

COPY

BMW
MAY 31, 2001

AGREEMENT

DATED MAY 31, 2001

Between Railroads Represented by the
NATIONAL CARRIERS' CONFERENCE COMMITTEE

and

Employees of such Railroads represented by the
BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES

MEDIATION AGREEMENT

THIS AGREEMENT, made this 31st day of May, 2001, by and between the participating carriers listed in Exhibit A attached hereto and hereby made a part hereof, and represented by the National Carriers' Conference Committee, and the employees of such carriers shown thereon and represented by the Brotherhood of Maintenance of Way Employees, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

On January 1, 2001, all hourly, daily, weekly, and monthly rates of pay of employees covered by this Agreement in effect on the preceding day shall be increased in the amount of three-and-one-half (3-1/2) percent applied so as to give effect to this increase in pay irrespective of the method of payment. The increase provided for in this Section 1 shall be applied as follows:

(a) **Hourly Rates** -

Add 3-1/2 percent to the existing hourly rates of pay.

(b) **Daily Rates** -

Add 3-1/2 percent to the existing daily rates of pay.

(c) **Weekly Rates** -

Add 3-1/2 percent to the existing weekly rates of pay.

(d) **Monthly Rates** -

Add 3-1/2 percent to the existing monthly rates of pay.

(e) **Disposition of Fractions** -

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

(f) **Piece Work** -

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

(g) **Deductions** -

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

(h) **Application of Wage Increase** -

The increase in wages provided for in this Section 1 shall be applied in accordance with the wage or working conditions agreement in effect between each carrier and the labor organization party hereto. Special allowances not included in fixed hourly, daily, weekly or monthly rates of pay for all services rendered, and arbitraries representing duplicate time payments, will not be increased. Overtime hours will be computed in accordance with individual schedules for all overtime hours paid for.

Section 2 - Second General Wage Increase

(a) A cost-of-living wage adjustment, calculated in accordance with this subsection, shall be payable and rolled in to basic rates of pay on July 1, 2001. Such wage adjustment shall be equal to the difference between (i) the cost-of-living wage adjustment calculated pursuant to Article II, Part B of this Agreement except as otherwise provided in subsection (b) hereof, and (ii) the lesser of (x) the cents per hour produced by dividing thirty-five (35) percent of the increase, if any, in the carriers' 2001 payment rate over such payment rate for 2000, 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 amount referred to in (i) above.

(b) The measurement period for this cost-of-living wage adjustment shall be March 2000 to March 2001, and the provisions of Article II, Part B, Section 1(d) shall not be applicable.

(c) All hourly, daily, weekly, monthly and piece-work rates of pay in effect on June 30, 2001 for employees covered by this Agreement shall be increased by the amount computed pursuant to subsection (a) applied so as to give effect to this increase irrespective of the method of payment. The

increase provided for in this Section 2 shall be applied in the same manner as provided for in Article II, Part B, Section 3.

Section 3 - Third General Wage Increase

(a) A cost-of-living wage adjustment, calculated in accordance with this subsection, shall be payable and rolled in to basic rates of pay on July 1, 2002. Such wage adjustment shall be equal to the difference between (i) the cost-of-living wage adjustment calculated pursuant to Article II, Part B of this Agreement except as otherwise provided in subsection (b) hereof, and (ii) the lesser of (x) the cents per hour produced by dividing forty (40) percent of the increase, if any, in the carriers' 2002 payment rate over such payment rate for 2001, 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 amount referred to in (i) above.

(b) The measurement period for this cost-of-living wage adjustment shall be March 2001 to March 2002, and the provisions of Article II, Part B, Section 1(d) shall not be applicable.

(c) All hourly, daily, weekly, monthly and piece-work rates of pay in effect on June 30, 2002 for employees covered by this Agreement shall be increased by the amount computed pursuant to subsection (a) applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 3 shall be applied in the same manner as provided for in Section 2 (c) hereof.

Section 4 - Fourth General Wage Increase

(a) A cost-of-living wage adjustment, calculated in accordance with this subsection, shall be payable and rolled in to basic rates of pay on July 1, 2003. Such wage adjustment shall be equal to the difference between (i) the cost-of-living wage adjustment calculated pursuant to Article II, Part

B of this Agreement except as otherwise provided in subsection (b) hereof, and (ii) the lesser of (x) the cents per hour produced by dividing forty-five (45) percent of the increase, if any, in the carriers' 2003 payment rate over such payment rate for 2002, 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 amount referred to in (i) above.

(b) The measurement period for this cost-of-living wage adjustment shall be March 2002 to March 2003, and the provisions of Article II, Part B, Section 1(d) shall not be applicable.

(c) All hourly, daily, weekly, monthly and piece-work rates of pay in effect on June 30, 2003 for employees covered by this Agreement shall be increased by the amount computed pursuant to subsection (a) applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 2(c) hereof.

Section 5 - Fifth General Wage Increase

(a) A cost-of-living wage adjustment, calculated in accordance with this subsection, shall be payable and rolled in to basic rates of pay on July 1, 2004. Such wage adjustment shall be equal to the difference between (i) the cost-of-living wage adjustment calculated pursuant to Article II, Part B of this Agreement except as otherwise provided in subsection (b) hereof, and (ii) the lesser of (x) the cents per hour produced by dividing fifty (50) percent of the increase, if any, in the carriers' 2004 payment rate over such payment rate for 2003, 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 amount referred to in (i) above.

(b) The measurement period for this cost-of-living wage adjustment

shall be March 2003 to March 2004, and the provisions of Article II, Part B, Section 1(d) shall not be applicable.

(c) All hourly, daily, weekly, monthly and piece-work rates of pay in effect on June 30, 2004 for employees covered by this Agreement shall be increased by the amount computed pursuant to subsection (a) applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 5 shall be applied in the same manner as provided for in Section 2(c) hereof.

Section 6 - Definitions

The carriers' payment rate ("payment rate") for any year means twelve times the sum of (a) the carriers' payments for foreign-to-occupation health benefits under the Plan per month (in such year) per employee who is fully covered for employee health benefits under the Plan, (b) the carriers' payments per month (in such year) per such employee to the Vision Care Plan and for the Hearing Benefit provided under Article V of this Agreement, and (c) the carriers' payments per month (in such year) per such employee for life insurance and accidental death and dismemberment 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 Imposed Agreement dated February 6, 1992 (effective July 29, 1991) between the organization signatory hereto and the carriers represented by the National Carriers' Conference Committee.

ARTICLE II - COST-OF-LIVING PAYMENTS

Part A - Cost-of-Living Payments Under Agreement Dated September 26, 1996

Section 1

Article II, Part C of the Agreement dated September 26, 1996, which provides for a cost-of-living allowance beginning July 1, 2000, shall be eliminated effective January 1, 2001. Any amounts paid pursuant to that provision on or after January 1, 2001 shall be deducted from the general wage increase provided in Article I, Section 1 of this Agreement.

Section 2

Any local counterpart to the above-referenced Article II, Part C that is in effect on a carrier party to this Agreement shall be amended in the same manner as provided in Section 1.

Part B - Cost-of-Living Allowance and Adjustments Thereto After January 1, 2005

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, 2005 based, subject to paragraph (d), on the CPI for March 2005 as compared with the CPI for

September 2004. 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).

<u>Measurement Periods</u>		
<u>Base Month</u>	<u>Measurement Month</u>	<u>Effective Date of Adjustment</u>
September 2004	March 2005	July 1, 2005
March 2005	September 2005	January 1, 2006

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, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.

(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:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2005	3% of September 2004 CPI
January 1, 2006	6% of September 2004 CPI, less the increase from September 2004 to March 2005

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 2004 to the measurement month of March 2005 exceeds 3% of the September 2004 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, 2005 during such measurement period.

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

(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, 2005 shall be adjusted (increased or decreased) effective January 1, 2006 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, 2005 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, 2005 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-half of the increase, if any, in the carriers' 2005 payment rate over such payment rate for 2004, 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, 2005.

(b) The cost-of-living allowance payable to each employee effective January 1, 2006 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-half of the increase, if any, in the carriers' 2006 payment rate over such payment rate for 2005, 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 January 1, 2006.

(c) The cost-of-living allowance payable to each employee effective July 1, 2006 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-half of the increase, if any, in the carriers' 2006 payment rate over such payment rate for 2005, 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, 2006. For the purpose of the foregoing calculation, credit shall be given for the amount of any annual

payment rate increases described in clause (ii) that have been taken into account in determining the amount received by each employee effective January 1, 2006.

(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 set forth in Section 6 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 B will be payable as provided in Section 2 and will not become part of basic rates of pay. Such allowance and the adjustments thereto will be applied as follows:

(a) **Hourly Rates** - Add the amount of the cost-of-living allowance to the hourly rate of pay produced by application of Article I.

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

(c) **Weekly Rates** - Determine the equivalent hourly rate by

dividing the established weekly rate by the number of hours comprehended by the weekly rate. The amount of the cost-of-living allowance multiplied by the number of hours comprehended by the weekly rate shall be added to the weekly rate produced by application of Article I.

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

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

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

Section 4 - Continuation of Part B

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

Railway Labor Act.

ARTICLE III - OPTIONAL ALTERNATIVE COMPENSATION PROGRAM

Section 1

A carrier may offer employees, by notice addressed to their designated representative(s), alternative compensation arrangements. Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401(k) plans. The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate representatives.

Section 2

The parties understand that no carrier may be compelled to offer any alternative compensation arrangement, and, conversely, the organization cannot be compelled to agree to any carrier proposal made under this Article.

ARTICLE IV - SUPPLEMENTAL SICKNESS

The January 9, 1980 Supplemental Sickness Benefit Agreement, as subsequently amended (Sickness Agreement), shall be further amended as provided in this Article.

Section 1 - Adjustment of Plan Benefits

(a) Benefits shall be provided under the Plan established pursuant to the Sickness Agreement as set forth in paragraph (b) so as to restore the same ratio of benefits to rates of pay as existed on December 31, 1999 under the terms of that Agreement.

(b) Section 4 of the Sickness Agreement shall be revised as follows:

	<u>Per Hour</u>	<u>Per Month</u>
Class I Employees Earning (as of December 31, 1999)	\$17.36 or more	\$3,021 or more
Class II Employees Earning (as of December 31, 1999)	\$16.03 or more but less than \$17.36	\$2,789 or more, but less than \$3,021
Class III Employees Earning (as of December 31, 1999)	Less than \$16.03	Less than \$2,789

Basic and Maximum Amount Per Month

<u>Classification</u>	<u>Basic</u>	<u>RUIA</u>	<u>Maximum</u>
Class I	\$992	\$1,044	\$2,036
Class II	\$873	\$1,044	\$1,917
Class III	\$738	\$1,044	\$1,782

Combined Benefit Limit

<u>Classification</u>	<u>Maximum Monthly Amount</u>
Class I	\$2,185
Class II	\$2,054
Class III	\$1,911

Section 2 - Adjustment of Plan Benefits During Agreement Term

Effective December 31, 2004, the benefits provided under the Plan shall be adjusted so as to restore the same ratio of benefits to rates of pay as existed on the effective date of this Article.

Section 3 - Return to Work

(a) When an employee's physician determines that the employee's disability (as that term is defined by the Plan) has ended and the employee is medically qualified to return to work, and the carrier's designated medical officer finds in his medical judgment that such employee is not medically qualified to return to work, the employee shall be promptly notified in writing. The employee's disability payments due under the Plan shall continue until the sooner of the date the employee is found to be medically qualified to return to service by the carrier's designated medical officer or the expiration of the twelve-month limitation on Plan benefits for such disability.

(b) Nothing contained herein shall be construed to extend the amount or duration of payments under the Plan to any employee beyond that currently provided.

ARTICLE V - HEALTH AND WELFARE PLAN

Section 1 - Continuation of Health and Welfare Plan

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

Section 2 - Plan Benefit Changes

(a) The Plan’s Comprehensive Health Care Benefit (CHCB) is amended to include one routine physical examination (including diagnostic testing and immunizations in connection with such examination) each calendar year for covered employees and their eligible dependents. Such CHCB benefit shall cover 100% of the Covered Expenses involved up to \$150, and 75% of such Covered Expenses in excess of \$150.

(b) Routine childhood (up to age 18) immunizations, including boosters, for Diphtheria, Pertussis or Tetanus (DPT), measles, mumps, rubella and polio shall be provided under the CHCB. This benefit is subject to the applicable deductible and percentage of Covered Expenses payable.

(c) In addition to the Plan’s existing coverage for speech therapy, such therapy will be a Covered Expense under the CHCB and the Plan’s Managed Medical Care Program (“MMCP”), when given to children under three years of age as part of a treatment for infantile autism, development delay, cerebral palsy, hearing impairment or major congenital anomalies that affect speech.

(d) Phenylketonurial blood tests (“PKU”) will be a Covered Expense under the MMCP and the CHCB when given to infants under the age of one in a hospital or on an out-patient basis.

(e) The MMCP will continue to require a co-payment with respect to the first office visit by a participant or beneficiary to her obstetrician or gynecologist for treatment of a pregnancy but will not require a co-payment with respect to any subsequent visit to that obstetrician or gynecologist for treatment of the same pregnancy.

(f) The MMCP will not require a co-payment on behalf of a participant or beneficiary with respect to any visit to a physician's office solely for the administration of an allergy shot.

(g) The Plan's Prescription Drug Card Program co-payments per prescription are revised as follows: (i) Generic Drug - \$5.00; (ii) Brand Name Drug - \$10.00. The Plan's Mail Order Prescription Drug Program co-payment is revised as follows: (i) Generic Drug - \$10.00; (ii) Brand Name Drug - \$15.00.

(h) All of the benefits as changed herein will be subject to the Plan's generally applicable limitations, conditions and exclusions. Existing Plan provisions not specifically amended by this Section shall continue in effect without change.

(i) A Hearing Benefit will be provided. Such arrangement shall provide a Maximum Benefit of \$600.00 annually for each covered person for covered expenses. Covered expenses shall consist of charges for medically necessary tests and examinations to establish whether and to what extent there is a hearing loss and charges for a permanent hearing aid that is medically necessary to restore lost hearing or help impaired hearing. Such Benefit may, at the carriers' option, be administered through the Plan or as a separate arrangement administered by the National Carriers' Conference Committee, and will include standard limitations, conditions and exclusions.

(j) The Plan life insurance benefit for active employees shall be increased to \$20,000, and the Plan's maximum accidental death and dismemberment benefit for active employees shall be increased to \$16,000.

(k) This Section shall become effective with respect to employees covered by this Agreement on January 1, 2002.

Section 3 - Vision Care

Effective January 1, 2002, the benefits provided under the Vision Care Plan shall be changed from the Select to the Standard arrangement.

ARTICLE VI - EXPENSES AWAY FROM HOME

Section 1 - First Adjustment

The allowances specified in the Award of Arbitration Board No. 298 (rendered September 30, 1967), as adjusted in various subsequent national agreements, shall be further adjusted as follows effective July 1, 2002:

(a) The maximum reimbursement for actual reasonable lodging expense provided for in Article I, Section A(3) is increased from \$26.75 to \$29.00 per day;

(b) The meal allowances provided for in Article I, Sections B(1), B(2) and B(3) are increased from \$7.00, \$14.25 and \$21.25 per day, respectively, to \$7.50, \$15.50 and \$23.00 per day, respectively; and

(c) The maximum reimbursement for actual meals and lodging costs provided for in Article II, Section B is increased from \$48.00 per day to \$52.00 per day.

Section 2 - Second Adjustment

Effective January 1, 2005, the daily allowances specified in paragraphs (a), (b), and (c) of Section 1 above will be further adjusted to (a) \$32.00;

(b) \$8.00, \$17.00 and \$25.00, respectively, and (c) \$57.00.

Section 3 - Minimum Allowance

On carriers where expenses away from home are not determined by the allowances made pursuant to the Award of Arbitration Board No. 298, such allowances will not be less than those provided for in this Article.

ARTICLE VII - TRAVEL ALLOWANCE

Section 1

Article XIV - Travel Allowance of the September 26, 1996 National Agreement is amended by adding the following new subsection to Section 1 of that Article:

“(d) For purposes of this Section, an employee’s Home Station (as defined below) shall be used in lieu of his residence if the employee’s residence is located outside of the employing carrier’s system (*i.e.*, in a state (or location outside the continental United States) that does not contain a line of road directly operated and maintained by that carrier), except where his residence is closer to the work location than his Home Station. Home Station for this purpose shall mean a station, town or city listed in the carrier’s timetable that is located nearest to the employee’s residence.”

Section 2

Any alternative arrangements to the above-referenced Article XIV that are in effect on a carrier party to this Agreement shall be amended in the same manner as provided in Section 1.

Section 3

This Article shall become effective ten (10) days after the date of this Agreement except on any carrier which elects to preserve existing rules and practices pertaining to Travel Allowances by notification to the authorized organization representative(s).

ARTICLE VIII - GENERAL PROVISIONS

Section 1 - Court Approval

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

Section 2 - Effect of this Agreement

(a) The purpose of this Agreement is to fix the general level of compensation during the period of the Agreement, and to settle the disputes growing out of the notices dated November 1, 1999 and served upon the organization by the carriers listed in Exhibit A on that date, and notices dated on or subsequent to November 1, 1999 served by the organization signatory hereto upon such carriers. 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, 2004 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

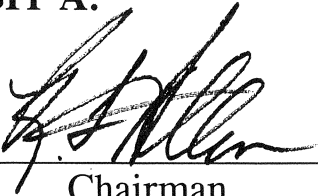
(b) No party to this Agreement shall serve, prior to November 1, 2004 (not to become effective before January 1, 2005) any notice or proposal for the purpose of changing the subject matter of the provisions of this Agreement or which proposes matters covered by the proposals of the parties cited in paragraph (a) of this Section, and any proposals in pending notices relating to such subject matters are hereby withdrawn.

(c) No party to this Agreement shall serve or progress, prior to November 1, 2004 (not to become effective before January 1, 2005), any notice or proposal.

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

SIGNED AT Washington, DC THIS 31st DAY OF May, 2001.

**FOR THE PARTICIPATING
CARRIERS LISTED IN
EXHIBIT A:**

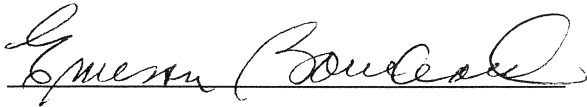


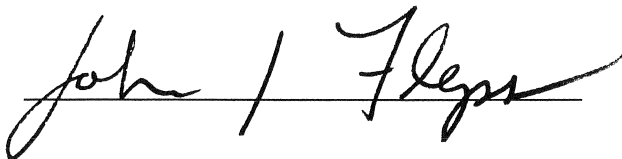
Chairman

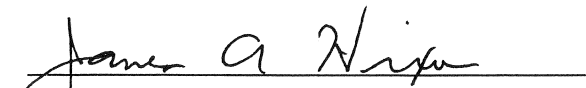
**FOR THE EMPLOYEES REP-
RESENTED BY THE BROTH-
ERHOOD OF MAINTENANCE
OF WAY EMPLOYEES:**

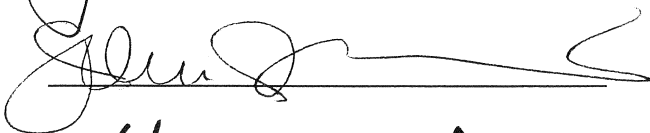


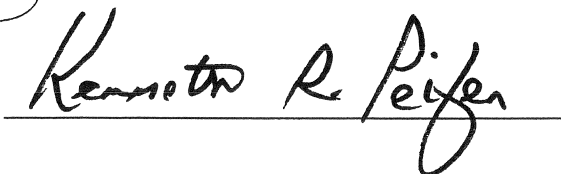
President











May 31, 2001
#1

Mr. Mac A. Fleming
President
Brotherhood of Maintenance
of Way Employes
26555 Evergreen Road
Suite 200
Southfield, MI 48076-4225

Dear Mr. Fleming:

This refers to our discussions in connection with our National Agreement of this date (Agreement) and will confirm our understanding regarding certain employment information pertaining to BMW members.

Within sixty (60) days after written request from the authorized BMW representative(s) to a carrier covered by this Agreement, the parties shall meet to discuss ways in which information pertaining to BMW members' employment status, union dues, fees and assessments, and BMW Political League contributions can be accessed and exchanged more effectively. The carrier representatives shall include, to the extent feasible, individuals who are aware of the manner in which such information is developed and maintained on the carrier. The parties shall use their best efforts to reach accord on the information to be covered by this initiative.

The parties recognize the considerable variations that exist between carriers in this area and, accordingly, do not intend to require development of either new or uniform information systems solely for the purpose of complying with this letter of understanding.

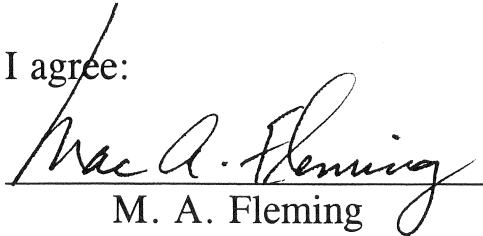
If this conforms with your understanding of our agreement, please acknowledge by signing your name in the space provided below.

Yours very truly,



Robert F. Allen

I agree:



M. A. Fleming

May 31, 2001
#2

Mr. Mac A. Fleming
President
Brotherhood of Maintenance
of Way Employes
26555 Evergreen Road
Suite 200
Southfield, MI 48076-4225

Dear Mr. Fleming:

This refers to our discussions in connection with our National Agreement of this date (Agreement) and will confirm our understanding regarding the application of certain provisions of the cost-sharing arrangements set forth in Articles I and II of the Agreement.

1. Sections 2, 3, 4 and 5 of Article I and Section 2 of Part B of Article II provide, in part, for year over year payment rate increases to be divided by the average composite straight-time equivalent hours that are subject to wage increases for the latest year for which statistics are available (ACSTE Hours). The underscored phrase shall be applied as follows:

<u>Cost-Sharing Year</u>	<u>ACSTE Hours for Calendar Year</u>
2001	1999*
2002	2000
2003	2001
2004	2002
2005	2003**

* 2,547 hours.

** Same pattern followed in subsequent years in which Article II, Part B remains in effect without change by the parties.

2. The ACSTE Hours shall be based on all such hours for individuals who are employed by Class One carriers, and represented by labor organizations, that are participating in national bargaining in the current round.

3. For purposes of the computations described in Article I, Section 2 of the Agreement, it is agreed that:

- a. The cost-of-living wage adjustment calculated pursuant to Article II, Part B except as otherwise provided in Article I, Section 2(b) is forty-seven (47) cents per hour. (See Attachment A for computation.)
- b. The carriers' monthly payment rate for 2000 is \$589.30, the carriers' monthly payment rate for 2001 is \$684.71, and the total annual increase in carriers' payment rate is \$1144.92. (See Attachment B for computation.)
- c. The employee's share of the carriers' annual payment rate increase is sixteen (16) cents per hour. (See Attachment C for computation.)
- d. The general wage increase under Section 2 effective July 1, 2001 is thirty-one (31) cents per hour. (See Attachment C for computation.)

4. Paragraph 3 is generally illustrative of the application of the cost-sharing provisions in the Agreement applicable to future years that are common to Article I, Section 2, recognizing that actual numbers will vary from year to year.

If this conforms with your understanding of our agreement, please acknowledge by signing your name in the space provided below.

Yours very truly,



Robert F. Allen

I agree:



M. A. Fleming

ATTACHMENT A

1. Compute the difference between the March 2001 CPI-W and the March 2000 CPI-W:

March 2001 CPI-W	514.2
March 2000 CPI-W	<u>500.0</u>
	14.2 points

2. Divide the total points change by .3:

$$14.2 / .3 = 47.33 \text{ cents}$$

Drop the fractional cents: 47 cents

ATTACHMENT B

ELEMENT	MONTHLY	
	2000	2001
FO Coverage	\$550.60	\$644.40
Life and AD&D	13.55	13.55
Vision	7.43	7.43
Hearing	0.0	0.0
Additions to Trust (w/o ODI)	17.72	19.33
PAYMENT RATE	\$589.30	\$684.71

INCREASE IN MONTHLY PAYMENT RATE, 2001 OVER 2000:

$$\begin{array}{r} \$684.71 \\ -589.30 \\ \hline \$95.41/\text{month} \end{array}$$

INCREASE IN ANNUAL PAYMENT RATE, 2001 OVER 2000:

$$\$95.41 \times 12 = \$1144.92/\text{year}$$

ATTACHMENT C

1. The “gross” cost-of-living wage adjustment (computed without taking into account the offset for the employees’ share of the annual increase in health benefit costs) is 47 cents per hour. (See Attachment A)

2. The 47 cents/hour is subject to adjustment by the lesser of:

(x) the cents per hour produced by dividing thirty-five percent of \$1144.92 (the annual increase in the carriers’ 2001 payment rate over the carriers’ 2000 payment rate) (see Attachment B) by 2,547 (the applicable ACSTE Hours), and

(y) one-half of 47 cents

3. The computation described in (x) produces 15.73 cents per hour, as shown below:

$$\$1144.92 \times .35 = \$400.72; \quad \$400.72/2,547 = 15.73 \text{ cents/hour}$$

4. The offset is the lesser of (x) 15.73 cents or (y) 23.5 cents (one-half of 47 cents)

5. The cost-of-living wage adjustment effective July 1, 2001 is 31 cents per hour:

$$47 \text{ cents} - 15.73 \text{ cents} = 31.27 \text{ cents per hour}$$

Rounded to nearest whole cent = 31 cents per hour

May 31, 2001
#3

Mr. Mac A. Fleming
President
Brotherhood of Maintenance
of Way Employes
26555 Evergreen Road
Suite 200
Southfield, MI 48076-4225

Dear Mr. Fleming:

This will confirm our understanding with respect to Article I - Wages and Article II - Cost-of-Living Payments of our National Agreement of this date (Agreement). These Articles provide, in part, for employee sharing of a portion of any annual increases in the carriers' payment rate to provide certain benefits, as described in Article I, Section 6, through reductions in the amount of cost-of-living wage adjustments and allowances ("cost-sharing reductions") that would otherwise be payable.

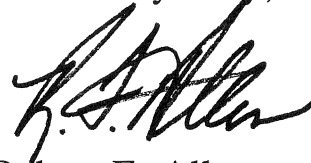
During our negotiations concerning these Articles, we discussed the matter of adjustments to such cost-sharing reductions in future years in the event that the carriers' payment rate fluctuates from year to year.

This will confirm our understanding that if a cost-sharing reduction is made under this Agreement because of an annual payment rate increase ("offset"), and if the payment rate in a subsequent year is less than the payment rate on which such offset was based, the amount of such offset shall be adjusted pro rata to reflect such decreased benefit costs. Such adjustment shall be made contemporaneously with any wage adjustment provided under

this Agreement and in no event shall take into account any portion of a payment rate below the year 2000 payment rate level. If the payment rate subsequently increases, the amount of offset previously adjusted shall be reinstated on a pro rata basis.

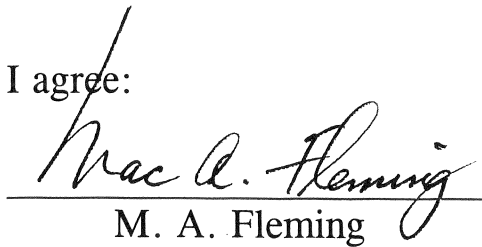
If this letter conforms with your understanding of our agreement, please acknowledge by signing your name in the space provided below.

Yours very truly,



Robert F. Allen

I agree:



M. A. Fleming

May 31, 2001

#4

Mr. Mac A. Fleming
President
Brotherhood of Maintenance
of Way Employes
26555 Evergreen Road
Suite 200
Southfield, MI 48076-4225

Dear Mr. Fleming:

This confirms our understanding in connection with our National Agreement of this date (Agreement).

For purposes of applying the Plan cost-sharing provisions set forth in the Agreement, the carriers' payment rate shall not include the excess, if any, of (a) the amount attributable to the first full calendar year of participation in the Plan by employees covered by this Agreement who as a group move from being employees whose employee benefits are provided by a hospital association to employees whose employee benefits are provided by the Plan, over (b) the hospital association dues offset that would have been paid by the carriers for the same period of time with respect to such employees had they not moved from hospital association employee coverage to Plan employee coverage; provided that such move becomes effective on or after the date of this Agreement and directly results from implementation of the cost-sharing provisions of this Agreement.

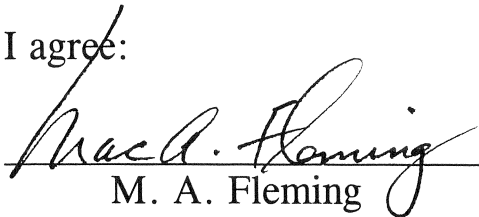
If this conforms with your understanding of our agreement, please acknowledge by signing your name in the space provided below.

Yours very truly,

A handwritten signature in cursive script, appearing to read "R. F. Allen".

Robert F. Allen

I agree:

A handwritten signature in cursive script, appearing to read "M. A. Fleming".
M. A. Fleming

May 31, 2001
#5

Mr. Mac A. Fleming
President
Brotherhood of Maintenance of Way Employes
26555 Evergreen Road, Suite 200
Southfield, Michigan 48076

Dear Mr. Fleming:

This refers to our National Agreement of this date (Agreement), more particularly, those portions of our respective Section 6 notices that were withdrawn as part of the settlement.

As both parties know, the Agreement is the product of vigorous and intensive negotiations over many months. During the course of the negotiations, it became clear that the opportunity for agreement would increase significantly if the parties were able to reduce the number of issues addressed in a substantive manner. In other words, the greatest prospect for a settlement was a "bare bones" agreement.

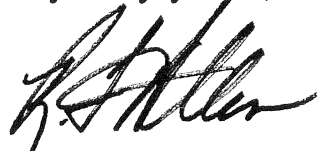
However, the parties' success in following that path to settlement should not be taken in any way as indicating that those provisions withdrawn lacked merit. That is not the case. Rather, many of those provisions address important and vital subjects to one or both parties.

Thus, this letter is to signify that each parties' commitment to withdraw certain proposals pursuant to this Agreement is made solely for the purpose of reaching a voluntary agreement and is without prejudice to that

party's position in a future round of negotiations regarding the need, propriety, or legality of any such proposal.

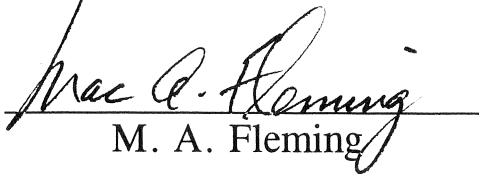
If this conforms with your understanding of our agreement, please acknowledge by signing your name in the space provided below.

Very truly yours,



Robert F. Allen

I agree:



M. A. Fleming

May 31, 2001
#6

Mr. Mac A. Fleming
President
Brotherhood of Maintenance
of Way Employes
26555 Evergreen Road
Suite 200
Southfield, MI 48076-4225

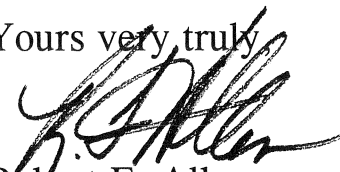
Dear Mr. Fleming:

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

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.

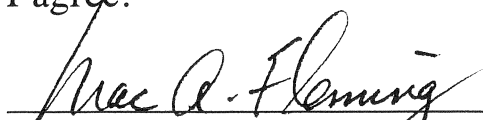
Please acknowledge your agreement by signing your name in the space provided below.

Yours very truly



Robert F. Allen

I agree:



M. A. Fleming

EXHIBIT A
(BMW)

RAILROADS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES DATED NOVEMBER 1, 1999 OF DESIRE TO REVISE AND SUPPLEMENT EXISTING AGREEMENTS IN ACCORDANCE THEREWITH, SERVED BY AND ON BEHALF OF SUCH CARRIERS UPON THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES, AND NOTICES DATED ON OR SUBSEQUENT TO NOVEMBER 1, 1999 AND SERVED ON SUCH CARRIERS BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES FOR CONCURRENT HANDLING THEREWITH.

Subject to indicated footnotes, this authorization is co-extensive with notices filed and with provisions of current schedule agreements applicable to employees represented by the Brotherhood of Maintenance of Way Employes.

Alameda Belt Line Railway
Alton & Southern Railway Company
The Belt Railway Company of Chicago - 3
The Burlington Northern and Santa Fe Railway Company
Central California Traction Company
Consolidated Rail Corporation
CSX Transportation, Inc.
Duluth, Missabe & Iron Range Railway Company - 1
Elgin, Joliet and Eastern Railway Company - 1
The Kansas City Southern Railway Company
Lake Superior & Ishpeming Railroad Company - 4
Los Angeles Junction Railway Company

Manufacturers Railway Company
New Orleans Public Belt Railroad - 2
Norfolk & Portsmouth Belt Line Railroad Company
Norfolk Southern Railway Company
 The Alabama Great Southern Railroad Company
 Atlantic and East Carolina Railway Company
 Central of Georgia Railroad Company
 The Cincinnati, New Orleans & Texas Pac. Ry. Co.
 Georgia Southern and Florida Railway Company
 Interstate Railroad Company
Northeast Illinois Regional Commuter RR Corp (METRA) - 3
Northern Indiana Commuter Transportation District - 3
Peoria and Pekin Union Railway Company
Port Terminal Railroad Association
Portland Terminal Railroad Company
Terminal Railroad Association of St. Louis
The Texas Mexican Railway Company
Union Pacific Railroad Company
Utah Railway Company
Wichita Terminal Association

* * * * *

Notes:

- 1 - Wages & Rules only
- 2 - Health & Welfare only
- 3 - Health & Welfare and Supplemental Sickness only

4 - Wages & Rules and Supplemental Sickness only

FOR THE CARRIERS:



**FOR THE BROTHERHOOD OF
MAINTENANCE OF WAY
EMPLOYEES:**



Washington, D.C.
May 31, 2001

May 31, 2001

Mr. Mac A. Fleming
President
Brotherhood of Maintenance
of Way Employes
26555 Evergreen Road
Suite 200
Southfield, MI 48076-4225

Dear Mr. Fleming:

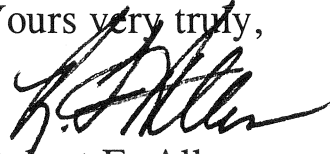
This refers to our discussions in connection with our National Agreement of this date (Agreement) and will confirm our understanding regarding handling of annual vacation qualification for full time officials of your organization who return to active service with the employing carrier.

Effective January 1, 2002, a full time official of the Brotherhood of Maintenance of Way Employes who returns to active service with an employing carrier covered by the Agreement shall receive credit, for the purpose of the continuous service qualification requirements for an annual vacation under applicable vacation rules, for all service time as a full time BMWWE official while on leave from the employing carrier.

This letter shall become effective ten days after the date of this Agreement except on such carriers where the organization representative may elect to preserve existing rules pertaining to such crediting of service time for organization officials by notification to the authorized carrier representative.

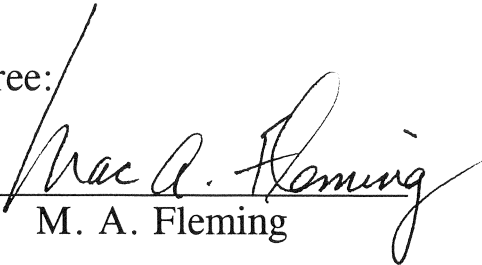
If this conforms with your understanding of our agreement, please acknowledge by signing your name in the space provided below.

Yours very truly,



Robert F. Allen

I agree:



M. A. Fleming