The LOCOMOTIVE ENGINEER NEWSLETTER • NOVEMBER 2003

Details of tentative national contract

A complete copy of the BLE’s tentative national agreement with the National Carriers’ Conference Committee is published in this issue of the Locomotive Engineer Newsletter. The agreement includes a $2,000 longevity bonus, a lump sum payment of $774 for eligible employees, and future and retroactive wage increases. The first general wage increase is four percent on all daily rates of pay retroactive to July 1, 2002. The second general wage increase is 2.5 percent retroactive to July 1, 2003. The third general wage increase is 2.5 percent on July 1, 2004. Also effective July 1, 2004, in lieu of an entire one-half percent general wage increase, the carriers will remit $40 per month to defray the cost of the BLE to insure a short-term disability plan.

Some of the retroactive pay increases will be used to offset retroactive increases in the cost of health care benefits. Even after the total retroactive health and welfare costs are paid, the retroactive pay should be between $3,000 and $4,000, based on previous wage earnings of at least $60,000 per year. This number will go up or down depending on each individual’s earnings during the pay period.

Retroactive to July 1, 2001, each employee will receive a $3.39 per month. Retroactive to July 1, 2002, each employee will contribute $61.18. Retroactive to July 1, 2003, each employee will contribute $70.74. Effective July 1, 2004, each employee will contribute an amount equal to 30 percent of the increase (if any) that the carriers will pay monthly in 2004 over the base monthly rate, or $20.28, which is ever less.

The tentative pact also calls for a new pay system implementing trip rates for employees. The amount of pay employees will receive from trip rates will be calculated over a 12-month test period by General Committees on individual railroads.

The following pay elements will be in each trip rate: pay for mileage or time; pay for terminal/dedeparture yard runaways; pay for conversion to local freight rates; pay in lieu of meal periods and penalties for violations of rules relating to eating en route; pay for being required to step up in the pool; pay for maintaining final terminal delay; deadheading, terminal switching.

The BLE International Division (ID) is in the process of printing and mailing a contract synopsis and ballot for the new agreement.

The documents will be mailed out incrementally as they are printed, beginning on November 20. They are due at the ID no later than December 15 and the counting of ballots will be final January 1, 2004.

The contract synopsis and ballot will be mailed in accordance with Section 43(a)-Standing Rules of the BLE Constitution & Bylaws. In addition to the mailed synopsis, the synopsis was also posted on the BLE website at: http://www.ble.org/press/pdf/pdfsynopsis.pdf.

A list of agreed-to Questions and Answers will also be posted on the BLE website.

The Tentative Agreement (TA), Section 43(a)-Standing Rules of the BLE Constitution & Bylaws, with the additions, deletions, and changes to the BLE Constitution and Bylaws, are posted on the BLE website at: http://www.ble.org/pr/pdf/synopsis.pdf.

In computing the first increase in rates of pay effective under Section 5 for em- ployees performing on 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 base pay, which are therefore paid on a daily basis without a mileage component, whose rates had been increased by “an additional $0.40” effective July 1, 1968, the four (4) percent increase shall be applied to daily rates of pay in effect on the day preceding the effective date of the general wage increase provided for in Section 3, exclusive of local freight differentials and any other money differential above existing standard daily rates. For freight, the rates applicable in the weight-on-drivers bracket 500-699 and less than 1,000,000 pounds shall be utilized in computing the amount of in- crease in the aforementioned procedure shall be followed in computing the increases effective July 1, 2003 and July 1, 2004. The rates produced by application of the standard local freight differentials and the above-mentioned special increase of “an additional $0.40” to standard basic rates of pay are set forth in Appendix 1 which is a part of this Agreement.

Section 6 - Standard Rates

The standard basic daily rates of pay produced for in this Section are set forth in Appendix 1, which is a part of this Agreement. 

Section 7 - Application of Wage Increases

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

(b) Miscellaneous rates based on hourly or daily rates of pay, as provided in the schedules or wage agreements, shall be adjusted under this Agreement in the same manner as herefore increased under 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 minimums 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 base day in freight, passenger and yard service, and $2.00 and/or $6.00 per mile for miles above the number of miles encompassed in the base in freight and passenger service, will be maintained for engineers working without firemen on locomotives on which the former National Diesel Agreement of 1950 firemen would have been required. Such differentials for firemen will be applied in the same manner as the local freight differential.

The first general wage increase is four percent on all days of pay for employees performed during the period (October 1, 2003 through November 30, 2003), or

(ii) have been on authorized leave for such entire period for personal illness, on-duty injury, or pursuant to the Family and Medical Leave Act, and return to active service not later than (April 1, 2004), or

(iii) have been out of service for such entire period due to carrier disciplinary action that is subsequently rescinded or overturned with pay for all time lost.

(c) There shall be no duplication of the Lump Sum by virtue of employment under another agreement, nor shall such payment be used to offset, construct or increase guarantees in protective agreements or arrangements.

Section 2 - Lump Sum Payment

(a) Each employee who qualifies under subsection (b) shall be paid a Lump Sum of $774. Such Lump Sum shall be paid at the same time that the retroactive portion of the general wage increase provided for in Sections 3 and 4 of this Article are paid.

(b) To qualify for the Lump Sum an employee must:

(i) have an employment relationship with the carrier as a locomotive engineer on (December 1, 2003), and

(ii) have received compensation for active service performed during the period (October 1, 2003 through November 30, 2003), or

(iii) have been on authorized leave for such entire period for personal illness, on-duty injury, or pursuant to the Family and Medical Leave Act, and return to active service not later than (April 1, 2004), or

(iii) have been out of service for such entire period due to carrier disciplinary action that is subsequently rescinded or overturned with pay for all time lost.

(c) There shall be no duplication of the Lump Sum by virtue of employment under another agreement, nor shall such payment be used to offset, construct or increase guarantees in protective agreements or arrangements.

Section 3 - First General Wage Increase

(a) Effective July 1, 2002, all standard basic daily rates of pay for employees represented by the Brotherhood of Locomotive Engineers shall be increased by two-and-one-half (2-1/2) percent, computed and applied in the same manner prescribed in Section 6 above.

(b) Effective July 1, 2004, in lieu of an additional general wage increase of one-half (1/2) percent, the carriers shall remit a $46.00 payment per month with respect to eligible employees to be used towards reducing the cost of the BLE’s insured short-term disability plan, as provided in Article IV, Part A, Section (a)(a) of this Agreement.

Section 4 - Second General Wage Increase

Effective July 1, 2003, all standard basic daily rates of pay in effect on June 30, 2003 for employees represented by the Brotherhood of Locomotive Engineers shall be increased by two-and-one-half (2-1/2) percent, computed and applied in the same manner prescribed in Section 6 above.

Section 5 - Third General Wage Increase

(a) Effective July 1, 2004, all standard basic daily rates of pay in effect on June 30, 2004 for employees represented by the Brotherhood of Locomotive Engineers shall be increased by two-and-one-half (2-1/2) percent, computed and applied in the same manner prescribed in Section 6 above.

(b) Effective July 1, 2004, in lieu of an additional general wage increase of one-half (1/2) percent, the carriers shall remit a $46.00 payment per month with respect to eligible employees to be used towards reducing the cost of the BLE’s insured short-term disability plan, as provided in Article IV, Part A, Section (a)(a) of this Agreement.

Section 6 - Standard Rates

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

Section 7 - Application of Wage Increases

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

(b) Miscellaneous rates based on hourly or daily rates of pay, as provided in the schedules or wage agreements, shall be adjusted under this Agreement in the same manner as herefore increased under 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 minimums 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 base day in freight, passenger and yard service, and $2.00 and/or $6.00 per mile for miles above the number of miles encompassed in the base in freight and passenger service, will be maintained for engineers working without firemen on locomotives on which the former National Diesel Agreement of 1950 firemen would have been required. Such differentials for firemen will be applied in the same manner as the local freight differential.

The contract synopsis and ballot will be mailed in accordance with Section 43(a)-Standing Rules of the BLE Constitution & Bylaws.

In addition to the mailed synopsis, the synopsis was also posted on the BLE website at: http://www.ble.org/press/pdf/pdfsynopsis.pdf.

A list of agreed-to Questions and Answers will also be posted on the BLE website.
(i) Where applicable, the differential of $4.00 and/or $6.00 per basic day in freight, passenger and yard service, and to and/or for per mile or 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 under the former National Diesel Agreement of 1950 for which freight have been required. Such differential will continue to be applied in the same manner for which freight were for which freight have been required. Such differential will continue to be applied in the same manner as the local

(ii) For details, please see the following:

ARTICLE II - OPTIONAL ALTERNATIVE COMPENSATION PROVISIONS

Section 1

A carrier, at its discretion, may offer employees alternative compensation arrangements in lieu of the general wage increases provided in Article I (in whole or part). Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401(k) plans.

Section 2

(a) The following conditions shall govern implementation of alternative compensation arrangements pursuant to this Article:

(1) Carrier shall notify the appropriate organization representative(s) regarding its proposed alternative compensation arrangement(s). The parties shall meet promptly on such proposal and use their best efforts to reach agreement on implementation.

(2) The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate organization representative(s).

(3) The proposed arrangement(s) must be made available to the smallest employee group that can reasonably be administered.

(b) Nothing herein shall be construed to bar the parties from reaching mutual agreement on different terms or conditions pertaining to implementation of this Article.

ARTICLE III - COST-OF-LIVING PAYMENTS


Section 1

Article II, Part C, of the May 31, 1996 Agreement, shall be eliminated effective on the date of this Agreement. On June 30, 2002, the forty-eight (48) cent cost-of-living allowance pursuant to such provision shall be effective on that date shall be rolled in to basic rates of pay.

Section 2

(a) No local counterpart to the above-referenced Article II, Part C that is in effect on a carrier shall be eliminated as provided in Section 1.

Part B - Cost-of-Living Allowance and Adjustments Thereafter

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

(a) A cost-of-living allowance shall be payable in the manner set forth in the provisions of this Part and subject to the provisions of this Part and to the Plan's generally applicable limitations, conditions and exclusions.

(b) Effective Date of Maximum CPI Increase That May Be Taken into Account

(1) The effective date of the maximum CPI increase that may be taken into account shall be as follows:

<table>
<thead>
<tr>
<th>Base Month</th>
<th>Measurement Month</th>
<th>Effective Date of Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 2004</td>
<td>March 2005</td>
<td>July 1, 2005</td>
</tr>
<tr>
<td>March 2005</td>
<td>September 2005</td>
<td>January 1, 2006</td>
</tr>
</tbody>
</table>

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

(c) Calculation of Cost-of-Living Allowance

(1) In calculations under paragraph (a), the maximum increase in the CPI that shall be taken into account shall be as follows:

Effective Date of Maximum CPI Increase That May Be Taken into Account

<table>
<thead>
<tr>
<th>Base Month</th>
<th>Measurement Month</th>
<th>Effective Date of Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 2005</td>
<td>3% of September 2004 CPI</td>
<td>January 1, 2006</td>
</tr>
<tr>
<td>January 1, 2006</td>
<td>6% of September 2004 CPI less the increase from September 2004 to March 2005</td>
<td>March 2005</td>
</tr>
</tbody>
</table>

(2) The effective date of the maximum CPI increase that may be taken into account shall be as follows:

<table>
<thead>
<tr>
<th>Base Month</th>
<th>Measurement Month</th>
<th>Effective Date of Adjustment</th>
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<td>January 1, 2006</td>
<td>6% of September 2004 CPI less the increase from September 2004 to March 2005</td>
<td>March 2005</td>
</tr>
</tbody>
</table>

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

(3) Limitation

In calculations under paragraph (c), only fifty (50) percent of the increase in the CPI in any measurement period shall be considered in the effective date of the maximum CPI increase that may be taken into account.

(4) If the increase in the CPI from the base month of September 2004 to the measurement month of March 2005 exceeds 3% of the September 2004 base index, the measurement period that shall be used for the next measurement period shall be the measurement period following the measurement period in which the maximum CPI increase shall be applied.

(5) If the increase in the CPI from the base month of September 2004 to the measurement month of March 2005 exceeds 3% of the September 2004 base index, the measurement period that shall be used for the next measurement period shall be the measurement period following the measurement period in which the maximum CPI increase shall be applied.

(6) If the increase in the CPI from the base month of September 2004 to the measurement month of March 2005 exceeds 3% of the September 2004 base index, the measurement period that shall be used for the next measurement period shall be the measurement period following the measurement period in which the maximum CPI increase shall be applied.

(7) If the increase in the CPI from the base month of September 2004 to the measurement month of March 2005 exceeds 3% of the September 2004 base index, the measurement period that shall be used for the next measurement period shall be the measurement period following the measurement period in which the maximum CPI increase shall be applied.

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

(c) The procedure specified in subparagraphs (a) and (b) shall be applicable to all subsequent periods for which this Article is in effect.

ARTICLE IV - HEALTH AND WELFARE

Part A - Plan Changes

Section 1 - Continuation of Health and Welfare Plan

The Railroad Employees National Health and Welfare Plan ("the Plan"), as modified as provided in this Article with respect to employees represented by the organization and their eligible dependents, will be continued subject to the provisions of the Railway Labor Act.

Section 2 - Plan Benefit Changes

(a) The Plan’s Comprehensive Health Care Benefit ("CHCB") is included in each of the following:

(1) The plan is a noncontributory medical insurance plan that provides medical care for active employees and their eligible dependents.

(2) The plan covers all medical expenses incurred by active employees and their eligible dependents for inpatient and outpatient services, as well as certain services related to the care and treatment of physical or mental impairments.

(3) The plan includes a wide range of services, including hospitalization, doctor visits, prescription drugs, and mental health services.

(b) Benefits under the Plan are subject to certain limitations and exclusions, which are described in detail in the Plan's plan documents.

(c) The Plan has undergone several changes over the years, and these changes have affected the benefits available to employees and their eligible dependents.

(d) The Plan is administered by the Carriers' Conference Committee, which includes representatives from the rail carriers and the union representing employees.

(e) The Plan is designed to ensure that employees receive the same level of benefits regardless of their employment status or geographic location.

Section 3 - Vision Care Plan

The benefits provided under the Vision Care Plan shall be changed from the Select to the Standard arrangement as soon as practicable.
Section 4 - Plan Design Changes To Contain Costs

(a) The parties will prompt-ly solicit bids from interested companies to provide those services to the Plan involving the Managed Medical Care Program (“MMCMP”) that are currently provided by Aetna Inc. or its designated providers. Each party will review and evaluate the bids and will select the company that best meets the needs of the parties. Each party will provide the selected company with the necessary information to make those bids and will accept such of them (or enter into negotiations with the proposing company or companies) as the parties deem appropriate.

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

(c) With respect to geographic areas where the Plan’s MMCMP is not currently available but where companies capable of administering the MMCMP provide such services, the parties will solicit proposals and evaluate the proposals and, if practicable except as otherwise provided.

(h) The Plan’s Prescription Drug Card Program co-payments per prescription are revised as fol-

(l) The Plan’s Prescription Drug Card Program co-payments per prescription are revised as fol-

(p) The Plan’s Prescription Drug Card Program co-payments per prescription are revised as fol-

(n) None.

Section 5 - Short-Term Disability

(a) During each month beginning with the month of July, 2004, the employer shall contribute to the Blue Cross Blue Shield of Illinois ("BCBS") a percentage of the eligible employee's base compensation to the Plan and shall remain in effect for the duration of the Plan. The Plan for the years 2004 and 2005 shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2004 monthly payment rate over such payment rate for 2003, and (y) one-half of the cost-of-living allowance effective January 1, 2004 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.

(b) Effective January 1, 2004, the per month employee cost-sharing contribution amount in effect on December 31, 2003 shall be increased by the lesser of (x) the sum of (y) one-half of the increase, if any, in the carriers' 2004 monthly payment rate over such payment rate for 2003, and (z) one-half of the cost-of-living allowance effective January 1, 2004 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.

(c) Effective January 1, 2004, the per month employee cost-sharing contribution amount in effect on December 31, 2003 shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2004 monthly payment rate over such payment rate for 2003, and (z) one-half of the cost-of-living allowance effective January 1, 2004 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.

(d) Effective January 1, 2004, the per month employee cost-sharing contribution amount in effect on December 31, 2003 shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2004 monthly payment rate over such payment rate for 2003, and (z) one-half of the cost-of-living allowance effective January 1, 2004 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2004.
TENTATIVE NATIONAL CONTRACT

full or receiving less than such full wages and applying such wage deduction to medical expense reimbursability codes, and/or benefits under the BLE's insured short-term disability plan (in an amount per month that is no greater than $800.00 per month).

ARTICLE V - PAY SYSTEM SIMPLIFICATION

PART A - GENERAL

Section 1 - General

The parties have agreed that the current pay system shall be simplified. In agreeing upon a new pay system the following principles shall apply:

(a) The new pay system will provide for a single pay plan and will not provide for any other or additional pay plan.

(b) For purposes solely of this Article, the term "Start" shall mean a fully compensated trip per service of the Carrier notice, where Trip Rates are based solely on incorporation of the National Pay Elements set forth in Section 5 above.

(c) The Trip Rates for the runs/pools, together with a summary of the underlying data supporting computation, based solely on incorporation of National Pay Elements set forth in Section 5 above.

(d) Proposed Trip Rates(s) for the runs/pools, together with a summary of the underlying data supporting computation of such Trip Rate(s).

(e) The parties shall meet within thirty (30) days after service of the carrier notice to discuss the carrier proposal and any related proposals made by the Organization. At the request of the Organization, the carrier will thereafter review all relevant Tier II data supporting the proposed Trip Rate computations.

(f) Trip Rates for the runs/pools shall become effective as follows:

(1) Identification of runs/pools involved;

(2) Trip Rate Proposal (consistent with Section 5(c));

(3) Proposed Trip Rate(s) for the runs/pools, together with a summary of the underlying data supporting computation of such Trip Rate(s).

(4) Any proposed modifications to the National Pay Elements and/or additional pay elements to be incorporated with respect to the proposed Trip Rate(s) for the runs/pools, and a summary of the underlying data supporting computation of such Trip Rate(s).

(5) The parties shall notify each other in writing of their conclusion. The parties shall meet and make a reasonable effort to resolve the matter after review and discussion of all relevant information. If the parties are unable to resolve the matter despite their best efforts, either side may refer the matter to the Disputes Committee. The burden of proof by a preponderance of the evidence shall rest on the party that proposes implementation.

(6) If either party concludes that implementing a Trip Rate for a run/pool is inappropriate, it shall promptly notify the other party of its conclusion. The parties shall meet and make a reasonable effort to resolve the matter after review and discussion of all relevant information. If the parties are unable to resolve the matter despite their best efforts, either side may refer the matter to the Disputes Committee. The burden of proof by a preponderance of the evidence shall rest on the party that proposes not to implement a Trip Rate with respect to the run/pool involved.
(f) The parties mutually intend to work diligently with the ultimate objective of developing Trip Rates for through freight runs/pos. If either party believes that the rate of progress in developing Trip Rates is insufficient, it may refer the matter to the Disputes Committee, and it shall bear the burden of proof in a preponderance of the evidence.

(g) Trip Rates for runs/pos should be implemented as expeditiously as possible, but in any event, all of them shall be implemented no later than thirty (30) months after the date of this Agreement, unless the parties otherwise agree or the Dispute Committee otherwise decides.

(h) In the event that Trip Rates are not implemented for runs/pos on a carrier by the date specified in subsection (g) above, effective the next day thereafter, the dual basis of pay shall be eliminated with respect to post October 31, 1994 employees on such runs/pos (including extra employees) and such employees shall be paid on the same basis as Pre-1994 Employees represented by BLE with respect to the national pay elements identified in Section 5 of this Part, provided however, that where the carrier has taken all actions required in this Part to implement Trip Rates with respect to the above-referenced runs/pos as described in this Section and the trip rate issue(s) issues in the disputed resolution process described in this Article, such runs/pos will be governed solely by the outcome of such dispute resolution process.

PART C - OTHER CLASSES OF SERVICE

Trip rates will be established for other classes of road service (road switchers, local freight, etc.) consistent with the terms, conditions, principles and guidelines as currently established in this Article and consistent with each class of service.

ARTICLE VI - SERVICE SCALE

Section 1

Any employee who is subject, on June 30, 2004, to Article IV, Section 5 of the November 7, 1991 BLE Implementing Document shall be compensated, on and after July 1, 2004, at the full rate of the position.

Section 2

Local rules that adjust compensation for employees based on length of service on carriers that are not covered by the aforementioned Article IV, Section 5 are hereby amended in the same manner as provided in Section 1.

ARTICLE VII - ENHANCED MANPOWER UTILIZATION

Section 1 - Continuation of Panel

(a) A carrier may propose implementation of a rule providing for the automatic mark up of employees for service after the expiration of any period of authorized or approved time off, in accordance with the procedures set forth herein.

(b) The carrier shall serve written notice of its proposal on the appropriate organization representative(s). Such proposal shall include a synopsis of the proposed rule, which shall be consistent with validated current scientific data and findings regarding employee rest and fatigue abatement. An initial conference on the proposal will be held within thirty (30) days after the postmarked date of the notice. If the parties fail to resolve the matter within sixty (60) days after the date of the initial conference, the carrier may submit the matter to final and binding party-paid arbitration at any time thereafter.

(c) The arbitrator’s jurisdiction shall be limited to a determination of the terms and conditions for an automatic mark-up rule in light of all relevant circumstances involved. The arbitrator’s decision shall be in writing and shall be issued not later than sixty (60) days after conclusion of the hearing.

ARTICLE VIII - NATIONAL WAGE AND RULES PANEL

The parties mutually recognize that the National Wage and Rules Panel has provided a non-confrontational setting and meaningful opportunity to obtain and share information, analyze problems and develop options to deal with issues of common concern. Continuation of the Panel’s efforts will, in the parties’ judgment, continue to build trust, avert conflict and improve administration of their labor agreements.

Section 1 - Continuation of Panel

The National Wage and Rules Panel established pursuant to Article XII of the May 31, 1990 BLE Agreement shall continue as provided therein, except as otherwise specified in this Article.

Section 2 - Amendments to Article XI

(a) Article XI, Section 1 is amended to read as follows:

“(a) The parties, realizing the complexities of the changing rail industry and environment, and to afford any adversarial or multiparty relationships emanating from such, agree to establish a non-binding joint review Panel to study and examine these unresolved issues. The National Wage and Rules Panel (Panel) shall consist of three (3) members representing the Brotherhood of Locomotive Engineers and the carriers. The President of BLE and the Chairman of the National Carriers’ Conference Committee (NCCC) shall be ex-officio members of the Panel.

(b) The parties will assume the compensation and expenses of their respective members. No incidental expenses incurred in connection with Panel meetings shall be shared equally by the parties.”

(b) The list of subjects set forth in Article XI, Section 1 is amended to add the following issues, and the parties hereby commit to use their best efforts to resolve such matters:

- employee protective arrangements
- employee availability
- vacation scheduling
- daily mark up (preferency) rules in yard service
- technology issues

(c) Article XI, Section 4(a) is amended to read as follows:

“While the Panel’s recommendations shall not be considered final and binding, the parties shall exert good faith efforts to utilize those recommendations as a basis for a settlement of the issues involved. Notwithstanding any provision to the contrary, the Panel may be dissuaded at any time by majority vote of the members.”

ARTICLE IX - OFF-TRACK VEHICLE ACCIDENT BENEFITS

Article IV(b) of the March 10, 1989 BLE Agreement, as amended by Article X of the July 26, 1984 BLE Agreement, is further amended as follows effective on the date of this Agreement:

Section 1

Paragraph (b)(1) - Accidental Death or Disemberment of the above-referenced Agreement provisions is amended to read as follows:

“(1) Accidental Death or Disemberment

The carrier will provide for loss of life or disemberment occurring within 120 days after date of an accident covered in paragraph (a):

- Loss of Life $300,000
- Loss of Both Hands $300,000
- Loss of Both Feet $300,000
- Loss of Sight of Both Eyes $300,000
- Loss of One Hand and One Foot $200,000
- Loss of One Hand and Sight of One Eye $300,000
- Loss of One Foot and Sight of One Eye $300,000
- Loss of One Hand or One Foot or Sight of One Eye $150,000

* Loss shall mean, with regard to hands and feet, disemberment by severance through or above wrist or ankle joints, with regard to eyes, entire and irreversible loss of sight.

No more than $500,000 will be paid under this paragraph to any one employee or his personal representative as a result of any one accident.”

Section 2

Paragraph (b)(3) - Time Loss of the above-referenced Agreement provisions is amended to read as follows:

“(3) Time Loss of

The carrier will provide an employee who is injured as a result of an accident covered under paragraph (a) commencing within 30 days after such accident 90% of the employee’s basic full-time weekly compensation from the date of time actually lost, subject to a maximum payment of $8,000.00 per week for time lost during a period of 156 continuous weeks following such accident provided, however, that such weekly payment shall be reduced by such amounts as the employee is entitled to receive as sickness benefits under provisions of the Railroad Unemployment Insurance Act.”

Section 3

Paragraph (b)(4) - Aggregate Limit of the above-referenced Agreement provisions is amended by raising such limit to $50,000,000.

ARTICLE X - GENERAL PROVISIONS

Section 1 - Court Approval

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

Section 2 - Effect of this Agreement

(a) The purpose of this Agreement is to fix the general level of compensation during the period of the Agreement and is in settlement of the dispute growing out of the notices dated November 1, 1999 served by and on behalf of the carriers listed in Exhibit A upon the organization signatory hereto, and the notices dated on or subsequent to November 1, 1999 served by the organization upon such carriers.

(b) This Agreement shall be construed as a separate agreement by and on behalf of each said carriers and their employees represented by the organization signatory hereto, and shall remain in effect through December 31, 2004 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

(c) The parties to this Agreement shall not serve nor progress prior to November 1, 2004 (not to become effective before January 1, 2005) any notice or proposal for changing any matter contained in this Article.


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

Robert F. Allen
Chairman

Don M. Hahs
President

FOR THE EMPLOYEES REPRESENTED BY THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS

Mr. Don M. Hahs
President

Brotherhood of Locomotive Engineers
1370 Oneonta Street
Cleveland, Ohio 44113-1720

Dear Mr. Hahs:

This confirms our understanding with respect to the general wage increases provided in Article I, Sections 3 and 4 of the Agreement of this date.

[Other Signatures Lines Omitted]

Side Letter #1

______ 2003

Mr. Don M. Hahs
President

Brotherhood of Locomotive Engineers
1370 Oneonta Street
Cleveland, Ohio 44113-1720

Dear Mr. Hahs:

This confirms our understanding with respect to the general wage increases provided in Article I, Sections 3 and 4 of the Agreement of this date.
The carriers will make all reasonable efforts to pay the retroactive portion of such general wage increases as soon as possible and no later than sixty (60) days after the date of this Agreement.

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

Very truly yours,
Robert F. Allen

Side Letter #2

2003

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

Dear Mr. Hahs:

This confirms our understanding with respect to the general wage increases provided for in Article I, Sections 3 and 4 of the Agreement of this date.

It is understood that the retroactive portion of such wage increases shall be applied only to employees who have an employment relationship with a carrier on the date of this Agreement or who retired or died subsequent to June 30, 2002.

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

Very truly yours,
Robert F. Allen

I agree:

Don M. Hahs

Side Letter #3

2003

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

Dear Mr. Hahs:

This confirms our understanding with respect to Article III, Part A of the Agreement of this date.

Any cost-of-living amount payments made to employees pursuant to Article II, Part C of the May 31, 1996 Agreement and on and after July 1, 2002 shall be recovered from any retroactive wage increase payments made under Article I.

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

Very truly yours,
Robert F. Allen

I agree:

Don M. Hahs

Side Letter #4

2003

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

Dear Mr. Hahs:

This will confirm our understanding with respect to the Agreement of this date (Agreement).

The provisions of Article IV, Part A, Section 4(g) (Opt-Outs) and Part B (Employee Cost Sharing of Plan Cost Increases) are not applicable to employees covered by the Agreement who reside in Canada.

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

Very truly yours,
Robert F. Allen

I agree:

Don M. Hahs

Side Letter #5

2003

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

Dear Mr. Hahs:

Article IV, Part A, Section 4(g) of the Agreement of this date (Agreement) provides employees with an option to opt out of coverage for foreign-to-occupation health benefits for themselves and their dependents under the Railroad Employees National Health and Welfare Plan ("National Plan") or, after its effective date, the new NRC/BLE Plan and under any Hospital Association plan in which they participate. This will confirm our understanding with respect to the intended application of that provision.

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

2. If, prior to the effective date of the new NRC/BLE Plan, a husband and wife are each covered by the National Plan (or the NRC/UTU Plan or a Hospital Association), in such case by virtue of railroad employment either or both hold positions covered by this Agreement, a BLE-represented spouse may elect to opt out as provided in Section 4(g). If that election is made (and provided the other spouse remains covered), (i) such BLE-represented spouse shall not receive the $100/month payment provided in Section 4(g) and shall not be required to make the employee cost-sharing contributions required under Article IV, Part B, and (ii) the coordination of benefits rules in effect on the date of this Agreement that are applied when a husband and wife are each covered under the National Plan both as an Eligible Employee and as an Eligible Dependent shall continue to be applicable.

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

Very truly yours,
Robert F. Allen

I agree:

Don M. Hahs

Side Letter #6

2003

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

Dear Mr. Hahs:

This confirms our understanding with respect to the opt-out provision, Article IV, Part A, Section 4(g) of our Agreement of this date.

It is understood that for purposes of Section 9801(f) of the Internal Revenue Code, (i) any opt-out election shall be treated as a declaration of coverage, or a failure to enroll, for foreign-to-occupation health benefits under the Plan and under any Hospital Association plan in which the employee making the election may participate, (ii) that the provisions of Section 9801(f) and the regulations thereunder shall govern how any individual covered by an election to opt-out may nonetheless become covered for foreign-to-occupation health benefits under the Plan or any Hospital Association plan prior to the next regular opt-out election period, (iii) that the terms of Article IV, Part A, Section 4(g) of our Agreement shall be interpreted and applied as to be in compliance with Section 9801(f), and (iv) that the employee’s payment of $100 per month to an employee who has elected to opt-out shall cease immediately upon the employee and/or his dependents or any one of his dependents becoming covered, pursuant to Section 9801(f), for foreign-to-occupation health benefits under the Plan or any Hospital Association plan.

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

For purposes of this letter, the term “Plan” when used herein means, prior to the effective date of the new NRC/BLE Plan, the Railroad Employees National Health and Welfare Plan and on and after such effective date means the new NRC/BLE Plan.

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

Very truly yours,
Robert F. Allen

I agree:

Don M. Hahs

Side Letter #7

2003

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

Dear Mr. Hahs:

This confirms our understanding regarding the Agreement of this date.

The Union Pacific Railroad Employees Health Systems (“UPREHS”) will be afforded the opportunity to bid to provide services to the new NRC/BLE Plan involving (i) the MVP, in all areas served by UPREHS where the MVP is made available, and (ii) the CMI in all areas served by UPREHS. It is understood that in each case and with respect to each geographical area, UPREHS and the program would be required, as reasonably determined by the JOC, to meet (and maintain compliance with) all qualifications, criteria, and standards that are applicable to vendors with respect to the Railroad Employees National Health and Welfare Plan or that are agreed to by the parties to this Agreement.

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

Very truly yours,
Robert F. Allen

I agree:

Don M. Hahs
Dear Mr. Hahs:

This confirms our understanding with respect to the effect generally of the new health and welfare plan established pursuant to our Mediation Agreement of this date upon various provisions of collective bargaining agreements between us that refer to Policy Contract GA-23000 or to The Railroad Employees National Health and Welfare Plan.

It is understood that, on and after the effective date of our new health and welfare plan, such references will be read to include it either in substitution for or in addition to, Policy Contract GA-23000 or The Railroad Employees National Health and Welfare Plan, as the context may indicate, it being our purpose and intention that those provisions be read to reflect that the new health and welfare plan is designed to replace The Railroad Employees National Health and Welfare Plan with respect to health care services rendered or deaths or dismemberments occurring on or after the new plan’s effective date.

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

Very truly yours,
Robert F. Allen
I agree:
Don M. Hahs

Side Letter #8

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

Dear Mr. Hahs:

This confirms our understanding regarding the Agreement of this date.

Beginning with the first full calendar month immediately following the date of this Agreement in which an active employee receives his or her FO health care benefits from a Hospital Association and not from the National Health & Welfare Plan (or, after its effective date, from the NRC/BLE Plan) and makes a prospective contribution to either of those Plans pursuant to Article IV, Part B, Section 4, then, at the carrier’s option, either:

(1) Such employee’s monthly “cost-sharing contribution amount” referred to in Article IV, Part B, Section 1 shall be reduced by the Reduction Factor, or;

(2) The carrier shall pay the Hospital Association each month an amount equal to the Reduction Factor, provided that the Hospital Association that receives such payment has agreed to deduct the appropriate amount from the health care services rendered or deaths or dismemberments occurring on or after the new plan’s effective date.

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

Very truly yours,
Robert F. Allen
I agree:
Don M. Hahs

Side Letter #10

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

Dear Mr. Hahs:

This confirms our understanding regarding the Agreement of this date.

Mr. Allen has stated that the Trip Rate of $1.25 per mile paid to a Post-85 employee is an agreement within the carriers’ interpretation of the Agreement with the National Health Association.

The answer to Q-17 of the agreed-upon Questions and Answers concerning Article V states that "where Trip Rates are implemented, employees will receive the Trip Rate for both the deadhead and the working trip."

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

Very truly yours,
Robert F. Allen
I agree:
Don M. Hahs

Side Letter #11

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

Dear Mr. Hahs:

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

The parties will meet at mutually agreeable times to discuss and explore design changes and other matters related to the NRC/BLE Plan that involve employee options that will help to contain the costs of its maintenance and operation in a manner consistent with the quality of health care made available by it to its participants and their families.

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

Very truly yours,
Robert F. Allen
I agree:
Don M. Hahs

Side Letter #12

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

Dear Mr. Hahs:

This confirms our understanding with respect to Article V - Pay System Simplification of our Agreement of this date.

Article V, Part B, Section 4(d) provides in pertinent part that a Trip Rate “shall be used solely to compensate employees for a Start in the involved roadway.” Section 3(b) of that Part B defines “Start” to include “other trips such as deadhead directly related to and performed by the position.”

The answer to Q-17 of the agreed-upon Questions and Answers concerning Article V states that “[w]here Trip Rates are implemented, employees will receive the Trip Rate for both the deadhead and the working trip.

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

Very truly yours,
Robert F. Allen
I agree:
Don M. Hahs
Dear Mr. Hahn:

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

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

Subject to included footnotes, this authorization is co-exclusive with notices filed and with provisions of current schedule agreements applicable to employees represented by the Brotherhood of Locomotive Engineers.

If you have any questions or further comments regarding this matter, please contact me promptly.

Sincerely yours,

Robert F. Allen

President

The Burlington Northern Santa Fe Railway Company

The Week of September 13, 2004... 4th Annual SWCM, The Woodlands, Texas

Local Chairman G.T. Bailey and the members of BLE Division 62 will host the 64th annual National Convention Meeting (SWCM) in The Woodlands, Texas, a suburb of Houston. Kathy Bailey will serve as the SWCM Chairman for the convention. Early bird reservations can be made by calling The Woodlands Waterway Marriott Hotel and Convention Center at (281) 367-9799. The hotel address is in 1601 Lake Robbins Dr., The Woodlands, TX 77380. More hotel information is available at Marriott.com/houmw.

LROCKWOOD, N.Y. -- The Broth erhood of Locomotive Engineers will conduct an informational conference for elected BLE officers on August 8-12, 2003, in Grand Island, N.Y.

To be held at the Hyatt Regency Hotel in Greenville Commons, the 77th annual BLE-GIA Southeastern Region Meeting will feature various speakers, including keynote speaker Paul T. Sorrow, International Vice-President & Alternate President, BLE.

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