AGREEMENT

IT IS HEREBY AGREED this 31st day of May, 1996:

ARTICLE I – WAGES

Section 1 - First General Wage Increase

(a) Effective on December 1, 1995, all standard basic daily rates of pay of employees represented by the Brotherhood of Locomotive Engineers in effect on the preceding day shall be increased by three-and-one-half (3-1/2) percent.

(b) In computing the increase under paragraph (a) above, three-and-one-half (3-1/2) percent shall be applied to the standard basic daily rates of pay applicable in the following weight-on-drivers brackets, and the amounts so produced shall be added to each standard basic daily rate of pay:

Passenger -	600,000 and less than 650,000 pounds
Freight -	950,000 and less than 1,000,000 pounds (through freight rates)
Yard Engineers -	Less than 500,000 pounds
Yard Firemen -	Less than 500,000 pounds (separate computation covering five-day rates and other than five-day rates)

Section 2 - Signing Bonus

On the date of this Agreement, each employee will be paid a signing bonus of one (1) percent of the employee's compensation for 1994, including pay for miles run in excess of the number of miles comprising a basic day ("overmiles") but excluding pay elements not subject to general wage increases under Section 8 of this Article and lump sums.

Section 3 - First Lump Sum Payment

On July 1, 1996, each employee will be paid a lump sum equal to the excess of (i) three (3) percent of the employee's compensation for 1995, including pay for overmiles but excluding pay elements not subject to general wage increases under Section 8 of this Article and lump sums, over (ii) the lesser of (x) one-half of the amount described in clause (i) above and (y) two times one-quarter of the amount, if any, by which the carriers' payment rate for 1996 for foreign-to-occupation health benefits under The Railroad Employees National Health and Welfare Plan (Plan) exceeds such payment rate for 1995.

Section 4 - Second General Wage Increase

Effective July 1, 1997, all standard basic daily rates of pay in effect on June 30, 1997 for employees represented by the Brotherhood of Locomotive Engineers shall be increased by three-and-one-half (3-1/2) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 5 - Second Lump Sum Payment

On July 1, 1998, each employee will be paid a lump sum equal to the excess of (i) three-and-one-half (3-1/2) percent of the employee's compensation for 1997, including pay for overmiles but excluding pay elements not subject to general wage increases under Section 8 of this Article and lump sums, over (ii) the lesser of (x) one-half of the amount described in clause (i) above and (y) one-and-one-half times one-quarter of the amount, if any, by which the carriers' payment rate for 1998 for foreign-to-occupation health benefits under the Plan exceeds such payment rate for 1995.

Section 6 - Third General Wage Increase

Effective July 1, 1999, all standard basic daily rates of pay in effect on June 30, 1999 for employees represented by the Brotherhood of Locomotive Engineers shall be increased by three-and-one-half (3-1/2) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 7 - Standard Rates

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

Section 8 - Application of Wage Increases

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

(b) Miscellaneous rates based upon 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 heretofore increased under previous wage agreements.

(c) In determining new hourly rates, fractions of a cent will be disposed of by applying the next higher quarter of a cent.

(d) Daily earnings minima shall be changed by the amount of the respective daily adjustments.

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

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

(g) Where applicable, the differential of $4.00 and/or $6.00 per basic day in freight, passenger and yard service, and 4¢ and/or 6¢ per mile for miles in excess of the number of miles encompassed in the basic day in freight and passenger service, will be

maintained for engineers working without firemen on locomotives on which under the former National Diesel Agreement of 1950 firemen would have been required. Such differential will continue to be applied in the same manner as the local freight differential.

(h) In computing the first increase in rates of pay effective under Section 1 for firemen employed in local freight service, or on road switchers, roustabout runs, mine runs, or in other miscellaneous service, on runs of miles equal to or less than the number comprising a basic day, which are therefore paid on a daily basis without a mileage component, whose rates had been increased by "an additional $.40" effective July 1, 1968, the three-and-one-half (3-1/2) percent increase shall be applied to daily rates in effect on the day preceding the effective date of the general wage increase provided for in Section 1, exclusive of local freight differentials and any other money differential above existing standard daily rates. For firemen, the rates applicable in the weight-on-drivers bracket 950,000 and less than 1,000,000 pounds shall be utilized in computing the amount of increase. The same procedure shall be followed in computing the increases effective July 1, 1997 and July 1, 1999. The rates produced by application of the standard local freight differentials and the above-referred-to special increase of "an additional $.40" to standard basic through freight rates of pay are set forth in Appendix 1 which is a part of this Agreement.

(i) Other than standard rates:

(i) Existing basic daily rates of pay other than standard shall be changed, effective as of the dates specified in Sections 1, 4, and 6 hereof, by the same respective percentages as set forth therein, computed and applied in the same manner as the standard rates were determined.

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

(iii) Daily rates of pay, other than standard, of firemen employed in local freight service, or on road switchers, roustabout runs, mine runs, or in other miscellaneous service, on runs of miles equal to or less than the number encompassed in the basic day, which are therefore paid on a daily basis without a mileage component, shall be increased as of the effective dates specified in Sections 1, 4, and 6 hereof, by the same respective percentages as set forth therein, computed and applied in the same manner as provided in paragraph (i) (i) above.

Section 9 - Definition of Carriers' Payment Rate

The carrier's payment rate for any year for foreign-to-occupation health benefits under the Plan shall mean twelve times the payment made by the carriers to the Plan per month (in such year) per employee who is fully covered for employee health benefits under the Plan. Carrier payments to the Plan for these purposes shall not include the amounts per such employee per month (in such year) taken from the Special Account, or from any other special account, fund or trust maintained in connection with the Plan, to pay or provide for current Plan benefits, or any amounts paid by remaining carriers to make up the unpaid contributions of terminating carriers pursuant to Article III, Part A, Section 1 of the Agreed Upon Implementation of Public Law 102-29 (1991 National Implementing Document).

Section 10 - Eligibility for Receipt of Signing Bonus, Lump Sum Payments

The signing bonus and lump sum payments provided for in this Article shall be paid to each employee subject to this Agreement who has an employment relationship as of the date such payments are payable, or has retired or died subsequent to the beginning of the applicable calendar year used to determine the amount of such payment. There shall be no duplication of lump sum payments by virtue of employment under another agreement nor will such payments be used to offset, construct or increase guarantees in protective agreements or arrangements.

Section 11 - Calculation of Vacation Pay

The signing bonus and lump sum payments provided for in Sections 2, 3, and 5 of this Article will be included in the earnings of an employee in the determination of vacation allowances due in the year subsequent to their payment.

ARTICLE II - COST-OF-LIVING PAYMENTS

Part A - Cost-of-Living Payments Under 1991 National Implementing Document

The nine-cent cost-of-living allowance in effect beginning July 1, 1995 pursuant to Article II, Part B of the 1991 National Implementing Document shall be rolled in to basic rates of pay on November 30, 1995 and such Article II, Part B shall be eliminated at that time. Any amounts paid from January 1, 1996 under the aforementioned COLA provision (effective January 1, 1996) shall be deducted from amounts payable under Article I of this Agreement.

Part B - Cost-of-Living Allowance Through January 1, 2000 and Effective Date of Adjustment

(a) A cost-of-living allowance, calculated and applied in accordance with the provisions of Part C of this Article except as otherwise provided in this Part, shall be payable and rolled in to basic rates of pay on December 31, 1999.

(b) The measurement periods shall be as follows:

Measurement Periods

Base Month	Measurement Month	Effective Date of Adjustment
March 1995	March 1996	
plus		
March 1997	March 1998	Dec. 31, 1999

The number of points change in the CPI during each of these measurement periods shall be added together before making the calculation described in Part C, Section 1(e) of this Article.

(c) (i) Floor. The minimum increase in the CPI that shall be taken into account shall be as follows:

Effective Date of Adjustment	Minimum CPI Increase That Shall Be Taken Into Account
Dec. 31, 1999	4% of March 1995 CPI plus 4% of March 1997 CPI

(ii) Cap. The maximum increase in the CPI that shall be taken into account shall be as follows:

Effective Date of Adjustment	Maximum CPI Increase That Shall Be Taken Into Account
Dec. 31, 1999	6% of March 1995 CPI plus 6% of March 1997 CPI

(d) The cost-of-living allowance payable to each employee and rolled into basic rates of pay on December 31, 1999 shall be equal to the difference between (i) the cost-of-living allowance effective on that date pursuant to this Part, and (ii) the lesser of (x) the cents per hour produced by dividing one-quarter of the increase, if any, in the carriers' 1998 payment rate for foreign-to-occupation health benefits under the Plan over such payment rate for 1995, by the average composite straight-time equivalent hours that are subject to wage increases for the latest year for which statistics are available, and (y) one half of the cost-of-living allowance effective on December 31, 1999 pursuant to this Part.

Part C - Cost-of-Living Allowance and Adjustments Thereto After January 1, 2000

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

(a) A cost-of-living allowance shall be payable in the manner set forth in and subject to the provisions of this Part, on the basis of the "Consumer Price Index for Urban Wage

Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost-of-living allowance shall be payable effective July 1, 2000 based, subject to paragraph (d), on the CPI for March 2000 as compared with the CPI for September 1999. Such allowance, and further cost-of-living adjustments thereto which shall become effective as described below, shall be based on the change in the CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods

Base Month	Measurement Month	Effective Date of Adjustment
September 1999	March 2000	July 1, 2000
March 2000	September 2000	January 1, 2001

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

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

(c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.

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

Effective Date of Adjustment	Maximum CPI Increase That Shall Be Taken Into Account
July 1, 2000	3% of September 1999 CPI
January 1, 2001	6% of September 1999 CPI, less the increase from September 1999 to March 2000

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

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

(iii) If the increase in the CPI from the base month of September 1999 to the measurement month of March 2000 exceeds 3% of the September 1999 base index, the measurement period that shall be used for determining the cost-of-living adjustment to be effective the following January shall be the 12-month period from such base month of September; the increase in the index that shall be taken into account shall be limited to that portion of the increase that is in excess of 3% of such September base index; and the maximum increase in that portion of the index that may be taken into account shall be 6% of such September base index less the 3% mentioned in the preceding clause, to which shall be added any residual tenths of points which had been dropped under paragraph (e) below in calculation of the cost-of-living adjustment which shall have become effective July 1, 2000 during such measurement period.

(iv) Any increase in the CPI from the base month of September 1999 to the measurement month of September 2000 in excess of 6% of the September 1999 base index shall not be taken into account in the determination of subsequent cost-of-living adjustments.

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

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

The cost-of-living allowance in effect on December 31, 2000 shall be adjusted (increased or decreased) effective January 1, 2001 by the whole number of cents produced by dividing by 0.3 the number of points (including tenths of points) change, as limited by paragraph (d), in the CPI during the applicable measurement period. Any residual tenths of a point resulting from such division shall be dropped. The result of such division shall be added to the amount of the cost-of-living allowance in effect on December 31, 2000 if the CPI shall have been higher at the end than at the beginning of the measurement period, and subtracted therefrom only if the index shall have been lower at the end than at the beginning of the measurement period and then, only, to the extent that the allowance remains at zero or above. The same procedure shall be followed in applying subsequent adjustments.

(f) Continuance of the cost-of-living allowance and the adjustments thereto provided herein is dependent upon the availability of the official monthly BLS Consumer Price Index (CPI-W) calculated on the same basis as such Index, except that, if the Bureau of Labor Statistics, U.S. Department of Labor should, during the effective period of this Article, revise or change the methods or basic data used in calculating such Index in such

a way as to affect the direct comparability of such revised or changed index with the CPI-W during a measurement period, then that Bureau shall be requested to furnish a conversion factor designed to adjust the newly revised index to the basis of the CPI-W during such measurement period.

Section 2 - Payment of Cost-of-Living Allowances

(a) The cost-of-living allowance payable to each employee effective July 1, 2000 shall be equal to the difference between (i) the cost-of-living allowance effective on that date pursuant to Section 1 of this Part, and (ii) the lesser of (x) the cents per hour produced by dividing one-quarter of the increase, if any, in the carriers' 1999 payment rate for foreign-to-occupation health benefits under the Plan over such payment rate for 1998, by the average composite straight-time equivalent hours that are subject to wage increases for the latest year for which statistics are available, and (y) one-half of the cost-of-living allowance effective July 1, 2000.

(b) The increase in the cost-of-living allowance effective January 1, 2001 pursuant to Section 1 of this Part shall be payable to each employee commencing on that date.

(c) The increase in the cost-of-living allowance effective July 1, 2001 pursuant to Section 1 of this Part shall be payable to each employee commencing on that date.

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

(e) The definition of the carriers' payment rate for foreign-to-occupation health benefits under the Plan set forth in Section 9 of Article I shall apply with respect to any year covered by this Section.

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

Section 3 - Application of Cost-of-Living Allowances

The cost-of-living allowance provided for by Section 1 of this Part C will not become part of basic rates of pay. In application of such allowance, each one cent per hour of cost-of-living allowance that is payable shall be treated as an increase of 8 cents in the basic daily rates of pay produced by application of Article I. The cost-of-living allowance will otherwise be applied in keeping with the provisions of Section 8 of Article I.

Section 4 - Continuation of Part C

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

ARTICLE III - DENTAL BENEFITS

Section 1 - Continuation of Plan

The benefits now provided under the Railroad Employees National Dental Plan (Dental Plan), modified as provided in Section 2 below, will be continued subject to the provisions of the Railway Labor Act, as amended.

Section 2 – Eligibility

Existing eligibility requirements under the Dental Plan are amended, effective June 1, 1996, to provide that in order for an employee and his eligible dependents to be covered for Covered Dental Expenses (as defined in the Dental Plan) during any calendar month by virtue of rendering compensated service or receiving vacation pay in the immediately preceding calendar month (the "qualifying month"), such employee must have rendered compensated service on, or received vacation pay for, an aggregate of at least seven (7) calendar days during the applicable qualifying month. Any calendar day on which an employee assigned to an extra list is available for service but does not perform service shall be deemed a day of compensated service solely for purposes of this Section. Existing Dental Plan provisions pertaining to eligibility for and termination of coverage not specifically amended by this Section shall continue in effect.

Section 3 - Benefit Changes

The following changes will be made effective as of January 1, 1999.

(a) The maximum benefit (exclusive of any benefits for orthodonture) which may be paid with respect to a covered employee or dependent in any calendar year beginning with calendar year 1999 will be increased from $1,000 to $1,500.

(b) The lifetime aggregate benefits payable for all orthodontic treatment rendered to a covered dependent, regardless of any interruption in service, will be increased from $750 to $1,000.

(c) The exclusion from coverage for implantology (including synthetic grafting) services will be deleted and dental implants and related services will be added to the list of Type C dental services for which the Plan pays benefits.

(d) Repair of existing dental implants will be added to the list of Type B dental services for which the Plan pays benefits.

(e) One application of sealants in any calendar year for dependent children under 14 years of age will be added to the list of Type A dental services for which the Plan pays benefits.

(f) The Plan will pay 80%, rather than 75%, of covered expenses for Type B dental services.

(g) The Plan will establish and maintain an 800 telephone number that employees and dependents may use to make inquiries regarding the Plan.

ARTICLE IV - VISION CARE

Section 1 - Establishment and Effective Date

The railroads will establish a Vision Care Plan to provide specified vision care benefits to employees and their dependents, to become effective January 1, 1999 and to continue thereafter subject to provisions of the Railway Labor Act, as amended, according to the following provisions:

(a) Eligibility and Coverage. Employees and their dependents will be eligible for coverage under the Plan beginning on the first day of the calendar month after the employee has completed a year of service for a participating railroad, but no earlier than the first day of January 1999. An eligible employee who renders compensated service on, or receives vacation pay for, an aggregate of at least seven (7) calendar days in a calendar month will be covered under the Plan, along with his eligible dependents, during the immediately succeeding calendar month. Any calendar day on which an employee assigned to an extra list is available for service but does not perform service shall be deemed a day of compensated service solely for purposes of this Section.

(b) Managed Care. Managed vision care networks that meet standards developed by the National Carriers' Conference Committee concerning quality of care, access to providers and cost effectiveness shall be established wherever feasible. Employees who live in a geographical area where a managed vision care network has been established will be enrolled in the network along with their covered dependents. Employees enrolled in a managed vision care network will have a point-of-service option allowing them to choose an out-of-network provider to perform any vision care service covered by the Plan that they need. The benefits provided by the Plan when services are performed by in-network providers will be greater than the benefits provided by the Plan when the services are performed by providers who are not in-network providers, including providers in geographic areas where a managed vision care network has not been established. These two sets of benefits will be as described in the table below.

Plan Benefit	In-Network	Other Than In-Network
One vision examination per 12 month period.	100% of reasonable and customary charges	100% of reasonable and customary charges up to a $35 maximum
One set of frames of any kind per 24-month period	100% of reasonable and customary charges[1]	100% of reasonable and customary charges up to a $35 maximum

Plan Benefit	In-Network	Other Than In-Network
One set of two lenses of any kind, including contact lenses, per 24-month period.	100% of reasonable and customary charges[2]	100% of reasonable and customary charges up to the following maximums: up to $25 for single vision lenses; up to $40 for bifocals; up to $55 for trifocals; up to $80 for lenticulars; up to $210 for medically necessary contact lenses; up to $105 for contact lenses that are not medically necessary
Where the employee or dependent requires only one lens	100% of reasonable and customary charges [2]	100% of reasonable and customary charges up to a maximum of one-half of the maximum benefit payable for a set of two lenses of the same kind

1 Patients who select frames that exceed a wholesale allowance established under the program may be required to pay part of the cost of the frames selected.

2 Patients may be required to pay part of the cost of spectacle lenses or lens characteristics that are not necessary for the patient's visual welfare. Moreover, patients who choose contact lenses in lieu of spectacles may be required to pay part of a contact lens evaluation fee and part of the cost of fitting and materials.

Section 2 - Administration

The Vision Care Plan will be administered by the National Carriers' Conference Committee, which will bear the same responsibilities and perform the same functions as it does with respect to The Railroad Employees National Dental Plan, including the development of detailed plan language describing the Plan's eligibility, coverage, benefit and other provisions.

ARTICLE V - BENEFITS ELIGIBILITY

Section 1 - Health and Welfare Plan

The Railroad Employees National Health and Welfare Plan ("the Plan") is amended, effective June 1, 1996, as provided in this Section. In order for an Eligible Employee (as defined by the Plan) to continue to be covered by the Plan during any calendar month by virtue of rendering compensated service or receiving vacation pay in the immediately preceding calendar month (the "qualifying month"), such employee must have rendered compensated service on, or received vacation pay for, an aggregate of at least seven (7) calendar days during the applicable qualifying month. Any calendar day on which an employee assigned to an extra list is available for service but does not perform service shall be deemed a day of compensated service solely for purposes of this Section. Existing Plan provisions pertaining to eligibility for and termination of coverage

not specifically amended by this Section shall continue in effect.

Section 2 - Vacation Benefits

Existing rules governing vacations are amended as follows effective January 1, 1997:

(a) The minimum number of basic days in miles or hours paid for, as provided in individual schedules, on which an employee must render service under schedule agreements held by the organization signatory hereto to qualify for an annual vacation for the succeeding calendar year shall be increased by fifty (50) percent from the minimum number applicable under vacation rules in effect on the date of this Agreement. The multiplying factors set forth in vacation rules in effect on the date of this Agreement shall be amended to provide that each basic day in yard service performed by a yard service employee or by an employee having interchangeable road and yard rights shall be computed as 1.6 days, and each basic day in all other services shall be computed as 1.3 days, for purposes of determining qualification for vacation based on service rendered in the preceding calendar year.

NOTE: It is the parties' intention that, in accordance with application of the multiplying factors set forth in existing vacation rules as amended above, commencing with calendar year 1997 this subsection would require the equivalent of 150 qualifying days in a calendar year in yard service and 180 qualifying days in a calendar year in road service to qualify for an annual vacation for the succeeding year.

(b) Calendar days on which an employee assigned to an extra list is available for service and on which days he performs no service, not exceeding ninety (90) such days, will be included in the determination of qualification for vacation; also, calendar days, not in excess of forty-five (45), on which an employee is absent from and unable to perform service because of injury received on duty will be included. Such calendar days shall not be subject to the multiplying factors set forth in existing vacation rules as amended.

(c) Calendar days on which an employee is compensated while attending training and rules classes at the direction of the carrier will be included in the determination of qualification for vacation. Such calendar days shall not be subject to the multiplying factors set forth in existing vacation rules as amended.

(d) During a calendar year in which an employee's vacation entitlement will increase on the anniversary date, such employee shall be permitted to schedule the additional vacation time to which entitled on the anniversary date at any time during that calendar year.

(e) An employee may make up to two splits in his annual vacation in any calendar year.

(f) An employee may take up to one week of his annual vacation in single day increments, provided, however, that such employee shall be automatically marked up for service upon the expiration of any single day vacation.

(g) Existing rules and practices regarding vacations not specifically amended by this Section, including (but not limited to) scheduling of vacations, shall continue in effect without change.

Section 3

This Article is not intended to restrict any of the existing rights of a carrier except as specifically provided herein.

ARTICLE VI - PERSONAL LEAVE

Section 1

Employees in road freight service covered by this Agreement and not covered by the National Paid Holiday Rules shall be provided with personal leave days on the following basis:

Years of Service	Personal Leave Days
Less than five years	3 days
Five years and less than 10 years	5 days
Ten years and less than 15 years	7 days
Fifteen years and less than 20 years	9 days
Twenty years or more	11 days

Section 2

No employee covered by this Agreement shall receive in the aggregate more than eleven (11) personal leave days and paid holidays in any calendar year.

Section 3

(a) Personal leave days provided in Section 1 shall be scheduled with the approval of the proper carrier officer upon forty-eight (48) hours' advance notice from the employee.

(b) The employee will be paid one basic day at the rate of the last service performed for each personal leave day.

(c) Any personal leave days provided for herein that are requested but denied by the carrier and not subsequently rescheduled during the calendar year or the first quarter of the following calendar year shall be paid at the rate specified herein. Personal leave days carried over into another year because requested time off was denied by the carrier shall not be bought out.

(d) To qualify for personal leave days in any given calendar year, the employee must have been credited with at least 150 days for work during the preceding calendar year.

Section 4

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

Section 5

This Article shall become effective on January 1, 1997 except on such carriers where the organization representative may elect to preserve existing local rules or practices pertaining to personal leave days and so notifies the authorized carrier representative on or before such effective date.

ARTICLE VII - ENHANCED EMPLOYMENT OPPORTUNITIES

Section 1

In the event that a carrier sells or leases its interest in one or more rail lines to a non-carrier pursuant to a transaction authorized under 49 U.S.C. §10901 (or any successor provision) as to which labor protective conditions have not been imposed by any governmental authority, any employee represented by the organization signatory hereto who (i) as a result of that transaction is deprived of employment with the carrier because of the abolition of his position, and (ii) does not accept employment with the purchaser shall be entitled to the benefits set forth in Section 2.

Section 2

(a) An employee covered by Section 1 shall have the right, in seniority order, to bid on vacant positions or claim open locomotive engineer positions at any location on the carrier at any time within ninety (90) days after being deprived of employment. Seniority issues associated with the exercise of that right shall be resolved by the carrier and the organization representative or, absent agreement and at the request of either party by written notice served on the appropriate representative of the other party, by final and binding arbitration as provided in subsection (b). Solely for the purpose of this Section, a single locomotive engineer seniority roster for the carrier shall be developed, in accordance with applicable rules and procedures, no later than September 30, 1996.

(b) The arbitrator shall be selected by the parties. If they fail to agree within five days from the date notice of the submission to arbitration is received from the moving party, either party may request a list of five potential arbitrators from the National Mediation Board, from which the parties shall choose the arbitrator through alternate striking. The order of such striking shall be determined by coin flip unless otherwise agreed by the parties. The fees and expenses of the arbitrator shall be paid under Section 153 of the Railway Labor Act.

(c) An employee exercising rights under this Section who relocates his residence shall receive a relocation allowance of $5,000, provided, however, that an employee shall be required to elect between such allowance and any carrier relocation benefits that may be provided to such employee under other existing agreements or arrangements. Such

allowance shall be paid in two equal installments: the first payable on the relocation date, and the second ninety (90) days thereafter. Such allowance (or any portion thereof) shall be payable as provided as long as the individual has an employment relationship with the carrier and is still at the new location at the time the payment is due.

NOTE: Employees who presently have extended seniority and who are deprived of employment on their prior right territory(s) as a result of a transaction covered in Section 1, will be covered by the conditions of Section 2(c), provided that any exercise of seniority must be beyond their prior right territory(s), with a minimum of fifty (50) miles distance.

Section 3

In the case of any transaction authorized under 49 U.S.C. §10901 (or any successor provision), the arrangements provided for under this Article shall be deemed to fulfill all of the parties' bargaining obligations that may exist under any applicable statute, agreement or other authority with respect to such transaction, and shall also be deemed to satisfy the standards for the protection of the interests of employees who may be affected by such transaction described in 49 U.S.C. §10901(e).

Section 4

This Article shall become effective June 1, 1996 and is not intended to restrict any of the existing rights of a carrier except as specifically provided herein.

ARTICLE VIII - RATE PROGRESSION ADJUSTMENT FOR PROMOTION

Section 1

(a) An employee who is subject to national rules concerning rate progression on the effective date of this Article shall have his position on the rate progression scale adjusted to the next higher level upon promotion to engineer. An employee covered by this Agreement who is subject to Article IV, Section 5 of the 1991 National Implementing Document (Rate Progression - New Hires) on the effective date of this Article shall have his position on the rate progression scale adjusted to the next higher level on such effective date.

(b) The next adjustment to an employee's position on the rate progression scale after the adjustment specified in subsection (a) of this Section shall be made when such employee completes one year of "active service" (as defined by the aforementioned Article IV, Section 5) measured from the date on which that employee would have attained the position on the rate progression scale provided pursuant to subsection (a) of this Section.

Section 2

Local rate progression rules applicable on a carrier that is not covered by the aforementioned Article IV, Section 5 are hereby amended in the same manner as provided in Section 1.

Section 3

This Article shall become effective June 1, 1996 and is not intended to restrict any of the existing rights of a carrier except as specifically provided herein.

ARTICLE IX - ENHANCED CUSTOMER SERVICE

Article IX - Special Relief, Customer Service - Yard Crews of the 1991 National Implementing Document is amended to read as follows and furthermore shall be applicable to all carriers party to this Agreement:

Section 1

(a) When an individual carrier has a customer request for particularized handling that would provide more efficient service, or can show a need for relaxation of certain specific work rules to attract or retain a customer, such service may be instituted on an experimental basis for a six-month period.

(b) Prior to implementing such service, the carrier will extend seven (7) days advance notice where practicable but in no event less than forty-eight (48) hours' advance notice to the General Chairman of the employees involved. Such notice will include an explanation of the need to provide the service, a description of the service, and a description of the work rules that may require relaxation for implementation. Relaxation of work rules that may be required under this Article shall be limited to: starting times, yard limits, calling rules, on/off duty points, seniority boundaries, and class of service restrictions.

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

(d) If the parties are unable to agree upon an arbitrator within seven days of the date of the request for arbitration, either party may request the National Mediation Board to provide a list of five potential arbitrators, from which the parties shall choose the arbitrator through alternate striking. The order of such striking shall be determined by coin flip unless otherwise agreed by the parties. The fees and expenses of the arbitrator shall be borne equally by the parties.

(e) The determination of the arbitrator shall be limited to whether the carrier has shown a bona fide need to provide the service requested or can provide the service without a special exception to existing work rules being made at a comparable cost to the carrier. If the arbitrator determines that this standard has not been met, the arbitrator shall have the

discretion to award compensation for all wages and benefits lost by an employee as a result of the carrier's implementation of its proposal.

Section 2

This Article shall become effective June 1, 1996 and is not intended to restrict any of the existing rights of a carrier.

ARTICLE X – DISPLACEMENT

Section 1

(a) Where agreements that provide for the exercise of displacement rights within a shorter time period are not in effect, existing rules are amended to provide that an employee who has a displacement right on any position (including extra boards) within a terminal or within 30 miles of such employee's current reporting point, whichever is greater, must, from the time of proper notification under the applicable agreement or practice, exercise that displacement right within forty-eight (48) hours.

(b) Failure of an employee to exercise displacement rights, as provided in (a) above, will result in said employee being assigned to the applicable extra board, seniority permitting. (The applicable extra board is the extra board protecting the assignment from which displaced.)

(c) In the event force assignment is not compatible with local agreements, prior to implementation, the parties will meet on property to determine an avenue of assignment.

Section 2

This Article shall become effective June 1, 1996 and is not intended to restrict any of the existing rights of a carrier.

ARTICLE XI - NATIONAL WAGE AND RULES PANEL

Section 1

(a) The parties, realizing the complexities of the changing rail industry and environment, and to alleviate any adversarial relationships emanating from such, agree to establish a non-binding joint review Panel to study and examine those unresolved subjects.

The National Wage and Rules Panel (Panel) shall consist of three (3) partisan members representing the Brotherhood of Locomotive Engineers, three (3) partisan members representing the carriers, and _____ who shall be considered as Chairman. The President of BLE and the Chairman of the National Carriers' Conference Committee (NCCC) shall be ex officio partisan members of the Panel. On any matter, the BLE, NCCC, and the Chairman shall each be deemed to have a single vote.

(b) The parties will assume the compensation and expenses of their respective partisan members. The fees and expenses of the Chairman and any incidental expenses incurred in connection with Panel meetings shall be shared equally by the parties.

Section 2

Panel is authorized to comprehensively examine the following subjects:

- System for Compensation and Related Alternatives
- Quality of Work Life
- Inter-Craft Pay Relationships
- Claim and Grievance Handling
- Flowback
- Eating en route for road service employees
- Use of Surplus Employees
- Employee Utilization
- Common Extra Boards
- Standardized Calling Rules
- Yard Starting Times
- Runarounds
- Road/Yard
- Entry Rates

Section 3

The Panel shall promptly establish its operating procedures, which shall be designed to review and evaluate the facts regarding the aforementioned subjects and to expedite and enhance the opportunity to reach joint voluntary solutions to matters in dispute between the parties with respect to those subjects. The Panel may, by unanimous vote of the members and with the consent of the respective carrier(s) and General Committee(s) involved, develop and implement pilot projects and similar initiatives that would permit the Panel to test and evaluate, on a limited basis, potential alternatives to existing arrangements that would resolve issues of concern to the parties.

Section 4

(a) If the parties have not reached agreement on issues pertaining to the matters covered by Section 2 by January 1, 1999, the Panel shall make recommendations for disposing of all unresolved issues not later than July 1, 1999. 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 settlement of the issues involved. Notwithstanding any provision to the contrary, the Panel may be dissolved at any time by majority vote of the members.

(b) It is agreed that antecedent proposals exchanged between the parties relating to those items subject to the Panel shall not be considered precedential or cited in further handling

of any issue before any tribunal established to resolve disputes under the Railway Labor Act.

ARTICLE XII - 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 and other terms and conditions of employment during the period of the Agreement and is in settlement of the dispute growing out of the notices dated November 1, 1994 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, 1994 served by the organization upon such carriers.

(b) This Agreement shall be construed as a separate agreement by and on behalf of each of said carriers and their employees represented by the organization signatory hereto, and shall remain in effect through December 31, 1999 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, 1999 (not to become effective before January 1, 2000) any notice or proposal for changing any matter contained in:

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

(d) The parties to this Agreement shall not serve nor progress prior to November 1, 1999 (not to become effective before January 1, 2000) any notice or proposal which might properly have been served on November 1, 1994, and any pending notices which propose such matters are hereby withdrawn.

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

FOR THE NATIONAL
CARRIERS' CONFERENCE

Robert F. Allen
Chairman

FOR THE EMPLOYEES REPRESENTED
BY THE BROTHERHOOD OF COMMITTEE:
LOCOMOTIVE ENGINEERS:

Ronald P. McLaughlin
President

General Chairman

Participating Carrier:

May 31, 1996
#1

Mr. Ronald P. McLaughlin
President
Brotherhood of Locomotive Engineers
Standard Building
1370 Ontario Street
Cleveland, OH 44113-1702

Mr. _____
General Chairman
Brotherhood of Locomotive Engineers

Gentlemen:

This confirms our understanding with respect to the general wage increase provided for in Article I, Section 1, and the signing bonus provided for in Article I, Section 2, of the Agreement of this date.

The carriers will make all reasonable efforts to pay the retroactive portion of such general wage increase and the signing bonus 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 within that specified time period, 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

May 31, 1996
#2

Mr. Ronald P. McLaughlin
President
Brotherhood of Locomotive Engineers
Standard Building
1370 Ontario Street
Cleveland, OH 44113-1702

Mr. _____
General Chairman
Brotherhood of Locomotive Engineers

Gentlemen:

This refers to the increase in wages provided for in Section 1 of Article I of the Agreement of this date.

It is understood that the retroactive portion of that wage increase 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 December 1, 1995.

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

Very truly yours,

Robert F. Allen

I agree:

_____
R. P. McLaughlin

May 31, 1996
#3

Mr. Ronald P. McLaughlin
President
Brotherhood of Locomotive Engineers
Standard Building
1370 Ontario Street
Cleveland, OH 44113-1702

Mr. _____
General Chairman
Brotherhood of Locomotive Engineers

Gentlemen:

This confirms our understanding regarding Article I - Wages of the Agreement of this date.

Solely for the purpose of concluding this Agreement, the carriers have agreed to apply the general wage increases provided for therein to mileage rates of pay for miles run in excess of the number of miles comprising a basic day (overmiles) and to compute the lump sums provided for therein without excluding overmiles.

Our agreement to include language providing for such applications shall not be considered as precedent for how such issues should be addressed in the future and is without prejudice to our position that this component of the pay system is inappropriate.

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

Very truly yours,

Robert F. Allen

I agree:

_____
R. P. McLaughlin

May 31, 1996
#4

Mr. Ronald P. McLaughlin
President
Brotherhood of Locomotive Engineers
Standard Building
1370 Ontario Street
Cleveland, OH 44113-1702

Mr. _____
General Chairman
Brotherhood of Locomotive Engineers

Gentlemen:

This refers to the Lump Sum Payments provided for in Article I of the Agreement of this date.

Sections 3 and 5 of Article I are structured so as to provide payments that are essentially based on the compensation earned by an employee during a specified calendar year. Section 10 provides that all of these payments are payable to an employee who has an employment relationship as of the dates such payments are made or has retired or died subsequent to the beginning of the applicable calendar year used to determine the amount of such payments. Thus, for example, under Section 3 of Article I, except for an employee who has retired or died, the Agreement requires that an employee have an employment relationship on July 1, 1996 in order to receive that lump sum payment.

The intervals between the close of the measurement periods and the actual payments established in the 1991 National Implementing Document were in large measure a convenience to the carriers in order that there be adequate time to make the necessary calculations.

In recognition of this, we again confirm the understanding that an individual having an employment relationship with a carrier on the last day of a particular calendar year used to determine the amount of a payment under Section 3 and 5 of Article I will not be disqualified from receiving the payment provided for in the event his employment relationship is terminated following the last day of such calendar year but prior to the payment due date.

Very truly yours,

Robert F. Allen

May 31, 1996
#5

Mr. Ronald P. McLaughlin
President
Brotherhood of Locomotive Engineers
Standard Building
1370 Ontario Street
Cleveland, OH 44113-1702

Mr. _____
General Chairman
Brotherhood of Locomotive Engineers

Gentlemen:

This confirms our understanding regarding Article V - Benefits Eligibility of the Agreement of this date.

This will confirm our understanding that eligibility criteria in effect on December 31, 1995 governing coverage by The Railroad Employees National Health and Welfare Plan shall continue to apply to employees represented by the organization who hold positions as working General Chairmen, Local Chairmen, and State Legislative Board Chairmen ("local officials"). In other words, the changes in eligibility as set forth in Article V, Section 1 are not intended to revise eligibility conditions for local officials. It is further understood that by providing this exclusion it is not intended that the total number of such officials covered be expanded.

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

Very truly yours,

Robert F. Allen

I agree:

_____
R. P. McLaughlin

May 31, 1996
#6

Mr. Ronald P. McLaughlin
President
Brotherhood of Locomotive Engineers
Standard Building
1370 Ontario Street
Cleveland, OH 44113-1702

Mr. _____
General Chairman
Brotherhood of Locomotive Engineers

Gentlemen:

This confirms our understanding regarding Article V - Benefits Eligibility of the Agreement of this date.

This will confirm our understanding that vacation qualification criteria in effect on the date of this Agreement shall continue to apply to employees represented by the organization who hold positions as working General Chairmen, Local Chairmen, and State Legislative Board Chairmen ("local officials"). In other words, the changes in qualification as set forth in Article V, Section 2 are not intended to revise vacation qualification conditions for such local officials. It is further understood that by providing this exclusion it is not intended that the total number of such officials covered be expanded.

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

Very truly yours,

Robert F. Allen

I agree:

_____
R. P. McLaughlin

May 31, 1996
#7

Mr. Ronald P. McLaughlin
President
Brotherhood of Locomotive Engineers
Standard Building
1370 Ontario Street
Cleveland, OH 44113-1702

Mr. _____
General Chairman
Brotherhood of Locomotive Engineers

Gentlemen:

During the negotiations which led to the Agreement of this date, the parties had numerous discussions about the relationship between time worked and benefits received. The carriers were concerned that certain employees were not making themselves sufficiently available for work, but due to the then current eligibility requirements such employees remained eligible for health and welfare benefits.

As a result of these discussions, the parties agreed to tighten one eligibility requirement from any compensated service in a month to seven calendar days compensated service in a month (the "seven-day rule"). However, it was not the intent of the parties to affect employees by this change where such employees have made themselves available for work and would have satisfied the seven-day rule but for an Act of God, an assignment of work which did not permit satisfaction of the seven-day rule, or because monthly mileage limitations, monthly earnings limitations and/or maximum monthly trip provisions prevented an employee from satisfying that rule.

Also, where employees return to work from furlough, suspension, dismissal, or disability (including pregnancy), or commence work as new hires, at a time during a month when there is not opportunity to render compensated service on at least seven calendar days during that month, such employees will be deemed to have satisfied the seven-day rule, provided that they are available or actually work every available work opportunity.

However, in no case will an employee be deemed eligible for benefits under the new eligibility requirement if such employee would not have been eligible under the old requirements.

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

Very truly yours,

Robert F. Allen

I agree:

_____
R. P. McLaughlin

May 31, 1996
#8

Mr. Ronald P. McLaughlin
President
Brotherhood of Locomotive Engineers
Standard Building
1370 Ontario Street
Cleveland, OH 44113-1702

Mr. _____
General Chairman
Brotherhood of Locomotive Engineers

Gentlemen:

This confirms our understandings regarding Article VIII - Rate Progression Adjustment For Promotion of the Agreement of this date.

1. Such Article is not intended to supplant existing rules that treat employees more favorably with respect to rate progression, including while working as or upon promotion to engineer. That is, such rules are preserved and shall continue to apply in lieu of Article VIII.

2. Any promotion adjustment made pursuant to Article VIII shall be applied solely on a prospective basis.

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

Very truly yours,

Robert F. Allen

I agree:

_____
R. P. McLaughlin

May 31, 1996
#9

Mr. Ronald P. McLaughlin
President
Brotherhood of Locomotive Engineers
Standard Building
1370 Ontario Street
Cleveland, OH 44113-1702

Mr. _____
General Chairman
Brotherhood of Locomotive Engineers

Gentlemen:

This confirms our understanding regarding Article IX - Enhanced Customer Service of the Agreement of this date.

In recent years the rail freight sector of the transportation market place has taken steps toward a more competitive discipline which, if successful, could point the rail industry toward more growth. The parties to this Agreement are intent on nurturing these improvements. In this respect we mutually recognize that an important reason underlying the recent improvement has been enhanced focus on customer needs and improved service as the framework for working conditions. Increased employee productivity and more immediate responses to customer needs by railroad employees at all levels have been and will continue to be at the very heart of this effort.

In order to continue these recent improvements, the parties intend to respond to customers' needs with even greater efforts. In Article IX, we have developed a framework for achieving our mutual goal of retaining existing customers and attracting new business by providing more efficient and expedient service, including relaxation of work rules specified therein where and to the extent necessary for those purposes. We are also in accord that these undertakings should appropriately recognize the interests of affected employees in fair and equitable working conditions.

This will confirm our understanding that the NCCC Chairman and the BLE President shall promptly confer on any carrier proposal under Article IX that the BLE President deems to be egregiously inconsistent with our mutual intent. Such proposal shall be held in abeyance pending conference and shall not be implemented until adjusted by agreement of the parties or, absent such agreement, resolved by expedited, party paid arbitration as set forth in the attachment hereto.

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

Very truly yours,
Robert F. Allen

I agree:

_____
R. P. McLaughlin

May 31, 1996
#10

Mr. Ronald P. McLaughlin
President
Brotherhood of Locomotive Engineers
Standard Building
1370 Ontario Street
Cleveland, OH 44113-1702

Mr. _____
General Chairman
Brotherhood of Locomotive Engineers

Gentlemen:

This refers to our discussions concerning flowback arrangements between engine and train service positions in those situations where the BLE represents engineers. Each carrier shall meet with and obtain the concurrence of the BLE representative(s) having jurisdiction over the engineers' seniority roster or rosters involved in any flowback arrangements on such carrier before the flowback arrangements are implemented.

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

Very truly yours,

Robert F. Allen

I agree:

_____
R. P. McLaughlin

May 31, 1996
#11

Mr. Ronald P. McLaughlin
President
Brotherhood of Locomotive Engineers
Standard Building
1370 Ontario Street
Cleveland, OH 44113-1702

Mr. _____
General Chairman
Brotherhood of Locomotive Engineers

Gentlemen:

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

1. The parties have agreed, notwithstanding any provision to the contrary, to submit the following question to arbitration pursuant to the major dispute arbitration provisions of the Railway Labor Act:

> In light of the agreement attached and all other relevant circumstances, should locomotive engineers receive any certification pay? If so, how much?

2. The parties have agreed on three impartial arbitrators to serve on the Arbitration Board. In the event one or more of those selected cannot serve, the parties shall agree on substitutes. The Arbitration Award may be rejected by individual General Committees if appropriate carrier official notified within 30 days of issuance of Award.

3. The Arbitration Board shall conduct hearings commencing as soon as possible. Such hearings shall be completed in two days including rebuttal. Post-hearing briefs shall be submitted within seven days after hearings conclude.

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

Very truly yours,

Robert F. Allen

I agree:

_____
R. P. McLaughlin

May 31, 1996
#12

Mr. Ronald P. McLaughlin
President
Brotherhood of Locomotive Engineers
Standard Building
1370 Ontario Street
Cleveland, OH 44113-1702

Mr. _____
General Chairman
Brotherhood of Locomotive Engineers

Gentlemen:

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

Very truly yours,

Robert F. Allen

I agree:

_____
R. P. McLaughlin

ARTICLE I WAGES

Q1: How will an employee be able to verify that he/she has received the full lump sum to which they are entitled pursuant to Sections 2, 3 and 5?

A1: The carrier will provide the General Chairman with a detailed explanation of the manner in which the signing bonus and lump sums have been calculated. Any employee who believes that his payment is incorrect will, upon request to the carrier, receive an explanation of how such payment was calculated.

Q2: (1) Do the General Wage Increases provided for in Article I apply to Reserve Board (Fireman) payments? (2) Also to guaranteed extra boards and other reserve board payments?

A2: (1) Yes (2) Yes.

Q3: In calculating an employee's compensation for the 1% signing bonus and subsequent lump sum payments provided for in this Article, what is the basis upon which the percentage is determined?

A3: The employee's "compensation" as used on such employee's carrier to determine vacation pay entitlement in the calendar year so stated beginning January 1 and extending through December 31.

Q4: Are the lump sum payments applicable to employees who are suspended, as well as employees who are reinstated with rights unimpaired?

A4: Yes, because in both cases the employment relationship is maintained.

Q5: Does the December 31, 1999, 4%/6% COLA apply to overmiles?

A5: Yes.

Q6: Will payments received by employees who are available on guaranteed extra lists and/or reserve pools, but not used, be considered when calculating the lump sum payments?

A6: Yes, so long as such payments are subject to general wage increases.

Q7: An employee had earnings in 1994 and 1995, however, the employee is not currently active due to disability. Is this employee eligible for the signing bonus and 1996 lump sum payment?

A7: Yes, so long as the employee maintains his/her employment relationship with the Carrier, or subsequently retires or dies.

Q8: Is it a correct understanding that those pay elements which were frozen by the provisions of Article IV, Section 5 of the 1986 BLE National Agreement will not be included in determining an employee's base year compensation?

A8: The employee's "compensation" as used on such employee's carrier to determine vacation pay entitlement in the calendar year so stated beginning January 1 and extending through December 31 will be used in determining an employee's base year compensation.

Q9: If an employee received a bonus payment from the Carrier when "borrowing out" on other seniority districts, will such payment be included when calculating the lump sum payments provided for in this Article?

A9: The employee's "compensation" as used on such employee's carrier to determine vacation pay entitlement in the calendar year so stated beginning January 1 and extending through December 31 will be used in determining an employee's base year compensation.

A10: How will the lump sums be calculated for an employee who performed service for a Carrier not party to this contract during the years of 1994 and 1995, but currently employed by a Carrier party hereto?

A10: Only compensation earned on the carrier party to this agreement at which employed on the date payment is due will be credited.

Q11: What is the definition of "foreign-to-occupation" as used in Section 10?

A11: Foreign-to-occupation" is defined in Article I, Section 9 to mean "other than on duty".

ARTICLE V - BENEFITS ELIGIBILITY

Section 1 - Health and Welfare Plan

Q1: In situations where employees are assigned to Reserve Boards or observe Personal Leave Days, will such time be counted toward fulfillment of the seven (7) calendar day requirement for benefit eligibility in the succeeding month?

A1: This Article does not change existing definfor 1m/4(1/T0(juer1i1ntGm/4(1/ Im)u9Bu) ca)6(lenM5t25 -ay

A10: This is addressed in and will be determined in accordance with the provisions of Side Letter #7.

Q11: Does the term "local officials" as used in Side Letter #5 include division presidents, secretaries/treasurers and legislative representatives who may also be required to lose time from their assignments due to union obligation?

A11: No, local officials are limited to working General Chairmen, Local Chairmen, and State Legislative Board Chairmen.

Q12: Will regular assigned road freight service employees and/or pool service employees who may be prevented from performing service in a calendar month equal to or exceeding the seven (7) calendar days due to, but not limited to acts of god, catastrophe, inclement weather, related industry shutdowns or other traffic pattern conditions be deemed ineligible for health benefits in the succeeding month?

A12: This is addressed in and will be determined in accordance with the provisions of Side Letter #7.

Q13: Is it correct that in the event of an employee and/or dependent(s) losing coverage under this rule, such individual will be eligible to continue coverage in accordance with the COBRA rules?

A13: Eligibility for COBRA coverage remains unchanged.

Q14: When does a newly hired employee first become covered for employee and/or dependent health benefits?

A14: This is addressed in and will be determined in accordance with the provisions of Side Letter #7.

Q15: Will paid holidays be counted in meeting the qualifying requirement?

A15: This Article does not change existing definitions of the term "render compensated service" for purposes of Plan eligibility.

ARTICLE V - BENEFITS ELIGIBILITY

Section 2 - Vacation Benefits

Q1: In situations where employees are assigned to Reserve Boards or observe Personal Leave Days, will such time be counted toward fulfilling the qualifying requirements for vacation to be taken in the succeeding year?

A1: Yes, with respect to Reserve Boards and Personal Leave Days, if that is the current practice on the individual railroad.

Q2: Is it correct that an employee who works six (6) months in yard service and six (6) months in road service will qualify for a vacation after rendering service amounting to the equivalent of 150 qualifying days commencing January 1, 1997?

A2: There is no change from existing applications concerning employees with road and yard rights.

Q3: How many days must an employee work in 1996 to qualify for a vacation to be taken in 1997?

A3: There is no change in the National Vacation Agreement which will increase the qualifying days in 1996 for a 1997 vacation period. Beginning in 1997, however, employees must meet the new qualifying criteria for a 1998 vacation.

Q4: Are current system agreements providing more than two splits in annual vacations affected by this agreement?

A4: No.

Q5: Are current system agreements providing for more than one week of annual vacation to be taken in single day increments changed by this agreement?

A5: No.

Q6: What procedure should be followed when requesting a single day of vacation?

A6: Employees should follow the established procedure for assigning vacations on the property. Where there is none, the procedures used for scheduling personal leave days should be used.

Q7: Must the Carrier allow the request made by an employee to observe a single day of vacation?

A7: Yes, employees should follow the established procedure for assigning vacations on the property. Where there is none, the procedures used for scheduling personal leave days should be used.

Q8: Will employees be automatically marked up for service upon return from vacation periods of more than a single day?

A8: The new provisions for automatic mark-up apply only when taking vacation in less than one week increments. Otherwise, existing rules and practices continue to apply.

Q9: There are many questions raised with regard to the change in the number of qualifying days. The questions include, but are not limited to, the application of the 1.6 and 1.3 multiplying factors and the determination of the number of accumulated days of service for qualification for extended vacation. How might these questions be resolved?

A9: The parties commit to the formulation of a Vacation Synthesis so as to fully incorporate the changes made in this Agreement and to serve as a guide to resolve these questions and issues.

Q10: When an employee elects to observe one (1) week of vacation in single day increments as provided for in paragraph (f) does that constitute one (1) of the allowable two (2) splits in his/her annual vacation as provided for in paragraph (e)?

A10: Yes.

Q11: Does the term "local officials" as used in Side Letter #6 include division presidents, secretaries/treasurers and legislative representatives who may be required to lose time from their assignments due to union obligations?

A11: No, local officials are limited to working General Chairmen, Local Chairmen, and State Legislative Board Chairmen.

Q12: In application of paragraph (f), how many days of single day vacations may a yard service and road service employee be permitted to take; five, six or seven days?

A12: This question should be decided on each individual property in accordance with the past practice as to what appropriately constitutes one (1) week of annual vacation.

Q13: Can the employee elect to take vacation in periods of two (2), three (3), or four (4) days, rather than single day increments?

A13: Yes, employees should follow the established procedure for assigning vacations on the property. Where there is none, the procedures used for scheduling personal leave days should be used.

Q14: If an employee observes a single day of vacation and subsequently becomes ill so as to be unable to work the next day, what must he/she do inasmuch as they are to mark-up for service automatically?

A14: The employee should follow the established procedure for marking off sick.

Q15: Are an employee's obligations under existing rules and practices with respect to protecting service on his assigned off/rest days changed if the employee observes a single day of vacation immediately prior to such off/rest day?"

A15: No.

Q16: May an employee request a single day of vacation to be taken immediately following a day where he/she was off sick or observing a personal leave day?

A16: Yes.

ARTICLE VI - PERSONAL LEAVE DAYS

Q1: Are passenger and local freight service engineers entitled to personal leave days provided for in the Article?

A1: Yes. The intent of Article VI was to provide personal leave days to all engineers who were not entitled to paid holidays.

Q2: Is the time in service in other crafts counted when determining years of service?

A2: Yes, if that is the current practice on the individual railroad.

Q3: May an employee eligible for personal leave days accumulate days he is not allowed to take during the year?

A3 Yes, up to a maximum of thirty (30) days.

ARTICLE VII - ENHANCED EMPLOYMENT OPPORTUNITIES

Q1: Should a subsequent separate transaction occur after an initial relocation would the affected employee be allowed to again apply under Section 2?

A1: Yes.

Q2: What does "deprived of employment" mean for the purposes of the application of this Article?

A2: The inability to obtain any possible position to which entitled.

Q3: Will the resultant seniority roster established per Article VII, Section 2, cause any employee to suffer a loss of seniority on any roster to which they currently have seniority?

A3: No. Such employee establishes seniority as of the date of service in the vacant, must fill or claim open, must fill position. All existing seniority remains intact.

Q4: In order for an employee to receive the relocation allowance under Section 2(c), is it required that the employee:

(a) Sell his/her existing residence?
(b) Stay/work a minimum amount of time at the new location?
(c) Move thirty (30) or more miles from his former residence?

A4: *(a) No.*
(b) To receive the full allowance, the rule requires that the employee be at the new location at the time the second payment is due.
(c) Yes. The note to paragraph (c) requires an exercise of seniority a distance greater than 50 miles.

Q5: What is the definition of "prior right territory(s)" as set forth in the note to Section 2(c)?

A5: This is determined on the individual properties in accordance with the applicable rules and/or practices governing seniority.

ARTICLE VIII - RATE PROGRESSION

Q1: What rate of pay is applicable to employees who are promoted to conductor (foreman) and/or engineer but are working as brakemen (helpers) and/or hostler?

A1: Once an individual is promoted to conductor (foreman) and/or engineer, that employee receives the applicable rate percentage, regardless of the craft in which they are working, until such time as they reach the next rate step in accordance with Article IV, Section 5 of the 1991 Implementing Document.

Q2: An 80% entry rate employee promoting to engineer March 1, 1996, immediately elevates to the 85% entry rate. On his/her July 1, 1996 hiring anniversary date does the entry rate of that employee increase to 90%?

A2: No. The employee goes to 90% on July 1, 1997.

Q3: An employee is elevated to the next step in the rate progression upon promotion from brakeman to conductor. Does that employee elevate to the next step upon subsequent promotion to engineer?

A3: Yes

Q4: Where existing promotion rules or practices provide for the automatic promotion to conductor and engineer upon promotion to either conductor or engineer, will an employee be elevated two (2) steps on the wage scale?

A4: Yes.

ARTICLE IX - ENHANCED CUSTOMER SERVICE

Q1: What is the intent of the parties with respect to the provision in paragraph (b) which states "..., the Carrier will extend seven (7) days advance notice where practicable but in no event less than forty-eight (48) hours advance notice..."?

A1: The intent was for the Carriers to routinely give as much advance notice as possible to the involved BLE General Chairmen(s) prior to implementation of the proposed service under paragraph (a).

Q2: Should the Carrier notify the General Chairmen(s) in writing when and where it intends to establish such service and identify the involved customer?

A2: Yes, and such notification should include the specific rule(s) where relief or relaxation is requested.

Q3: What will prevent the Carrier from routinely furnishing the minimum notice under the rule, i.e., 48 hours, prior to implementing the desired service?

A3: The intent was for the Carriers to routinely give as much advance notice as possible to the involved BLE General Chairmen(s) prior to implementation of the proposed service under paragraph (a).

Q4: Is it the intent of the parties that the Joint Committee referred to in paragraph (c) will be established and meet at the location where the proposed service is to be implemented?

A4: The Committee will confer by whatever means are appropriate and practical to the circumstances, including telephonically.

Q5: Can the Carrier require a yard crew from one seniority district to meet the service requirements of a customer if such customer is located in road territory in another seniority district on that Carrier within the combination road-yard service zone?

A5: The carrier's rights under this Article are limited to certain identified rules under defined circumstances, provided that the carrier has complied with all applicable requirements set forth therein. Any carrier proposal under this Article which, in the opinion of the BLE President, is egregiously inconsistent with the intent of the rule will not be implemented without conference between the BLE President and the NCCC Chairman.

Q6: Does this rule permit the use of road crews to perform customer service within switching limits?

A6: The carrier's rights under this Article are limited to certain identified rules under defined circumstances, provided that the carrier has complied with all applicable requirements set forth therein. Any carrier proposal under this Article which, in the opinion of the BLE President, is egregiously inconsistent with the intent of the rule will not be implemented without conference between the BLE President and the NCCC Chairman.

Q7: Can the Carrier be considered a customer in the application of this rule?

A7: The word "customer", as used in paragraph (a), was not meant to apply to the Carrier.

Q8: Is there any limitation as to the number of miles a yard crew may be required to travel in road territory in order to provide the customer service contemplated by this rule?

A8: Yes. Yard crews are limited to the minimum number of miles necessary to accomplish the service consistent with the spirit and intent of the parties.

Q9: Where customer service can be accomplished by a road crew, is the Carrier within the

intent of the rule to establish the use of a yard crew to perform this work?

A9: The Carrier's use of yard crews must meet the requirements of the rule.

Q10: Does this Article IX supersede the Road/Yard Service zone established under Article VIII, Section 2(a)(iii) of the May 19, 1986 National Agreement or the agreed upon interpretations pertaining thereto?

A10: No, this Article amends Article IX - Special Relief, Customer Service - Yard Crews of the BLE Implementing Document of November 7, 1991.

Q11: Does Article IX contemplate the use of yard crews from one seniority district or Carrier to perform service for a customer which is located on the line of another Carrier?

A11: It is not the intent of the rule to permit yard crews from one Carrier to substitute for yard crews of another unrelated Carrier.

A12: Are any employee protective provisions applicable to employees adversely affected by the institution of service under Article IX?

A12: As set forth in paragraph (e).

Q13: Does Article IX contemplate the establishment of split-shifts in yard service?

A13: Yes

Q14: Paragraph (e) requires that the Carrier show a "bona fide" need for the rule relief requested or that it cannot provide the service at a "Comparable Cost" under the existing rules. Will the Carriers burden of proof in this regard be met simply by showing that the customer service can be accomplished at a reduced cost?

A14: No, a carrier will also have to demonstrate compliance with Section 1 (a).

Q15: If a yard crew is providing particularized service to a customer under this rule, may the Carrier properly require the yard crew to provide service to other industries located in the area or along the line?

A15: The carrier's rights under this Article are limited to certain identified rules under defined circumstances, provided that the carrier has complied with all applicable requirements set forth therein. Any carrier proposal under this Article which, in the opinion of the BLE President, is egregiously inconsistent with the intent of the rule will not be implemented without conference between the BLE President and the NCCC Chairman.

Q16: May the Carrier use a road crew to provide service to a customer within the switching limits of a terminal?

A16: The carrier's rights under this Article are limited to certain identified rules under defined circumstances, provided that the carrier has complied with all applicable requirements set forth therein. Any carrier proposal under this Article which, in the opinion of the BLE President, is egregiously inconsistent with the intent of the rule will not be implemented without conference between the BLE President and the NCCC Chairman.

Q17: Will a yard crew used in accordance with this Article have its work confined solely to meet the specific service requirements?

A-17: The carrier's rights under this Article are limited to certain identified rules under defined circumstances, provided that the carrier has complied with all applicable requirements set forth therein. Any carrier proposal under this Article which, in the opinion of the BLE President, is egregiously inconsistent with the intent of the rule will not be implemented without conference between the BLE President and the NCCC Chairman.

Q18: Can Employees of a Carrier who may be restricted by physical disabilities or for disciplinary reasons from performing road service on that Carrier be used to perform such service under this Article?

A18: No.

Q19: If a carrier fails to comply with the provisions of Article IX, what remedy is available to employees adversely affected by the carrier's implementation of its proposal?

A19: The arbitrator is authorized to fashion a remedy appropriate to the circumstances under Section 1 (e).

ARTICLE X – DISPLACEMENT

Q1: On those properties where employees have less than 48 hours to exercise displacement rights, are such rules amended so as to now apply a uniform rule?

A1: No, the existing rules providing for less than 48 hours continue, unless the parties specifically agree otherwise.

Q2: Is an employee displaced under Section 1, electing to exercise seniority placement beyond thirty (30) miles of the current reporting point, required to notify the appropriate crew office of that decision within 48 hours?

A2: Yes.

Q3: How is an employee covered by this Article handled who fails to exercise seniority placement within 48 hours?

A3: Such employee is assigned to the applicable extra board, seniority permitting, pursuant to Section 1(b) and subsequently governed by existing rules and/or practices.

Q4: How long a period of time does an employee have to exercise displacement rights outside the boundaries specified in Section 1(a)?

A4: The rules governing exercise of displacement rights as currently contained in existing agreements continue to apply in this situation.

A5: What happens if the employee notifies the Carrier that it is the employee's intent to displace outside of the 30 mile limit, then, after 72 hours, the employee is no longer able to hold that assignment?

A5: A new 48-hour period begins.

A6: Is it intended that employees who fail to displace within 48 hours be assigned to an extra list where local or system agreements prohibit such assignment due to extra board restrictions and or seniority consideration?

A6: See Section 1 (c) of Article X.

Q7: Is it the intent of Article X to impose discipline on employees who fail to exercise seniority within 48 hours?

A7: No, Section 1(b) provides that in these circumstances the employee will be assigned to the applicable extra board, seniority permitting. The employee will then be subject to existing rules and practices governing service on such extra board.

Q8: Is this rule intended to expand upon the displacement rights of an individual so as to create situations not currently provided for in existing agreements and practices?

A8: No.

Q9: If an employee notifies the Carrier of their intent to displace beyond the 30 mile limit, can such employee notify the Carrier subsequent to the expiration of the 48 hour period of their desire to displace within the 30 miles?

A9: No.

Q10: How is the 30 miles limit to be measured - rail or highway?

A10: Highway.

Q11: When does the 48 hour time period within which the employee must exercise displacement rights begin?

A11: When properly notified under existing rules governing this situation.

ARTICLE XI - NATIONAL WAGE AND RULES PANEL

Q1: Can the activities of the panel be stopped at any time during the process and, if so, by what means?

A1: Yes, in accordance with Section 4(a).

Q2: Are the parties limited to considering only those items listed in Section 2?

A2: Yes.