48203

Dear Mr. Zeh:

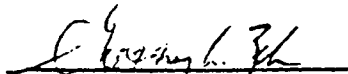
This confirms our understanding reached in current negotiations that, notwithstanding the provisions of Article IX General Provisions of the Agreement of this date, where rules and agreements are in effect on individual railroads providing for allowances for employees, in lieu of those provided by Arbitration Award No. 298, notices may be served to revise such rules and agreements and may be progressed within, but not beyond, the specific procedures for peacefully resolving disputes which are provided for in the Railway Labor Act, as amended. A railroad on which such a notice is served may serve counterproposals to be handled concurrently therewith.

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

Very truly yours,

  
C. I. Hopkins, Jr.

I agree:

  
Geoffrey N. Zeh

# NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET, N.W. WASHINGTON, D.C. 20036/AREA CODE 202-862-7200

CHARLES I. HOPKINS, Jr.

Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

G. F. DANIELS  
Vice Chairman

R. T. Kelly  
Director of Labor Relations

October 17, 1986

#11

Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employees  
12050 Woodward Avenue  
Detroit, Michigan 48203

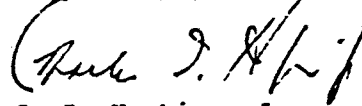
Dear Mr. Zeh:

During the negotiations of the Agreement of this date we discussed situations where personal leave days are taken either immediately preceding or following a holiday.

This reconfirms our understanding that the work day (or day, in the case of an other than regularly assigned employee) immediately preceding or following the personal leave day is considered as the qualifying day for holiday purposes.

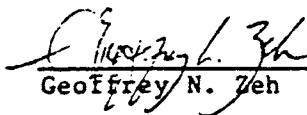
Please indicate your Agreement by signing your name in the space provided below.

Very truly yours,



C. I. Hopkins, Jr.

I agree:

  
\_\_\_\_\_  
Geoffrey N. Zeh



# NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET N.W. WASHINGTON, D.C. 20036/AREA CODE 202-862-7200

---

CHARLES I. HOPKINS, Jr.

Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

G. F. DANIELS  
Vice Chairman

R. T. Kelly  
Director of Labor Relations

October 17, 1986

#12

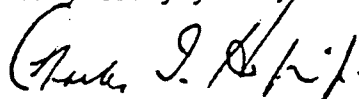
Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employees  
12050 Woodward Avenue  
Detroit, MI 48203

Dear Mr. Zeh:

This refers to your request for employee and wage statistics.

This will confirm my statement to you that to the extent information is provided to the NRLC by member railroads the NRLC will furnish each year a report containing information about wages, hours, and employees similar to that which the ICC formerly published in Statement No. 300, Wage Statistics of Class I Railroads in the United States.

Very truly yours,



C. I. Hopkins, Jr.

# NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET NW WASHINGTON DC 20036/AREA CODE 202-862-7200

CHARLES I. HOPKINS, Jr.

Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

G. F. DANIELS  
Vice Chairman

R. T. Kelly  
Director of Labor Relations

October 17, 1986

#13

Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employees  
12050 Woodward Avenue  
Detroit, MI 48203

Dear Mr. Zeh:

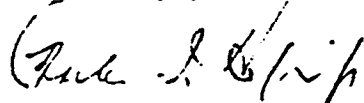
During the course of negotiations leading to the Agreement of this date, we discussed establishing a new rate of pay applicable to employees performing work at intermodal facilities where competitive demands require that costs be as low as is reasonably possible.

Our discussions centered on the appropriate rate of pay for employees represented by BMW who whose work is an inherent part of maintaining an operative intermodal facility as opposed to employees who may be assigned to construct a building at the site of the facility or grade portions of the land around the facility.

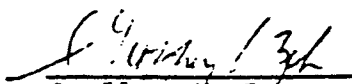
At present we are unaware of any employees represented by BMW who are assigned to intermodal facilities. However, you recognized the problems confronting the carriers and stated that BMW would be willing to confer with local management and negotiate new rates for employees who may be assigned to such facilities in the future. We agreed in principle that where that type of work is performed it would be appropriate to adopt pay rates consistent with the recommendations of Emergency Board No. 211.

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

Very truly yours,

  
C. I. Hopkins, Jr.

I agree:

  
Geoffrey N. Zeh

# NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET N.W. WASHINGTON D.C. 20036. AREA CODE 202-852-7200

CHARLES I. HOPKINS, Jr.

Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

G. F. DANIELS  
Vice Chairman

R. T. Kelly  
Director of Labor Relations

October 17, 1986

#14

Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employees  
12050 Woodward Avenue  
Detroit, Michigan 48203

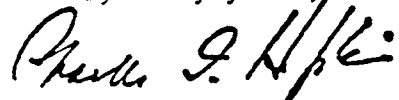
Dear Mr. Zeh:

During negotiations leading to the Agreement of this date, you expressed a concern with respect to the lack of uniformity in the forms being utilized by the individual railroads relative to union dues and political action deductions.

We have agreed that the composition of such a form would be made the subject of the Committee to be established in accordance with the last paragraph of side letter #16.

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

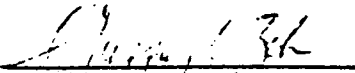
Very truly yours,



C. I. Hopkins, Jr.

I agree:

...

  
Geoffrey N. Zeh

# NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET N.W. WASHINGTON, D.C. 20036/AREA CODE 202-862-7200

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CHARLES I. HOPKINS, Jr.

Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

G. F. DANIELS  
Vice Chairman

R. T. Kelly  
Director of Labor Relations

October 17, 1986

#15

Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employes  
12050 Woodward Avenue  
Detroit, Michigan 48203

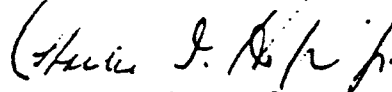
Dear Mr. Zeh:

This refers to Article VIII of the Agreement of this date referring to the procedures governing notices under the Railway Labor Act, as amended, affecting subcontracting.

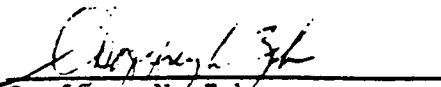
It is understood that these procedures shall not be used in any way to prejudice the position of either party with respect to the propriety of handling the subject of subcontracting on a national or local basis.

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

Yours very truly,

  
C. I. Hopkins, Jr.

I agree:

  
Geoffrey N. Zeh

CHARLES I. HOPKINS, Jr.

Chairman

G. F. DANIELS

Vice Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

R. T. Kelly  
Director of Labor Relations

October 17, 1986

#16

Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employees  
12050 Woodward Avenue  
Detroit, Michigan 48203

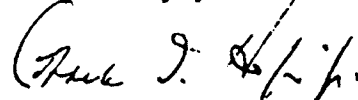
Dear Mr. Zeh:

This confirms our discussions with respect to the organization's request that it be supplied with additional information concerning employees it represents. The parties are mindful of the recommendation of Emergency Board No. 211 that such general information pertaining to the employment status of the organization's members should be provided and the carriers commit themselves to providing information on a periodic basis. However, the parties require further discussion to identify the type of information requested by the organization that would be readily available from carriers generally.

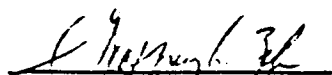
Therefore, the parties agree that a committee will be appointed promptly to determine what information can be made readily available to the organization. The committee shall include individuals who are aware of the manner in which such employee information is developed and maintained on various carriers.

It is the intent of the parties that a final understanding be reached as soon as possible and that the employee information specifically referred to in the Emergency Board recommendation that is determined to be readily accessible through a carrier's data processing system will be provided to the organization beginning no later than January 1, 1987. It is understood that a carrier will not be required to establish a new data collection system solely for the purpose of complying with this letter of understanding.

Very truly yours,

  
C. I. Hopkins, Jr.

I agree:

  
Geoffrey N. Zeh

# NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET N.W. WASHINGTON D.C. 20036/AREA CODE 202-862-7200

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CHARLES I. HOPKINS, Jr.

Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

G. F. DANIELS  
Vice Chairman

R. T. Kelly  
Director of Labor Relations

October 17, 1986

#17

Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employees  
12050 Woodward Avenue  
Detroit, Michigan 48203

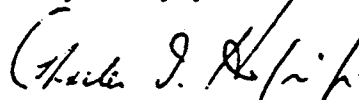
Dear Mr. Zeh:

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

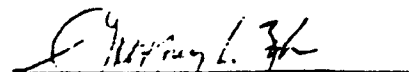
The parties exchanged various proposals and drafts antecedent to adoption of the various Articles that appear in this Agreement. It is our mutual understanding that none of such antecedent proposals and drafts will be used by any party for any purpose and that the provisions of this Agreement will be 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:

  
Geoffrey N. Zeh

RAILROADS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES, DATED ON OR ABOUT APRIL 2, 1984, OF DESIRE TO REVISE AND SUPPLEMENT ALL EXISTING AGREEMENTS GOVERNING RATES OF PAY, RULES, WORKING CONDITIONS, VACATIONS, HOLIDAYS, PERSONAL LEAVE, BEREAVEMENT LEAVE, ETC. (APPENDIX "A"), AND TO REVISE AND SUPPLEMENT EXISTING AGREEMENTS PERTAINING TO THE HEALTH AND WELFARE PLAN, EARLY RETIREMENT MAJOR MEDICAL INSURANCE PLAN, DENTAL PLAN AND FOR THE ESTABLISHMENT OF A VISION CARE PROGRAM (APPENDIX "B"), AND TO REVISE AND SUPPLEMENT THE NATIONAL SUPPLEMENTAL SICKNESS BENEFIT AGREEMENT OF MAY 15, 1973, AS SUBSEQUENTLY REVISED JANUARY 1, 1976, JANUARY 1, 1979 AND DECEMBER 11, 1981 (APPENDIX "C") IN ACCORDANCE THE WITH PROPOSALS SET FORTH IN APPENDICES "A", "B" AND "C", ATTACHED THERETO, SERVED ON RAILROADS GENERALLY BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES, OF THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES AND PROPOSALS SERVED BY THE CARRIERS 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 Brotherhood of Maintenance of Way Employees.

NOTE: This authorization is subject to the stipulation contained in Letter of Understanding dated August 19, 1960.

Alton & Southern Railway Company  
Atchison, Topeka and Santa Fe Railway Company  
Bessemer and Lake Erie Railroad Company  
Burlington Northern Railroad Company  
Canadian National Railways  
    Great Lakes Region, Lines in the United States  
    St. Lawrence Region, Lines in the United States  
\*-Canadian Pacific Limited  
Central of Georgia Railroad Company  
CSX TRANSPORTATION:  
    Baltimore and Ohio Railroad Company  
    Baltimore and Ohio Chicago Terminal Railroad Company  
    Chesapeake and Ohio Railway Company  
    CSX Transportation, Inc.  
        former Seaboard System Railroad, Inc. which includes the former  
        Seaboard Coast Line Railroad, Louisville and Nashville Railroad  
        (including C&EI and Monon), Clinchfield Railroad, Georgia Railroad  
        and Atlanta and West Point Rail Road  
Chicago & Illinois Midland Railway Company  
Chicago and North Western Transportation Company  
Chicago and Western Indiana Railroad Company  
Chicago South Shore and South Bend Railroad  
Chicago Union Station Company

-2-

Colorado & Wyoming Railway Company  
Consolidated Rail Corporation  
Davenport, Rock Island and North Western Railway Company  
Denver and Rio Grande Western Railroad Company  
Denver Union Terminal Railway Company  
Des Moines Union Railway Company  
@-Duluth, Missabe and Iron Range Railway Company  
Duluth, Winnipeg & Pacific Railway  
@-Elgin, Joliet & Eastern Railway Company  
Houston Belt & Terminal Railway Company  
Illinois Central Gulf Railroad Company  
Kansas City Southern Railway Company  
Louisiana & Arkansas Railway Company  
Milwaukee-Kansas City Southern Joint Agency  
Kansas City Terminal Railway Company  
Lake Superior Terminal and Transfer Railway Company  
Los Angeles Junction Railway Company  
Manufacturers Railway Company  
#-Meridian & Bigbee Railroad Company  
Minnesota & Manitoba Railway Company  
Minnesota Transfer Railway Company  
Missouri-Kansas-Texas Railroad Company  
Missouri Pacific Railroad Company  
Weatherford, Mineral Wells and Northwestern Railway Company  
#-Monongahela Railway Company  
#-Montour Railway Company  
New Orleans Public Belt Railroad  
Norfolk and Portsmouth Belt Line Railroad Company  
Norfolk and Western Railway Company  
Oklahoma, Kansas and Texas Railroad Company  
Peoria and Pekin Union Railway Company  
#-Pittsburgh & Lake Erie Railroad Company  
#-Pittsburgh, Chartiers & Youghiogheny Railway Company  
Portland Terminal Railroad Company  
Port Terminal Railroad Association  
Richmond, Fredericksburg and Potomac Railroad Company  
St. Joseph Terminal Railroad Company  
St.-Louis Southwestern Railway Company  
@-Soo Line Railroad  
Southern Pacific Transportation Company  
(Western Lines and Eastern Lines)  
Southern Railway Company  
Alabama Great Southern Railroad Company  
Cincinnati, New Orleans and Texas Pacific Railway Company  
New Orleans Terminal Co.



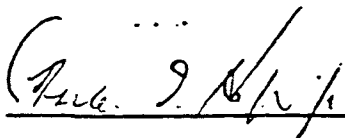
-3-

Georgia Southern and Florida Railway Company  
Atlantic and East Carolina Railway Company  
Georgia Northern Railway Company  
Interstate Railroad Company  
Live Oak, Perry and South Georgia Railroad Company  
Louisiana Southern Railway Company  
Carolina and Northwestern Railway Company  
Tennessee Railway Company  
Terminal Railroad Association of St. Louis  
Texas Mexican Railway Company  
Union Pacific Railroad Company  
Western Pacific Railroad Company  
Wichita Terminal Association  
Yakima Valley Transportation Company

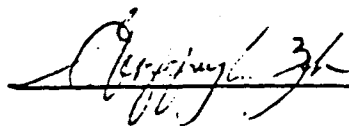
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- @ - Authorization excludes negotiation of the organization's notice of desire to revise and supplement existing health and welfare agreements, and such proposals as were served by the carrier for concurrent handling therewith.
  - # - Authorization excludes negotiation of the organization's notice of desire to revise and supplement existing wages and rules agreements, and such proposals as were served by the carrier for concurrent handling therewith.
  - + - Authorization excludes negotiation of the organization's notice of desire to revise and supplement all existing supplemental sickness agreements, and such proposals as were served by the carrier for concurrent handling therewith.
- - - - -

FOR THE CARRIERS:

  
\_\_\_\_\_

FOR THE  
BROTHERHOOD OF MAINTENANCE OF  
WAY EMPLOYEES:

  
\_\_\_\_\_

Washington, D.C.  
July 1, 1986

# NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET, N.W., WASHINGTON, D.C. 20036/AREA CODE 202-862-7200

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CHARLES L. HOPKINS, Jr.

Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

G. F. DANIELS  
Vice Chairman

R. T. Kelly  
Director of Labor Relations

October 29, 1986

Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employees  
12050 Woodward Avenue  
Detroit, Michigan 48203

Dear Mr. Zeh:

This refers to our discussions concerning the various lump sum payments provided under Article I of the October 17, 1986 Agreement. Essentially those provisions are structured in a manner that includes recognition of overtime hours in calculating the maximum amounts payable under those provisions, but includes only straight time hours paid for when determining the specific amount payable to an individual employee in any of the prescribed periods.

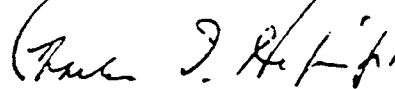
During our discussions, you pointed out the inequity that this application would have on a large number of BMWs represented employees whose work is seasonal rather than year round and who, during the period of the year they are actually employed, consistently work a relatively high number of overtime hours vis-a-vis straight time hours because such employees are assigned to production gangs.

In view of our discussions, we have agreed that for purposes of determining the amounts of the lump sum payments provided in Article I, Sections 1, 3, 5 and 7 of the October 17, 1986 BMW National Agreement payable to employees otherwise eligible to receive such payments, whose work is seasonal in nature, overtime hours paid for shall be included on the basis of one hour for each overtime hour worked.

For purposes of determining what constitutes "seasonal employees", it is further agreed that employees who work in eight (8) or less months in any of the time periods specified in Sections 1, 3 and 5 of Article I shall be considered seasonal employees for that particular period. For purposes of Section 7, a seasonal employee is one who works in four (4) or less months during the period covered by that Section.

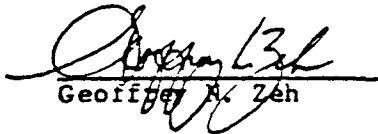
Please indicate your agreement by signing your name in the space provided below.

Very truly yours,



C. I. Hopkins, Jr.

I agree:

  
Geoffrey A. Zeh

# NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET, N.W., WASHINGTON, D.C. 20036/AREA CODE: 202-862-7200

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CHARLES I. HOPKINS, Jr.

Chairman

D. P. LEE  
Vice Chairman and  
General Counsel

G. F. DANIELS  
Vice Chairman

R. T. Kelly  
Director of Labor Relations

October 29, 1986

Mr. Geoffrey N. Zeh  
President  
Brotherhood of Maintenance  
of Way Employees  
12050 Woodward Avenue  
Detroit, Michigan 48203


Dear Mr. Zeh:

This confirms our understanding relative to the "Savings Provisions" contained in Articles III (Rate Progression - New Hires) and IV (Termination of Seniority) of the October 17, 1986 Agreement.

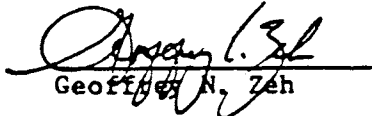
It was understood that, because of the delay in transmitting copies of the formal agreement to our respective constituents, the 15-day period stipulated in such Articles shall be extended to 30 days (which will be in conformity with a similar provision in Article VII - Seniority Retention).

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

Very truly yours,

  
C. I. Hopkins, Jr.

...  
I agree:

  
Geoffrey N. Zeh