

SIDE LETTERS TO THE AWARD OF ARBITRATION BOARD NO. 458

1

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Street
Cleveland, OH 44114

Dear Mr. Sytsma:

In accordance with our understanding, this is to confirm that the carriers will make their best efforts to provide the lump sum payment provided for in Article III of this Agreement in a single, separate check within sixty (60) days.

If a carrier finds it impossible to make such payments within sixty (60) days, it is understood that such carrier will notify the General Chairmen, in writing, as to why such payments have not been made and indicate when it will be possible to make such payments.

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

Very truly yours,

C. I. Hopkins, Jr.

I agree:

John F. Sytsma

#2

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Street
Cleveland, OH 44114

Dear Mr. Sytsma:

It is understood that the lump sum payment provided in Article III of the Agreement of this date will not be used to offset, construct or increase guarantees in protective agreements or arrangements.

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

Very truly yours,

C. I. Hopkins, Jr.

I agree:

John F. Sytsma

#3

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Street
Cleveland, OH 44114

Dear Mr. Sytsma:

This confirms our understanding that the provisions of Article IX - Entry Rates of the July 26, 1978 National Agreement shall no longer apply on railroads parties to this Agreement except, however, that such Article or local rules or practices pertaining to this subject shall continue to apply to employees previously covered by such rules.

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

Very truly yours,

C. I. Hopkins, Jr.

I agree:

John F. Sytsma

#3A

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Street
Cleveland, OH 44114

Dear Mr. Sytsma:

This refers to Article V of the Agreement of this date concerning the final terminal delay rule, particularly our understanding with respect to the use of the term "deliberately delayed" in Section 1 of that Article.

During the discussions that led to our Agreement, you expressed concern with situations where a crew was instructed to stop and was held outside the terminal between the last siding or station and the point where final terminal delay begins and there was no operational impediment to the crew bringing its train into the terminal; i.e., the train was deliberately delayed by yard supervision. Accordingly, we agreed that Section 1 would comprehend such situations.

On the other hand, the carriers were concerned that the term "deliberately delayed" not be construed in such a manner as to include time when crews were held between the last siding or station and the point where final terminal delay begins because of typical railroad operations, emergency conditions, or appropriate managerial decisions. A number of examples were cited including, among others, situations where a train is stopped: to allow another train to run around it; for a crew to check for hot boxes or defective equipment; for a crew to switch a plant; at a red signal (except if stopped because of a preceding train which has arrived at final terminal delay point and is on final terminal time, the time of such delay by the crew so stopped will be calculated as final terminal delay); because of track or signal maintenance or construction work; to allow an outbound train to come out of the yard; and because of a derailment inside the yard which prevents the train held from being yarded on the desired track, e.g., the receiving track. We agreed that Section 1 did not comprehend such conditions.

#3A

-2-

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

Very truly yours,

C. I. Hopkins, Jr.

I agree:

John F. Sytsma

#3B

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Street
Cleveland, OH 44114

Dear Mr. Sytsma:

This refers to Article V of the Agreement of this date concerning the payment of mileage operated in the final terminal in the application of the final terminal delay rule.

In accordance with Article V, final terminal delay is to be computed from the time the engine reaches the switch used in entering the final yard within a terminal where the train is to be left or yarded until finally relieved from duty.

In the application of such provision, on railroads where road mileage ends at present FTD points, road mileage will be adjusted by the distance between the present FTD point(s) and new FTD point(s) established by this Article V.

On railroads which presently compute trip mileage (1) from center of the yard at the initial terminal to center of the yard at the final terminal, (2) from roundhouse at the initial terminal to the roundhouse at the final terminal, (3) on basis of established mileage as agreed upon regardless of the location in the final terminal where trains are actually yarded, or (4) under similar situations, such trip mileage will continue to apply and the 60-minute period referred to in Article V will be extended pursuant to Section 2 thereof for trip mileage allowed after passing new FTD point(s).

- 2 -

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

truly yours,

Very

I. Hopkins, Jr.

C.

I agree:

John F. Sytsma

#4

EXAMPLES OF APPLICATION OF DEADHEAD RULE, ARTICLE

VI

The following examples illustrate application of the rule to all employees regardless of when their seniority date in engine service was established, except where specifically stated otherwise:

1. What payment would be due an engineer who performed road service from A, the home terminal, to B, the away-from-home terminal, a distance of 170 miles, and deadheaded from B to A, with the service and deadhead combined between A-B-A?

A. A minimum day and 70 over-miles for the service and a minimum day and 70 over-miles for the deadhead.

2. What would be the payment under Question 1 if the distance between A and B were 75 miles?

A. A minimum day and 50 over-miles.

3. What payment would be due an engineer who performed road service from A to B, a distance of 170 miles, taking rest at B, and then being deadheaded separate and apart from service from B to A, with the deadhead consuming 8 hours?

A. A minimum day and 70 over-miles for the service trip from A to B, and a minimum day at the basic rate applicable to the class of service in connection with which the deadheading is performed.

4. What payment would be due an engineer who performed road service from A to B, a distance of 170 miles, taking rest at B, and then deadheading separately from service B to A, with the deadhead being completed in 10 hours?

A. He would be paid a minimum day and 70 over-miles for the service trip from A to B, and 10 hours straight time rate of pay at the basic rate applicable to the class of service in connection with which the deadheading is performed.

5. An engineer operates a train from his home terminal, point A, to the away-from-home terminal, point B, a distance of 170 miles. Upon arrival at the away-from-home terminal, he is ordered to deadhead, separate and apart from service, to the home terminal. The time deadheading is 5 hours. What payment is due?

A. A minimum day plus 70 over-miles for service. A minimum day for deadhead if employees' seniority in engine or train service antedates November 1, 1985; otherwise, 5 hours.

6. Would at least a minimum day at the basic rate applicable to the class of service in connection with which the deadheading is performed be paid when a deadhead is separate and apart from service and the actual time consumed is the equivalent of a minimum day or less?

A. Yes, for employees whose seniority in engine or train service antedates November 1, 1985. Actual time will be paid to others.

7. An engineer is called to deadhead from point A to point B, a distance of 50 miles, to operate a train back to point A. He is instructed to combine deadhead and service. Total elapsed time for the deadhead and service is 7 hours, 30 minutes. What payment is due?

A. A minimum day.

8. An engineer is called to deadhead from point A to point B, a distance of 50 miles, to operate a train from point B to point C, a distance of 75 miles. He is instructed to combine deadhead and service. Total elapsed time is 10 hours. What payment is due?

A. A minimum day plus 25 over-miles.

9. An engineer operates a train from point A to point B, a distance of 50 miles. He is ordered to deadhead back to point A, service and deadhead combined. Total elapsed time, 8 hours, 30 minutes. What payment is due?

A. A minimum day plus 30 minutes overtime.

10. An engineer operates a train from his home terminal, point A, to the away-from-home terminal, point B, a distance of 275 miles. After rest, he is ordered to deadhead, separate and apart from service, to the home terminal. Time deadheading is 9 hours, 10 minutes. What payment is due?

A. A minimum day plus 175 over-miles for service, 9 hours, 10 minutes straight time for the deadhead.

11. How is an engineer to know whether or not deadheading is combined with service?

A. When deadheading for which called is combined with subsequent service, the engineer should be notified when called. When deadheading is to be combined with prior service, the engineer should be notified before being relieved from service. If not so notified, deadheading and service cannot be combined.

- 3-

The following examples illustrate the application of the rule to employees whose earliest seniority date in engine or train service is established on or after November 1, 1985:

1. An engineer is called to deadhead from his home terminal to an away-from-home point. He last performed service 30 hours prior to commencing the deadhead trip. The deadhead trip consumed 5 hours and was not combined with the service trip. The service trip out of the away-from-home terminal began within 6 hours from the time the deadhead trip was completed. What payment is due?

A. 5 hours at the straight time rate.

2. What payment would have been made to the engineer in example 1 if the service trip out of the away-from-home terminal had begun 17 hours after the time the deadhead trip ended, and the held-away rule was not applicable?

A. A minimum day for the deadhead.

3. What payment would have been made to the engineer in example 1 if the service trip out of the away-from-home terminal had begun 18 hours after the time the deadhead trip ended, and the engineer received 2 hours pay under the held-away rule?

A. 6 hours at the straight time rate.

4. An engineer is deadheaded to the home terminal after having performed service into the away-from-home terminal. The deadhead trip, which consumed 5 hours and was not combined with the service trip, commenced 8 hours after the service trip ended. What payment is due?

A. 5 hours at the straight time rate.

5. What payment would have been made to the engineer in example 4 if the deadhead trip had begun 18 hours after the service trip ended and the held-away rule was not applicable.

A. A minimum day for the deadhead.

6. What payment would have been made to the engineer in example 4 if the deadhead trip had begun 18 hours after the time the service trip ended and the engineer received 2 hours pay under the held-away rule?

A. 6 hours at the straight time rate.

7. An engineer is deadheaded from the home terminal to an away-from-home location. Ten (10) hours after completion of the trip, he is deadheaded to the home terminal without having performed service. The deadhead trips each consumed two hours. What payment is due?

A. A minimum day for the combined deadhead trips.

* NOTE: The amount of over-miles shown in the examples are on the basis of a 100 mile day. The number of over-miles will be reduced in accordance with the application of Article IV, Section 2, of this Agreement.

#5

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Street
Cleveland, OH 44114

Dear Mr. Sytsma:

This refers to Article VII, Road Switchers of the Agreement of this date.

In the application of Section 1(c) of the Article, it was understood that if a carrier without a pre-existing right to reduce a seven day assignment described in Section 1(a) to a lesser number of days reduces such an assignment to six days per week, the 48-minute allowance will be payable to employees on the assignment whose seniority date in engine or train service precedes November 1, 1985. If the carrier reduces the same assignment from seven days to five, an allowance of 96 minutes would be payable.

Conversely, if the carrier had the pre-existing right to reduce a seven day assignment described in Section 1(a) to six days per week, but not to five days, and reduced the seven day assignment to six days per week, no allowance would be payable. If it reduced the assignment from seven days to five days, an allowance of 48 minutes would be payable.

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

Very truly yours,

C. I. Hopkins, Jr.

I agree:

John F. Sytsma

#6

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Street
Cleveland, OH 44114

Dear Mr. Sytsma:

This refers to Article VIII, Section 1(b), of the Agreement of this date which provides that only two straight pickups or setouts will be made. This does not allow cars to be cut in behind other cars already in the tracks or cars to be picked up from behind other cars already in the tracks. It does permit the cutting of crossings, cross-walks, etc., the spotting of cars set-out, and the re-spotting of cars that may be moved off spot in the making of the two straight setouts or pickups.

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

Very truly yours,

C. I. Hopkins, Jr.

I agree:

John F. Sytsma

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Street
Cleveland, OH 44114

Dear Mr. Sytsma:

This refers to Section 1(b) of Article VIII of the Agreement of this date which provides that two straight pickups or setouts may be made without additional compensation.

It is understood that Section 1(b) of Article VIII does not modify the provisions in Article V of the May 13, 1971 National Agreement pertaining to road crews handling solid trains in interchange to or from a foreign carrier.

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

Very truly yours,

I. Hopkins, Jr.

C.

I agree:

John F. Sytsma

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Street
Cleveland, OH 44114

Dear Mr. Sytsma:

This refers to Article VIII - Road, Yard and Incidental Work - of the Agreement of this date.

This confirms the understanding that the provisions in Section 3 thereof, concerning incidental work, are intended to remove any existing restrictions upon the use of employees represented by the BLE to perform the described categories of work and to remove any existing requirements that such employees, if used to perform the work, be paid an arbitrary or penalty amount over and above the normal compensation for their assignment. Such provisions are not intended to infringe upon the work rights of another craft as established on any railroad.

It is further understood that paragraphs (a) and (c) of Section 3 do not contemplate that the engineer will perform such incidental work when other members of the crew are present and available.

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

Very truly yours,

C. I. Hopkins, Jr.

I agree:

John F. Sytsma

#8

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Avenue
Cleveland, OH 44114

Dear Mr. Sytsma:

This refers to Section 3, Incidental Work, of Article VIII.

It was understood that the reference to moving, turning, spotting and fueling locomotives contained in Section 3(b) includes the assembling of locomotive power, such as rearranging, increasing or decreasing the locomotive consist. It is not contemplated that an engineer will be required to place fuel oil or other supplies on a locomotive if another qualified employee is available for that purpose.

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

Very truly yours,

C. I. Hopkins, Jr.

I agree:

John F. Sytsma

January 31, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Street
Cleveland, OH 44114

Dear Mr. Sytsma:

This confirms our understanding with respect to Article IX
Interdivisional Service of the Agreement of this date.

On railroads that elect to preserve existing rules or practices with
respect to interdivisional runs, the rates paid for miles in excess of the
number encompassed in a basic dsy will not exceed those paid for under Article
IX, Section 2(b) of the Agreement of this date.

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

Very truly yours,

I. Hopkins, Jr.

C.

I agree:

John F. Sytsma

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Avenue
Cleveland, OH 44114

Dear Mr. Sytsma:

This refers to Article IX, Interdivisional Service, of the Agreement of this date.

It was understood that except as provided herein, other articles contained in this Agreement, such as (but not limited to) the final terminal delay and deadhead articles, apply to employees working in interdivisional service regardless of when or how such service was or is established. However, overtime rules in interdivisional service that are more favorable to the employee than Article IV, Section 2, of this Agreement will continue to apply to employees who established seniority in engine service prior to November 1, 1985 while such employees are working interdivisional runs established prior to June 1, 1986.

Illustrations of maintaining present overtime rule for existing interdivisional runs without standard overtime rules are shown below: (Based on 104 mile basic day which becomes effective July 1, 1986)

Overtime calculated on basis of 25 m.p.h.,

250 mile run
On duty 11 hours (1 Hour overtime)
Basic day of 104 miles
Daily rate \$111.43
Mileage rate \$1.0819

Pay:
Basic day

| | |
|---------------------------------------|--------|
| \$111.43 | |
| Overmiles (250-104)x\$1.0819 | 157.96 |
| Overtime 11 - (250/25)x(111.43/8)x1.5 | 20.89 |
| | Total |
| \$290.28 | |

Overtime calculated after 9.5 hours on duty

200 mile run
On duty 10 hours
Basic day of 104 miles
Daily rate \$111.43
Mileage rate \$1.0819

Pay:
Basic Day \$111.43
Overmiles (200-104)x\$1.0819 103.86
Overtime 10-9.5x(\$111.43/8)x1.5 10.45

Total \$225.74

The overtilme provisions of Article IV, Section 2, of this Agreement will apply to employees who established seniority in engine service prior to November 1, 1985 while such employees are working interdivisional runs established subsequent to June 1, 1986. They will also apply to employees who established seniority in engine service on or after November 1, 1985 regardless of when the interdivisional runs on which they are working were established.

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

Very truly yours,

C.I. Hopkins, Jr.

I agree:

John F. Sytsma

NATIONAL RAILWAY LABOR CONFERENCE

#10

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Street
Cleveland, OH 44114

Dear Mr. Sytsma:

This refers to Article X of the National Agreement of this date permitting certain locomotives which meet the basic minimum standards of the home railroad or section of the home railroad to operate on other railroads or sections of the home railroad.

In reviewing the current standards that exist on the major railroads with respect to such locomotives, we recognized that while the standards varied from one property to another with respect to various details, the standards on all such railroads complied with the minimum essential requirements necessary to permit their use in the manner provided in Article X. For example, such minimum standards for locomotives would include a requirement that there are a sufficient number of seats for all crew members riding in the locomotive consist.

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

Very truly yours,

C. I. Hopkins, Jr.
I agree:

John F. Sytsma

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Avenue
Cleveland, OH 44114

Dear Mr. Sytsma:

This will confirm our understanding during the negotiations of the Agreement of this date that where hostler positions are filled by employees not having firemen's seniority, that before a carrier discontinues a hostler or hostler helper position pursuant to Article XII, Part A, Section 1(10) or Part B, Section 7(b) of this Agreement, it will be offered to furloughed hostlers who have seniority prior to November 1, 1985, to work as hostler or hostler helper at that location. If such hostlers only have point seniority and there are no furloughed hostlers at such point, but there are such hostlers on furlough with seniority prior to November 1, 1985 at another point in the same geographical area, a vacancy will be offered to such hostlers before a carrier discontinues a hostler or hostler helper position pursuant to Article XII, Part A, Section 1(10) or Part B, Section 7(b) of this Agreement.

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

Very truly yours,

I. Hopkins, Jr.

C.

I agree:

John F. Sytsma

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Avenue
Cleveland, OH 44114

Dear Mr. Sytsma:

This will confirm our understanding during the negotiations of the Agreement of this date that before a carrier discontinues a hostler or hostler helper position pursuant to Article XII, Part A, Section 1(10) or Part B, Section 7(b) of this Agreement, it will be offered to furloughed firemen who have seniority prior to November 1, 1985, to work as hostler or hostler helper at location where hostler or hostler helper job is to be discontinued. Such employees will retain recall rights to engine service in accordance with existing agreements.

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

Very truly yours,

C. I. Hopkins, Jr.

I agree:

John F. Sytsma

#12A

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Avenue
Cleveland, OH 44114

Dear Mr. Sytsma:

This will confirm our understanding that the reference to "another organization" in Article XII, Part A, Section 1 (10) (b), and Part B, Section (7) (b) refers to a labor organization which does not hold representation rights for engine or train service employees on the particular railroad involved.

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

yours,

Very truly

Hopkins, Jr.

C. I.

I agree:

John F. Sytsma

#13

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Avenue
Cleveland, OH 44114

Dear Mr. Sytsma:

This will confirm our understanding during the negotiations of the Agreement of this date that the term "active firemen, working as such", appearing in Part A, Section 1, Paragraph (11) or Part B, Section 8 of Article XII, includes hostlers who have the right to work as locomotive engineers.

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

truly yours,

Very

Hopkins, Jr.

C. I.

I agree:

John F. Sytsma

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Avenue
Cleveland, OH 44114

Dear Mr. Sytsma:

This confirms our understanding that in implementation of Article XII, Part B, of the Agreement reached this date, each carrier on which Part B will become effective will meet with the appropriate BLE General Chairman within 10 days for the purpose of reaching an understanding with respect to existing rules covering locomotive firemen and hostlers which will remain in effect, it being the intention of the parties that railroads which are subject to Part B receive the same benefits therefrom as railroads which are subject to Part A. Existing pay rates will remain in effect provided such railroads continue to receive the benefits obtained when such pay rates were negotiated.

In the event a carrier and the appropriate General Chairman do not reach a satisfactory resolution within thirty days from the date of this Agreement, the matter will be referred to the Informal Disputes Committee established pursuant to Article XVI for expedited handling and final and binding arbitration if required.

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

Very truly yours,

C. I. Hopkins, Jr.

I agree:

John F. Sytsma

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Street
Cleveland, OH 44114

Dear Mr. Sytsma:

This refers to our discussions leading to the Agreement of this date, particularly those provisions that relate to firemen. The carriers explained that subject to legal requirements the source of supply for firemen positions would be train service personnel as provided in the recent UTU Agreement. We also explained that companion thereto in order to expand the employment potential for present engineers and firemen, whether represented by the BLE or UTU, all of these engine service personnel will be placed in seniority order at the bottom of the appropriate train and/or ground service seniority roster.

The BLE stated that in its capacity as the authorized representative of employees who have seniority as engineers or who have seniority as firemen, apprentice engineers or other comparable positions it had a legitimate bargaining interest in negotiating the issue of providing ground service seniority to such employees not now having such seniority even where the ground service crafts are represented by another organization, and insofar as engineers and firemen who now hold or at one time did hold seniority in ground service is concerned, BLE proposed that such employees should be granted seniority as of their original date of hire as brakemen or groundmen.

The BLE also stated that in its capacity as the authorized representative of employees who have seniority as engineers and/or firemen, apprentice engineers or other comparable positions, it has a legitimate bargaining interest in negotiating the issue of providing engine service seniority to train and ground service employees not now having engine service seniority where the ground service crafts are represented by another organization.

-2-

The carriers responded that in their view the matter of providing brakemen seniority to such BLE represented employees is a matter between the carriers and the organization representing brakemen and groundmen, not between the carriers and the BLE that does not represent those classifications. However, the BLE, UTU and carriers, agree on the desirability of engineers and firemen who do not have seniority in train or ground service being given such seniority if they so desire. Therefore this will be done without prejudice to the position of the BLE or the carriers to the extent those positions differ as stated above. However, where this occurs the carriers were not agreeable that such seniority should be retroactive to date of hire as brakemen or groundmen.

Insofar as providing engine service seniority to ground service employees, the carriers position was that this was a matter between the carriers and the organization representing firemen, which in many cases is not the BLE; however, it was unnecessary to address any differences among the parties because here, also, all parties agree that the source of supply for engine service should be ground service employees, and will provide preferential promotional opportunities on that basis.

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

Very truly yours,

I. Hopkins, Jr.

I agree:

.

John F. Sytsma

C.

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Street
Cleveland, OH 44114

Dear Mr. Sytsma:

This confirms our understanding with respect to incorporating a Hospital Pre-Admission and Utilization Review Program as part of the benefits provided under the Railroad Employees National Health and Welfare Plan in accordance with Article XV, Section 2(a) of the Agreement of this date.

By agreeing to this benefit program, our principal objectives are to reduce in-patient hospital utilization thereby minimizing exposure to risks of hospitalization or unduly prolonged hospitalization and the risks of unnecessary surgery by encouraging both employee and physician to make the most patient-sensitive and at the same time cost-effective decisions about treatment alternatives.

The program accomplishes these objectives by providing to employees and other beneficiaries ready access to knowledgeable professional personnel when making decisions about their health care. A number of patient-centered services are provided and designed in a manner so as not to impose significant added burdens on individual employees. The comprehensive guidance and support structure begins prior to planned hospitalization and continues through any recovery period.

Specifically, the program shall include review of the propriety of hospital admission (including consideration of health care alternatives such as the use of ambulatory centers or out-patient treatment) benefit counseling, the plan of treatment including the length of confinement, the appropriateness of a second surgical opinion, discharge planning and the use of effective alternative facilities during convalescence.

-2-

We have attached to this letter descriptions of programs currently offered by three leaders in this field that describe in greater detail the operations of these programs and what specifically is involved. These attachments are intended as informational only, describing the kind of program we will establish, and do not suggest that the program we ultimately adopt is limited to what is described or is to be administered by these particular parties.

In order that the program achieves its intended objectives, we have agreed to institute appropriate incentives. For those employees who use the program, plan benefits will be paid as provided and the employee and family will receive the full protection and security of professionals managing their hospital confinement and recovery. For employees who do not use the program, plan benefits will be paid only under the Major Medical Expense Benefit portion of the Plan with the Plan paying 65%, rather than 80%, of covered expenses. However, a maximum total employee expense limitation - "stop-loss" will be maintained.

We recognize that the program described cannot be implemented overnight but will require careful review and examination on the part of us all and will include, as well, time to inform the employees and other beneficiaries covered under the Plan. Furthermore, it is anticipated that the program will include use of alternative facilities, such as home health care options, hospices, office surgery, ambulatory surgi-centers and birthing centers, some of which are either not covered under the Plan now or are not available in the manner envisioned under this new program. Thus, for these reasons we have agreed that implementation of the program will not occur until practicable and that the intervening time will be used to assure that its adoption shall be a constructive and useful addition to the benefits currently provided under the Plan.

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

Very truly yours,

C. I. Hopkins, Jr.
Attachments (Descriptive material furnished BLE)
I agree:

John F. Sytsma

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Street
Cleveland, OH 44114

Dear Mr. Sytsma:

This confirms our understanding with respect to the appointment of a neutral person to serve as chairman of the Special Committee established pursuant to Article XV, Section 3, of the Agreement of this date.

In the event we are unable to agree on such a person, the parties will seek the assistance of an appropriate third party for the purpose of providing assistance in identifying individuals qualified to serve in this capacity.

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

Very truly yours,

C. I. Hopkins, Jr.

I agree: -

John F. Sytsma

May 19, 1986

Mr. Charles I. Hopkins, Jr.
Chairman
National Railway Labor Conference
1901 L Street, N.W., Suite 500
Washington, DC 20036

Dear Mr. Hopkins:

This is to advise you that I am agreeable to the provisions of Article XV Health and Welfare Plan except that in Section 2 (a), "Hospital Pre-Admission and Utilization Review Program", I will agree to the concept of the "Pre-Admission and Utilization Review Program" and will agree to its implementation after the Policyholders have met jointly with representatives of Travelers and have agreed on the changes and understandings that will be necessary to implement the program. There must be ample lead time to insure that all covered employees can be notified of the implementation date and will have adequate information about the plan so that they can comply with their responsibilities in the event they qualify for benefits under the plan.

I take no exceptions to the use of surplus funds, the Reinsurance proposal, the Special Committee and/or the moratorium proposals.

Very truly yours,

John F. Sytsma

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Street
Cleveland, OH 44114

Dear Mr. Sytsma:

This confirms our understanding with respect to incorporating a Hospital Pre-Admission and Utilization Review Program as part of the benefits provided under the Railroad Employees National Health and Welfare Plan in accordance with Article XV, Section 2(a) of the Agreement of this date.

We recognize that a similar program would be equally appropriate to include as part of the Early Retirement Major Medical Benefit Plan.

Therefore, this confirms our understanding that the program developed for the Health and Welfare Plan shall also be incorporated, with appropriate revisions, if necessary, as part of the Early Retirement Major Medical Benefit Plan as well.

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

Very truly yours,

C. I. Hopkins, Jr.

I agree:

John F. Sytsma

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Avenue
Cleveland, OH 44114

Dear Mr. Sytsma:

This will confirm our understanding with respect to the pay differential for an engineer working without a fireman and other related matters:

(1) Pay Differential

(a) Notwithstanding the provisions of Article 1, Section 8(g) and (i) (ii) and Article IV, Section 1(a) of the Agreement of this date, the differential of \$4.00 per basic day in freight and yard service and 4 cents per mile for miles in excess of the number of miles encompassed in the basic day in freight service, currently payable to an engineer working without a fireman on locomotives on which under the former National Diesel Agreement of 1950 firemen would have been required, shall be increased to \$6.00 in three installments, \$1.00 effective July 1, 1986, \$.50 effective January 1, 1987; and \$.50 effective January 1, 1988, and to 6 cents per mile in three installments of 1 cent, one-half cent, and one-half cent, respectively, on the same effective dates.

(b) An engineer working with a reduced train crew (established pursuant to a crew consist agreement made subsequent to January 1, 1978) and without a fireman will be allowed the standard reduced train crew allowance for that trip unless the engineer allowance for working without a fireman is greater. In no event will there be any duplication or pyramiding of payments. The term "standard reduced crew allowance" referred to herein, is the \$4.00 paid originally to the members of reduced train crews as that amount has been modified by subsequent general and cost-of-living wage increases.

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(c) Existing notices with respect to adjusting the pay differential for an engineer working without a fireman are disposed of by this Agreement and notices concerning this subject are governed by the moratorium provisions of Article XVIII, Section 2 of this Agreement. Existing notices designed to change the compensation relationships between the engineer and other members of the crew where such relationships have been changed because of a crew consist agreement are disposed of by this Agreement and notices concerning this subject shall not be served. However, if the special allowance currently payable to a conductor working with one brakeman is subsequently increased for a conductor working without any brakemen, the organization may serve and pursue to a conclusion as hereafter provided proposals pursuant to the provisions of the Railway Labor Act seeking to adjust compensation relationships for engineers on conductor only assignments.

(d) Any additional allowance shall be limited in amount so that when combined with the differential payable to an engineer working without a fireman, the total amount for that trip or tour of duty shall be no greater than the allowance paid to the conductor of that crew unless the present engineer allowance for working without a fireman is greater. Where the present engineer allowance is greater it shall be converted to the allowance payable to the conductor when the latter allowance exceeds the former.

(e) Where the organization serves such a proposal as above provided, the carrier may serve proposals pursuant to the provisions of the Railway Labor Act for concurrent handling therewith that would achieve offsetting productivity improvements and/or cost savings.

(f) In the event the parties on any carrier are unable to resolve the respective proposals by agreement, the entire dispute will be submitted to final and binding arbitration at the request of either party.

(2) Guaranteed Extra Boards

(a) Carriers that do not have the right to establish additional extra boards or discontinue an extra board shall have that right.

(b) Upon thirty days' advance notice to the appropriate general chairman, a carrier may establish additional extra boards. Upon request of the general chairman, a meeting will be held to discuss the proposed action. However, this shall not serve to delay the establishment of any extra board.

(c) When an extra board is established under this rule it will, unless the general chairman is notified otherwise, protect all jobs on that seniority district whose laying off and reporting points are closer to the location of the extra board than to the locations of other extra boards on that seniority district.

(d) The carrier will regulate the number of employees, if any, assigned to such extra boards and will have the right to discontinue such boards.

(e) While on an extra board established under this rule, each employee will be guaranteed the equivalent of 3000 miles at the basic through freight rate for each calendar month unless the employee is assigned to an exclusive yard service extra board in which event the guarantee will be the equivalent of 22 days' pay at the minimum 5-day yard rate for each calendar month. All earnings during the month will apply against the guarantee. The guarantees of employees who are on the extra board for part of a calendar month will be pro rated.

(f) Except as hereinafter provided, if an employee is suspended as a result of disciplinary action, lays off at his own request with permission, is not available for personal reasons, or misses a call, earnings lost as a result thereof will be deducted from the monthly guarantee. Unless the needs of the service dictate otherwise, employees assigned to an extra board which protects yard service exclusively may lay off for a maximum of two days per month without the earnings lost as a result thereof being deducted from the monthly guarantee.

(g) The maximum number of guaranteed extra boards that can be in operation on a carrier at any one time under this provision is three in the territory of each regular source of supply point on that carrier.

(h) No existing guaranteed extra board will be supplanted by a guaranteed extra board under this rule if the sole reason for the change is to reduce the guarantee applicable to employees on the extra board.

(i) This rule will not be construed as restricting any existing rights of a carrier to establish or discontinue extra boards. The rights conferred by this rule are in addition to preexisting rights.

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This letter of understanding shall not apply on carriers that have agreements with the organization adjusting the compensation of engineers in response to the change in compensation relationships between engineers and other members of the crew brought about by crew consist agreements unless the appropriate BLE General Chairman elects to adopt this letter agreement in lieu of the compensation adjustments provided in such agreement. Such election must be exercised on or before 45 days following the date of this Agreement. If such election is made, the provisions of such local agreements concerning matters other than compensation shall be retained.

Where the General Chairman does not elect to substitute this letter of understanding as provided for in the paragraph above and, therefore, the local agreement remains in effect in its entirety and such local agreement contains a moratorium provision, it is agreed that any special allowance provided for therein that is subject to being increased by general wage increases shall be excluded from the provisions of Article I, Section 8(a), Article II, Section 1(b) and (d), and Article IV, Section 5(a) and (b).

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

Very truly yours,

C. I. Hopkins, Jr.

I agree:

John F. Sytsma

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Street
Cleveland, OH 44114

Dear Mr. Sytsma:

This refers to Letter of Understanding No. 20 and the application of paragraph (b) of (1) Pay Differential with respect to railroads where the BLE has outstanding Section 6 notices to change the compensation relationships between the engineer and other members of the crew where such relationships have been changed because of a crew consist agreement subsequent to January 1, 1978.

This confirms our understanding that on such properties the provisions of paragraph (b) apply automatically without further need to confer.

Futhermore, when, in the future, any carrier makes a crew consist agreement as described in the first paragraph, the provision of paragraph (b) under Pay Differential will automatically apply.

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

Very truly yours,

C. I. Hopkins, Jr.

I agree:

John F. Sytsma

APPLICATION OF LETTER AGREEMENT WITH
RESPECT TO INTERCRAFT PAY RELATIONSHIPS

The following examples illustrate the maximum allowances that can be obtained under the letter agreement of this date with respect to intercraft pay relationships:

Example 1 - An engineer is on a reduced crew operating a distance of 127 miles in a class of service which has a basic day encompassing 104 miles (July 1, 1986). There is no fireman on the crew, The time consumed on the trip is 9 hours. No duplicate time payments expressed in hours or miles are paid. The conductor is receiving a reduced crew allowance of \$7.31. What would the engineer be paid?

A. The differential provided in letter agreement #20 for operating without a fireman would pay him:

| | |
|-----------|--------|
| 104 miles | \$5.00 |
| 23 miles | 1.15 |

TOTAL \$6.15

Since this is less than the amount the conductor is receiving, the engineer would be paid the \$7.31 reduced crew allowance.

Example 2 - What would the engineer in example 1 be paid if the allowance paid to the conductor was subsequently increased to \$8.00?

A. The engineer would be paid \$8.00

Example 3 - What would the allowance be if the engineer in example 1 were on an assignment operating a distance of 204 miles?

A. The differential provided in letter agreement #20 for operating without a fireman would pay the engineer \$10.00. Since this is more than the amount the conductor is receiving, the engineer would receive nothing additional.

Example 4 - What would the allowance be if the engineer in example 1 had earned two hours overtime on the trip?

A. The standard rule for operating without a fireman would pay the engineer as follows:

| | | |
|--------------------|--------|--------|
| Basic Day | \$5.00 | |
| Overmiles (23) | | \$1.15 |
| Overtime (2 Hours) | | \$1.88 |
| TOTAL | | \$8.03 |

This is more than what the conductor received, so the engineer would receive nothing additional,

Example 5 - An engineer is on a reduced crew operating a distance of 127 miles in a class of service which has a basic day encompassing 106 miles (January 1, 1988). There is no fireman on the crew. The time consumed on the trip is 9 hours. No duplicate time payments expressed in hours or miles are paid. The conductor on that railroad is receiving a reduced crew allowance of \$7.87. What would the engineer be paid?

A. The differential provided in letter agreement #20 for operating without a fireman would pay him:

| | |
|-----------|--------|
| 106 miles | \$6.00 |
| 21 miles | 1.26 |
| TOTAL | \$7.26 |

Since this is less than the amount the conductor is receiving, the engineer would be paid the reduced crew allowance of \$7.87.

May 19, 1986

Mr. John F. Sytsma
President
Brotherhood of Locomotive Engineers
1112 Engineers Building
1365 Ontario Street
Cleveland, OH 44114

Dear Mr. Sytsma:

During the negotiations that led to the Agreement of this date, the representatives of the Brotherhood of Locomotive Engineers expressed concern as to the possible erosion of the traditional authority and responsibility vested in the engineer while operating a locomotive in those situations where the conductor and any other train crew members are located on the locomotive because of the elimination of the cabooses.

The carriers responded that the responsibility and authority of the engineer is not a collective bargaining subject; rather it is a matter of operational policy subject to operating rules and/or other management instructions. The BLE did not agree on this point but the matter was resolved on the basis of the carriers' statement that the removal of cabooses and the consequent relocation of train crew personnel to the locomotive cab did not diminish nor otherwise alter the authority and responsibility of the engineer.

Because of the significance the BLE attaches to this matter, I am sending a copy of this letter to the Member Lines to advise them that while nothing has been said or done in our negotiations to change any railroad's rules, policies or management practices, we have assured the BLE that the elimination of cabooses and relocation of train service personnel does not alter those rules, policies or management practices.

Very truly yours,

C. I. Hopkins, Jr.

JOINT STATEMENT CONCERNING EFFORTS TO IMPROVE THE
COMPETITIVE ABILITIES OF THE INDUSTRY

This refers to our discussions during the recent negotiations with respect to improving our industry's ability to compete effectively with other modes of transportation and to attract new business to the railroads.

We recognize that opportunities will present themselves on railroads to promote new business and preserve existing business by providing more efficient and more expedient service. It is our mutual objective to provide this improved service by making changes, as may be necessary, in operations and with agreement rule exceptions and accommodations in specific situations and circumstances.

It is difficult to list specific rules or operations that might need modifications or exceptions in order to provide the services that may be necessary to obtain and operate new business that can be obtained from other modes of transportation. We are in agreement, however, that necessary operational changes and rules modifications or exceptions should be encouraged to obtain new business, preserve specifically endangered business currently being hauled, or to significantly improve the transit time of existing freight movements.

We recognize that attracting new business and retaining present business depends not only on reducing service costs, but also on improving service to customers.

During our discussions, the Lake Erie Plan was advanced by BLE, in part, as a collective bargaining proposal and as a representation of the BLE's search for a possible approach to enhanced competitive strength for the industry. Although the significance of the plan may not necessarily be in the specifics, the underlying goal of realizing the industry's full potential in the transportation marketplace is such that further consideration of such concepts may be warranted as a means of achieving this goal by cooperative, aggressive undertakings by the BLE, the UTU and the railroads.

The Informal Disputes Committee will encourage expedited resolutions on individual railroads consistent with these goals and will provide counsel, guidelines and other assistance in making necessary operational and or agreement rule changes to provide the type service necessary to meet these goals.

We sincerely believe that cooperation between the management and the employees will result in more business and job opportunities and better service which will insure our industry's future strength and growth.

John F. Sytsma
C. I. Hopkins, Jr.
Chairman
Brotherhood of Locomotive Engineers
Carriers Conference

President

National

Committee

