

Synopsis of Tentative BLE National Agreement

The following synopsis has been prepared by the International Office of the Brotherhood of Locomotive Engineers in accordance with Section 43(a)--Standing Rules of the BLE Constitution and Bylaws and is intended as an informational aid for its members. The synopsis does not necessarily reflect the views of the National Carriers' Conference Committee or any other party. A complete tentative agreement is available from your local chairman or through the BLE web site at www.ble.org.

Article I - Wages. Section 1 – Longevity Bonus. No later than 3 months after the date of agreement each employee who qualifies shall be paid a longevity bonus of \$1,200 in a separate check, subject to taxes withheld. To qualify, an employee must have an employment relationship as a locomotive engineer on Dec. 1, 2003; have seniority in train or engine service on or before October 31, 1985; have been paid for active service from October 1, 2003 through Nov. 30, 2003, or on authorized leave for such entire period for personal illness, on-duty injury or pursuant to the FMLA, and have returned to service no later than April 1, 2004 or have been out of service for such entire period due to discipline that is later rescinded or overturned with pay for all time lost. No duplication of longevity bonus by virtue of employment under another agreement. Payment will not be used to offset, construct or increase guarantees in protective agreements or arrangements.

Section 2 – Lump Sum Payment. Each employee who qualifies shall be paid a lump sum of \$774.00, paid at the same time as back pay of general wage increases are paid. The qualifications are the same as for the longevity bonus, except there is no requirement for seniority date in train or engine service.

Section 3 – First General Wage Increase. Retroactive to July 1, 2002, all daily rates of pay are increased by four (4) percent.

Section 4 – Second General Wage Increase. Retroactive to July 1, 2003, all daily rates of pay are increased by 2.5 percent.

Section 5 – Third General Wage Increase. Effective July 1, 2004, all daily rates of pay are increased by 2.5 percent. Effective at the same time, in lieu of an additional 0.5% general wage increase, the carriers will remit \$40.00 per month to defray the cost of BLE's insured short-term disability plan as provided in Article IV, Part A, Section 5(a).

Section 6 – Standard Rates. Daily pay rates are in Appendix 1 of the agreement.

Section 7 – Application of Wage Increases. Increases will apply to mileage rates for overmiles but will not apply to duplicate time payments, including arbitraries and special allowances that are expressed in time, miles or fixed money amounts. Miscellaneous rates based on hourly or daily rates will be adjusted the same as prior agreements. Without firemen differentials will continue where applicable.

Article II – Optional Alternative Compensation Program. Section 1. A carrier may offer alternative compensation arrangements in lieu of general wage increases in whole or in part. They may include stock options, stock grants, bonus programs, and 401(k) plans.

Section 2 – Implementation of Alternative Compensation Arrangements. Carrier will notify the organization representative(s) regarding proposed arrangements. The parties will meet promptly on the proposal and use their best efforts to reach agreement or implementation. The proposal may be implemented only by mutual agreement. The proposed arrangement must be made available to the smallest employee grouping that can be reasonably administered. The parties may reach agreement on different terms or conditions.

Article III – Cost-of-Living Payments. Part A . Section 1. Effective on the date of this agreement, eliminate language in the 1996 agreement concerning COLA. On June 30, 2002 roll in 48 cents COLA into the basic rates of pay.

Section 2 – Implementation of Alternative Compensation Arrangements. Any on-property counterpart to the 1996 agreement language is changed in the same manner as Section 1.

Part B. Section 1. COLA is payable effective July 1, 2005 and January 1, 2006. July 1, 2005 COLA is capped at a maximum of 3% of September, 2004 CPI. January 1, 2006 COLA is capped at a maximum of 6% of September, 2004 CPI less the increase from September, 2004 to March, 2005. Subsequent COLA payments will conform to this schedule if the agreement is in effect. "Harris COLA" formula will be used in calculating COLA payments.

Section 2 – Payment of COLA. COLA payable effective July 1, 2005 rolled into basic rates of pay on that date. COLA payable effective January 1, 2006 rolled into basic rates of pay on that date. COLA payable effective July 1, 2006 rolled into basic rates of pay on that date. This procedure will be followed for all years the agreement is in effect.

Section 3 – Application of COLA. Each one cent per hour COLA will be treated as an increase in 8 cents in the basic daily rates. COLA increases will apply to mileage rates for overmiles but will not apply to duplicate time payments, including arbitraries and special allowances that are expressed in time, miles or fixed money amounts.

Section 4 – Continuation of Part B. Part B will remain in effect until revised by the parties.

Article IV - Health and Welfare. Part A - Plan Changes. Section 1 – Continuation of Health and Welfare Plan.
The plan will continue as modified in this article.

Section 2 – Plan Benefit Changes. The plan's Comprehensive Health Care Benefit is changed to allow the following: one routine physical each year up to \$150 and 75% in excess of \$150; routine childhood immunizations; speech therapy for children under three to treat infantile autism, development delay, cerebral palsy, hearing impairment, or major congenital anomalies affecting speech (also covered under managed care program); "PKU" blood tests for infants under one year old in hospital or out patient (also covered under managed care).

Managed care will still require co-payment for first office visit to an obstetrician or gynecologist for treatment of pregnancy but no co-payment for any subsequent visits for the same pregnancy. There will be a hearing benefit up to \$600 annually for each person (includes necessary tests and exams to determine extent of hearing loss, charges for permanent hearing aid). Plan life insurance benefit is increased to \$20,000 and maximum accidental death and dismemberment benefit is increased to \$16,000.

Section 3 – Vision Care. Benefits improved from Select to Standard arrangement.

Section 4 – Plan Design Changes to Contain Costs. The managed care program currently provided by Aetna will be rebid. The possibility of expanding managed care in areas where it is currently not available will be researched. Bids will be solicited from pharmacy benefit managers who specialize in injectable medications. Mandatory participation in managed care programs in areas where participants previously could choose between comprehensive and managed care programs.

Individual out-of-network deductibles under managed care will increase to \$200. Family out-of-network deductibles under managed care will increase to \$600. Employees may elect to "opt out" of coverage for health benefits if they certify that they have coverage under another plan or policy. An employee who "opts out" of coverage will be paid \$100 per month while in service. An employee may opt back into the plan if he/she loses coverage or there is a termination of employer contributions to the other coverage, or coverage is exhausted if covered under COBRA.

Prescription drug card program co-payments are revised as follows: generic drug - \$5.00, brand name drug - \$10.00. Mail order prescription drug co-payment is revised as follows: generic drug - \$10.00, brand name drug - \$15.00

Section 5 – Short-Term Disability. Each month beginning in July, 2004, the carrier will remit to BLE's insured short-term disability plan \$40.00 for each employee covered by the Health and Welfare plan. For carrier's not covered by the wage and rule settlement, payment arrangements (if any) must be agreed to by the parties.

Part B- Employee Cost Sharing of Plan Cost Increases. Section 1 – Employee Cost-Sharing Contributions. Retroactive to July 1, 2001 each employee will contribute \$33.39 per month to the plan for each month the employer is required to contribute. Retroactive to July 1, 2002 each employee will contribute \$81.18. Retroactive to July 1, 2003 each employee will contribute \$79.74. Effective July 1, 2004 each employee will contribute an amount equal to 30% of the increase (if any) that the carriers will pay monthly in 2004 over the 2003 monthly rate, or \$20.26, which ever is less. Effective July 1, 2005, each employee will contribute an amount equal to one-half of the increase (if any) that the carriers will pay monthly in 2005 over the 2004 monthly rate, or one-half the monthly COLA increase effective July 1, 2005, which ever is less. Effective January 1, 2006, and every six months thereafter, the employee cost-sharing contribution may be increased by the formula stipulated.

Section 2 – Pre-Tax Contributions. Employee cost-sharing contributions will be on a pre-tax basis. A Section 125 cafeteria plan will be established.

Section 3 – Retroactive Contributions. Retroactive employee cost-sharing contributions payable on and after July 1, 2001 will be offset against any retroactive payments for wage increases and bonuses.

Section 4 – Prospective Contributions. After retroactive contributions, the carrier may elect to make contributions for the employee. If so, the carrier will deduct the amount of the contribution from the employee's wages and retain the amounts deducted as reimbursement for contributions. (See Part C, Section 4 regarding 125 Cafeteria Plan)

Part C- Creation of New Health and Welfare Plan. Section 1 – Initial Terms. As soon as practicable, the parties will establish and maintain a new health and welfare plan, governed by a joint governing committee. The benefits will be substantially the same as the existing plan subject to the modifications provided in this agreement.(See Part C, Section 3 for Blue Cross Blue Shield program)

Section 2 – Participation. When the new plan becomes effective, the BLE will stop participation in the old plan, employees will be eligible for coverage under the new plan, and no employee will have dual coverage under the old and new plan.

Section 3 – Additional Employee Vendor Options. Blue Cross Blue Shield programs will be made available, as soon as practicable, for managed care (where available) and throughout the U.S. for the comprehensive plan.

Section 4 – Flexible Spending Accounts. Cafeteria plan arrangements will be put into place as soon as practicable that meet Section 125 of IRS code, permitting an employee to choose between receiving wages in full or applying deducted wages to medical expense reimbursement (no greater than \$3,600 per year), dependent care assistance benefits (no greater than the amount permitted by IRS code), and/or benefits under the BLE's insured short-term disability plan (no greater than \$30 per month).

Article V - Pay System Simplification. Part A - General. Section 1 – General. The parties agree to a new pay system that neither creates gains or losses for pre-1985 employees or costs for a carrier. Post-1985 employees may have trip rates calculated on elements of pay to which they were not previously eligible.

Section 2 – Mutual Cooperation. A joint committee on each carrier will be established to explain intent of trip rates to employees and managers.

Part B- Through Freight Service. Section 1 – General. A new pay system will be implemented for employees working in through freight service.

Section 2 – Trip Rates. Each carrier will develop trip rates for starts in through freight service, incorporating pay elements identified in Section 5. Once trip rates become effective, pay elements incorporated will not be used to support any claims for those pay elements relating to that trip. Pay elements not included in trip rates will continue to be covered by existing rules. Trip rates will be developed for each run/pool except as otherwise provided in Section 9.

Section 3 – Computation of Trip Rates. Trip rates in through freight service are derived as follows: add all earnings attributable to elements of pay for pre-85 employees for all through freight starts during a test period; divide those earnings by the total starts made during the test period by pre-85 employees who performed through freight service. The trip rate for each start shall be the amount derived by this calculation. Earnings will include all compensation attributable to the starts. The test periods will be developed by pool/run. The objective of the test period is to establish a measurement which reflects a 12-month period of "normalized operations." The carrier must substantiate its reasons for selecting test periods. In pools where all employees are post-85 trip rates will be calculated as if the employees were pre-85, or a similar pool with pre-85 employees will be used as a test period.

Section 4 – Computation and Application Adjustment. If general wage increases and COLA's become effective during a test period, appropriate computation adjustments will be made, but there can be no duplication or pyramiding. Trip rates will be subject to general wage increases and COLA's that are effective from close of test period to effective date of the trip rate. General Wage increases and COLA's that are effective on or after the effective date of a trip rate will be applied. Trip rates applicable to employees who are covered by entry rates shall be adjusted by such rules. Trip rates will not modify rules for payment of personal leave, vacation, etc.

Section 5 – National Pay Elements. The following pay elements will be in each trip rate: pay for mileage or time; pay for terminal/departure/yard runarounds; 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 initial terminal delay, final terminal delay, deadheading, terminal switching. The parties can agree to modify pay elements for trip rates. Pay elements not expressly included in trip rates will be covered by existing rules.

Section 6 – National Disputes Committee. A National Disputes Committee will be established to resolve any disputes pertaining to trip rates, consisting of the BLE President, NCCC Chairman, and a neutral chairman. Disputes will be resolved no later than 20 days after being referred to the committee. Any resolution is final and binding.

Section 7 – New Runs/Pool. Trip rates for new runs/pools that existing agreements permit to be established may be established based on trip rates for comparable runs/pools.

Section 8 – Material Changes. Trip rates will be established in such a manner as to make them stable. Is subsequent material changes occur, the trip rate will be adjusted to reflect the material change.

Section 9 – Implementation. Trip rates for runs/pools will be implemented as follows: the carrier will serve notice on the Organization as to identification of the runs/pools involved; test period proposed; proposed trip rates, with a summary of the data supporting computation; any proposed modifications. The parties will meet within 30 days after service of the notice to discuss the proposal(s). Trip rates for the runs/pools will become effective on the agreed date; or absent agreement or referral to the Disputes Committee, 30 days after service of the carrier's notice; or where the matter has been referred to the Disputes Committee, on the effective date of the Committee's resolution. Trip rates must be implemented 30 months after the date of this agreement unless the parties otherwise agree or the disputes committee otherwise decides. If trip rates are not implemented for runs/pools within 30 months, the dual basis of pay will be eliminated for post-85 employees on runs/pools and extra employees. If the carrier has taken action to implement trip rates but there is a dispute, such runs/pools will be governed solely by the outcome of the dispute resolution process.

Part C- Other Classes of Service. Trip rates will be established for other classes of service (road switchers, local freight, etc.) consistent with this article and each class of service.

Article VI - Service Scale. Section 1. Any employee who is subject to rules that adjust compensation for employees based on length of service shall be compensated, on and after July 1, 2004, at the full rate of the position when working as a locomotive engineer.

Section 2. On-property rules that adjust compensation for employees based on length of service on carriers not covered by the national rule will be compensated at full rate on and after July 1, 2004.

Section 3. Each carrier will establish a service scale for employees whose seniority in train or engine service is established on or after July 1, 2004. Such scale will conform to rules in effect on June 30, 2004 that adjust employee compensation based on length of service. The carrier will review the rules with BLE representatives prior to establishment of service scale.

Article VII - Enhanced Manpower Utilization. Section 1. A carrier may propose a rule for automatic mark up after any period of authorized time off as follows: A carrier must serve written notice of its proposal which must include a synopsis of the proposed rule, consistent with scientific data regarding rest and fatigue abatement. An initial conference will be held within 30 days and if an agreement is not made in 60 days after the conference, the carrier may submit the matter to arbitration.

Article VIII - National Wage and Rules Panel. Section 1 - Continuation of Panel. Panel established pursuant to the 1996 National Agreement will continue.

Section 2 - Amendments to Article XI (1996 National Agreement). The parties agree to establish a nonbinding joint review panel to study unresolved subjects. The panel will consist of 3 BLE members and 3 carrier members. The BLE President and the NCCC Chairman will be ex officio members. The panel will study employee protective arrangements, employee availability, vacation scheduling, daily mark up rules in yard service, technology issues.

Article IX - Off-Track Vehicle Accident Benefits. Section 1. Policy will pay \$300,000 for loss of life, \$300,000 for loss of both hands, \$300,000 for loss of both feet, \$300,000 for loss of sight of both eyes, \$300,000 for loss of one hand and one foot, \$300,000 for loss of one hand and sight of one eye, \$300,000 for loss of one foot and sight in one eye, \$150,000 for loss of one hand or one foot or sight of one eye.

Section 2. Time loss: the carrier will provide an injured employee after 30 days of accident 80% of basic weekly pay, with a maximum of \$1,000 per week for up to 156 weeks, less sickness benefits paid by Railroad Retirement.

Section 3. Aggregate limit of policy is raised to \$10,000,000.

Article X - General Provisions. Section 1 - Court Approval. Agreement is subject to court approval with respect to carriers in the hands of receivers or trustees.

Section 2 - Effect of Agreement. Agreement remains in effect through December 31, 2004 and the parties cannot serve any notice for change prior to November 1, 2004 (to be effective January 1, 2005).

Side Letters # 1, 2 and 3. Carriers will pay retroactive portion of general wage increases no later than 60 days after the date of Agreement. Retroactive portion of wage increases will apply to employees who are employed on the date of Agreement or who retired or died after June 30, 2002. COLA payments made on and after July 1, 2002 will be recovered from retroactive payments.

Side Letters #4, 5, 6, 7 and 8. Opt-outs and cost sharing of insurance plan do not apply to employees who reside in Canada. Employees who "opt out" of health plan coverage will continue to have on-duty injury coverage, dental and vision plans, and Life and AD&D insurance coverage. If a husband and wife are each covered by the national plan, a BLE represented spouse may "opt out." If "opt out" is made, such BLE-represented spouse will not receive the \$100/month payment and will not be required to make cost sharing contributions. For purposes of IRS code, any opt out election is treated as declining coverage and IRS regulations govern how an employee who has opted out may become covered prior to the next regular opt out period. The \$100 opt out payment will cease immediately upon an employee becoming covered. In some cases, an employee may be granted permission to revoke an opt-out. Union Pacific Railroad Employees Health Systems may bid to provide services to the new plan. Any references to the new health and welfare plan will encompass references to Policy Contract GA-23000.

Side Letter # 9. Local Chairmen, part time general chairmen and state legislative chairmen are obligated for retroactive cost sharing of insurance payments not to exceed amount of retroactive pay.

Side Letters # 10 and 11. If an employee receives healthcare benefits from a hospital association then the employee's monthly cost sharing amount will be reduced by the hospital association's monthly dues. The parties will discuss design changes of the insurance plan involving employee options that will help to contain costs.

Side Letter # 12 Carriers agree not to apply Article VI (deadheading) of Award of Arbitration Board No. 458 to a trip rate paid to a post-85 employee under circumstances related to deadheading and payment of held-away-from-home terminal allowance.

Side Letter # 13 Technology issues will be referred to the National Wage and Rule Panel.

Side Letter # 14 When an Engineer ties up under the Hours of Service Act before reaching the destination terminal, the carriers will make reasonable efforts to relieve and expeditiously transport such Engineer to the tie-up point. If the BLE finds that this commitment is not being fulfilled, the General Chairman will contact the Director of Labor Relations in writing and the parties will seek a resolution.

Agreed-to Questions and Answers. Special attention should be given to the questions and answers which clarify many of the items in the proposed agreement.