THIS AGREEMENT IS MADE THIS 28th DAY OF JULY, 1992, BY
AND BETWEEN CONSOLIDATED RAIL CORPORATION AND ITS
EMPLOYEES REPRESENTED BY THE BROTHERHOOD OF
MAINTENANCE OF WAY EMPLOYEES.

ARTICLE I - WAGES

Section 1 - Lump Sum Payment

Each employee subject to this Agreement who qualified for an annual
vacation in the calendar year 1991 will be paid $4,000 within 60 days from the date
of this Agreement. Those employees who during the calendar year 1990 failed to
qualify for an annual vacation in the calendar year 1991 will be paid a proportional
share of that amount, based on a percentage of the qualifying period satisfied. This
Section shall be applicable solely to those employees subject to this Agreement who
have an employment relationship as of the date of this Agreement or who have
retired or died subsequent to January 1, 1990. There shall be no duplication of
lump sum payments by virtue of employment under an agreement with another
organization.

Section 2 - First General Wage Increase

Effective July 1, 1991, all hourly, daily, weekly, and monthly rates of pay in effect
on June 30, 1991, for employees covered by this Agreement shall be increased in the
amount of three (3) 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 2
shall be applied as follows:

(a) Hourly Rates

Add 3 percent to the existing hourly rates of pay.

(b) Daily Rates

Add 3 percent to the existing daily rates of pay.

(c) Weekly Rates

Add 3 percent to the existing weekly rates of pay.

(d) Monthly Rates

Add 3 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) **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.

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

The increase in wages provided for in this Section 2 shall be applied in accordance with the wage or working conditions agreement in effect between the Carrier and the Brotherhood of Maintenance of Way Employes. 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 3 - Second General Wage Increase**

Effective July 1, 1993, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 1993 for employees covered by this Agreement shall be increased in the amount of three (3) percent 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 hereof.

**Section 4 - Third General Wage Increase**

Effective July 1, 1994, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 1994 for employees covered by this Agreement shall be increased in the amount of four (4) percent 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 hereof.
ARTICLE II - COST-OF-LIVING PAYMENTS


Section 1 - First Lump Sum Cost-of-Living Payment

Subject to Section 6, employees with 2,000 or more straight time hours paid for (not including any such hours reported to the Interstate Commerce Commission as constructive allowances except vacations, holidays, and guarantees in protective agreements or arrangements) during the period April 1, 1991 through March 31, 1992, will receive a lump sum payment on July 1, 1992 of $960.00.

Section 2 - Second Lump Sum Cost-of-Living Payment

Subject to Section 6, employees with 1,000 or more straight time hours paid for (not including any such hours reported to the ICC as constructive allowances except vacations, holidays, and guarantees in protective agreements or arrangements) during the period April 1, 1992 through September 30, 1992, will receive a lump sum payment on January 1, 1993 equal to the difference between (i) $960.00, and (ii) the lesser of $480.00 and one quarter of the amount, if any, by which the carriers’ 1993 payment rate for foreign-to-occupation health benefits under the Railroad Employees National Health and Welfare Plan (the "Plan") exceeds the sum of (a) the amount of such payment rate for 1992 and (b) the amount per covered employee that will be taken during 1993 from that certain special account maintained at The Travelers Insurance Company known as the "Special Account Held in Connection with the Amount for the Close-Out Period" (the "Special Account") to pay or provide for Plan foreign-to-occupation health benefits.

Section 3 - Third Lump Sum Cost-of-Living Payment

Subject to Section 6, employees with 2,000 or more straight time hours paid for (not including any such hours reported to the ICC as constructive allowances except vacations, holidays, and guarantees in protective agreements or arrangements) during the period October 1, 1992 through September 30, 1993, will receive a lump sum payment on January 1, 1994 equal to the difference between (i) $988.00, and (ii) the lesser of $494.00 and one quarter of the amount, if any, by which the carriers’ 1994 payment rate for foreign-to-occupation health benefits under the Plan exceeds the sum of (a) the amount of such payment rate for 1993 and (b) the amount per covered employee that will be taken during 1994 from the Special Account to pay or provide for Plan foreign-to-occupation health benefits.
Section 4 - Fourth Lump Sum Cost-of-Living Payment

Subject to Section 6, employees with 2,000 or more straight time hours paid for (not including any such hours reported to the ICC as constructive allowances except vacations, holidays, and guarantees in protective agreements or arrangements) during the period October 1, 1993 through September 30, 1994, will receive a lump sum payment on January 1, 1995 equal to the difference between (i) $685.00, and (ii) the lesser of $343.00 and one quarter of the amount, if any, by which the carriers' 1995 payment rate for foreign-to-occupation health benefits under the Plan exceeds the amount of such payment rate for 1994.

Section 5 - Definition of Payment Rate for Foreign-to Occupation Health Benefits

The carriers' 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 the Plan.

Section 6 - Employees Working Less Than Full-Time

For employees who have fewer straight time hours (as defined) paid for in any of the respective periods described in Sections 1 through 4 than the minimum number set forth therein, the dollar amounts specified in Section 1 and in clause (i) of Sections 2 through 4 thereof shall be adjusted by multiplying such amounts by the number of straight time hours (including vacations, holidays, and guarantees in protective agreements or arrangements) for which the employee was paid during such period divided by the defined minimum hours. For any such employee, the dollar amounts described in clause (ii) of Sections 2 through 4 shall not exceed one-half of the dollar amounts specified in clause (i) thereof, as adjusted pursuant to this Section.

Section 7 - Eligibility for Receipt of Lump Sum Payments

The lump sum cost-of-living payments provided for in this Article will be payable to each employee subject to this Agreement who has an employment relationship as of the dates such payments are made or has retired or died subsequent to the beginning of the applicable base period used to determine the
amount of such payments. There shall be no duplication of lump sum payments by virtue of employment under an agreement with another organization.

Part B - Cost-of-Living Allowance and Adjustments Thereto After January 1, 1995

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

(a) A cost of living allowance will 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 BLS CPI. The first such cost-of-living allowance shall be payable effective July 1, 1995 based, subject to paragraph (d), on the BLS CPI for September 1994 as compared with the BLS CPI for March 1995. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS 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).

<table>
<thead>
<tr>
<th>Base Month</th>
<th>Measurement Month</th>
<th>Effective Date of Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 1994</td>
<td>March 1995</td>
<td>July 1, 1995</td>
</tr>
</tbody>
</table>

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

(b) While a cost-of-living allowance is in effect, such cost-of-living allowance will apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that 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 will be effective from one adjustment date to the next may be equal to, or
greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.

(d) (1) **Cap.** In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<table>
<thead>
<tr>
<th>Effective Date of Adjustment</th>
<th>Maximum CPI Increase That May Be Taken Into Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1995</td>
<td>3% of September 1994 CPI</td>
</tr>
<tr>
<td>January 1, 1996</td>
<td>6% of September 1994 CPI, less the increase from September 1994 to March 1995</td>
</tr>
</tbody>
</table>

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will 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 BLS CPI in any measurement period shall be considered.

(iii) If the increase in the BLS CPI from the base month of September 1994 to the measurement month of March 1995 exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from such base month of September; the increase in the index that will be taken into account will 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 will be 6% of such September base index less the 3% mentioned in the preceding clause, to which will be added any residual tenths of points which had been dropped under paragraph (e) below in calculation of the cost-of-living allowance which will have become effective July 1, 1995 during such measurement period.

(iv) Any increase in the BLS CPI from the base month of September 1994 to the measurement month of September 1995 in excess of 6% of the September 1994 base index will not be taken into account in the determination of subsequent cost-of-living adjustments.
(v) The procedure specified in subparagraphs (iii) and (iv) will be applicable to all subsequent periods during which this Article is in effect.

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

The cost-of-living allowance in effect on December 31, 1995 will be adjusted (increased or decreased) effective January 1, 1996 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 BLS CPI during the applicable measurement period. Any residual tenths of a point resulting from such division will be dropped. The result of such division will be added to the amount of the cost-of-living allowance in effect on December 31, 1995 if the BLS CPI will have been higher at the end than at the beginning of the measurement period, and subtracted therefrom if the index will have been lower at the end than at the beginning of the measurement period and then, but only to the extent the allowance remains at zero or above. The same procedure will 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 Index during a measurement period, then that Bureau shall be requested to furnish a conversion factor designed to adjust the newly revised index to the basis of the CPI-W Index during such measurement period.

**Section 2 - Application of Section 1 Cost-of-Living Allowances**

The cost-of-living allowance provided for by Section 1 of Part B of this Article will be payable as provided in Section 3 and will not become part of basic rates of pay. Such allowance and 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) **Minimum Daily Increases** - The increase in rates of pay described in paragraphs (a) through (d), inclusive, shall not be 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 3 - Payment of Cost-of-Living Allowances**

(a) The cost-of-living allowance payable to each employee effective July 1, 1995 shall be equal to the difference between (i) the cost-of-living allowance in effect on that date pursuant to Section 1 of this Part, and (ii) the cents per hour produced by dividing one-quarter of the increase, if any, in the carriers' 1995 payment rate for foreign-to-occupation health benefits under the Plan over such payment rate for 1994, by the average composite straight-time equivalent hours that are subject to wage increases for the latest year for which statistics are available, but not more than one-half of the amount specified in clause (i) above. For the purpose of the
foregoing calculation, the amount of any increase described in clause (ii) that has been taken into account in determining the amount received by the employee as a lump sum payment on January 1, 1995 shall not be taken into account.

(b) The cost-of-living allowance payable to each employee effective January 1, 1996, shall be equal to the difference between (i) the cost-of-living allowance in effect on that date pursuant to Section 1 of this Part, and (ii) the cents per hour produced by dividing one-quarter of the increase, if any, in the carriers' 1996 payment rate for foreign-to-occupation health benefits under the Plan over the amount of 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, but not more than one-half of the amount specified in clause (i) above.

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

(d) The definition of the carriers' payment rate for foreign-to-occupation health benefits under the Plan set forth in Section 5 of Part A shall apply with respect to any year covered by this Section.

(e) In making calculations under this Section, fractions of a cent shall be rounded to the nearest whole cent; fractions of 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 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 - HEALTH AND WELFARE PLAN AND EARLY RETIREMENT MAJOR MEDICAL BENEFIT PLAN

The parties to this Agreement agree to continued coverage under the Railroad Employees' National Health and Welfare Plan modified as provided in Article III of the national BMWE settlement dated July 29, 1991, the terms of which are shown on Attachment 'A'.
ARTICLE IV - SUPPLEMENTAL SICKNESS

The January 9, 1980 Supplemental Sickness Benefit Agreement, as amended effective January 1, 1982 (Sickness Agreement), shall be further amended as provided in Sections 1 through 4 of this Article, for periods of disability commencing on or after July 1, 1991.

Section 1 - Adjustment of Plan Benefits

(a) The benefits provided under the Plan established pursuant to the Sickness Agreement shall be adjusted as provided in paragraph (b) so as to restore the same ratio of benefits to rates of pay as existed on January 1, 1982 under the terms of that Agreement.

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

<table>
<thead>
<tr>
<th>Class I Employees Earning</th>
<th>Per Hour</th>
<th>Per Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>$13.33 or more</td>
<td>$2,319 or more</td>
<td></td>
</tr>
<tr>
<td>$12.24 or more but less than $13.33</td>
<td>Less than $2,319 but more than $2,130</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Class III Employees Earning</th>
<th>Per Hour</th>
<th>Per Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $12.24</td>
<td>Less than $2,130</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Class</th>
<th>Basic</th>
<th>RUIA</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>$890</td>
<td>$674</td>
<td>$1,564</td>
</tr>
<tr>
<td>II</td>
<td>793</td>
<td>674</td>
<td>1,467</td>
</tr>
<tr>
<td>III</td>
<td>687</td>
<td>674</td>
<td>1,361</td>
</tr>
</tbody>
</table>
Combined Benefit Limit

<table>
<thead>
<tr>
<th>Classification</th>
<th>Maximum Monthly Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class I</td>
<td>$1678</td>
</tr>
<tr>
<td>Class II</td>
<td>$1572</td>
</tr>
<tr>
<td>Class III</td>
<td>$1459</td>
</tr>
</tbody>
</table>

Section 2 - Plan Benefits During Initial Registration Period

An employee who is eligible to receive Plan benefits during his initial RUIA registration period shall receive from the Plan, for the fifth through the fourteenth days of disability in that period, the Basic Benefit specified in the Plan plus an amount equal to the total RUIA benefit that would have been payable to him for days of sickness in that period but for application of the initial waiting period mandated by existing law.

Section 3 - Adjustment of Plan Benefits During Term of Agreement

Effective December 31, 1994, 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 4 - Administrative and Procedural Improvements

The parties have selected and established a subcommittee for the purpose of reviewing and making recommendations with respect to administrative and procedural improvements that would expedite the handling and disposition of Plan claims without affecting the integrity of the Plan. The parties shall consider the subcommittee's recommendations at the earliest opportunity and shall use their best efforts to reach agreement on implementing such recommendations.

ARTICLE V - MAINTENANCE OF WAY REPAIRMEN

On the effective date of this Agreement, the MW Repairman rate of pay will be increased to $14.72.

ARTICLE VI - RATE PROGRESSION - NEW HIRES

(a) On the effective date of this Agreement, Article III of the October 17, 1986 National Agreement is amended by adding the following provision to Section 1:
(j) This Section shall not apply to foremen, mechanics and production gang members operating heavy, self-propelled equipment that require skill and experience. Generally speaking, those excluded would occupy the highest rated positions, while those included would occupy lower rated positions. This Section shall continue to apply, however, to a production gang employee who operates machines that require less skill and experience, such as non self-propelled, hand-held, or portable machines.

(b) On the effective date of this Agreement, BMWE employees who were then subject to rate progression shall be converted to the full (100%) applicable rate of pay.

ARTICLE VII - WORKSITE REPORTING

(a) Paid time for production units* that work away from home shall begin after thirty (30) minutes of travel time to the work site from the camp car/lodging facility.

(b) Paid time for production units* that work away from home shall end at the camp car/lodging facility with a thirty (30) minute deduction of travel time from the work site to the camp car/lodging facility.

*/  Production units include all supporting BMWE employees who are advertised to work with, or as part of, a production unit.

ARTICLE VIII - STARTING TIME

The following paragraphs are added to Rule 12 of the Collective Bargaining Agreement:

(e) The starting times for production units* shall be between 4:00 a.m. and 11:00 a.m. and shall not be changed without thirty-six hours notice, except that forty-eight hours notice shall be given for a change which is greater than four hours. Starting times shall remain in effect for at least five consecutive days. The BMWE may contest the creation of new starting times through the arbitration procedure set forth in Article IX. If the Carrier wishes to start a crew so early that a convenient restaurant is not open, or end work so late that a meal cannot be obtained, it will be the responsibility of the Carrier to provide a meal to those employees at the work site or other place appropriate, convenient and safe to its employees.
(f) Other starting times may be agreed upon by the parties for production units* or for regular assignments involving service which is affected by environmental conditions or governmental requirements or for work that must be coordinated with other operations in order to avoid substantial loss of right of way access time; however, no production unit* or regular assignment shall have a starting time between midnight and 4:00 a.m. If the parties fail to agree on such other starting times, the matter may be referred to arbitration in the manner described in Article IX. Similar notice requirements regarding starting times, as described above, shall apply.

*/ Production units include all supporting BMWE employees who are advertised to work with, or as part of, a production unit.

ARTICLE IX - ARBITRATION PROCEDURES - STARTING TIMES

Section 1 - Selection of Neutral Arbitrator

Should the parties fail to agree on selection of a neutral arbitrator five (5) calendar days from the submission to arbitration, either party may request the National Mediation Board to supply a list of at least five (5) potential arbitrators, from which the parties shall choose the arbitrator by alternately striking names from the list. Neither party shall oppose or make any objection to the NMB concerning a request for such a panel.

Section 2 - Hearings

The arbitrator shall conduct a hearing within thirty (30) calendar days from the date on which the dispute is assigned to him or her. Each party shall deliver all statements of fact, supporting evidence and other relevant information in writing to the arbitrator and to the other party, no later than five (5) working days prior to the date of the hearing. The arbitrator shall not accept oral testimony at the hearing, and no transcript of the hearing shall be made. Each party, however, may present oral arguments at the hearing through its counsel or other designated representative.

Section 3 - Written Decision

The arbitrator shall render a written decision, which shall be final and binding, within thirty (30) calendar days from the date of the hearing.
ARTICLE X - PRODUCTION UNITS

Section 1 - Regional Production Units

(a) The work territory for all rail and undercutting units shall be divided into two (2) Regional zones as follows:

(1) Eastern Zone (All territory encompassed within the Philadelphia, Harrisburg and Albany operating divisions as of the effective date of this Agreement.)

(2) Western Zone (All territory encompassed within the Pittsburgh, Indianapolis and Dearborn operating divisions as of the effective date of this Agreement.)

(b) Employees assigned to positions in Regional Production Units will be furnished meals and lodging by the company and will be allowed a travel allowance of:

(1) $14.00 for each weekend trip from their homes to the camp cars, including the initial trip in establishing the Regional Production Unit.

(2) $14.00 for each weekend trip from the camp cars to their homes, including the final trip after termination of the Regional Production Unit.

Section 2 - All Other Production Units

(a) The work territory for all other Production Units, including heavy bridge gangs, shall be divided into six (6) zones as follows:

(1) Albany Zone (All territory encompassed within the Albany operating division as of the effective date of this Agreement.)

(2) Philadelphia Zone (All territory encompassed within the Philadelphia operating division as of the effective date of this Agreement.)

(3) Harrisburg Zone (All territory encompassed within the Harrisburg operating division as of the effective date of this Agreement.)

(4) Pittsburgh Zone (All territory encompassed within the Pittsburgh operating division as of the effective date of this Agreement.)
(5) **Indianapolis Zone** (All territory encompassed within the Indianapolis operating division as of the effective date of this Agreement.)

(6) **Dearborn Zone** (All territory encompassed within the Dearborn operating division as of the effective date of this Agreement.)

(b) Employees assigned to positions in Production Units covered in paragraph (a) of this section will be furnished meals and lodging by the Company, and will be allowed a travel allowance of:

(1) $12.00 for each weekend trip from their homes to the camp cars, including the initial trip in establishing the Production Unit.

(2) $12.00 for each weekend trip from the camp cars to their homes, including the final trip after termination of the Production Unit.

**Section 3 - Advertisement of Production Units**

(a) The initial advertisement of any Production Unit will show the territory over which it is expected that the unit will work. This description will be based on the pre-planned work schedule; however, it is understood that this planned work schedule may change as the work season progresses.

(b) A Production Unit whose work during any production season will be confined to a single seniority district shall be advertised first to employees with seniority in that district.

**ARTICLE XI - VACATION RULE**

Effective July 1, 1988, the following paragraph is added to Rule 36 of the Collective Bargaining Agreement with the understanding that no retroactive vacation credits will be applied for any time on leave of absence for union business prior to July 1, 1988:

A duly accredited representative who has been on leave of absence, shall, upon return to active service, be considered as having been in continuous compensated service of the Company for the purpose of calculating his years of service for vacation qualifying purposes, after he renders compensated service with the Company on the necessary number of days in a calendar year to qualify for a vacation in the following year.
ARTICLE XII - SAFETY SHOES

Effective January 1, 1992, the existing policy covering Safety Shoes is amended so that the current maximum reimbursement of $30.00 annually for the purchase of two (2) pairs of safety shoes is increased to $60.00 annually for employees covered by this Agreement.

ARTICLE XIII - TRAVEL ALLOWANCE

The travel allowance specified for Divisional Units in Rule 23(g) of the Collective Bargaining Agreement is amended as follows:

(a) $10.00 for each weekend trip from their homes to the camp cars/lodging facility, including the initial trip in establishing the Divisional Unit.

(b) $10.00 for each weekend trip from the camp cars/lodging facility to their homes, including the final trip after termination of the Divisional Unit.

ARTICLE XIV - GENERAL PROVISIONS

(a) The purpose of this Agreement is to fix the general level of compensation during the period of the Agreement, and to settle the disputes growing out of the notices served by the Brotherhood of Maintenance of Way Employes ("BMWE") upon the Carrier dated on or about April 2, 1984 and June 10, 1988, as supplemented by the general proposal dated October 29, 1991, and the amended wage proposal dated January 30, 1992, and proposals served on or about April 9, 1984 and March 8, 1989 by the Carrier for concurrent handling therewith. This Agreement shall remain in effect through December 31, 1994 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

(b) Except as provided in Section 1(c) of this Article, no party to this Agreement shall serve, prior to November 1, 1994 (not to become effective before January 1, 1995), any notice or proposal for the purpose of changing the subject matter of the provisions of this Agreement or which proposes matters covered by the proposals of the parties cited in Section 1(a) of this Article, and any proposals in pending notices relating to such subject matters are hereby withdrawn.

(c) Proposals that may be pursued in accordance with the various Articles of this Agreement are not affected by Section 1(b). Such proposals may be progressed within, but not beyond, the specific procedures for peacefully resolving
disputes provided for in the relevant article of the Agreement that addresses such subject matters or in the Railway Labor Act, as amended.

(d) Except as provided in Section 1(c) of this Article, no party to this Agreement shall serve or progress, prior to November 1, 1994 (not to become effective before January 1, 1995), any notice or proposal which might properly have been served when the last moratorium ended on July 1, 1988.

SIGNED AT PHILADELPHIA, PA THIS 28th DAY OF JULY, 1992

FOR THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES:

J. P. Cassese, Sr.
General Chairman

I. M. Davison
General Chairman

FOR CONSOLIDATED RAIL CORPORATION:

R. E. Swert
Vice President - Labor Relations

J. D. Dodd
General Chairman

Approved:

M. Fleming
President
July 28, 1992

Mr. J. P. Cassese, Sr.
General Chairman
Brotherhood of Maintenance of Way Employes
1165 Malikress Road, Suite B
Cherry Hill, NJ 08033

Mr. J. J. Davison
General Chairman
Brotherhood of Maintenance of Way Employes
450 Chauncy Street
Mansfield, MA 02048

Mr. Jed Dodd
General Chairman
Brotherhood of Maintenance of Way Employes
1930 Chestnut Street
Suites 607 - 609
Philadelphia, PA 19103

Gentlemen:

This refers to the $4,000 lump sum payment provided for in Article I, Section 1 of the Agreement of this date.

In the case of an employee who was recalled from reserve status and performed active military service during 1990 as a result of the Persian Gulf crisis, such employee will be credited with 40 hours of compensated service (48 hours in the case of a monthly rated employee whose rate is predicated on an all-service performed basis) for each week of such military service for purposes of calculating eligibility for the lump sum amount provided he would otherwise have been in active service for the carrier.

Sincerely,

R. E. Swert
Vice President-Labor Relations
July 28, 1992

Mr. J. P. Cassese, Sr.
General Chairman
Brotherhood of Maintenance of
Way Employes
1165 Marlkress Road, Suite B
Cherry Hill, NJ 08033

Mr. J. J. Davison
General Chairman
Brotherhood of Maintenance
of Way Employes
450 Chauncy Street
Mansfield, MA 02048

Mr. Jed Dodd
General Chairman
Brotherhood of Maintenance of Way Employes
1930 Chestnut Street
Suites 607 - 609
Philadelphia, PA 19103

Gentlemen:

This refers to the Lump Sum Payment provided for in Article I, Section 1 of the Agreement of this date.

This confirms our understanding that days during the year 1990 for which employees in a furloughed status received compensation pursuant to guarantees in protective agreements or arrangements shall be included in determining qualifications for the Lump Sum Payment.
Please indicate your agreement by signing your name in the space provided below.

Sincerely,

R. E. Swert
Vice President-Labor Relations

I agree:

James P. Cassese, Sr.

John J. Davison

Joe Dodd
July 28, 1992

Mr. J. P. Cassese, Sr.  
General Chairman  
Brotherhood of Maintenance of Way Employes  
1165 Marlkress Road, Suite B  
Cherry Hill, NJ  08033

Mr. J. J. Davison  
General Chairman  
Brotherhood of Maintenance of Way Employes  
450 Chauncy Street  
Mansfield, MA  02048

Mr. Jed Dodd  
General Chairman  
Brotherhood of Maintenance of Way Employes  
1930 Chestnut Street  
Suites 607 - 609  
Philadelphia, PA  19103

Gentlemen:

This refers to the increase in wages provided for in Section 2 of Article I of the Agreement of this date.

It is understood that the retroactive portion of that wage increase will be paid within 60 days from the date of this Agreement. It is further understood that it shall be applied only to employees who have a current employment relationship under an agreement with the Brotherhood of Maintenance of Way Employes or who have retired or died subsequent to July 1, 1991.
Please indicate your agreement by signing your name in the space provided below.

Sincerely,

R. E. Swert
Vice President-Labor Relations

I agree:

James P. Cassese, Sr.

John J. Davison

Jed Dodd
July 26, 1992

Mr. J. P. Cassese, Sr.  
General Chairman  
Brotherhood of Maintenance of Way Employes  
1165 Marlkress Road, Suite B  
Cherry Hill, NJ 08033

Mr. J. J. Davison  
General Chairman  
Brotherhood of Maintenance of Way Employes  
450 Chauncy Street  
Mansfield, MA 02048

Mr. Jed Dodd  
General Chairman  
Brotherhood of Maintenance of Way Employes  
1930 Chestnut Street  
Suites 607 - 609  
Philadelphia, PA 19103

Gentlemen:

This refers to the Lump Sum Payments provided in Articles I and II of the Agreement of this date.

All of the lump sum payments provided for in Article II are based in part on the number of straight time hours paid for that are credited to an employee for a particular period. However, the number of straight time hours so credited does not include any such hours reported to the ICC as constructive allowances except vacations, holidays, and guarantees in protective agreements or arrangements.

The inclusion of the term "guarantees in protective agreements or arrangements" in Article II means that an employee receiving such a guarantee will have included in the straight time hours used in calculating his lump sum payments under this Article all such hours paid for under any protective agreement or allowance provided, however, that in order to receive credit for such hours an employee must not be voluntarily absent from work, meaning that hours are not counted if an employee does not accept calls to report for work.
It is understood that any lump sum payment provided in Articles I and II will not be used to offset, construct or increase guarantees in protective agreements or arrangements.

Sincerely,

[Signature]

R. E. Swert
Vice President-Labor Relations

I agree:

[Signature]

James P. Cassese Sr.
James P. Cassese, Sr.

[Signature]

John J. Davison

[Signature]

J. L. Dodd
July 29, 1992

Mr. J. P. Cassese, Sr.                           Mr. J. J. Davison
General Chairman                                General Chairman
Brotherhood of Maintenance of                   Brotherhood of Maintenance
Way Employees                                    of Way Employees
1165 Marlkress Road, Suite B                    450 Chauncy Street
Cherry Hill, NJ  08033                           Mansfield, MA  02048

Mr. Jed Dodd
General Chairman
Brotherhood of Maintenance of Way Employes
1930 Chestnut Street
Suites 607 - 609
Philadelphia, PA  19103

Gentlemen:

This refers to the lump sum payments provided for in Article II of the Agreement of this date.

Sections 1 to 4, inclusive, of Part A of Article II - Cost-of-Living Payments are structured so as to provide lump sum payments that are essentially based on the number of straight time hours credited to an employee during a specified 12-month base period. Section 7 provides that all of these lump sum 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 base period used to determine the amount of such payment. Thus, for example, under Section 1 of Part A of Article II, except for an employee who has retired or died, the Agreement requires that an employee have an employment relationship as of July 1, 1992 in order to receive a lump sum payment which will be based essentially on the number of straight time hours credited to such employee during a period running from April 1, 1991 through March 31, 1992.

The intervals between the close of the measurement periods and the actual payments established in the 1985-86 National Agreements were in large part 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 have an employment relationship with a carrier on the last day of a particular measurement period will not be disqualified from receiving the lump sum (or portion thereof) provided for in the event his employment relationship is terminated following the last day of the measurement period but prior to the payment due date.

Sincerely,

R. E. Swert
Vice President-Labor Relations

I agree:

James P. Cassese, Sr.

John J. Davison

Jed Dodd
July 28, 1992

Mr. J. P. Cassese, Sr.  
General Chairman  
Brotherhood of Maintenance of Way Employees  
1165 Marlkress Road, Suite B  
Cherry Hill, NJ 08033

Mr. J. J. Davison  
General Chairman  
Brotherhood of Maintenance of Way Employees  
450 Chauncy Street  
Mansfield, MA 02048

Mr. Jed Dodd  
General Chairman  
Brotherhood of Maintenance of Way Employees  
1930 Chestnut Street  
Suites 607 - 609  
Philadelphia, PA 19103

Gentlemen:

This refers to Section 4 of Article IV - Supplemental Sickness of the Agreement of this date. The parties agree to accept the recommendations of the subcommittee referred to in that Section and intend to modify existing administrative procedures of the Supplemental Sickness Benefit Plan (Plan) within 60 days from the effective date of such Agreement, unless otherwise indicated, to provide as follows:

1. Plan benefits will commence for qualified employees after all certification requirements (i.e., claim application, employer certification, physician certification, and Railroad Unemployment Insurance eligibility) have been met and before the Railroad Retirement Board pays RUIA sickness benefits, providing the insurance company administering the Plan continues to have access to the Board’s eligibility data base.

2. During the first thirty (30) days of a qualified disability, assuming all certification requirements have been met timely, Plan benefits will be paid covering the first fourteen (14) days of disability so that qualified disabled employees receive their first benefit checks on or about the thirtieth (30th) day of disability following their application for benefits. Benefit payments thereafter would follow the established thirty (30) day payment cycle.
3. The carrier will provide employee certification information through an established electronic certification process as promptly as possible.

4. The hourly rates of pay used to define various Plan benefit amount classification will be automatically adjusted, during the moratorium periods of applicable national agreements, when rates of pay are adjusted for railroad employees covered by the Plan pursuant to such agreements. This modification will not change the benefits provided, but it will permit employer certification information to be provided more quickly.

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

Sincerely,

[Signature]
R. E. Swert
Vice President-Labor Relations

I agree:

[Signature]
James P. Cassese, Sr.

[Signature]
John J. Davison

[Signature]
Joe Dodd
July 29, 1992

Mr. J. J. Davison
General Chairman
Brotherhood of Maintenance of Way Employes
450 Chauncy Street
Mansfield, MA 02048

Mr. J. P. Cassese, Sr.
General Chairman
Brotherhood of Maintenance of Way Employes
1165 Marlkress Road, Suite B
Cherry Hill, NJ 08033

Mr. Jed Dodd
General Chairman
Brotherhood of Maintenance of Way Employes
1930 Chestnut Street
Suites 607-609
Philadelphia, PA 19103

Gentlemen:

This refers to the eligibility of an employee, who was dismissed as of July 29, 1991, for the $4,000 lump sum payment provided for in Article I, Section 1 of the Agreement of this date.

This confirms our understanding that entitlement to the $4,000 lump sum payment would depend upon the final outcome of the dismissed employee's claim for reinstatement through the claim and grievance procedure or ultimately in arbitration. Therefore, any applicable time limits for progressing claims for the $4,000 lump sum payment would not begin until after the dismissed employee's case was resolved through the claim and grievance procedure or arbitration.
Additionally, this will confirm our understanding that a dismissed employee who is subsequently reinstated without back pay or with only partial back pay may be entitled to the lump sum payment if reinstated with basic seniority unimpaired. However, such lump sum payment will be prorated on the basis of actual service performed during the base period prior to the employee's discharge, and/or back pay credited to the base period.

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

Sincerely,

R. E. Swert
Vice President-Labor Relations

I agree:

James P. Cassese, Sr.

John J. Davison

Jim Dodd
July 28, 1992

Mr. J. P. Cassese, Sr.
General Chairman
Brotherhood of Maintenance of
Way Employes
1165 Marlkress Road, Suite B
Cherry Hill, NJ  08033

Mr. J. J. Davison
General Chairman
Brotherhood of Maintenance
of Way Employes
450 Chauncy Street
Mansfield, MA  02048

Mr. Jed Dodd
General Chairman
Brotherhood of Maintenance of Way Employes
1930 Chestnut Street
Suites 607 - 609
Philadelphia, PA  19103

Gentlemen:

This refers to our discussions concerning the various lump sum payments provided under Article II of the Agreement of this date.

Essentially those provisions are structured in a manner that includes recognition of overtime hours in calculating the maximum amounts payable under those provisions, but includes only straight time hours paid for when determining the specific amount payable to an individual employee in any of the prescribed periods.

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

This will confirm our understanding that for purposes of determining the amounts of lump sum payments provided in Article II of the Agreement payable to employees otherwise eligible to receive such payments, whose work is seasonal in nature, overtime hours paid for shall be included on the basis of one hour for each overtime hour worked.
For purposes of determining what constitutes "seasonal employees" it is further agreed that the employees who work in eight (8) or less months in any of the time periods specified in Sections 1, 3 and 4 of Article II shall be considered seasonal employees for that particular period. For purposes of Section 2, a seasonal employee is one who works in four (4) or less months during the period covered by that section.

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

Sincerely,

[Signature]

R. E. Swert
Vice President-Labor Relations

I agree:

[Signature]

James P. Cassese, Sr.

[Signature]

John J. Davison

[Signature]

Jed Dodd
July 28, 1992

Mr. J. P. Cassese, Sr.
General Chairman
Brotherhood of Maintenance of Way Employes
1165 Markkress Road, Suite B
Cherry Hill, NJ 08033

Mr. J. J. Davison
General Chairman
Brotherhood of Maintenance of Way Employes
450 Chauncy Street
Mansfield, MA 02048

Mr. Jed Dodd
General Chairman
Brotherhood of Maintenance of Way Employes
1930 Chestnut Street
Suites 607 - 609
Philadelphia, PA 19103

Gentlemen:

This confirms our discussions concerning the creation of a Select Committee to consider certain issues in dispute between the parties.

It is our mutual understanding that a Select Committee, consisting of an equal number of individuals designated by the Brotherhood of Maintenance of Way Employes and by Consolidated Rail Corporation, will be created for the purpose of considering the following issues:

1. Issues relating to the governmental requirement that employees who may operate certain classes of vehicles obtain commercial drivers' licenses;

2. The forfeiture of seniority (i.e., "home district") issues;

3. The B&B seniority roster issues, and issues related to the establishment of seniority rosters for the new East/West Production Units; and

4. Issues relating to the realignment of seniority districts as listed in Appendix I attached hereto.
The Select Committee shall meet within 15 days after the effective date of this Agreement. In the event that any of the above-listed issues has not been resolved within 90 days after the first meeting of the Select Committee, either party may submit the issue to final and binding arbitration pursuant to Section 3 of the Railway Labor Act.

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

Sincerely,

R.E. Swert
Vice President-Labor Relations

I agree:

James P. Cassese, Sr.

John J. Davison

Ted Dodd
**DATE:** June 22, 1992  
**TO:** F. Domzalski  
**LOCATION:** 1218-P  

**FROM:** B. G. Willbrant  
**LOCATION:** 1640-P  

**SUBJECT:** DIVISION SENIORITY DISTRICT CHANGES

Following is a list of changes required to "clean up" present seniority districts within or between divisions:

<table>
<thead>
<tr>
<th>Division</th>
<th>Territory</th>
<th>Present Seniority Dist</th>
<th>Proposed Seniority Dist.</th>
</tr>
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<tbody>
<tr>
<td>Harrisburg</td>
<td>Olean Sec. Trk.</td>
<td>Southern Tier</td>
<td>Allegheny &quot;B&quot;</td>
</tr>
<tr>
<td></td>
<td>MP 331.8(Hornell) -</td>
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<tr>
<td></td>
<td>414.0(Salamanca)</td>
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<td></td>
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<tr>
<td></td>
<td>MP 1.4 (Salamanca) -</td>
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<td></td>
<td>47.2(Niobe)</td>
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<tr>
<td></td>
<td>MP 0.0(Niobe) - 1.8</td>
<td></td>
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<td></td>
<td>(State Line)</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Bradford Ind. Trk</td>
<td>Southern Tier</td>
<td>Allegheny &quot;B&quot;</td>
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<td>MP 9.6 - 13.4</td>
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<tr>
<td></td>
<td>Hillman Ind. Trk</td>
<td>Allegheny &quot;A&quot;</td>
<td>Allegheny &quot;B&quot;</td>
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<td>MP 0.0 - 7.0</td>
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</tr>
<tr>
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<td>Kin Ind. Trk</td>
<td>Allegheny &quot;A&quot;</td>
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<td>MP 35.8 - 38.4</td>
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<td>Blairsville Sec. Trk.</td>
<td>Allegheny &quot;A&quot;</td>
<td>Pittsburgh</td>
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<tr>
<td></td>
<td>MP 5.7 - 17.5</td>
<td></td>
<td>(Pittsburgh Div)</td>
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<tr>
<td>Division</td>
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<td>Proposed Seniority Dist</td>
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<td>Albany</td>
<td>Freemont Sec. Trk MP 0.0 - 7.6</td>
<td>New England</td>
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<td>Port Morris Conn. MP 0.0 - 2.0</td>
<td>New England</td>
<td>Mohawk - Hudson</td>
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<td>Bay Ridge R.T. MP 19.5 - 25.7</td>
<td>New England</td>
<td>Mohawk - Hudson</td>
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<td>Putnam Ind. MP 3.0 - 4.5</td>
<td>New England</td>
<td>Mohawk - Hudson</td>
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<td>Harlem River, Oak Point, Smith St., Yonkers, Tarrytown &amp; Croton Yards</td>
<td>New England</td>
<td>Mohawk - Hudson</td>
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<td>Montreal Branch MP 161.3 - 200.0 (Former CN Territory only)</td>
<td>Mohawk - Hudson</td>
<td>Mohawk - Hudson ( Entire)</td>
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<td>Pittsburgh</td>
<td>Meadville Line MP 1.8 (State Line) - 13.2 (Columbus, PA)</td>
<td>Southern Tier</td>
<td>Youngstown</td>
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<td>Dearborn</td>
<td>Entire Former Detroit Division Territory</td>
<td>Detroit</td>
<td>Michigan</td>
</tr>
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<td>Niles Ind. Trk MP 0.0 - 2.0 (Notre Dame)</td>
<td>Michigan</td>
<td>Chicago</td>
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<td>Niles Ind. Trk. French Paper Lead @ Niles</td>
<td>Michigan</td>
<td>Chicago</td>
</tr>
<tr>
<td>Indianapolis</td>
<td>Centerville R.T. (incl. Richmond Yard) MP 118.9 - 125.5</td>
<td>Columbus</td>
<td>Southwest</td>
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<td>Greenville R.T MP 154.0 - 160.0 (Meekers - Greenville)</td>
<td>Columbus</td>
<td>Southwest</td>
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<tr>
<td></td>
<td>Greenville R.T. MP 92.3 - 96.6 (Greenville - E. Greenville)</td>
<td>Columbus</td>
<td>Southwest</td>
</tr>
</tbody>
</table>

- 2 -
July 28, 1992

Mr. J. P. Cassese, Sr.
General Chairman
Brotherhood of Maintenance of Way Employes
1165 Marlkress Road, Suite B
Cherry Hill, NJ 08033

Mr. J. J. Davison
General Chairman
Brotherhood of Maintenance of Way Employes
450 Chauncy Street
Mansfield, MA 02048

Mr. Jed Dodd
General Chairman
Brotherhood of Maintenance of Way Employes
1930 Chestnut Street
Suites 607 - 609
Philadelphia, PA 19103

Gentlemen:

This refers to our discussions during the negotiation of the Agreement of this date regarding the work week for Production Units and Support Forces.

During these discussions, it was understood and agreed that the provisions of Rule 10(i) apply to the Production Units set forth in Article X of the Agreement of this date. It was also agreed that Support Forces, as defined in Articles VII and VIII of the Agreement of this date, will have the same work week as the Production Unit with which they are advertised to work.
Please indicate your agreement by signing your name in the space provided below.

Sincerely,

R.E. Swert
Vice President-Labor Relations

I agree:

James P. Cassese, Sr.

John J. Davison

Ed Dodd
July 28, 1992

Mr. J. P. Cassese, Sr.
General Chairman
Brotherhood of Maintenance of
Way Employes
1165 Marlkress Road, Suite B
Cherry Hill, NJ 08033

Mr. J. J. Davison
General Chairman
Brotherhood of Maintenance
of Way Employes
450 Chauncy Street
Mansfield, MA 02048

Mr. Jed Dodd
General Chairman
Brotherhood of Maintenance of Way Employes
1930 Chestnut Street
Suites 607 - 609
Philadelphia, PA 19103

Gentlemen:

This confirms our understanding that, effective January 1, 1993, Conrail will be in compliance with the interpretation statement and guidelines issued by the Federal Railroad Administration with respect to camp cars which would otherwise be effective on January 1, 1994.

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

Sincerely,

[Signature]

R.B. Swert
Vice President-Labor Relations
I agree:

James P. Cassese, Sr.

John J. Davison

Jeff Dodd
July 28, 1992

Mr. J. P. Cassese, Sr.
General Chairman
Brotherhood of Maintenance of Way Employes
1165 Marlkress Road, Suite B
Cherry Hill, NJ 08033

Mr. J. J. Davison
General Chairman
Brotherhood of Maintenance of Way Employes
450 Chauncy Street
Mansfield, MA 02048

Mr. Jed Dodd
General Chairman
Brotherhood of Maintenance of Way Employes
1930 Chestnut Street
Suites 607 - 609
Philadelphia, PA 19103

Gentlemen:

This refers to our discussions regarding Article X - Production Units of the Agreement of this date.

During these discussions it was agreed that the parties would meet promptly to work out an appropriate procedure for converting the existing Inter-Regional Rosters into rosters covering the two (2) new Regional production zones (East and West). It was further agreed that, on an interim basis until this procedure is finalized, positions in Regional Production Units will be advertised to all employees currently holding Inter-Regional seniority and will be awarded in the following preferential order:

1. To the senior applicant, qualifications being sufficient, whose current Inter-Regional seniority encompasses any portion of the new Regional production zone.

2. To the senior applicant, qualifications being sufficient, whose current Inter-Regional seniority does not encompass any portion of the new Regional production zone.

Unless and until the parties otherwise agree, an employee will forfeit his Regional production zone (East/West) seniority in the event that he fails to accept recall to a position on a Regional Production Unit which commences operation in his Inter-Regional seniority district. Failure to accept recall to a position on a Regional
Production Unit which commences operation in a district other than the employee's Inter-Regional seniority district will not result in such forfeiture of seniority.

For the six divisional production zones, positions will be advertised to all seniority districts within that divisional zone and awarded to the senior applicant, qualifications being sufficient, whose current seniority encompasses any portion of the divisional zone. Until the issue of forfeiture of seniority is resolved in accordance with Letter No. 9 to the Agreement of this date, an employee who fails to accept recall to a position in one of the new divisional production units which commences operation in his working zone will forfeit all seniority.

Nothing in this interim procedure is intended to establish new rosters for the six (6) new divisional Production Units provided for in Article X, Section 2 of the Agreement of this date.

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

Sincerely,

RJE. Swert
Vice President-Labor Relations

I agree:

James P. Cassese, Sr.

John J. Davison

Jed Dodd
July 28, 1992

Mr. J.P. Cassese, Sr.
General Chairman
Brotherhood of Maintenance
of Way Employes
1165 Marlkress Road, Suite B
Cherry Hill, NJ  08033

Mr. J. J. Davison
General Chairman
Brotherhood of Maintenance
of Way Employes
450 Chauncy Street
Mansfield, MA  02048

Mr. Jed Dodd
General Chairman
Brotherhood of Maintenance of Way Employes
1930 Chestnut Street
Suite 607-609
Philadelphia, PA  19103

Gentlemen:

This is in reference to Article VII-Worksite Reporting of the Agreement of this date.

During our discussions it was agreed that the free travel time provisions which are set forth in Article VII do not apply to the senior foreman of the production unit and do not apply to drivers transporting production units to the work site from the camp car/lodging facility and from the work site to the camp car/lodging facility. It was further agreed that the free travel time provisions will not result in a deduction from the basic day's pay.

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

Sincerely,

R.E. Swert
Vice President-Labor Relations

I agree:

J.P. Cassese, Sr.

J.J. Davison

Jed Dodd
July 28, 1992

Mr. J.P. Cassese, Sr.  
General Chairman  
Brotherhood of Maintenance  
of Way Employes  
1165 Markress Road, Suite B  
Cherry Hill, NJ  08033

Mr. J. J. Davison  
General Chairman  
Brotherhood of Maintenance  
of Way Employes  
450 Chauncy Street  
Mansfield, MA  02048

Mr. Jed Dodd  
General Chairman  
Brotherhood of Maintenance of Way Employes  
1930 Chestnut Street  
Suite 607-609  
Philadelphia, PA  19103

Gentlemen:

This refers to our discussions concerning the implementation during the current production season of Article X - Production Units of the Agreement of this date.

It was agreed that production gangs currently in existence would continue working until such time as they would normally be abolished because they have concluded work in the seniority district involved. When this occurs and there is more work to be performed in another seniority district, the current positions will be abolished and readvertised in accordance with the new work zones for Production Units set forth in Article X. The awarding of such positions will be in accordance with the interim procedures set forth in Letter No. 12 of the Agreement of this date.

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

Sincerely,

R.E. Swert  
Vice President-Labor Relations

I agree:

J.P. Cassese, Sr.

J.J. Davison  
Jed Dodd
July 28, 1992

Mr. J.P. Cassese, Sr.
General Chairman
Brotherhood of Maintenance of Way Employees
1165 Marlkress Road, Suite B
Cherry Hill, NJ 08033

Mr. J. J. Davison
General Chairman
Brotherhood of Maintenance of Way Employees
450 Chauncy Street
Mansfield, MA 02048

Mr. Jed Dodd
General Chairman
Brotherhood of Maintenance of Way Employees
1930 Chestnut Street
Suite 607-609
Philadelphia, PA 19103

Gentlemen:

This confirms our discussions concerning the reprinting of the Conrail-BMWE Collective Bargaining Agreement.

It was our mutual understanding that Conrail will reprint the current Conrail-BMWE Collective Bargaining Agreement as promptly as practicable following resolution by the Select Committee of the issues identified in Letter No. 9 and our joint codification of the Agreement.

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

Sincerely,

R.E. Swert
Vice President-Labor Relations

I agree:

James P. Cassese, Sr.

John J. Davison

Jed Dodd
July 28, 1992

Mr. J.P. Cassese, Sr.
General Chairman
Brotherhood of Maintenance of Way Employes
1165 Markress Road, Suite B
Cherry Hill, NJ 08033

Mr. J. J. Davison
General Chairman
Brotherhood of Maintenance of Way Employes
450 Chauncy Street
Mansfield, MA 02048

Mr. Jed Dodd
General Chairman
Brotherhood of Maintenance of Way Employes
1930 Chestnut Street
Suite 607-609
Philadelphia, PA 19103

Gentlemen:

This refers to Article VI - Rate Progression of the Agreement of this date.

Please be advised that as promptly as practicable following the effective date of this Agreement, Conrail will furnish the General Chairmen with the names of the employees covered by the provisions of Article VI, paragraph (b), and the percentage of the full applicable rate they were being paid.

Sincerely,

R.E. Swert
Vice President-Labor Relations
HEALTH AND WELFARE PLAN AND EARLY RETIREMENT MAJOR MEDICAL
BENEFIT PLAN

Part A - Health and Welfare Plan

Section 1 - Continuation of Plan

The Railroad Employees National Health and Welfare Plan (the "Plan"), modified as provided in this Part, will be continued subject to the provisions of the Railway Labor Act, as amended. Contributions to the Plan will be offset by the expeditious use of such amounts as may at any time be in Special Account A or in one or more special accounts or funds maintained by any insurer, third party administrator or other entity in connection with the Plan and by the use of funds held in trust that are not otherwise needed to pay claims, premiums, or administrative expenses that are payable from funds held in trust; provided, however, that such amounts as may at any time be in that certain special account maintained at The Travelers Insurance Company, known as the "Special Account Held in Connection with the Amount for the Close-Out Period," relating to the obligations of the Plan to pay, among other things, benefits incurred but not paid at the time of termination of the Plan in the event such termination should occur, shall be used to pay or provide for Plan benefits as follows: one-third of the balance in such special account as of January 1, 1992, shall be used to pay or provide for benefits that become due and payable during 1992. One-half of the balance in such special account as of January 1, 1993, shall be used to pay or provide for benefits that become due and payable during 1993. All of the
balance in such special account in excess of $25 million as of January 1, 1994, shall be used to pay or provide for benefits that become due and payable during 1994. The $25 million referred to in the preceding sentence shall be maintained by the Plan as a cash reserve to protect against adverse claims experience from year to year.

In the event that a carrier participating in the Plan defaults for any reason, including but not limited to bankruptcy, on its obligation to contribute to the Plan, and the carrier's participation in the Plan terminates, the carriers remaining in the Plan shall be liable for any Plan contribution that was required of the terminating carrier prior to the effective date of its termination, but not paid by it. The remaining carriers shall be obligated to make up in a timely fashion such unpaid contribution of the terminating carrier in pro rata amounts based upon their shares of Plan contributions for the month immediately prior to such default.

Section 2 - Change to Self-Insurance

Except for life insurance, accidental death and dismemberment insurance, and all benefits for residents of Canada, the Plan will be wholly self-insured and administered, under an administrative services only arrangement, by an insurance company or third party administrator.

Section 3 - Joint Plan Committee

The Joint Policyholder Committee shall be renamed the Joint Plan Committee. This change in name shall not in any way change the functions and responsibilities of the Committee.

A neutral shall be retained by and at the expense of the Plan for the duration of this Agreement to consider and vote on any matter brought before the Joint Plan Committee (formerly the Joint Policyholder Committee), arising out of the interpretation, application or administration (including investment policy) of the Plan, but only if the Committee is deadlocked with respect to the matter. A deadlock shall occur whenever the carrier members of the Committee, who shall have a total of one vote regardless of their number, and the organization members of the Committee, who shall also have a total of one vote regardless of their number, do not resolve a matter by a vote of two to nil and either side declares a deadlock.

If the members of the Joint Plan Committee cannot agree upon a neutral within 30 days of the date this Agreement becomes effective, either side may request the National Mediation Board to provide a list of seven persons from which the neutral shall be selected by the procedure of alternate striking. Joint Plan Committee members and the neutral shall, to the extent required by ERISA, be bonded at the expense of the Plan. The Joint Plan Committee shall have the power to create such subcommittees as it deems appropriate and to choose a neutral chairman for such subcommittees, if desired.
Section 4 - Managed Care

Managed care networks that meet standards developed by the Joint Plan Committee, or a subcommittee thereof, concerning quality of care, access to health care providers, and cost-effectiveness, shall be established wherever feasible as soon as practicable. Until a managed care network is established in a given geographical area, individuals in that area who are covered by the Plan will have the comprehensive health care benefit coverage described in Section 5 of this Part A. Each employee in a given geographical area who is a Plan participant at the time a managed care network is established in that area will be enrolled in the network (along with his or her covered dependents) unless the employee provides timely written notice to his or her employer of an election to have (along with his or her covered dependents) the comprehensive health care benefit coverage rather than to be enrolled in the network. Any such employee who provides such timely written notice shall have an annual opportunity to revoke his or her election by providing a written notice of revocation to his or her employer at least sixty days prior to January 1 of the calendar year for which such revocation shall first become effective. Similarly, each employee in a given geographical area who is a Plan participant at the time a managed care network is established in that area and is thereafter enrolled in the network (along with his or her covered dependents) shall have an annual opportunity to elect to have (along with his or her covered dependents) the comprehensive health care benefit coverage rather than continue to be enrolled in the network. This election may be made by such an employee by providing written notice thereof to his or her employer at least sixty days prior to January 1 of the calendar year for which the election shall first become effective. Each employee hired after a managed care network is established in his or her geographic area (and his or her covered dependents) will be enrolled in the network and may not thereafter elect to be covered by the comprehensive benefits until the January 1 which falls on or after the first anniversary of his or her initial date of eligibility for Plan coverage. Employees who return to eligibility for Plan coverage within 24 months of loss of eligibility for Plan coverage and whose employment relationship has not terminated at any time prior to such return will be enrolled in the program of Plan benefits in which they were enrolled when their eligibility for Plan coverage was lost, and shall thereafter have the same rights of election as other employees whose eligibility for Plan coverage was not lost.

Covered individuals enrolled in a managed care network will have a point of service option allowing them to choose an out-of-network provider to perform any covered health care service that they need. The benefits provided by the Plan when a service is performed by an in-network provider and the benefits provided by the Plan when the service is performed by an out-of-network provider will be as described in the table below:
<table>
<thead>
<tr>
<th>PLAN FEATURE</th>
<th>IN-NETWORK</th>
<th>OUT-OF-NETWORK†</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Care Physician Required</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Annual Deductible</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual</td>
<td>None</td>
<td>$100</td>
</tr>
<tr>
<td>Family</td>
<td>None</td>
<td>$300</td>
</tr>
<tr>
<td>Deductible applies to all covered expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plan/Employee Coinsurance</td>
<td>100%/0%</td>
<td>75%/25%</td>
</tr>
<tr>
<td>Annual Out-of-Pocket Maximum (exclusive of deductible)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual</td>
<td>None</td>
<td>$1,500</td>
</tr>
<tr>
<td>Family</td>
<td>None</td>
<td>$3,000</td>
</tr>
<tr>
<td>Maximum Lifetime Benefit</td>
<td>None</td>
<td>$1,000,000 ($5,000 annual restoration)</td>
</tr>
<tr>
<td>Special Maximum Lifetime Benefit for Mental Health</td>
<td>None</td>
<td>$100,000 lifetime ($500 annual restoration)</td>
</tr>
<tr>
<td>Hospital Charges (inpatient and outpatient)</td>
<td>100%</td>
<td>75%</td>
</tr>
<tr>
<td>Ambulatory Surgery</td>
<td>100%</td>
<td>75%</td>
</tr>
<tr>
<td>Emergency Room</td>
<td>100% after $15 employee copayment</td>
<td>75%</td>
</tr>
<tr>
<td>Inpatient Mental Health &amp; Substance Abuse Benefit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospital</td>
<td>100%</td>
<td>75%</td>
</tr>
<tr>
<td>Alternative Care — Residential Treatment</td>
<td>100%</td>
<td>75%</td>
</tr>
<tr>
<td>Center Inpatient or Partial Hospitalization/</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Day Treatment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td>Employee Copayment After $15</td>
<td>Percentage</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Outpatient Mental Health &amp; Substance Abuse</td>
<td>100% after $15 employee copayment per visit</td>
<td>75%</td>
</tr>
<tr>
<td>Physician Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surgery/Anesthesia</td>
<td>100%</td>
<td>75%</td>
</tr>
<tr>
<td>Hospital Visits</td>
<td>100%</td>
<td>75%</td>
</tr>
<tr>
<td>Office Visits</td>
<td>100% after $15 employee copayment</td>
<td>75%**</td>
</tr>
<tr>
<td>Diagnostic Tests</td>
<td>100%</td>
<td>75%</td>
</tr>
<tr>
<td>Routine Physical</td>
<td>100% after $15 employee copayment</td>
<td>Not Covered</td>
</tr>
<tr>
<td>Well Baby Care</td>
<td>100% after $15 employee copayment</td>
<td>Not Covered</td>
</tr>
<tr>
<td>Skilled Nursing Facility Care</td>
<td>100%</td>
<td>75%</td>
</tr>
<tr>
<td>Hospice Care</td>
<td>100%</td>
<td>75%</td>
</tr>
<tr>
<td>Home Health Care</td>
<td>100%</td>
<td>75%</td>
</tr>
<tr>
<td>Temporomandibular Joint Syndrome</td>
<td>100%</td>
<td>75%</td>
</tr>
<tr>
<td>Birth Center</td>
<td>100%</td>
<td>75%</td>
</tr>
<tr>
<td>Prescription Drugs (other than by mail order)</td>
<td>100% after $5 employee copayment for brand name ($3 for generic)</td>
<td>75%**</td>
</tr>
<tr>
<td>Mail Order Prescription Drugs (60-90 day supply of maintenance drugs only)</td>
<td>100% after $5 employee copayment</td>
<td>100% (not subject to regular deductible) after $5 employee copayment (not counted toward regular deductible)**</td>
</tr>
<tr>
<td>Claim System</td>
<td>Paperless</td>
<td>Forms Required</td>
</tr>
</tbody>
</table>

5
Approval by Utilization Review/Large Case Management

Physician-initiated; included in network management

Required. If approval not given, benefits reduced by 20% (except for mental health and substance abuse care where benefits reduced by 50%) both before and after annual out-of-pocket maximum is reached, and amount of reduction is not counted toward that maximum.

† The medically necessary health care services for which out-of-network benefits will be paid are those listed in subparagraphs 1 through 7 of Part A, Section 5, of this Agreement.

‡ Benefits reduced by 20% if care is not approved by utilization review program.

§ Benefits reduced by 50% if care is not approved by utilization review program.

** Benefits not generally subject to utilization review program but may be reviewable in specific circumstances with advance notice to the employee; in such cases, benefits reduced by 20% if care not approved by utilization review program.

At any time after the expiration of two years from the effective date of implementation of the first managed care network, either the carriers or the organizations may bring before the Joint Plan Committee for consideration a proposal to change the Plan's in-network or out-of-network benefits for the purpose of promoting an increase in the use of in-network providers by Plan participants.

Section 5 - Comprehensive Health Care Benefits

The comprehensive health care benefits provided under the Plan in geographical areas where managed care networks are not available to Plan participants and their dependents, and in cases where a Plan participant has elected to be covered, along with his or her dependents, by such comprehensive benefits rather than to be enrolled in a managed care network, shall be as described below. Terms used in such description shall have the same meaning as they have in the Plan.

After satisfaction of an annual deductible of $100 per covered individual or $300 per family unit of three or more, the Plan will pay 85%, and the covered individual 15%, of certain health care expenses, up to an annual out-of-pocket maximum (which shall not include the deductible) of $1,500 per covered individual or $3,000 per family. The expenses counted toward the $3,000 annual family out-of-pocket maximum will include those, which are otherwise eligible, incurred on behalf of a covered employee and each of his or her covered dependents regardless of whether the employee or dependent has reached the $1,500 individual annual out-of-pocket maximum. Once the applicable annual out-of-pocket maximum has been
reached, the Plan will pay 100% of such reasonable charges up to an overall lifetime maximum of $1 million per covered individual, restorable at a rate of $5,000 per year; provided, however, that there shall be a separate lifetime maximum of $100,000 per covered individual, restorable at a rate of $500 per year, for Plan benefits for the treatment of mental and/or nervous conditions and substance abuse. (Benefits counted for purposes of determining whether or not a lifetime maximum has been reached are all benefits paid under the Plan as amended by this Agreement and all Major Medical Expense Benefits paid under the Plan prior to such amendments.) The Plan will pay 85% of the reasonable charges for medically necessary health care services as follows:

1. All expenses that are "Covered Expenses" (as defined in the Plan) at any time under the current major medical expense benefits provisions of the Plan, and not within any exclusion from or limitation upon them, except that the exclusion for treatment of polio will be removed.

2. Expenses for mammograms described in American Cancer Society guidelines, childhood disease immunization, pap smears and colorectal cancer screening.

3. Donor expense benefits as now defined.

4. Jaw joint disorder benefits as now defined, and subject to the current exclusions from and limitation on them, except that the $50 separate lifetime cash deductible will be removed.

5. Home health care expense benefits as now defined, subject to the current exclusions from and limitation on them, except that the exclusion that governs if polio benefits are payable will be removed.

6. Treatment center expense benefits, subject to the current exclusions from and limitation on them, except that
   a. the separate $100 cash deductible per confinement will be removed in connection with benefits for transportation to a treatment center, and
   b. the separate $100 cash deductible per benefit period and the $40 maximum limitation on benefits per episode of treatment — all with regard to outpatient benefits — will be removed.

7. Expenses for the services of psychologists if benefits would be paid for such services had they been rendered by a physician.

The Plan will provide the same benefits to all employees eligible for Plan coverage, including those in their first year of such eligibility and those eligible for extended Plan coverage because of disability.

The Plan's comprehensive health care benefits will include, where permissible under applicable law, a mail order prescription drug benefit that will reimburse a covered individual, after he or she pays $5.00 per prescription, 100% of the cost of prescriptions covering a 60-to-90 day supply of maintenance drugs for such individual. This benefit will not be subject to, and the covered
individual's $5.00 co-payment will not be counted against, the Plan's regular $100/$300 deductible and will be included only upon execution of appropriate contracts with vendors.

Section 6 - Strengthened Utilization Review and Case Management

The Plan's current utilization review/case management contractor, and any successor, shall henceforth require that its prior approval be secured for the following services to the extent that benefits with respect to them are payable under the Plan: (a) all non-emergency confinements, and all lengths of stay, in any facility, (b) all home health care, and (c) all in-patient and out-patient procedures and treatment, except for any care where, pursuant to standards developed by the Joint Plan Committee, prior approval is not feasible or would not be cost-efficient. Approval may be withheld if the utilization review/case management contractor determines that a less intensive or more appropriate diagnostic or treatment alternative could be used.

If an individual covered by the Plan incurs expenses without the requisite approval of the Plan’s utilization review/case management contractor, such benefits as the Plan would otherwise pay will be reduced by one-fifth; provided, however, that if such unapproved expenses are incurred for the treatment of mental or nervous conditions or substance abuse, such benefits as the Plan would otherwise pay will be reduced by one-half. These reductions will continue to apply after the out-of-pocket maximum is reached, i.e., the 100% benefit will become 80% (or 50%, as the case may be) if approval by the utilization review/case management contractor is not obtained.

When there is disagreement between an attending physician and the utilization review/case management contractor, the patient and/or attending physician, after all opportunities for appeal have been exhausted within the utilization review/case management contractor's organization, shall be afforded an opportunity to obtain a review (including if necessary, an examination) by an independent specialist physician. This independent physician, who shall be conveniently located and board certified in the appropriate specialty, shall be designated by a physician appointed for this purpose by the Joint Plan Committee. Neither physician may be an employee of or under contract to the utilization review/case management contractor. In the event of an appeal to a specialist described above, the utilization review/case management contractor shall bear the burden of proving the specialist that the utilization review/case management contractor’s determination was correct.

Section 7 - Coordination of Benefits

The Plan’s coordination of benefit rules shall be changed so that the Plan will pay no benefit to any covered individual that would cause the sum of the benefits paid by the Plan and by any other plan with which the Plan coordinates benefits to exceed (a) the maximum benefit available under the more generous of the Plan and such other plan, or (b) with respect only to spouses who are both covered as employees under the Plan (and the Dependents of such spouses), and to spouses one of whom is covered as an employee under the Plan and the other as a retired railroad employee under the Railroad Employees National Early Retirement
Major Medical Benefit Plan (and the Dependents of such spouses), 100% of the reasonable charges for services the expense of which is covered by the Plan.

Section 8 - Medicare Part B Premiums

Active employees currently covered by Medicare Part B and those who elect to enroll in Medicare Part B when they become eligible shall not be reimbursed for premiums they pay for such Part B Medicare participation unless Medicare is their primary payor of medical benefits.

Section 9 - Solicitation of Bids

As promptly as practicable, the Joint Plan Committee will solicit bids from qualified entities for the performance of (a) all managed care functions under the Plan, including without limitation the establishing and/or arranging for the use by individuals covered by the Plan of managed networks of health care providers in those geographical areas where it is feasible to do so, and (b) all utilization review/case management functions under the Plan, including specialized utilization review/case management functions for mental health and substance abuse to assure expert determination of medical necessity and appropriateness of treatment and provider. The Committee will select one or more contractors, from among those that the Committee determines are likely to provide high-quality, cost-effective services, to perform such functions on behalf of the Plan. In the meantime, the Plan's current utilization review/case management contractor will continue to perform those functions. Hospital associations shall be incorporated into the managed care networks wherever appropriate.

Upon the expiration of three years from the effective date of this Agreement, the Joint Plan Committee will solicit bids for all of the services involved in the administration of the Plan, including the utilization review/case management and/or managed care functions, unless the Committee unanimously determines not to seek bids for any one or more of the services involved in the administration of the Plan.

Part B - Early Retirement Major Medical Benefit Plan

Section 1 - Continuation of Plan

The Railroad Employees Early Retirement Major Medical Benefit Plan ("ERMMA"), modified as provided in this Part, will be continued subject to the provisions of the Railway Labor Act, as amended. Contributions to ERMMA will be offset by the expeditious use of such amounts as may at any time be in one or more special accounts or funds maintained by any insurer, third party administrator or other entity in connection with ERMMA and by the use of funds held in trust that are not otherwise needed to pay claims, premiums, or administrative expenses that are payable from funds held in trust; provided, however, that such amounts as may at any time be in the special account maintained at The Travelers Insurance Company in connection with the obligations of ERMMA to pay benefits incurred but not paid at the time of termination of ERMMA, in the event such termination should occur, shall be used to pay or provide for Plan benefits as follows: one-third of the balance in such special account as
of January 1, 1992, shall be used to pay or provide for benefits that become due and payable during 1992. One-half of the balance in such special account as of January 1, 1993, shall be used to pay or provide for benefits that become due and payable during 1993. All of the balance in such special account in excess of $1 million as of January 1, 1994, shall be used to pay or provide for benefits that become due and payable during 1994. The $1 million referred to in the preceding sentence shall be maintained by the Plan as a cash reserve to protect against adverse claims experience from year to year.

Section 2 - Change to Self-Insurance

ERMA will be wholly self-insured. It will be administered, under an administrative services only arrangement, by an insurance company or third party administrator.

Section 3 - Coordination of Benefits

ERMA’s coordination of benefit rules shall be changed so that ERMA will pay no benefit to any covered individual that would cause the sum of the benefits paid by ERMA and by any other plan with which ERMA coordinates benefits to exceed (a) the maximum benefit available under the more generous of ERMA and such other plan, or (b) with respect only to spouses who are both covered as retired railroad employees under ERMA (and the Dependents of such spouses), and to spouses one of whom is covered as a retired railroad employee under ERMA and the other as an employee under the Railroad Employees National Health and Welfare Plan (and the Dependents of such spouses), 100% of the reasonable charges for services the expense of which is covered by ERMA.

Section 4 - Strengthened Utilization Review and Case Management

ERMA’s current utilization review/case management contractor, and any successor, shall henceforth require that its prior approval be secured for the following services to the extent that benefits with respect to them are payable under ERMA: (a) all non-emergency confinements, and all lengths of stay, in any facility, (b) all home health care, and (c) all in-patient and out-patient procedures and treatment, except for any care where prior approval is not feasible or would not be cost-efficient. Approval may be withheld if the utilization review/case management contractor determines that a less intensive or more appropriate diagnostic or treatment alternative could be used.

If an individual covered by ERMA incurs expenses without the requisite approval of ERMA’s utilization review/case management contractor, such benefits as ERMA would otherwise pay will be reduced by one-fifth; provided, however, that if such unapproved expenses are incurred for the treatment of mental or nervous conditions or substance abuse, such benefits as ERMA would otherwise pay will be reduced by one-half.

When there is disagreement between an attending physician and the utilization review/case management contractor, the patient and/or attending physician, after all opportunities for appeal have been exhausted within the utilization review/case management contractor’s organization, shall be afforded an opportunity to obtain a review (including if necessary, an examination) by an
independent specialist physician. This independent physician, who shall be conveniently located and board certified in the appropriate specialty, shall be designated by a physician appointed for this purpose by mutual agreement between the Chairman of the Health and Welfare Committee, Cooperating Railway Labor Organization and of the National Carriers' Conference Committee. Neither physician may be an employee of or under contract to the utilization review/case management contractor. In the event of an appeal to a specialist described above, the utilization review/case management contractor shall bear the burden of convincing the specialist that the utilization review/case management contractor's determination was correct.

The standards developed by the Joint Plan Committee for determining whether or not prior approval is feasible and cost-efficient under the Health and Welfare Plan shall be applied by the National Carriers' Conference Committee under ERMA, and the utilization review/case management contractor(s) selected by the Joint Plan Committee under the Health and Welfare Plan shall be selected by the National Carriers' Conference Committee under ERMA.

Section 5 - Mail Order Prescription Drug Benefit

The Plan's benefits will include, where permissible under applicable law, a mail order prescription drug benefit that will reimburse a covered individual, after he or she pays $5 per prescription, 100% of the cost of each prescription covering a 60-90 day supply of maintenance drugs for such individual. This benefit will not be subject to, and the covered individual's $5.00 co-payment will not be counted against, the Plan's regular $100 deductible, and will be included only upon execution of appropriate contracts with vendors.

Section 6 - Solicitation of Bids

As promptly as practicable, the National Carriers' Conference Committee will solicit bids from qualified entities for the performance of all utilization review/case management functions under the Plan, including specialized utilization review/case management functions for mental health and substance abuse to assure expert determination of medical necessity and appropriateness of treatment and provider. The Committee will select one or more contractors, from among those that the Committee determines are likely to provide high-quality, cost-effective services, to perform such functions on behalf of the Plan. In the meantime, the Plan's current utilization review/case management contractor will continue to perform those functions.

Upon the expiration of three years from the date of this Agreement, the National Carriers' Conference Committee will solicit bids for all of the services involved in the administration of the Plan, including the utilization review/case management function, unless the Committee determines not to seek bids for any one or more of the services involved in the administration of the Plan.